CORPORATE GOVERNANCE

AIRA & AIFUL PUBLIC COMPANY LIMITED

Introduction

The Company aims to manage and operate the business in accordance with the good corporate governance and good governance, build confidence for shareholders and all stakeholders as well as ensure that the Board of Directors conduct the business with morals and ethics.

The management as an organisation leader is aware of the roles and responsibilities for creating sustainable value for the business, strengthening an effective board of directors by recruiting and developing senior management and managing employee appropriately in order to foster innovation, responsibility and sustainability in the business.

The Company has guidelines for maintaining credibility with customers and stakeholders including the general public by having in place a proper internal control system and risk management, and ensuring the transparency, accountability and responsibility to the society as a whole.

This corporate governance is a practical guideline that all directors and employees of the Company at all levels shall adhere to and always keep in mind when working with the director, the management and the Company's operational staff.

AIRA & AIFUL Public Company Limited

1 April 2022

Table of Contents

Contents	Page

Vision Mission and Core Values

Vision

AIRA & AIFUL Public Company Limited's vision is to be Thailand's fastest growing of personal loan services provider.

Mission

– To promote social participation through several activities with honesty

– To do our best to meet all aspects of customers' needs with our pleasure

Core Values

Sincerity Effort Trust and Gratitude

Definition

"Morality" refers to the principle of goodness, correctness, which is expressed by the physical, verbal and mental actions of the individual. It is the main principle to be adhered to and practiced until it becomes a habit. It is useful to oneself and others.

"Ethics" refers to the standards, values, and virtues of an action or expected behaviour that is appropriate, correct and accepted by society for the purpose of living together in society happily and peacefully.

"Code of Conduct" means a collection of behavioural patterns and practices to maintain goodness.

"Company" means AIRA & AIFUL Public Company Limited.

"Stakeholders" means shareholders or investors, board members, executives and employees at all levels including those who are directly or indirectly affected by business operations or have any benefits with the Company's business operations and including the counterparties, business-related persons, creditors, debtors, etc.

"Employee" means all employees of the Company at all levels.

"Partner" means a person or juristic person dealing business with or providing services to the Company.

Principle 1

Establish Clear Leadership Role and Responsibilities of the Board

Principle 1.1

The board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the company, and strengthen good governance, including:

(1) defining objectives;

(2) determining means to attain the objectives; and

(3) monitoring, evaluating, and reporting on performance.

Principle 1.2

To achieve sustainable value creation, the board should exercise its leadership role and pursue the following governance outcomes:

(1) competitiveness and performance with long-term perspective;

(2) ethical and responsible business;

(3) good corporate citizenship; and

(4) corporate resilience

<u>Guidelines</u>

1.2.1 In evaluating the performance of the company, the board should not just consider the company's financial results but also take into account non-financial performance such as its ethical performance and impact on stakeholders, society and the environment.

1.2.2 The board should assume a leadership role in creating and driving a culture of compliance and ethical conduct throughout the company, and lead by example.

1.2.3 The board should ensure the creation of written policies and guidelines, such as a corporate governance policy, codes of ethics, and business conduct, applicable to all directors, executives, employees and staff of the company.

1.2.4 The board should ensure effective implementation including regular communication of the company's policies and guidelines to all directors, executives, employees and staff. The board should ensure adequate mechanisms are in place for monitoring, reviewing and reporting compliance with the company's policies and guidelines.

Principle 1.3

The board should ensure that all directors and executives perform their responsibilities in compliance with their fiduciary duties, and that the company operates in accordance with applicable law and standards.

Guidelines

1.3.1 In assessing whether directors and executives have performed their fiduciary duties with the required responsibility, due care and loyalty, reference should be made to the applicable law and standards

1.3.2 The board is responsible for the implementation of adequate systems and controls to ensure that the company complies with applicable law and standards for specified matters, including material investment, related party transaction, acquisition/disposal of assets, and dividend payment decisions.

Principle 1.4

The board should demonstrate a thorough understanding of the division of board and management responsibilities. The board should clearly define the roles and responsibilities of management and monitor management's proper performance of its duties.

Guidelines

1.4.1 The board should adopt a written policy (such as a charter) that clearly sets out the roles and responsibilities of the board and management. The board should regularly review the policy (annually).

1.4.2 The board is responsible and accountable for the overall affairs of the company but may delegate day-to-day management duties. The board must provide written directions to management that clearly set out management's responsibilities.

Matters for which the board has primary responsibility:	Matters involving shared responsibility of the board and management:	Matters that the board should delegate or not get involved with:
a) Defining objectives and business model b) Developing culture of compliance and ethical conduct, and lead by example. c) Strengthening an effective board structure and practices conducive for achieving the company's objectives. d) Ensuring suitable CEO selection, remuneration, development, and performance evaluation. e) Ensuring appropriate compensation architecture that supports achievement of the company's objectives.	a) Formulating and reviewing policies and strategies, plans and targets. b) Ensuring robust system for risk management and internal control c) Clearly defining management's responsibilities d) Overseeing appropriate policies and plans for resource allocation, including HR, IT, and budgeting. e) Monitoring and evaluating financial and non-financial corporate performance. f) Ensuring integrity of financial and non-financial information disclosures.	a) Engaging in activities which under normal circumstances are not expected roles of the board, including day-to-day management and decisions (such as procurement and staffing), ongoing monitoring that conduct and operations are in compliance with the company's policies, strategies, plans, and applicable law and standards. b) Not getting involved in or influencing matters in which a director may have vested interests.

Explanation

(1) Matters for which the board has primary responsibility are matters that the board should fully consider. Some matters may be decided following recommendation by management as appropriate.

(2) Matters involving shared responsibility of the board and management are matters requiring joint consideration between the board and management. The board must closely monitor these matters and seek regular reports from management.

(3) Matters that the board should delegate to management are matters in which the board should refrain from active involvement in normal circumstances.

Principle 2

Define Objectives that Promote Sustainable Value Creation

Principle 2.1

The board should define objectives that promote sustainable value creation and governance outcomes as a framework for the operation of the company.

Guidelines

2.1.1 The board should ensure that the company has clearly defined objectives that support the company's business model. The board should ensure company-wide communication of the objectives, for instance, in the form of the company's vision and values, or principles and purposes.

2.1.2 When developing the business model for sustainable value creation, the board should take into consideration the following factors:

(1) the company's ecosystem, including changes to business conditions and opportunities, and the company's effective use of innovation and technology;

(2) customers and other stakeholders; and

(3) available resources and competitiveness of the company.

Explanation

Here are sample questions for defining the company's objectives and business model.

(1) What are the purposes of the company?

(2) Who does the company provide products or services for?

(3) What is the company's value proposition?

(4) How can the company achieve sustainability considering opportunities and risks?

2.1.3 The company's values should reflect characteristics of good corporate governance, such as accountability, integrity, transparency, and due consideration of social and environmental responsibilities.

2.1.4 The board should promote a good corporate governance culture and strive to have the company's objectives embedded in company-wide decision-making and conduct through effective communication and leading by example.

Principle 2.2

The board should ensure that the company's annual and medium-term objectives, goals, strategies, and plans are consistent with the long-term objectives, while utilizing innovation and technology effectively.

Guidelines

2.2.1 The board should ensure that the company's annual and medium-term (for example, 3 - 5 years) objectives, goals, strategies, and plans correlate and align with the company's long-term objectives, while considering the business environment, opportunities, and the company's risk appetite. The board should ensure that the company's medium-term objectives, goals, strategies, and plans are annually reviewed and updated as appropriate.

2.2.2 The board should ensure that the company's strategies and plans take into account all relevant factors influencing the value chain, including the company's ecosystem, risks, resources, competitiveness, and stakeholders. The board should ensure that a mechanism for stakeholder engagement is in place that:

(1) Clearly defines stakeholder engagement policies, procedures, and practices that enable the company to identify and assess the interests of each stakeholder group.

(2) Clearly identifies stakeholder groups (internal and external, short term and long term) including individuals, groups, and entities, such as employees and staff, investors, customers, business partners, communities, society, environment, government agencies and regulators.

(3) Identifies, prioritises and addresses stakeholder concerns and expectations, considering their level of importance and (potential) impact on the company.

2.2.3 When developing strategies and plans, the board should promote innovation and the use of technology to enhance competitiveness, respond to stakeholder concerns and expectations, and meet social and environmental responsibilities.

2.2.4 In considering the approval of the company's targets (financial and non-financial), the board should ensure that they are suitable to the company's business profile, and they do not cause the company to engage in illegal or unethical conduct.

2.2.5 The board should ensure effective communication of the company's objectives, goals, strategies, plans, and targets throughout the company.

2.2.6 The board should ensure proper resource allocation and effective systems and controls, and monitor the implementation of the company's strategies and plans.

Principle 3

Strengthen Board Effectiveness

Principle 3.1

The board should be responsible for determining and reviewing the board structure, in terms of size, composition, and the proportion of independent directors so as to ensure its leadership role in achieving the company's objectives.

Guidelines

3.1.1 The board should establish a skills matrix to ensure that the board consists of directors with appropriate and the necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives of the company and stakeholder interests. At least one of the non-executive directors should be experienced and competent in the company's main industry.

3.1.2 The board should determine the proper number of directors to function effectively. It must comprise at least 5 directors and should not be more than 12 directors, depending on the company's size, type, and complexity of the business.

3.1.3 The proportion between executive directors and non-executive directors should support proper checks and balances to prevent unfettered power of decision and authority by any one individual, whereby (minimum requirement):

a) the majority of the board should be non-executive directors, who exercise objective and independent judgement;

b) the number and qualifications of the independent non-executive directors should reflect applicable legal requirements.

The board should ensure that the independent directors and the entire board can fulfil its role and responsibilities efficiently and in the best interest of the company while exercising objective and independent judgement.

3.1.4 The board should explicitly disclose in the company's annual report and on the website its diversity policies and details relating to directors, including directors' age, gender, qualifications, experience, shareholding percentage, years of service as director, and director position in other listed companies.

Principle 3.2

The board should select an appropriate person as the chairman and ensure that the board composition serves the best interest of the company, enabling the board to make its decisions as a result of exercising independent judgement on corporate affairs.

<u>Guidelines</u>

3.2.1 The chairman of the board should be an independent director.

3.2.2 The chairman's roles and responsibilities are different from those of the chief executive officer. The board should clearly define the roles and responsibilities of both positions. To ensure effective checks and balances of power, the two positions should be held by different individuals.

3.2.3 The chairman is responsible for leading the board. The chairman's duties should at least cover the following matters:

(1) Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objectives.

(2) Ensure that all directors contribute to the company's ethical culture and good corporate governance.

(3) Set the board meeting agenda by discussing with the chief executive officer which important matters should be included.

(4) Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the company.

(5) Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

3.2.4 If the roles and responsibilities of the chairman and the chief executive officer are not clearly separated, for instance, when the chairman and the chief executive officer are the same person, the chairman is not an independent director, the chairman and the chief executive officer are family members, or the chairman is a member of the management team or has been assigned a management role, the board should ensure the balance of power and authority of the board and between the board and management by:

(1) having the board comprise a majority of independent directors, or

(2) appointing a designated independent director to participate in setting the board meeting agenda.

3.2.5 The board should establish the policy that the tenure of an independent director should not exceed a cumulative term of nine years from the first day of service. Upon completing nine years, an independent director may continue to serve on the board, subject to the board's rigorous review of his/her continued independence.

3.2.6 The board should appoint relevant committees to review specific matters, to screen information, and to recommend action for board approval; however, the board remains accountable for all decisions and actions.

3.2.7 The board should disclose the roles and responsibilities of the board and the committees, the number of meetings and the number of directors participating in meetings in the previous year, board and committee performance.

Principle 3.3

The board should ensure that the policy and procedures for the selection and nomination of directors are clear and transparent resulting in the desired composition of the board.

Guidelines

3.3.1 The board should establish a nomination committee. The majority of its members and the chairman should be independent directors.

3.3.2 The nomination committee should set the nomination criteria and process consistent with the skills matrix approved by the board and ensure that the candidate's profile meets the requirements set out in the skills matrix and nomination criteria. Upon proposal to and approval by the board of a candidate, the candidate is presented to the shareholders' meeting for election and appointment as a director. Shareholders should receive adequate prior notice and sufficient information about candidates up for election at the shareholders' meeting.

3.3.3 The nomination committee should present a description of the nomination criteria and process, and role and responsibilities of a particular appointment to the board before nominating new directors. If the nomination committee nominates current directors, their performance should be considered.ย

3.3.4 If the board appoints any person as a consultant to the nomination committee, relevant information about that consultant should be disclosed in the annual report, including information about independence and conflicts of interest.

Principle 3.4

When proposing director remuneration to the shareholders' meeting for approval, the board should consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, linked to their individual and company performance, and provide incentives for the board to lead the company in meeting its objectives, both in the short and long term.

Guidelines

3.4.1 The board should establish a remuneration committee with the majority of its members and the chairman being independent directors. The remuneration committee is responsible for setting the remuneration policy.

3.4.2 The remuneration of the board should be consistent with the company's strategies and long-term objectives, and reflect the experience, obligations, scope of work, accountability and responsibilities, and contribution of each director. Directors who have additional roles and responsibilities, such as a member of a committee, should be entitled to additional remuneration, comparable to industry practice.

3.4.3 Shareholders must approve the board remuneration structure, including level and pay components (both cash-based and non-cash compensation). The board should consider the appropriateness of each pay component, both in terms of fixed rates (such as retainer fee and attendance fee) and remuneration paid according to the company's performance (such as bonus and rewards). The remuneration should reflect the values that the company creates for shareholders taking a long-term perspective on company performance, and the pay level should not be too high so as to avoid the board excessively focusing on the company's short-term results.

3.4.4 The board should disclose the directors' remuneration policy that reflects the duties and responsibilities of each individual, including the pay components and level received by each director. The remuneration disclosed for each director should also include remuneration for what each individual receives from holding directorship at the company's subsidiaries.

3.4.5 If the board appoints any person to consult with the remuneration committee, that consultant's information should be disclosed in the annual report, including information regarding independence and any conflicts of interest.

Principle 3.5

The board should ensure that all directors are properly accountable for their duties, responsibilities and (in-) actions, and allocate sufficient time to discharge their duties and responsibilities effectively.

Guidelines

3.5.1 The board should ensure that there is a mechanism to support directors in understanding their roles and responsibilities, and the time commitment expected from them.

3.5.2 The board should set and publicly disclose criteria limiting the number of director positions directors can hold simultaneously in other companies, and should consider the effectiveness of directors who hold multiple board seats. The number of companies of which a person can simultaneously be a director should be appropriate to the nature and types of businesses involved but should not exceed five listed companies.

3.5.3 The board should ensure reporting and public disclosure of directors assuming or holding positions at other companies.

3.5.4 The board should ensure that the company's policies prohibit and prevent a director from creating a conflict of interest with the company, including by using the company's assets, information or opportunities for his or her own benefit, as a result of having or taking a director or management position, or having or creating vested interests, both directly and indirectly, in other companies. Information about a director's other directorships and positions should be reported to shareholders, as appropriate.

3.5.5 Each director should attend not less than 75 percent of all board meetings in any whole financial reporting year.

Principle 3.6

The board should ensure that the company's governance framework and policies extend to and are accepted by subsidiaries and other businesses in which it has a significant investment as appropriate.

<u>Guideline</u>

3.6.1 The board should ensure that the company's governance framework and policies extend to its subsidiaries, including written policies relating to:

(1) The authority to appoint subsidiary directors, executives, or others with controlling power. Generally, the board should have the authority to appoint those persons, except that for smaller operating subsidiaries, the board may delegate this authority to the chief executive officer.

(2) The duties and responsibilities of subsidiary directors, executives and others with controlling power. They are to oversee the subsidiaries' operations to ensure compliance with applicable law and standards, and the subsidiaries' policies. If the company's subsidiary has investors other than the company, the board should require the company's appointed representative to perform his/her role in the subsidiary's best interest and consistent with the governance framework and policies of the company.

(3) The subsidiary's internal control systems are effective and that all transactions comply with relevant law and standards.

(4) The integrity and timely disclosure of the material information of the subsidiary, including its financial information, related party transactions, acquisition and disposition of assets and other important transactions, capital increases or decreases, and termination of a subsidiary.

3.6.2 For businesses that the company has or plans to hold a significant investment in (such as between 20 percent and 50 percent of shares with voting rights), other than subsidiaries, the board should ensure that shareholder agreements or other agreements are in place to enable the company's performance monitoring and participation in the businesses' management, including for approval of significant transactions and decisions. This is to ensure that the company has sufficient, accurate, and timely information for the preparation of its financial statements that conform with relevant standards.

Principle 3.7

The board should conduct a formal annual performance evaluation of the board, its committees, and each individual director. The evaluation results should be used to strengthen the effectiveness of the board.

Guidelines

3.7.1 The board's, committee's and individual directors' performance evaluation should be conducted at least once a year to facilitate consideration and improvement of the board's performance and effectiveness and resolution of any problems. Assessment criteria and process for the board's, committees' and directors' performance should be systematically set in advance.

3.7.2 The annual assessment of the performance of the board and committees as a whole and on an individual director level should be based on self-evaluation, or alternatively, on cross-evaluation together with self-evaluation. The criteria, process, and results of the evaluation should be disclosed in the annual report.

3.7.3 The company should appoint an external consultant to assist in setting guidelines and providing recommendations for a board assessment at least once every three years. This information should be disclosed in the annual report.

3.7.4 The evaluation results should be used for ensuring that the directors collectively possess the right combination of knowledge, skills, and experience.

Principle 3.8

The board should ensure that the board and each individual director understand their roles and responsibilities, the nature of the business, the company's operations, relevant law and standards, and other applicable obligations. The board should support all directors in updating and refreshing their skills and knowledge necessary to carry out their roles on the board and board committees.

Guidelines

3.8.1 The board should ensure that newly appointed directors receive a formal and proper induction and all information relevant to their responsibilities and performing their duties, including details about the company's objectives, the nature of the business, and the company's operations.

3.8.2 The board should ensure that directors regularly receive sufficient and continuous training and knowledge development.

3.8.3 The board should have knowledge and understanding of relevant law and standards, and other applicable obligations, risk factors, and the company's business environment. The board should receive accurate, timely and clear information, including timely and regular updates.

3.8.4 The board should disclose in the annual report training and knowledge development of the board.

Principle 3.9

The board should ensure that it can perform its duties effectively and have access to accurate, relevant and timely information. The board should appoint a company secretary with necessary qualifications, knowledge, skills, and experience to support the board in performing its duties.

Guidelines

3.9.1 The board's meeting schedule and agenda should be set in advance and each director should receive sufficient notice to ensure attendance.

3.9.2 The number of board meetings should be appropriate to the obligations and responsibilities of the board and nature of the business, but the board should meet at least six times per financial year. If the board meetings are not held monthly, the board should receive a report on the company's performance for the months in which the board does not hold a board meeting, so that it can monitor management and company performance continuously and promptly.

3.9.3 The board should have a mechanism that allows each board member and management to propose the inclusion of relevant items on the meeting agenda.

3.9.4 Meeting documents should be sent to each director at least five business days before the meeting.

3.9.5 The board should encourage the chief executive officer to invite key executives to attend board meetings to present details on the agenda items related to matters that they are directly responsible for, and to allow the board to gain familiarity with key executives and assist succession planning.

3.9.6 The board should have access to accurate, relevant, timely and clear information required for their respective roles from the chief executive officer, company secretary, or designated executive. If necessary to discharge their responsibilities, the board may seek independent professional advice at the company's expense.

3.9.7 Non-executive directors should be able to meet, as necessary, among themselves without the management team to debate their concerns and report the outcome of their meeting to the company's chief executive officer.

3.9.8 The board should appoint a company secretary with the necessary qualifications, knowledge, skills, and experience for performing his/her duties, including providing advice on corporate governance, legal, regulatory and administrative requirements, preparing board meetings and other important documents, supporting board meetings, and coordinating the implementation of board resolutions. The board should disclose the qualifications and experience of the company secretary in its annual report and on the company's website.

3.9.9 The company secretary should receive ongoing training and education relevant to performing his/her duties. The company secretary is also encouraged to enroll on a company secretary certified programme.

Principle 4

Ensure Effective CEO and People Management

Principle 4.1

The board should ensure that a proper mechanism is in place for the nomination and development of the chief executive officer and key executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the company to achieve its objectives.

Guidelines

4.1.1 The board should establish, or assign the nomination committee to establish, the criteria and procedures for nomination and appointment of the chief executive officer.

4.1.2 The board should ensure that the chief executive officer appoints knowledgeable, skilled, and experienced key executives. The board or the nomination committee together with the chief executive officer should establish the criteria and procedures for nomination and appointment of key executives.

4.1.3 To ensure business continuity, the board should ensure that development and succession plans for the chief executive officer and key executives are in place. The board should annually request reporting on the implementation of the development and succession plans from the chief executive officer.

4.1.4 The board should promote continuous development and education of the chief executive officer and key executives that is relevant to their roles.

4.1.5 The board should establish set clear policies and guidelines for the chief executive officer and key executives serving or wishing to serve as a director in other companies. The policies should set out permissible appointments and the permissible number of companies in which they are allowed to simultaneously serve as a director.

Principle 4.2

The board should ensure that an appropriate compensation structure and performance evaluation are in place.

Guidelines

4.2.1 The board should ensure that the compensation structure rewards individual performance, incentivises the chief executive officer, key executives, employees and staff at all levels to act in support of the company's objectives and values, and fosters long-term commitment by aligning incentives with future company performance through:

(1) appropriate combination of salary and other short-term compensation (such as bonus), and long-term compensation (such as employee stock ownership plan participation),

(2) ensure that the individual total compensation takes into account industry standards and company performance, and

(3) predetermined and communicated performance evaluation criteria.

4.2.2 Non-executive directors are responsible for determining the total compensation of, and performance evaluation criteria for the chief executive officer. The non-executive directors should:

(1) ensure that the chief executive officer's performance evaluation is based on pre-determined criteria that have been communicated to the chief executive officer in advance. The performance evaluation criteria should incentivize the chief executive officer to perform his/ her duties in support of the company's objectives, values, and long-term sustainable value creation,

(2) perform, or delegate to the remuneration committee, the annual performance evaluation of the chief executive officer. The chairman or a designated senior director should communicate the results (including development areas) of the performance evaluation to the chief executive officer.

(3) approve total annual compensation of the chief executive officer, taking into consideration the performance of the chief executive officer and other relevant factors.

4.2.3 The board should approve the performance evaluation criteria and overall compensation structure of key executives. In addition, the board should ensure that the chief executive officer evaluates the performance of key executives based on clear and predetermined performance evaluation criteria.

4.2.4 The board should ensure that clear and predetermined performance evaluation criteria are in place for all employees and staff throughout the company.

Principle 4.3

The board should consider its responsibilities in the context of the company's shareholder structure and relationships, which may impact the management and operation of the company.

Guidelines

4.3.1 The board should understand the company's shareholder structure and relationships, and consider their impact on the control over the company, including written and non-written family agreements, shareholder agreements, or group company policies.

4.3.2 The board should ensure that the company's shareholder structure and relationships do not affect the board's exercise of its duties and responsibilities, including in relation to succession planning, in the best interest of the company.

4.3.3 The board should oversee that information is properly disclosed when there are any conditions that have an impact on the control over the company.

Principle 4.4

The board should ensure the company has effective human resources management and development programmers to ensure that the company has adequate staffing and appropriately knowledgeable, skilled, and experienced employees and staff.

Guidelines

4.4.1 The board should ensure that the company is properly staffed, and that human resources management aligns with the company's objectives and furthers sustainable value creation. All employees and staff must receive fair treatment.

4.4.2 The board should ensure that the company establishes a provident fund or other retirement plan, and require management to implement a training and development programme for employees and staff that promotes financial literacy, including on retirement savings, and educates employees and staff on life path investments that are suitable for their age and risk appetite.

Principle 5

Nurture Innovation and Responsible Business

Principle 5.1

The board should prioritize and promote innovation that creates value for the company and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the company.

Guidelines

5.1.1 The board should prioritize and promote a corporate culture that embraces innovation and ensure management's inclusion of innovation in corporate strategy, operational development planning, and operation monitoring.

5.1.2 The board should nurture innovation that enhances long-term value creation for the business in a changing environment. Such innovation may include designing innovative business models, products and services, promoting research, improving production and operation processes, and collaborating with partners.

Explanation

Innovation should create benefits for the company, customers, business partners, the community, society and the environment. In addition, innovation should not facilitate or result in unethical, non-compliant or illegal conduct by individuals or the company.

Principle 5.2

The board should encourage management to adopt responsible operations, and incorporate them into the company's operations plan. This is to ensure that every department and function in the company adopts the company's objectives, goals, and strategies, applying high ethical, environmental and social standards, and contributes to the sustainable growth of the company.

<u>Guidelines</u>

5.2.1 The board should encourage management to ensure that the company's operations reflect the company-wide implementation of high ethical, environmental and social standards and ensure that appropriate company-wide policies and procedures are implemented to further the company's objectives, goals and strategies in support of sustainable value creation. Policies and procedures for running the business fairly and respecting and adhering to stakeholders' rights should at least cover:

(1) Responsibilities to employees, staff, and workers at least by adhering to applicable law and standards and providing fair treatment and respect for human rights, including a fair level of remuneration and other benefits, a level of welfare that is not less than the legal limit (but can be over the legal limit where appropriate), health care, non-discrimination and safety in the workplace, access to relevant training, potential skills development and advancement.

(2) Responsibilities to customers at least by adhering to applicable law and standards, considering impact on health, safety of products and services, customer information security, sales conduct, after-sales service throughout the lifespan of products and services, and following up on customer satisfaction measurements to improve the quality of products and services. In addition, advertising and public relations should promote responsible consumption and must be done

responsibly, avoiding taking advantage of or misleading customers, or causing misunderstanding about the products and services offered by the company.

(3) Responsibilities to business partners by engaging in and expecting fair procurement and contracting, including fair contract or agreement conditions, providing access to training, developing potential and enhancing production and service standards in line with applicable law and standards, and expecting and supervising business partners to respect human rights, social and environmental responsibilities, and treat their employees, staff, and workers fairly including ensuring that business partners have implemented sustainable and values-based business policies and procedures.

(4) Responsibilities to the community by applying business knowledge and experience to develop and follow up on the success of projects that can concretely add value to the community while respecting community interests.

(5) Responsibilities to the environment by preventing, reducing and managing negative impact on the environment from all aspects of the company's operations, including in the context of raw material use, energy use, water use, renewable resources use, rehabilitating the diversity of biology, waste management, and greenhouse gas emissions.

(6) Fair competition by promoting ethical business conduct and not using anti-competitive practices to gain or protect a market position.

(7) Anti-fraud and corruption by ensuring that the company complies with applicable anti-fraud and corruption law and standards, and implements, announces and reports on anti-fraud and corruption policies and practices to the public, including on its participation in private sector anti-corruption initiatives and certification programmes. The board should encourage the company to

collaborate with other companies and business partners to establish and implement anti-fraud and corruption measures.

Principle 5.3

The board should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable the company to meet its objectives.

Guidelines

5.3.1 The board should have a thorough understanding of the company's resource needs to support its business model, and how available resources correlate.

5.3.2 The board should have a thorough understanding of how the business model affects resources optimisation in support of ethical, responsible, and overall sustainable value creation.

5.3.3 The board should ensure that management continuously reviews, adapts, and develops the company's use and optimisation of resources, considering internal and external factors to meet the company's objectives.

Explanation

The types of resources that the company should consider include financial capital, manufactured capital, intellectual capital, human capital, social and relationship capital, and natural capital.

Principle 5.4

The board should establish a framework for governance of enterprise IT that is aligned with the company's business needs and priorities, stimulates business opportunities and performance, strengthens risk management, and supports the company's objectives.

Guidelines

5.4.1 The board should ensure that the company has an IT resource allocation policy that ensures adequate and optimal investment in and allocation of IT resources.

5.4.2 The board should ensure that the company's risk management includes IT risk management.

5.4.3 The board should ensure that IT security policies and procedures are in place.

Explanation

A company's governance of enterprise IT should cover:

(1) Compliance with relevant law and standards.

(2) An information security system to safeguard against unauthorised access to information, measures to maintain the integrity of relevant data and ensure availability of critical data.

(3) Consideration of IT risks and risk mitigation policies, plans, and measures. For example, business continuity management, IT security, incident management, and IT asset management.

(4) Proper allocation and management of IT resources, including criteria to identify IT priorities, that takes into consideration the company's business model.

Principle 6

Strengthen Effective Risk Management and Internal Control

Principle 6.1

The Board should ensure that the company has effective and appropriate risk management and internal control systems that are aligned with the company's objectives, goals and strategies and comply with applicable law and standards.

Guidelines

6.1.1 The board should be aware of and understand the nature and scope of the company's principal and substantial risks and should approve the risk appetite of the company.

6.1.2 The board should ensure the establishment and implementation of risk management policies that are consistent with the company's goals, objectives, strategies and risk appetite. The risk management policies should support identification and prioritisation of early warning signals of material risks. The risk management policies should be reviewed regularly, such as annually.

6.1.3 The board should ensure that the company's principal and substantial risks are identified through consideration of internal and external factors.

6.1.4 The board should ensure that the impact and likelihood of identified risks are assessed and prioritised, and that suitable risk mitigation strategies and plans are in place. br>

6.1.5 Considering the size and nature of the company, the board may establish a risk management committee or assign responsibility to the audit committee to assist the board in its oversight functions related to guidelines nos. 6.1.1 – 6.1.4.

6.1.6 The board should regularly monitor the effectiveness of the company's risk management.

6.1.7 The board has to ensure and monitor that the company complies with relevant and applicable law and standards, whether domestic, international or foreign.

6.1.8 In assessing the effectiveness of the company's internal controls and risk management, the board should consider the results of internal controls and risk management at its subsidiaries and businesses in which it has a significant investment (between 20 percent to 50 percent of shares with voting rights).

Explanation

1. For guideline no. 6.1.3, relevant principal and substantial risk categories include strategic, operational, financial, compliance, reputational, environmental, social and ethical risks.

2. For guideline no. 6.1.4, risk response examples are tolerate, treat, terminate, and transfer.

Principle 6.2

The board shall establish an audit committee that can act effectively and independently.

Guidelines

6.2.1 The board shall establish an audit committee that comprises at least three directors, all of whom must be independent directors, with required qualifications, and comply with applicable legal requirements, including those promulgated by the Securities and Exchange Commission and Stock Exchange of Thailand.

6.2.2 The board should clearly set out in writing the audit committee's duties and responsibilities, and include at least the following:

(1) Review the company's financial reports for accuracy and completeness.

(2) Review the company's internal control and internal audit systems to ensure that they are suitable and effective.

(3) Review the company's operations to ensure compliance with all relevant and applicable law and standards.

(4) Review internal auditor's independence, and approve the appointment and termination of the head of the internal audit function. Outsourcing of the internal audit function has to be reviewed for independence and approved by the audit committee.

(5) Review, select, and recommend to the board for nomination and shareholder approval an independent party to be the company's external auditor, consider and recommend the auditor's remuneration, and hold a meeting with the external auditor without the presence of management at least once a year.

(6) Review related party transactions and other transactions that may create conflicts of interest, to ensure that they comply with applicable law, are reasonable, and carried out in the best interest of the company.

(7) Review the company's compliance with private sector's anti-corruption and certification programmes, including the Collective Action Coalition Against Corruption' s Self-Evaluation Tool.

6.2.3 The board should ensure that procedures are established that allow the audit committee to fulfil its duties and responsibilities, including by having access to management, employees and staff, professional advisers (such as external auditor), and information relevant and necessary to perform their duties.

6.2.4 The board should ensure the designation of an internal auditor or establish an independent internal audit function that is responsible for reviewing and improving the effectiveness of the risk management and internal control systems, and reporting review results to the audit committee. The result of the internal audit review must be disclosed in the company's annual report.

6.2.5 The audit committee should express its opinion on the adequacy of the company's internal control and risk management systems, and disclose its opinion in the company's annual report.

Principle 6.3

The board should manage and monitor conflicts of interest that might occur between the company, management, directors, and shareholders. The board should also prevent the inappropriate use of corporate assets, information, and opportunities, including preventing inappropriate transactions with related parties.

Guidelines

6.3.1 The board should establish an information security system, including appropriate policies and procedures, to protect confidentiality, integrity, and availability of business information, including market-sensitive information. The board should monitor the implementation of the information security policies and procedures and the adherence to confidentiality requirements by insiders, including directors, executives, employees and staff, and professional advisers, such as legal or financial advisers.

6.3.2 The board should ensure management and monitoring of conflict of interest situations and transactions. The board should adopt an ethics and conflicts of interest policy consistent with applicable law and standards (including fiduciary duties), and establish clear guidelines and procedures for disclosure and decision-making in conflict of interest situations. For example, any party who has a vested interest in a particular transaction, should disclose that interest, and not be involved in the decision-making.

6.3.3 The board should set requirements for all directors to report conflicts of interest in relation to any meeting agenda item at least before consideration of the matter at the meeting and record the reported conflict of interest in the meeting minutes. The board should also ensure that all directors that have a conflict of interest in relation to an agenda item abstain from being present for discussion of or voting on that agenda item.

Principle 6.4

The board should establish a clear anti-corruption policy and practices (including communication and staff training), and strive to extend its anti-corruption efforts to stakeholders.

Guidelines

6.4.1 The board should ensure company-wide awareness and implementation of the company's anti- corruption policy and practices, and compliance with applicable law and standards.

Principle 6.5

The board should establish a mechanism for handling complaints and whistleblowing.

Guidelines

6.5.1 The board should oversee that an effective mechanism is in place to record, track, resolve, and report complaints and feedback. The board should ensure the availability of convenient complaint channels (more than one), and that stakeholders are made aware through the company's website or annual report of all channels available for complaints.

6.5.2 The board should ensure that the company has a clear whistleblowing policy, including designated whistleblowing channels for reporting of suspected wrongdoing, such as through the company's website, e-mail, designated independent directors or the audit committee. The board should ensure proper and effective handling of whistleblowing complaints, including the investigation, any remedial action, and reporting to the board.

6.5.3 The board should ensure that whistleblowers are protected from retaliation as a result of their good faith whistleblowing activities.

Principle 7

Ensure Disclosure and Financial Integrity

Principle 7.1

The board must ensure the integrity of the company's financial reporting system and that timely and accurate disclosure of all material information regarding the company is made consistent with applicable requirements.

Guidelines

7.1.1 The board should ensure that any person (including chief financial officer, accountant, internal auditor, company secretary, Investors Relation officer) involved in the preparation and disclosure of any information of the company has relevant knowledge, skills and experience, and that sufficient resources, including staffing, are allocated.

7.1.2 When approving information disclosures, the board should consider all relevant factors, including for periodic financial disclosures:

(1) The evaluation results of the adequacy of the internal control system.

(2) The external auditor's opinions on financial reporting, observations on the internal control system, and any other observations through other channels.

(3) The audit committee's opinions.

(4) Consistency with objectives, strategies and policies.

7.1.3 The board should ensure that information disclosures (including financial statements, annual reports, and Form 56-1) reflect the company's financial status and performance accurately and fairly. The board should promote the inclusion of the Management Discussion and Analysis (MD&A) in quarterly financial reports in order to provide to investors more complete and accurate information about the company's true financial status, performance and circumstances.

7.1.4 For disclosures related to any individual director, that director should ensure the accuracy and completeness of the information disclosed by the company, including of shareholders' information and any shareholders' agreement.

Principle 7.2

The board should monitor the company's financial liquidity and solvency.

Guidelines

7.2.1 The board should ensure that management regularly monitors, evaluates and reports on the company's financial status. The board and management should ensure that any threats to the company's financial liquidity and solvency are promptly addressed and remedied.

7.2.2 The board should ensure that it does not consciously approve any transactions or propose any transactions for shareholder approval which could negatively affect business continuity, financial liquidity, and solvency.

Principle 7.3

The board should ensure that risks to the financial position of the company or financial difficulties are promptly identified, managed and mitigated, and that the company's governance framework provides for the consideration of stakeholder rights.

Guidelines

7.3.1 In the event of financial risk or difficulties, the board should enhance monitoring of the affairs of the company, and duly consider the company's financial position and disclosure obligations.

7.3.2 The board should ensure that the company has sound financial mitigation plans that consider stakeholder rights including creditor rights. The board should monitor management's handling of financial risk or difficulties and seek regular reports.

7.3.3 The board should ensure that any actions to improve the company's financial position are reasonable and made for a proper purpose.

Explanation

The following are examples of indicators of financial risk or difficulties to the company's sustainability:

(1) ongoing losses

(2) poor cash flow

(3) incomplete financial records

(4) lack of a proper or incomplete accounting system

(5) lack of cash flow forecasts and other budgets

(6) lack of a business plan

(7) increasing debt (liabilities greater than assets), and

(8) problems selling stock or collecting debts

Principle 7.4

The board should ensure sustainability reporting, as appropriate.

Guidelines

7.4.1 The board should consider and report data on the company's compliance and ethical performance (including anti-corruption performance), its treatment of employees and other stakeholders (including fair treatment and respect for human rights), and social and environmental responsibilities, using a report framework that is proportionate to the company's size and complexity and meets domestic and international standards. The company can disclose this information in the annual report and in separate reports, as appropriate.

7.4.2 The board should ensure that the company's sustainability reporting reflects material corporate practices that support sustainable value creation.

Principle 7.5

The board should ensure the establishment of a dedicated Investor Relations function responsible for regular, effective and fair communication with shareholders and other stakeholders (such as analysts and potential investors).

Guidelines

7.5.1 The board should establish a communication and disclosure policy to assist the company in meeting its disclosure obligations and to ensure that all information relevant and material to the company's shareholders, the market and third parties is disclosed in an appropriate, equal, and timely manner, using appropriate channels, while protecting the company's sensitive and confidential information. The board should ensure company-wide communication and implementation of the company's communication and disclosure policy.

7.5.2 The board should ensure the creation of an Investor Relations function responsible for regular, effective and fair communication with shareholders and external parties. The company's designated Investor Relations contact should be suitable for the role and have a thorough understanding of the nature of the company's business, and its objectives and values. Examples of suitable Investor Relations contacts are the chief executive officer, the chief financial officer, and the Investor Relations manager.

7.5.3 The board should ensure that management sets clear directions for and supports the Investor Relations function (such as through a code of conduct), and clearly defines the roles and responsibilities of the Investor Relations function, so as to ensure effective communication between the company, the financial community and other stakeholders.

Principle 7.6

The board should ensure the effective use by the company of information technology in disseminating information.

Guidelines

7.6.1 In addition to the company's mandatory periodic and non-periodic disclosure of information pursuant to applicable requirements, the board should consider regularly disclosing relevant information in both Thai and in English through other channels, such as the company's website.

Explanation

Information to be disclosed on the company's website includes:

(1) the company's objectives and values

(2) nature of the company's business and the company's operations

(3) list of the company's board of directors and of executives

(4) financial statements and reports about the financial status and the company's financial and non-financial performance for current and previous year

(5) downloadable version of annual reports and SEC Form 56-1

(6) information and documents that the company discloses to the investment community and other external parties

(7) shareholding structure, both direct and indirect

(8) the company's group structure, including subsidiaries, affiliates, joint ventures, and special purpose enterprises/vehicles (SPEs/SPVs)

(9) direct and indirect major shareholders, holding at least 5 percent of paid-in capital with voting rights

(10) direct and indirect shareholdings in the company held by directors, major shareholders, and key executives of the company

(11) invitation letters to the shareholders' ordinary and extraordinary meetings

(12) the company's regulations, and memorandum and articles of association

(13) the company's corporate governance policy and related policies including IT governance policy, anti-corruption policy and practices, and risk management policy

(14) a charter or statement of duties and responsibilities, directors' qualifications, board composition, terms, and authority of the board and board committees, including audit committee, nomination committee, remuneration committee, and corporate governance committee

(15) the company's code of ethics and conduct applicable to all directors, executives, employees and staff, as well as the company's Investor Relation's code of conduct, and

(16) contact information (name of department or relevant person, phone number, and e-mail) for complaints, investor relations and the company secretary.

Principle 8

Ensure Engagement and Communication with Shareholders

Principle 8.1

The board should ensure that shareholders have the opportunity to participate effectively in decision-making involving significant corporate matters.

Guidelines

8.1.1 The board should ensure that significant corporate decisions are considered and/or approved by the shareholders pursuant to applicable legal requirements. Matters that require shareholder approval should be included in the agenda for the shareholders' meeting and shareholders should be provided sufficient notice thereof.

8.1.2 The board should support participation of all shareholders through reasonable measures, including:

(1) Establishing criteria that allow minority shareholders to propose agenda items for shareholders' meetings. The board should consider shareholders' proposals to be included in the agenda, and if the board rejects a proposal, the reasons should be given at the meeting.

(2) Establishing criteria for minority shareholders to nominate persons to serve as directors of the company.

The board should ensure that measures and criteria are established and promptly disclosed to ensure shareholder engagement and participation.

8.1.3 The board should ensure that the notice of the shareholders' meeting (including the Annual General Meeting (AGM)) is accurate, complete, and sufficiently in advance for the shareholders to exercise their rights.

8.1.4 The board should ensure that the company arranges for the notice of the shareholders' meeting and related papers to be sent to shareholders and posted on the company's website at least 28 days before the meeting.

8.1.5 Shareholders should be allowed to submit questions prior to the meeting. The board should therefore ensure that there are clear criteria and a process for shareholders to submit questions. The criteria should be posted on the company's website.

8.1.6 The notice of the shareholders' meeting and related papers should be fully translated into English and published at the same time as the Thai version.

Explanation

The notice of the shareholders' meeting should comply with applicable legal requirements and include the following:

(1) Date, time, and place of the meeting.

(2) Meeting agenda and matters to be proposed for information, consideration or approval. The agenda should clearly specify each individual matter or item of information to be considered or approved, such as the separate listing of election of directors, and approval of directors' remuneration instead of a general reference to matters related to directors.

(3) Sufficient information, objectives and reasons, and board of directors' opinions, concerning each agenda item, including as follows:

a) Approval or rejection of dividend payment: dividend payment policy, proposed dividend payment rate, including reasons and supporting information, or reasons and supporting information for rejecting a dividend payment.

b) Appointment of directors: name, age, gender, education, experience, the number of listed companies and other companies where they each hold directorial positions, the criteria and procedures for selection, and types of proposed directors. Where proposed directors are those who are re-entering the same position, information must be identified about participation in meetings in previous years and the date of original appointment as a director.

c) Approval of directors' remuneration: the policy and criteria for determining role-specific director remuneration and all monetary and non-monetary components of a director's remuneration.

d) Appointment of external auditors: auditor's name and the name of the auditor's audit firm, auditor's experience, independence, and audit and non-audit fees.

(4) Proxy form and supporting documentation using the form specified by the Ministry of Commerce.

(5) Other supporting information, including on voting procedures (such as voting count and verification of voting results criteria, voting rights of each class of shares), details concerning independent directors proposed by the company to act as proxies for shareholders, and map of meeting venue.

Principle 8.2

The board should ensure that the shareholders' meetings are held as scheduled and conducted properly, with transparency and efficiency, and ensure inclusive and equitable treatment of all shareholders and their ability to exercise their rights.

Guidelines

8.2.1 The board should set the date, time, and place of the meeting by considering the interests of shareholders, such as allocating sufficient time for debate, and choosing a convenient location.

8.2.2 The board should ensure that the company does not through its meeting attendance requirements or prerequisites prevent attendance by or places an undue burden on shareholders, including as a result of identification requirements that exceed applicable legal and regulatory requirements.

8.2.3 In the interest of transparency and accountability, the board should promote the use of information technology to facilitate the shareholders' meetings, including for registration and vote counting.

8.2.4 The chairman of the board is the chairman of the shareholders' meeting with responsibility for compliance with applicable legal requirements and the company's articles of association, allocating sufficient time for consideration and debate of agenda items, and providing opportunity to all shareholders who wish to share their opinions or ask questions related to the company.

8.2.5 To ensure the right of shareholders to participate in the company's decision-making process in relation to significant corporate matters by participating and voting at shareholder's meetings on the basis of sufficient notice and information, directors who are shareholder should not be allowed to add items to the meeting agenda that have not been duly notified in advance.

8.2.6 All directors and relevant executives should attend the meeting to answer questions from shareholders on company-related matters.

8.2.7 The attending shareholders should be informed of the number and the proportion of shareholders and shares represented at the meeting in person and through proxies, the meeting method, and the voting and vote counting methods before the start of the meeting.

8.2.8 There should not be any bundling of several items into the same resolution. For example, the appointment of each director should be voted on and recorded as separate resolution.

8.2.9 The board should promote the use of ballots for voting on resolutions proposed at the shareholders' meeting and designate an independent party to count or to audit the voting results for each resolution in the meeting, and to disclose such voting results at the meeting by identifying the number of "for", "against" and "abstain" votes. The voting results for each proposed resolution should be included in the minutes of the meeting.

Principle 8.3

The board should ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

<u>Guidelines</u>

8.3.1 The board should ensure that the company discloses the results of voting on proposed resolutions at the shareholders' meeting through the designated Stock Exchange of Thailand channels and through the company's website by the next business day.

8.3.2 The board should ensure that minutes of the shareholders' meeting is submitted to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date.

8.3.3 The board should ensure that the company promptly prepares the minutes of the shareholders' meeting, including the following information:

(1) attendance of directors, executives, and the proportion of attending directors;

(2) voting and vote counting methods, meeting resolutions, and voting results ("for", "against", and "abstain") for each proposed resolution; and

(3) questions asked and answers provided during the meeting, including the identity of the persons asking and answering the questions.

Document revision and amendment history

This policy shall be reviewed at least once a year

Amendment history

Amendment	Effective Date	Amendment / update Content	Page
1	1 Jun 2022	Amend the whole policy to be aligned with the SEC guideline on Corporate Governance Code (CG Code) for listed companies 2017	Whole document