

(Translation)

**Corporate Governance Policies**

**of**

**Thanachart Capital Public Company Limited**

(Revised 2013)

## Preface

Thanachart Capital Public Company Limited is striving to become a leading successful business organization capable of creating long-term value to our shareholders and stakeholders alike. To this end, the company is committed to operating business under good corporate governance principles and code of ethics and business conduct to provide a framework for ethical business behavior that mirrors our corporate values. The main goal is to encourage employees at all levels to develop themselves and become aware of their roles and responsibilities in discharging duties morally and ethically, as well as to enable the directors, executives and staff members to properly apply these guidelines with strict adherence to righteousness, integrity and honesty and in conformity with applicable laws. We believe that sound corporate governance and code of conduct are a crucial factor for achieving business success, which will thereby generate public confidence and demonstrate the company and Thanachart Financial Group's positive image.

October 2013

## Contents

	Page
Core Value Principles	3
Corporate Governance Policies:	
- Shareholders: Rights and Equitable Treatment	3
- Rights of Different Groups of Stakeholders	6
- Leadership and Vision	7
- Board of Directors	8
- Committees Other Than the Board of Directors	12
- Board and Committee Meetings	14
- Remuneration for Board and Committee Members and Management	15
- Self-Assessment of the Board of Directors	15
- Prevention of Conflict of Interest	15
- Ethics and Code of Conduct	16
- Internal Control Systems	17
- Investor Relations	18
- Information Disclosure and Transparency	18
- Risk Control and Management	19
- Resistance to Fraud and Corruption	20
- Succession Plan for Top Management at Executive Vice President Level and Higher	20
- Disciplinary Consideration	20
- Monitoring of Compliance with the Code of Business Conduct	20
- Policy Revision	21
- Obligation	21
- Queries or Complaints	21
- Non-Infringement of Human Rights and Intellectual Property or Copyright	21

## Core Value Principles of Thanachart Capital Public Company Limited

Core value principles serve as guidelines on our operation to attain the business goal of sustainable and solid growth. The company has thus established the following core value principles for the directors, executives and employees to adhere to:

1. Commitment to ethical and moral awareness.
2. Commitment to one's duties and responsibilities with accountability for the implications of a discharge of duty.
3. Commitment to the spirit of unified teamwork across Thanachart Group.

## Corporate Governance Policies Thanachart Capital Public Company Limited

Thanachart Capital Public Company Limited ("the company") is confident that good management processes that are transparent and on a par with international standards will enhance its competitiveness and make it better recognized locally and overseas. These are the important factors which help it achieve business goals and add economic value to the company, while ensuring a fair and equitable treatment to all shareholders, investors and stakeholders. As a result, the company has established corporate governance principles, as described hereunder, in accordance with guidelines of the concerned authorities, including the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Bank of Thailand, for every of our associates to observe.

### 1. Shareholders: Rights and Equitable Treatment

- 1.1 All shareholders are equally entitled to fundamental rights including, among others, participating in shareholders' meetings where the company should notify the shareholders regarding rules and the meeting, voting rights according to the type of share, process of casting votes, voicing opinions, and accessing information regarding the company's financial position and performance.
  - The Board of Directors has specified to disclose the supporting policy or support every group of shareholders including institutional shareholders to attend the shareholders' meetings.
- 1.2 The company holds a shareholders' meeting, called an "annual general meeting," on a yearly basis within four months of the end of its fiscal year. Any other shareholders' meeting is held as necessary, called an "extraordinary general meeting."
- 1.3 Before organizing of a shareholders' meeting, the company will send a notice of the meeting together with the agenda, both in Thai and English including agenda and comment from the Board of Directors to the Stock Exchange, to shareholders prior to the meeting date within the timeframe prescribed by law (not less than seven days). In this connection, the company assigns Thailand Securities Depository Company Limited (securities registrar) to act as the company's registrar

responsible for maintaining records of registered shareholders and distributing documents and information to them and must be publicized on the company's website not less than 28 days before the shareholder's meeting.

- 1.4 Shareholders have the rights to participate in a shareholders' meeting and to cast votes as follows:
  - 1.4.1 Rights of shareholders in proposing candidates to hold director position. The Board of Directors has specified that the minority shareholders could propose names to assume the director position where the proposition must be made via The Nomination Committee and the director's remuneration must be specified not less than 3 months before the shareholders' meeting date. Qualification data and consent of the proposed person must be presented.
  - 1.4.2 Shareholders are entitled to attend and cast votes on all agenda items at every shareholders' meeting. However, the shareholders who have a conflict of interest in any agenda item and are prohibited by law may not attend the meeting on such agenda item and cast votes thereon.
  - 1.4.3 The company will arrange for distribution of information related to its business, ensuring the information is adequate for decision making at each shareholders' meeting. The information includes, among others, a notice of the meeting that provides rationale for consideration on each agenda item as well as supporting information adequate for decision making, minutes of the meeting, and annual report prepared in accordance with guidelines established by the Stock Exchange of Thailand and the Securities and Exchange Commission.
  - 1.4.4 Shareholders have the right to election and removal of directors.
  - 1.4.5 Shareholders have the right to appointment of auditors.
  - 1.4.6 Shareholders can appoint any person, in form prescribed by law, as their proxy to attend and vote at the shareholders' meeting on their behalf. The company's Board of Directors has supported the use of power of attorney in the format that voting can be specified. At least 1 independent director shall be proposed as an alternative for issuance of power of attorney.
  - 1.4.7 Shareholders can check their shareholding records as of the closing date of the share register book at the company or Thailand Securities Depository Company Limited.
- 1.5 It is the company's policy that all the directors must participate in every shareholders' meeting. Shareholders can raise relevant questions to the chairman of each committee and the company shall make facilities available for shareholders at all meetings and aims to ensure that the shareholders are able to attend the meetings and are treated equitably, with details as follows :
  - 1.5.1 **Venue for shareholders' meeting**

The company will hold each shareholders' meeting at a place in Bangkok where its headquarters are located. Such venue must be spacious enough to accommodate all shareholders in attendance and must be conveniently accessible. It must also have a

pleasant meeting room ambience and be fully equipped with meeting facilities and high-tech communication equipment such as audio-visual equipment, microphones, stationeries and others.

The company has specified using technology in shareholders' meetings in terms of shareholders registration, counting of votes and result display so the meetings could be executed quickly, correctly, and precisely.

#### **1.5.2 Appropriate meeting date and time**

In determining the date and time of a shareholders' meeting, the company takes into consideration the timeframe specified by law and chooses the appropriate time, making sure the meeting is not held, for instance, on public holidays or long holidays. Whereby, the chairman of the meeting shall allocate appropriate time and promote shareholders to comment and relevant question raising.

#### **1.5.3 Voting**

- 1) Voting shall be done by agenda or by item if any agenda has many items such as the agenda of the appointment of directors.
- 2) The company makes available ballots used for voting at each meeting.
- 3) Vote counts are clear, transparent and verifiable, divided into:
  - Votes cast through the proxy forms delivered to the company ahead of the meeting; and
  - Votes cast by shareholders attending the meeting.
- 4) The chairman of the meeting shall disclose to the meeting the result of vote counts in respect of votes cast through the proxy forms sent ahead of the meeting and votes cast at the meeting.
- 5) The company has specified that there shall be an independent observer to oversee the counting of votes or inspect the votes in the ordinary and extraordinary shareholders' meetings and the result must be disclosed to the members in the meetings and recorded in the meeting minutes.

#### **1.5.4 Meeting agenda**

- 1) The company has specified to provide explanation and rationale for each agenda or the requesting resolution as specified in the invitation letter to attend the ordinary or extraordinary shareholders' meeting or in the attachment to the meeting agenda, any abstention that shall limit shareholders' access to the company's information.
- 2) Minority shareholders could propose for clearly additional agenda prior to the shareholders' meeting to express fairness and transparency in considering if the addition of agenda shall be approved.

#### 1.5.5 Submitting questions in advance

Shareholders shall submit questions prior to the meeting then notify the shareholders along with the invitation letter. Moreover the company has publicized the criteria for submitting advance questions on the company's website.

#### 1.6 Preparation of minutes of a shareholders' meeting.

1.6.1 The company arranges for the preparation of the minutes after every shareholders' meeting is completed. The minutes include details about the number of shareholders present at the meeting in person and the number of individual and juristic shareholders present at the meeting by proxy including the number of shares presented by each of them. Moreover, the proportion of shares attended the meeting comparing with the total number of shares sold shall be presented.

1.6.2 The meeting minutes shall be completed within 14 days after the meeting and shall contain details such as names of the directors attending the meeting, names of directors that did not attend the meeting, memorandum of the explanation of voting procedure and method of disclosing the votes to the meeting members before the actual meeting including the presentation of opportunity for shareholders to raise issues or questions; moreover, there must be a record on questions and answers, issues considered, issues discussed, opinions of shareholders, and total votes of shareholders attending the meeting and having cast votes on each agenda item, broken down into approval, disapproval and abstention. Shareholders can view the minutes online via the company's website ([www.thanachart.co.th](http://www.thanachart.co.th)).

1.6.3 The company shall publicize the voting result of each agenda in the ordinary and extraordinary shareholders' meeting on the next business day on the company's website.

1.7 The company keeps all documents related to the shareholders' meetings and arranges them in a classification system to facilitate shareholders' requested viewing and inspection.

1.8 Shareholders are equitably entitled to share profits of the company in the form of dividends.

1.9 In addition to the above, shareholders are entitled to all other rights prescribed by laws.

## 2 Rights of Different Groups of Stakeholders

The company's stakeholders are:

- 2.1 Shareholders,
- 2.2 Creditors,
- 2.3 Members of the Board of Directors,
- 2.4 Executives,
- 2.5 Employees,
- 2.6 Customers and trading partners,
- 2.7 Auditors,
- 2.8 Competitors,
- 2.9 Society, and

## 2.10 Government Sector

The company takes the following actions to ensure fair treatment to all stakeholders:

- 1) In the conduct of its business affairs, the company strictly complies with all applicable laws and also ensures that its business affairs have positive impacts on the society and the government sector with regard to the economy, custom, tradition and environment.
- 2) The company ensures that the dividends for shareholders and the remuneration for directors, executives and employees are appropriate and fair.
- 3) The company delivers quality services to customers with integrity and fairness and collects service fees and charges at a reasonable rate.
- 4) The company deals honestly and fairly with its trading partners and honors all obligations as agreed.
- 5) The company operates its business and competes with its competitors in a transparent manner, abiding by rules on fair competition and ensuring that the competition will not cause a negative impact on the overall business.
- 6) To ensure transparency, the company discloses information about its transactions in line with the disclosure standards and requirements of concerned authorities.
- 7) The company holds itself accountable to customers and trading partners for, among others, the delivery of quality services up to sound professional standards, the protection of customers' and trading partners' confidential information, as well as the provision of a complaint handling unit.

## 3 Leadership and Vision

The Board of Directors is independent in its decision making. The company ensures that all directors have the right and equitability to consider and decide on all businesses, and clearly segregates the roles and duties of the Board of Directors from those of the Executive Committee. The Board of Directors is not responsible for the day-to-day operations of the company, but has to carry out the duties and responsibilities as prescribed by laws. Members of the Board of Directors are required to participate in meetings to consider business matters of the company in line with agenda items deemed necessary, at least once a month or as deemed fit by the Board Chairman. Their responsibilities are:

- 3.1 To set out or approve the company's missions, strategies, goals, policies, business plans and budgets.
- 3.2 To supervise and follow up on the management's performance on a regular basis and ensure that the established goals are achieved and the business plans implemented.
- 3.3 To ensure that the company has in place sound internal control systems and appropriate risk management measures.



## 4 Board of Directors

The Board of Directors' composition, duties and responsibilities, and election process are as follows:

### Composition of the Board of Directors

#### Number of Board Members

- 4.1 The company has specified the number of the Board of Directors to be in accordance with the rule of law and harmonize with the type and size of the business so that the Board of Directors shall be effective. Moreover, of the total number of the Board members, not more than a half shall be executive directors and at least one-third shall be directors who are independent of the management and do not have any vested interest in or any connection with the company's business and in fair proportion of the investment of each shareholders group.

#### Qualifications of Directors

- 4.2 Have knowledge, skill and experience in diverse fields that are useful and contribute to the company's business and must be an expertise in the area that should benefit the company with at least one non-executive director with experience in the company's business, whereby gender is disregarded.
- 4.3 Not possess any of the prohibited characteristics prescribed by applicable laws and regulations.
- 4.4 Not hold board positions in any other entity that operates a business of the same nature as and competing with the company, whether for personal benefit or for the benefit of other parties, unless where the shareholders' meeting is so notified before any such appointment. The Nomination Committee, which has the duty to nominate director candidates for shareholders' consideration and election, shall examine and ensure that those candidates do not hold board positions in or operate a business of the same nature as and competing with the company.
- 4.5 Directors, executives or related persons are allowed to enter into a transaction that is in the usual course of business with the company and members of its group, provided that the transaction is under the same commercial terms as those an ordinary person would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest, except for the transactions prohibited by laws or the authority's directives.
- 4.6 Additional qualifications required for each of the following positions:

#### Executive Directors

- Being involved with day-to-day management of the company and overseeing and ensuring that the management implements the policies established by the Board of Directors.
- Numbering not more than **a half** of the total Board members.

#### Independent Directors (applicable to public limited companies or as required by the authority)

- Not holding more than 0.5% of the company's paid-up registered capital.
- Qualifications are in accordance with the criteria set by the BOT, SET, or SEC, or other governing bodies.

- Not exhibiting any characteristics that violate the criteria for independent directors set out by the Capital Market Supervisory Board.
- Numbering not less than one-third of the total Board members.
- At least 1 independent director that has the experience in corporate management

4.7 The Chairman of the Board of Directors and President shall not be the same person and must be exhibited in the annual report and on the company's website.

4.8 Each director should assume a director position in not more than 5 listed companies. If over, the director should be confident that he/she can allocate sufficient time in taking a director role of the company. Anyhow, the director position of other companies shall not conflict with the rules and regulations of other governing bodies.

### **Roles and Responsibilities of the Board of Directors**

4.9 Discharge duties with responsibility and to the best of their abilities and fairness treatment to the organization, shareholders, executives, and employees of the company.

4.10 Set out key policies, strategic plans, financial goals and budgets and make a review as deemed fit and the business can be sustainable.

4.11 Specify a clear policy and guideline for the company's President and high executives in assuming a director position at other companies including the type of director position and number of companies that can assume the position, for example, a prior approval from the Board of Directors shall be obtained, etc.

4.12 Oversee and control affiliated companies in order to protect the interest of the company's investment. The Board of Directors has considered the appropriateness of the person to be sent to assume a director position at an affiliated company to control business management to be in accordance with the company's policy and to ensure that all transactions shall be executed in accordance with the law and criteria of the laws of securities and stock exchange, declarations of the stock exchange, and other related laws.

4.13 Oversee, follow up on and ensure the company's business conduct is in compliance with the objectives, goals, Articles of Association, resolutions of the shareholders' meeting and principles of good corporate governance on the basis of integrity and honesty, while exercising due care in the protection of the interests of the company.

4.14 Ensure that the company has in place the audit process, internal control, risk management, and monitoring and compliance systems that are adequate and fit with the prevailing business environment.

4.15 The Board of Directors shall provide a system to control work execution, financial reporting, and compliance to the rules, regulations, and policies. The Board of Directors shall provide independent person or institute to audit such monitoring system and must be exhibited in the annual report.

- 4.16 Board of Directors or audit committee shall comment on the sufficiency of the internal control system and risk management in the annual report.
- 4.17 Ensure fair treatment to all groups of stakeholders and assume responsibility for financial reporting and information disclosure on an accurate, transparent and timely basis.
- 4.18 Prepare a report on responsibilities of the Board of Directors for financial report for publishing, together with report of an auditor, in the company's annual report, covering therein all crucial matters specified in the 'code of best practices for listed company directors,' to assure that the company's financial reports are accurate, complete and reliable. The company has duly complied with the accounting standards by adopting, and adhering consistently to, appropriate accounting policies
- 4.19 Appoint members of all Board committees as deemed appropriate.
- 4.20 Determine scope of power and duties of the President.
- 4.21 Conduct a performance evaluation and determine compensation and employment terms and conditions for the President based on recommendation by the Nomination Committee .
- 4.22 Evaluate the whole Board performance.
- 4.23 Ensure one's continuous knowledge and competence development.

#### **Roles of the Board Chairman**

- 4.24 Not involve with the company's day-to-day management.
- 4.25 Exercise leadership in ensuring the Board of Directors as a whole discharges duties efficiently in the best interests of the company and independently from the management.
- 4.26 Consider for agenda approval which President has proposed and has been approved by Chairman of Executive Committee so that the agenda will be in line with the duties and responsibilities of the directors. Each director is free to propose bank-benefiting agenda to the meeting.
- 4.27 The chairman of the Board of Directors shall not assume a chairman position or a member of sub-committees so that the sub-committees could execute freely.
- 4.28 Ensure and encourage all directors to uphold and abide by good corporate governance principles and code of business conduct of the company, including the Code of Conduct for Directors.

#### **Roles of Chairman of the Executive Committee**

- 4.29 Exercise leadership in ensuring the Executive Committee members discharge duties efficiently in the best interests of the company and independently from the management.
- 4.30 Consider for agenda approval which President has proposed so that the agenda will be in line with the duties and responsibilities of the Executive Committee.
- 4.31 Supervise and ensure the management implements the policies established by the Board of Directors.
- 4.32 Ensure and encourage all Executive Committee members to uphold and abide by good corporate governance principles and code of business conduct of the company.

### **Roles of the President**

- 4.33 Assume the roles, duties and responsibilities for the management of business affairs and operations of the company in line with the scope of power and duties designated by the Board of Directors and the Executive Committee.
- 4.34 Supervise and ensure employees at all levels discharge their respective duties in accordance with the policies established by the Board of Directors and the Executive Committee.

### **Roles and Duties of Company Secretary**

The company appoints a Company Secretary and entrusts him/her with the following duties:

- 4.35 Take charge of all activities of the Board of Directors.
- 4.36 Provide preliminary advice to directors regarding legal issues, by-laws of the company, good corporate governance principles and code of conduct to be upheld by the directors, and monitor and ensure their correct and ongoing compliance with those principles, as well as report any significant change thereof to the directors.
- 4.37 Prepare and provide new directors with documents and information useful to their discharge of duties, and introduce them to the company's nature of business and business operations.
- 4.38 Organize the shareholders' meetings and the Board of Directors' meetings in conformity with the laws, the company's Articles of Association and all best practices.
- 4.39 Take minutes of the shareholders' meetings and the Board of Directors' meetings and follow up and ensure all resolutions of the shareholders' meetings and the Board of Directors' meetings are carried into effect.
- 4.40 Prepare and keep all documents pertaining to the register of directors, notices of the Board of Directors' meetings, minutes of the Board of Directors' meetings, reports on interests of directors and executives, the company's annual reports, notices of the shareholders' meetings, and minutes of the shareholders' meetings.
- 4.41 Ensure the information under responsibility is duly disclosed to the company's supervising authorities in conformity with the regulatory rules and requirements, and maintain the reports on interests prepared by the directors or executives.
- 4.42 Arrange training courses and seminar programs for development of directors' knowledge, skills and experience that could contribute to their discharge of duties as directors of the company.
- 4.43 Contact, communicate and keep the shareholders informed of their rights and of the company's news and information.
- 4.44 Perform other acts prescribed by the Capital Market Supervisory Board.
- 4.45 Continuous training and development of knowledge regarding law, accounting, or duty of company secretary.
- 4.46 Disclosure of qualification and experience of company secretary in the annual report and company's website.

### **Directors' Term of Office**

4.47 Directors who have served the longest term in office shall leave the position by one-third, or with the number nearest to one-third, of the total directors on annual general shareholder meeting of the Bank or unless otherwise specified by law.

4.48 Directors retiring by rotation may be re-elected.

### **Methods of Director Election**

There are two cases of director election as follows:

- 1) Election of directors to replace those retiring by rotation; and
  - 2) Election of directors to fill the positions which become vacant before the end of director office term.
    - The election in case 1) is subject to approval by the shareholders' meeting, while the election in case 2) can be approved by the Board of Directors based on the candidate selection and nomination proposed by the Nomination Committee.
    - Exchange of Thailand, the Securities and Exchange Commission, and the concerned authorities.
- The election of independent directors shall comply with guidelines of the Stock.

## **5 Committees Other Than the Board of Directors**

The company has formed Board committees to help study, scrutinize and oversee other business affairs, as follows:

### **5.1 The Executive Committee**

The Board of Directors appoints the Executive Committee which consists of executive directors or directors representing major shareholders or directors who are external parties. The Executive Committee reports directly to the Board of Directors.

#### **Procedure for Appointing Members of the Executive Committee**

The Board of Directors appoints an appropriate number of directors as members of the Executive Committee, one of whom shall serve as Chairman of the Executive Committee. The Executive Committee shall be authorized to oversee and monitor the company's business affairs as assigned by the Board of Directors, and the President shall be an ex-officio member of the Executive Committee.

### **5.2 The Audit Committee**

The Board of Directors appoints the Audit Committee as its important tool for monitoring the company's management of business affairs to ensure that it upholds appropriate standards and transparency and complies with the rules and regulations of concerned authorities and those of the company. The Audit Committee is responsible for ensuring that the company puts in place sound internal control systems and reporting systems that are reliable and useful to all concerned parties including the shareholders.

### **Procedure for Appointing Members of the Audit Committee**

The Board of Directors shall appoint at least three persons who meet the qualifications specified by the company's supervising authorities to serve as members of the Audit Committee. The Audit Committee shall have the power and duties designated by the Board of Directors and shall have complete independence in the discharge of its duties. The Audit Committee reports directly to the Board of Directors.

## **5.3 The Nomination Committee**

The Board of Directors appoints the Nomination Committee which consists at least three of non-executive directors as member of the Nomination. The Nomination Committee shall have the power and duties designated by the Board of Directors in which the roles and responsibilities shall be specified in the Charter of the Nomination Committee.

### **Procedure for Appointing Members of the Nomination Committee**

Board of Directors shall appoint at least three non-executive directors as members of the Nomination Committee and report directly to the Board of Directors. Once any person is appointed as an advisor to the Nomination Committee, information of the person must be exhibited in the annual report and the person must be independent and has no conflict of interest.

## **5.4 The Remuneration Committee**

The Board of Directors appoints the Remuneration Committee which consists at least three of non-executive directors as member of the Remuneration. The Remuneration Committee shall have the power and duties designated by the Board of Directors in which the roles and responsibilities shall be specified in the Charter of the Remuneration Committee

### **Procedure for Appointing Members of the Remuneration Committee**

The Board of Directors shall appoint at least three non-executive directors as members of the Remuneration Committee and report directly to the Board of Directors. Once any person is appointed as an advisor to the Remuneration Committee, information of the person must be exhibited in the annual report and the person must be independent and has no conflict of interest.

## **5.5 The Corporate Governance Committee**

The Board of Directors places a strong emphasis on upholding good corporate governance in conformity with the code of best practices for listed companies, as well as disclosure of information on corporate governance practices in the company's annual report. To this end, the company therefore deems it proper to appoint the Board of Directors as a whole to act as the Corporate Governance Committee. The Board of Directors has instructed to include good corporate governance as an agenda on the invitation letter.

## **5.6 The Risk Management Committee**

Since the company's Executive Committee have duty to control, supervise and filter the company's several transactions, performing their duty has to take into account the various aspects of risk

related to its businesses. The company's Board of Directors, therefore, has determined Executive Committee to perform its function to be the Risk Management Committee as another position, whereby their duty and authority are in conformity with the BOD's stipulation with a duty in specifying Risk Management Policy to cover the entire organization. Such policy must be presented to be approved and overseen by the Board of Directors and the management shall follow the policy and report back to the Board of Directors on a regular basis. A revision or assessment of risk management shall be done at least once a year, must be exhibited in the annual report, and in each interval that risk has changed. Advance warnings and report of unusual incidences shall be given importance.

## **6. Board and Committee Meetings**

- 6.1 The company determines frequency and agenda of Board and committee meetings in each year in advance and notifies each directors of such itinerary so that he/she can allocate the time for the meeting, as follow;
  - 6.1.1 The Board of Directors meets approximately once a month.
  - 6.1.2 The Executive Committee meets at least once a month.
  - 6.1.3 The Audit Committee meets at least once every quarter.
  - 6.1.4 The Nomination Committee and Remuneration Committee meets at least twice a year.
  - 6.1.5 For all other committees, the decision on their meeting frequency rests with the chairman of each committee.
- 6.2 Directors are required to attend every meeting unless they have a compelling reason, which they shall notify to the Board/Committee Chairman or to secretary to the Board of Directors/the respective committee. Each director must attend not less than 75 percent of all the board/committee meetings held in the year.
- 6.3 Independent directors shall meet among themselves at least once a year.
- 6.4 At least once a year, the Board members shall meet among themselves without the presence of the management.
- 6.5 The Board of Directors should encourage the President to invite members of the management to participate in their meetings in order to provide additional details that are crucial to their decision.
- 6.6 The management should send documents containing key information to the directors at least 5 working days in advance. The directors may request additional documents they need from the President or the Company Secretary. If necessary, the Board of Directors shall provide independent comment from the advisor or outside experts and the company shall bear the expenses.
- 6.7 The Board Chairman shall ensure that sufficient time is allowed for the directors to address and discuss all issues and shall encourage them to voice their opinions constructively and independently.

- 6.8 The directors who have a conflict of interest in any agenda item must leave the meeting to allow all other directors to freely discuss any such business matter and pass a resolution thereon. Such action must be recorded in the meeting's minutes.

## **7. Remuneration for Board and Committee Members and Management**

Remuneration for members of the Board of Directors and members of other Board committees shall be determined and proposed by the Remuneration Committee, whereas remuneration for senior management at executive vice president level and higher shall be proposed by Chairman of the Executive Committee to the Remuneration Committee, taking into consideration the following:

- 7.1 The Board of Directors receives remuneration at the rate approved by the shareholders' meeting in which must be comparable with the industry standard, experience, duty, accountability and responsibility including expected knowledge that shall receive from each director. Directors with expanded duties and responsibilities, such as a director who also assume a position in a sub-committee, shall receive additional remuneration.
- 7.2 Other committees receive remuneration in the form of director fee and/or meeting allowance at the rate approved by the Board of Directors and based on the number of meetings attended.
- 7.3 The Remuneration Committee has a responsibility to assess the President on a yearly basis in order to specify the remuneration of the President. The standard used for assessment is of priority agreed by the President in which the standard must be tangible including financial performance, performance of the long-term strategy, management development, etc. Such assessment result shall be submitted to the Board of Directors for approval and the Chairman of the Board of Directors or a senior director shall communicate the result to the President.
- 7.4 Executives receive remuneration at the rate approved by the Board of Directors. For the highest benefit of the company, remuneration in terms of salary, bonus, and long-term incentive shall reflect performance of each executive based on the company's sustainability.

## **8. Self-assessment of the Board of Directors**

- 8.1 Board of Directors and sub-committees shall perform self-assessment at least once a year so that they can help each other in considering on the success and problems for further improvement.
- 8.2 For assessment of the overall or individual performance of the Board and assessment of overall Committee, the company shall exhibit criteria, procedure and assessment result in the annual report.

## **9. Prevention of Conflict of Interest**

The company has established principles aimed at preventing employees, executives, directors and parties concerned from advancing one's own interest or the interests of a group of people, details of which are as follows;

- 9.1 Establish principles for employees, executives, directors and parties concerned to avoid any act as a result of undue benefits other than usual ones or those permitted according to the company's conditions.



- 9.2 Establish principles for employees, executives and directors not to participate in decision-making on transactions in which they have an interest.
- 9.3 Establish principles for keeping and preventing the use of inside information as well as communicating such guidelines to all parties concerned.
- 9.4 Establish principles for execution of related party transactions based on accurate and reasonable information and guidelines as well as a fair price in the same manner as the transactions done with customers in general.
- 9.5 Establish principles to prevent employees, executives and directors from accepting any other benefits from related parties in relation to business matters on which they are to make consideration or decision.
- 9.6 Ensure that the Board of Directors is kept informed of all related party transactions and transactions involving a conflict of interest, and that they always exercise due care in determining the transactions' reasonableness in conformity with guidelines of the company's supervising authorities.
- 9.7 Ensure that the related party transactions and conflict of interest transactions are disclosed in the company's annual report and annual registration statement (Form 56-1).
- 9.8 Every directors and executives with obligation to submit the possession of securities report shall submit the report to the Board of Directors on a regular basis and must be disclosed in the annual report

## **10. Ethics and Code of Conduct**

The company has set out the Code of Business Conduct for firm-wide adoption as well as the Code of Conduct for directors, executives and employees to adhere to, as follows :

- 10.1 Code of Business Conduct serves as a guideline on best practices to be observed by the company.
- 10.2 Code of Conduct for Directors serves as a guideline on best practices to be observed by the company's directors.
- 10.3 Code of Conduct for Executives serves as a guideline on best practices to be observed by the company's executives.
- 10.4 Code of Conduct for Employees serves as a guideline on best practices to be observed by all employees of the company.
- 10.5 Code of Conduct for Investor Relations as a guideline on best practices to be observed by the company's Investor Relations

## **11. Internal Control Systems**

The company has established internal control systems that cover various areas including organization and environment, risk management, control of the management's operations, IT systems, and monitoring systems. The objective is to ensure that it has adequate and prudent internal control systems for protection against potential risk and damage to the company.

### **11.1 Organization and environment**

- 11.1.1 Defining clear policies and targets.
- 11.1.2 Developing organizational structure, as well as separating power and responsibilities and putting in place mechanisms of checks and balances.
- 11.1.3 Establishing code of conduct to be adhered to by directors, employees and Investor Relations and to be embedded in the company's Code of Business Conduct.
- 11.1.4 Specifying power and responsibilities of employees in job description together with regulations related to approval authority.
- 11.1.5 Formulating rules and procedures that cover all work processes.
- 11.1.6 Putting in place systematic personnel selection and nomination procedures.
- 11.1.7 Adopting employee incentive systems such as a performance-based compensation system.
- 11.1.8 Entrusting the Internal Audit and the Compliance Department with the tasks of auditing and monitoring the company's operations, reporting directly to the Audit Committee, with the Audit Committee reporting directly to the Board of Directors, all being independent of the management.

### **11.2 Control of the management's operations**

- 11.2.1 Defining clear action plans and procedures.
- 11.2.2 Putting in place adequate internal control systems with proper checks and balances such as regulations on approval authority and transaction verification, separation of duties and responsibilities, safety and security of properties, and reporting systems.
- 11.2.3 Discharging duties in conformity with regulations and business procedures within the scope of authority delegated, and, where any non-compliance with such regulations is apparent, promptly reporting the same to supervisors and avoiding giving cooperation or support for such non-compliant act.

### **11.3 IT Systems**

The company discloses and communicates its information in a complete, adequate, accurate, reliable and timely manner and has developed tools for fast and efficient communications to ensure that the company's executives, employees and stakeholders have a quick and equitable access to the information.

### **11.4 Monitoring systems**

- 11.4.1 Monitoring and following up on the individual business/support units' operations, with heads of the respective units being the incumbent officers.
- 11.4.2 Monitoring and following up on the operations of independent units including the Audit Office, the Compliance Department, and the Credit Review Department. If any mistakes or errors are identified, they will be reported to the higher level in the chain of command for consideration and corrective action.

11.4.3 Putting in place an adequate database for the reporting systems.

## 12. Investor Relations

The company has established an “Investor Relations Unit” as a center to provide accurate and timely news and information to shareholders, investors, analysts and credit rating agencies, whether Thai or foreign, with a view to promoting the company’s good corporate image and creditworthiness, as well as to deliver efficient shareholder services. The unit coordinates with the company’s high-level executives and work units, as follows:

12.1 The Executive Committee Chairman or the President or the designated person:

In answering questions or providing the company’s overall mission, vision and policies.

12.2 Finance Group:

In answering questions or providing financial and general information to institutional investors or analysts.

12.3 Corporate Secretariat Unit, Office of Executive Committee Chairman and President:

In answering questions or providing preliminary financial information and general information to shareholders and government sectors.

## 13. Information Disclosure and Transparency

The company has publicized news and information of the business as specified by law including rules and regulations of other governing bodies. Disclosing information must be corrected, completed and adequate for investors to make decisions. Such disclosure must be approved from the company’s authorized person in which any confidential information of the company, customers, and business partners shall not be disclosed to irrelevant parties except as permitted or as obliged by law. The information must not be exaggerated disclosed to create misunderstanding in the context. Disclosure of information can be categorized as follow :

### 13.1 Type of disclosing information

13.1.1 Disclosure of business profits, income statement of the revision version and audited version, disclosure of the summary of asset and debt on the 21th of each month (not yet reviewed), including the Management Discussion and Analysis (MD&A) for the disclosure on financial statement in each quarter so that investors shall better acknowledge the information and understand the change in financial status and the company’s performance in each quarter other than the numbers in the financial statement.

13.1.2 The responsibility of the Board of Directors toward financial reports shall be exhibited along with the report of the auditor in the annual report.

13.1.3 Briefly report the corporate governance policy, business ethics, risk management policy as approved by the Board of Directors including result of complying with such policies via various channels such as in the annual report and website, etc.

13.1.4 The policy on the remuneration of directors and high executives must reflect the obligation, duties, and responsibilities of each of them including the type or kind of remuneration. The disclosed remuneration must include remuneration from assuming a director position at an affiliated company.

13.1.5 Roles and responsibilities of the Board of Directors and sub-committees, frequency of meetings and frequency of attending meetings by each director in the past year including comments provided and the continuous training and occupational knowledge improvement of the committees shall be stated in the annual report.

13.1.6 Audit cost and other service fees provided to the auditor

13.1.7 The business's information in accordance with the criteria, condition, and method of information disclosure as specified by the Stock Exchange of Thailand and as specified by law such as the disclosure of acquiring or selling of the business' securities, relevant transactions, change of the company's registered capital, etc.

13.1.8 Disclosure of qualification and experience of the Head of Audit and Head of Compliance in the annual report and the company's website.

## **13.2 Channel for Information Disclosure consists of**

13.2.1 Disclosing data via electronic media (Elcid) in conformity with the guidelines and methods stipulated by SET such as announcement of financial statement, financial notes and accounting audit on significant change of information or impact to company's stock price

13.2.2 Disclosing via other medias such as Company's posting board for announcement, Website, Annual Report , Business Data Reporting Form (56-1 Form), daily press, weekly press, magazine, commercial pamphlet including direct delivery of document to shareholders

## **14. Risk Control and Management**

Fully recognizing the importance of risks that could have an impact on its operations, the company has established a risk management unit with the duties and responsibilities as follows:

14.1 Planning on development of risk management systems that cover all risk categories.

14.2 Monitoring the development, analysis and preparation of reports on all risks.

14.3 Coordinating with other work units to ensure that risk management is efficiently implemented.

14.4 Studying new risk management and analysis tools.

In addition, the company has established "Risk Policy and Guideline" to serve as a manual for its risk management and has organized training workshops to enhance staff's knowledge and understanding of risks associated with the company's business.

## **15. Resistance to Fraud and Corruption**

The company deems it a key business principle not to support any business, any group of people or any person who has involved with or is aware of any undue benefits, whether directly or indirectly, arising from an abuse of power. The company adopts a clear policy to give support to and cooperate with the public and private sectors.

## **16. Succession Plan for Top Management at Executive Vice President Level and Higher**

The Board of Directors will take steps to ensure that the company has in place a proper system to select suitable persons to fill all key management positions and conforms to the nomination process in selecting top management candidates from both within and outside Thanachart Group. A project on management development is to be implemented alongside the consideration of succession plan.

## **17. Disciplinary Consideration**

The company has established the following rules on disciplinary procedures for its employees, executives and directors:

- 17.1 For staff below the level of first vice president, the disciplinary committee is responsible for considering disciplinary actions and the President is responsible for approving the proposed actions.
- 17.2 For senior management at the level of first vice president or higher and not being members of the Board of Directors, the Executive Committee shall form a disciplinary committee on a case by case basis to consider disciplinary actions. The Executive Committee shall be responsible for approving the proposed actions.
- 17.3 For members of the Executive Committee, the Board of Directors shall form a disciplinary committee on a case by case basis to consider disciplinary actions. The Board of Directors shall be responsible for making decision on the proposed actions.
- 17.4 For members of the Board of Directors, if any member commits an offence in bad faith or with gross negligence, that member shall be held personally liable for the offence and/or for the compensation for damage caused thereby.

## **18. Monitoring of Compliance with the Code of Business Conduct**

Directors and executives at all levels shall be a role model in complying with the Code of Business Conduct. The Compliance Department and the Human Resource Group are responsible for disseminating knowledge, promoting understanding and encouraging employees at all levels to earnestly and continuously adhere to the Code, as well as for embedding these principles into the corporate culture and reporting the results of such knowledge enhancement and compliance with the Code to the Corporate Governance Committee and the Board of Directors.

## **19. Policy Review**

To ensure that the company's Corporate Governance Policies and Code of Business Conduct are always in line with the applicable laws, rules and regulations of the authorities and aligned with the ever-

changing business environment, the Corporate Governance Committee has the duty to review and update these principles at least once a year.

## **20. Obligation**

Directors, executives and employees at all levels are obligated to familiarize themselves with and strictly abide by the Corporate Governance Policies and Code of Business Conduct described above and to certify, by affixing their signature, their compliance therewith in all respects.

## **21. Queries or Complaints**

If the directors, executives and employees are unsure as to whether their act, already done or to be done, properly conforms with the company's Corporate Governance Policies or Code of Business Conduct, they are recommended to, before performing or judging such act, identify whether

1. Such act is legally acceptable or compliant with the rules and regulations of the authorities and the company;
2. Such act is socially acceptable or can be disclosed to the public; and
3. Such act will bring discredit on oneself or other parties or tarnish the company's reputation at the time or taken action in the future.

If they remain unsure of their own judgment, they are encouraged to report such facts and details to their supervisors or seek advice from the Compliance Department to decide on and ensure a proper action.

Moreover, those who find or know of any violations of the Code or the Policies hereof have the duty to report, without delay, such violations to the Audit Department.

The Board of Directors has entrusted the Compliance Department with the duty to receive complaints regarding unethical conduct from any stakeholders who wish to lodge the complaints directly to the Board of Directors, and to keep the Board of Directors regularly informed of the complaints. Complaints concerning the company's usual business operations can be lodged through the Complaint Center provided by the company, and disclose the process and channels on the website or annual report.

## **22. Non-infringement of human rights and intellectual property or copyright**

The company has a clear policy that it shall not infringe or perform any action that should infringe human rights and intellectual property or copyright.