

## Corporate Governance Policy

The board firmly advocates the importance and benefits of good corporate governance. Accordingly the board has adopted a written Corporate Governance Policy incorporating the principles of good corporate governance of listed companies of The Securities and Exchange Commission (SEC) which applied the good corporate governance for listed company as well as any other regulatory requirements for consideration and adding the changes guideline or factors as well as the international standard to ensure the bank's management efficiency, trust, absence of fraud and corruption, transparency, and auditability, to create confidence amongst its shareholders, investors, other stakeholders, society, all relevant parties, and to foster sustainable growth of The bank.

The board shall strictly oversee the bank's operation to ensure the highest standard of good corporate governance. Good corporate governance is the important duty of directors and employees, which will drive the bank's business efficiently, effectively and sustainably and create public's confidence in investment for stable and sustainable growth of the business value.

### Definitions

**The Bank** refers to TMBThanachart BANK PUBLIC COMPANY LIMITED

**The Board** refers to The board of Directors of the bank.

**The director** refers to member of the board. Employees refer to the bank's employees of all levels who receive salary from the bank.

**The bank's stakeholders** refer to shareholders, investors, customers, employees, business counterparts, creditors, competitors, government agencies, communities, society and environment.

**Conflict of interest** refers to any action that may contain corporate needs or needs of related persons which influence decision-making or hinder or restrain The bank's optimum benefits.

**Corruption** refers to the offering such as promising or act leading to (including expectation of) benefit in any manner or form (cash, gifts, loans, rewards, payments, entertainment or preferential treatment) from bribe and inducement, or receipt of and any request for such bribe, inducement including benefit in any manner or form by the bank, any of its directors or employees, any government or private sector entity or official or employee thereof or any person in authority, whether directly or indirectly, whereby it causes an act of breaching the laws, bank's rules, regulations and orders, or an act of misconduct or negligence in performing a duty in order to receive inappropriate benefits or personal benefits, or benefits of relevant persons and/or cause damages to the bank.

### Three Lines of Defence (3LoD)

**The First Line of Defence:** Business have primary responsibility for the management of strategic and day-to-day risk in their areas. The 1st LOD includes a number of control functions that challenge other 1st LOD functions, e.g. Business Operational Risk Management (BORM), Quality Assurance (QA), and Information Security Monitoring (INS).

**The Second Line of Defence :** (Legal, Compliance, Financial Control, Product Control, and Corporate Operational Risk Management). These functions are responsible for identifying and translating the legal and regulatory requirements and the risk appetite into methodologies and Policies; to challenge, monitor and control management's control of risk, and to align risk taking with strategic planning.

**The Third Line of Defence :** (Audit Function): independent of the risk function and business. Audit evaluates for The board and senior management the effectiveness of both the first and second Line of Defence functions.

# Policy Statement

## Principle 1 :

### **Establish clear leadership role and responsibilities of The board**

1.1 The board should demonstrate thorough understanding of its leadership role, assume its responsibilities in overseeing the bank, and strengthen good governance, including: (1) Defining objectives; (2) Determining means to attain the objectives; and (3) Monitoring, evaluating, and reporting on performance. The board should strive for the following governance outcomes:

1. Competitiveness and performance with long-term perspective;
2. Ethical and responsible business as well as fair customers treatment;
3. Good corporate citizenship; and
4. Corporate resilience

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

1.2 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 and the resolutions of the shareholders' meeting.

1.3 The board should demonstrate a thorough understanding of its leadership role, assume its responsibilities in overseeing the company, and strengthen good governance. The board should be responsible for determining and reviewing the board structure to ensure its leadership role in achieving the company's objectives. The chairman's roles and responsibilities are different from those of the chief executive officer. The board clearly define the roles and responsibilities of both positions. The board should clearly define the roles and responsibilities of Management and monitor management's proper performance of its duties.

### 1.4 Principles for Directors

The directors shall perform duties based on the following principles:

1. Understand and exercise their oversight role including understanding The bank's risk appetite.
2. Perform duties according to the principles of Accountability, Duty of Loyalty and Duty of Care of applicable Thai laws and supervisory standards.
3. Avoid conflict of interest and incidents that cause such conflict, and institute and enforce measures to monitor and avoid potential conflict by the bank's personnel in dealings with other persons or organizations.
4. Dedicate sufficient time and energy to fulfill their responsibilities.
5. Avoid direct participation in day-to-day management of the bank except Executive Directors.
6. Secure information from management to enable the board to fulfill its functions. It is the board's responsibility to decide what information it wants.
7. Excuse themselves from voting or making decisions when there is an agenda that a particular director may have interests directly or indirectly.
8. Monitor senior management of the bank by exercising their authority and performing duty to inquire and request straightforward explanation from the management as well as require sufficient information and time to consider and decide on the management's performance.
9. Protect confidential information of the bank and customers to prevent leakage to outsiders and do not seek benefits from using confidential information of the bank and customers, either deliberately or inadvertently, unless given consent by the bank or permitted by laws.

### **Authority and Duties of The board**

The board plays an important role in determining policies and overseeing the bank to ensure appropriate and adequacy process and resources to enable operations in accordance with those policies, and to ensure monitoring, control, and audit of the implementation.

In addition, the board approves vision, mission, and strategy and ensure that they are implemented by management. The board shall review vision, mission, and strategy annually according to the change of economy and business competition. The other authorities and duties of the board are as follows:

### **Policy Determination**

The board has responsibility to approve policies, consider and endorse key issues related to the bank's operational activities e.g. vision, mission, business ethics, code of conduct, goals, strategic business plans and annual budget as well as monitor the management to ensure the business operations in line with the policies set forth.

### **Monitoring to ensure compliance with regulatory requirements**

The board has responsibility to perform duty in compliance with relevant laws, regulations, and regulatory requirements to ensure that the bank's business operation is accurate, transparent and free from corruption in accordance with good corporate governance principles.

### **Internal Control**

The board has responsibility to monitor and ensure that the bank has proper internal control measures with efficient management system that is adequate for the acceptable risk level and suitable for nature of work or operational process of a business unit. The Audit Committee is assigned to regularly monitor the internal control and assess the efficiency and adequacy of the internal control periodically in order to improve the internal control measures to be comprehensive and appropriate for the changing situation as well as to report to the board on a regular basis.

### **Risk Management**

The board has responsibility to ensure that the bank has in place efficient risk management policy, procedure and report, and provides adequate risk management tools covering all risk areas. The board shall also monitor the bank's management of risk to ensure the appropriate and acceptable risk level and require regular review of the risk management process. The bank shall have credit and investment policies with particular caution on credit provision to business related to directors and persons having management authorization or major shareholders and have management policies for NPLs and problem investments. The bank shall ensure that the NPL provision is adequate for possible damages by assigning the Risk Oversight Committee to monitor the risk management process which shall be executed in an effective manner. The bank shall report the results to the board on a regular basis.

### **Capital Adequacy**

The board is responsible for monitoring and ensuring that the bank has stable and adequate capital funds to support its business activities at present and in the future, as well as establishes processes or tools to maintain the capital adequacy at a stable level.

### **Conflict of Interest**

The board is responsible for ensuring that the business operation and management is carried efficiently and transparently to prevent conflict of interest in business management. Directors, executives and staff involving in any particular issue shall not participate in the consideration and approval of such issue. The board shall also require the bank to completely disclose the information relevant to conflict of interest.

### **Directorship under Good Corporate Governance**

All directors shall perform their duties with integrity and shall not seek personal benefits. They shall not either participate or be involved in the decision making on transactions or business in which they have conflict of interest. The directors shall monitor the management to ensure that its performance is in compliance with the

policies and strategies set forth and that the bank prepares business ethics and employees' code of conduct in writing as well as has in place proper segregation of duties and check and balance.

### **Reporting of the Interest of Directors**

All directors are required to report their interest or their related persons' interest as stipulated by laws. The bank's directors shall prepare interest report using the form specified by the bank, certify the correctness of the information therein and submit it to the bank within the specified timeframe. The bank will gather and submit the reports to the Chairman of the board and Chairman of the Audit Committee for acknowledgement on a quarterly basis.

In addition, the bank shall prepare report on holding of the bank's shares by the directors, executives and concerned parties and submit it to the board for acknowledgement on a monthly basis, which shall also be recorded in the minutes of the board's meeting.

### **Board Committees**

To achieve effective and efficient performance, the board shall appoint board committees to relieve its burden in monitoring or consideration of important businesses of the bank. The board committees shall have the authority to make decision and give approval on behalf of the board subject to the board's delegation of duties and responsibilities.

The board shall determine the scope of duties and responsibilities of the board committees in accordance with their mission. The segregation of duty shall be clearly defined without duplication of work, as well as in compliance with the regulatory requirements. In addition, the board committees' meetings shall be held on a regular basis to report their performance for the board's acknowledgement. The board committees are eligible to set a working group for studying specific issue in details. The board committees comprise of:

### **Board of Executive Directors (BoED)**

The primary responsibilities of BoED are to review and propose annual budget, business plan and capital planning, to perform tracking by business lines; to monitor performance of the subsidiaries, to review and propose or approve large-scale investment scheme relating to the plan and strategy under its authority, to review and propose new business plan which is the bank's business strategy, to prepare investment planning in other companies; to monitor progress of the branding and corporate communications programs; and to perform other tasks assigned by the board.

### **Audit Committee (AC)**

The primary responsibilities of AC are to ensure that the bank has effective internal control system as well as accurate and sufficient financial reporting system; to perform a review to ensure the bank's compliance with the securities and stock exchange laws, regulations of the SET and the laws relating to the bank's business; to take charge of the consideration, selection and appointment of an independent person to perform as the bank's auditor; to propose remuneration for the auditor; to supervise the bank's internal audit function; and to perform other tasks as assigned by the board. Chairman of Audit Committee must be independent director.

### **Nomination, Remuneration and Corporate Governance Committee (NRCC)**

The primary responsibilities of NRCC are to screen and recommend to the board candidates for appointment as directors, as members of Board committees, as CEO and some senior management positions; to review remuneration for directors and senior management to be consistent with the bank's culture, objectives, strategies and internal control environment; to review good corporate governance policies to ensure effectiveness; and to perform other tasks as assigned by the board. The chairman of this committee could be independent director or non-executive director and the committee must consist of at least 3 persons of independent directors or non-executive directors.

### **Risk Oversight Committee (ROC)**

The primary responsibilities of ROC are to oversee and give advice to the board on risk appetite, risk tolerance, risk strategy, risk management system, risk control and monitoring, risk identification, evaluation, collection, control and report; to align strategies with the bank's risk management policy; to ensure appropriate risk level of financial institution; to maintain culture that supports appropriate risk management by implementing procedures, providing training and conducting leadership actions to enable all employees to realize the wide impacts of their actions on the bank and their business unit; and to perform other tasks as assigned by the board. ROC shall have a separate session with AC to assess the efficiency and effectiveness of risk management strategy at least on semi-annually basis, and report to the board.

The chairman of this committee must be independent director or non-executive director and at least half of the members independent directors or non-executive director.

### **Credit Committee (CC)**

The primary responsibilities of CC are credit approval, correction and restructuring, NPL write-off, NPA acquisition/transfer, NPA sales and NPA write-off which exceed the management's approval authority. The CC also has responsibility to review specific credit proposals before submission for the board's approval; to review the credit decisions of the management's credit committee; to approve credit risk and other related risks for transactional investments or underwriting commitments which exceeds the management's approval authority.

### **IT Oversight Committee (ITOC)**

The primary responsibilities of ITOC are oversight IT Strategy, IT Management and IT Operations, IT Investment and expenditures budget to ensure the alignment with Bank's strategy, and oversight IT Risk Management of both normal and crisis situation, as well as oversight development programs for staffs to have sufficient knowledge on information technology and IT risk awareness.

For an appointment of the board committees, the NRCC shall consider, give endorsement and then submit to The board for consideration and appointment thereof. To appoint the board committees, the board shall consider the requirements of profound expertise in respect of roles and responsibilities of each board committee. Qualified persons shall have competence, professional experience and specialized qualifications without conflict of interest to hold the position. Each board committee shall also have all compositions and qualifications in accordance with the regulatory requirements.

### **Management**

The board shall delegate the management and day-to-day operations of the bank to the Chief Executive Officer but retains to itself approval of certain matters. Implementation of the strategy approved by the board is delegated to the Chief Executive Officer. The Chief Executive Officer shall exercise the power, authority and discretion of the board in so far as they concern the management and day-to-day operations of the bank in accordance with such policies and directions determined by the board.

The board members may require relevant information on a timely basis in order to support their decision-making such as requiring information through the Company Secretary or the Internal Auditor.

The management shall regularly provide reports and presentations to the board and relevant board committees on progress of the operations. The management shall be accountable for providing information requested by the board and the board committees in a timely, transparent and accurate manner. In addition, the board shall receive reports from the chairman of each board committee and from the Chief Executive Officer.

### **Management Governance**

#### **Chief Executive Officer**

The Chief Executive Officer shall be appointed by the board, pursuant to the Articles of Association of the bank. The Chief Executive Officer's principal duties are to implement and achieve the bank's strategies, and to operate

the smooth functioning of the bank under the policies set out by the board. The Chief Executive Officer shall have ultimate responsibility for the operations of the entire bank.

### **Line Chiefs**

There are six Line Chiefs, directly reporting to the Chief Executive Officer. These Line Chiefs jointly collaborate in the Chief Executive Committee (CEC) to support the Chief Executive Officer in managing the entire bank, and are individually responsible for achieving the business targets of their lines. There are three lines that are profit centers: wholesale banking, SME banking, and retail banking. There are three lines that are major supporting units: risk, financial, and operating units.

### **Chief Executive Committee (CEC)**

The CEC is responsible for implementing long-term strategies of the bank and conducting regular review of the operations to ensure achievement of the bank's goals. The CEC shall propose the annual business plan, annual budget, capital budget, headcount plan to the board for consideration and approval, and shall control the bank's headcount against the plan. Other responsibilities include to consider and to approve investment, main projects of the bank, branding, advertising, corporate communication, and measures to deal with crisis situations and provide solutions in emergency case, as well as to consider strategic plans of the subsidiaries and review their performances.

### **Standing Committees**

The board or the board committees shall appoint senior level standing committees to support the board or board committees in performing duties under the scope of responsibilities approved by the board or the board committees.

### **Principle 2 :**

#### **Define objectives that promote sustainable value creation**

2.1 The board should ensure that the bank has clearly defined objectives that support the bank's business model. The board should ensure bank-wide communication of the objectives, for instance, in the form of the bank's vision and values, or principles and purposes and promote a good corporate governance culture and strive to have the bank's objectives embedded in bank-wide decision-making.

2.2 The board should ensure that the bank's annual objectives, goals, strategies, and plans correlate and align with the bank's core objectives. 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. The board should also review the bank's strategies and plans annually.

### **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.**

The bank requires that the board of Directors' structure has diversity of necessary experiences, professional skills, expertise and gender. The board structure shall have the appropriate size aligned with the business model, risk, and complexity. The board structure shall consider from leader, knowledge or direct or indirect in business experience, specific skill as well as the bank's strategy. At least 1 member of the board of Director must have knowledge or experience in Information Technology. The board shall contain proper composition of members according to the resolution of annual general meeting. The board shall also establish a clear scope of

responsibilities with balance of management power without allowing any person or group of persons to have unlimited power.

The composition of the board shall comprise of non-executive directors, executive directors and independent directors. The independent directors shall have at least the number set by the Capital Market Supervisory Board. Each independent director shall have qualifications as prescribed by The bank which are more stringent than the criteria set by the Capital Market Supervisory Board.

### **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.**

The board has the significant role of the oversight for the bank's highest beneficial. The board is also responsible to all stakeholders and require independent from the management.

#### **Segregation of duties and balance of non-executive directors**

1. The Chairman of the board and the Chief Executive Officer (CEO) shall not be the same person.
2. The Chairman of the board shall not serve in any position of the committees.
3. Member of The board (except the executive directors) shall not be the bank's employees and shall not involve in normal daily management activities of the bank. In this regard, the segregation of duties between the board and the management shall be clearly determined.

#### **Chairman Responsible for Leading the Board**

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

Chairman shall be the chairperson in the Board of Director meeting and the bank's shareholders' meeting.

#### **Chief Executive Officer Role**

The Chief Executive Officer's principal duties are to implement and achieve the bank's strategies, and to operate the smooth functioning of the bank under the policies set out by the board. The Chief Executive Officer shall have ultimate responsibility for the operations of the entire bank.

#### **Term of Independent Director**

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, such Independent Director need to be independent from any relationship to the bank for at least 2 years prior to be reappointed as Independent Director. In case there is any regulator's transitional provisions for the term of independent director, Bank could either adopt such condition or apply other more stringent condition.

### **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.**

The board shall ensure that the bank puts in place a definite and transparent director nomination process. The bank shall appoint persons who have leadership, vision, knowledge and experience in relevant business or specific skill (skill matrix) which align with the bank's strategy as well as highest responsibility to the bank's performance and commitment to lead the organization to secure and sustainable growth, and who are able to make their decisions independently for the bank's optimum benefits. The person who shall be appointed as the independent director of the bank is more stringent than that under the criteria set by the Capital Market Supervisory Board (details of independent director are presented in annex).

The NRCC shall consider and nominate persons who are professionals in diversified fields with proper qualifications as prescribed in the bank's Articles of Association and government agencies' regulations, and who

have competences and strategic ideas that can lead the bank to a strong and sustainable growth and be able to dedicate their time for the optimum benefits of the bank before submission to the board's meeting or the shareholders' meeting (as the case may be) for appointment thereof.

The NRCC ensure that the selection and nomination of directors are determine the necessary knowledge and experience in each area (skill matrix) and such criteria are disclosed via the annual report under the NRCC annual report.

### **Terms of Directorship**

In each annual general shareholders meeting, at least one third of the directors shall retire. Should the total number of directors cannot be divided exactly by 3, the number of directors closest to the 1/3 ratio shall apply. Retiring directors may be re-elected.

### **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, and propose for shareholders' approval.**

#### **Directors' Remuneration**

1. The board shall fairly set the directors' remuneration criteria, compositions and amounts based on Fiduciary Duty to ensure appropriate level which is comparable to that of the industry in which the bank operates, and reflects the experience, obligations, scope of work, accountability and responsibilities and contributions of each director. Member who are assigned more tasks such as to be member of board committees, should gain additional remuneration at the appropriate rates.

2. The NRCC shall review the directors' remuneration on an annual basis, and then propose it to the board for endorsement, and also include it in the agenda of the annual general meeting of shareholders for approval annually.

3. The board shall ensure that the bank discloses the remuneration of each individual director in the reports such as annual report in compliance with the regulatory requirements.

#### **Directors' Bonus**

The board has an important role in setting the bank's policies and oversee the performance, the board may fairly set the directors' bonus in proper rate and consistent with the bank's performance as well as comparable to that of the industry in which the bank operates. The NRCC shall consider the directors' bonus, and then propose it to the board for endorsement, and also include it in the agenda of the annual general meeting of shareholders for approval. The board shall ensure that the bank discloses the bonus of each individual director in the reports such as annual report in compliance with the regulatory requirements.

### **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.**

#### **Board Meeting**

1. The board meeting shall be held at least once a month. The meeting date shall be scheduled in advance so that the board members are able to plan the attendance of every meeting. In an urgent case, the board may arrange a special meeting as deemed necessary. The board committees meeting shall also be applied.

2. The board shall ensure that the bank sends the meeting documents and invitation letter to directors at least 5 days in advance so that the directors have sufficient time to read the documents for preparation. The Secretary to the board shall ensure that all directors receive all relevant documents and have sufficient time to study and consider the information to support their decision making on each agenda in advance.

3. The directors can additionally require necessary information regarding the meeting agenda from the management.

4. The board Secretary shall be responsible for preparation of written minutes of the meeting, arrangement of



systematic filing for inspection and submission of the minutes to the government agencies within the specified timeframe.

5. Directors should attend every meeting or attend not less than 75 percent of all board meetings in any whole financial reporting year of The Board of Director's meeting during the period of such director's position except for sound rational or necessary case. Electronics meeting, aligned with laws and regulations, can be considered as an option.

6. The Chairman of the board and chief executive officer (CEO) shall jointly set the board meeting agenda and ensure that all important issues are included. Each member of the board should be given opportunity to propose issue that is beneficial to the bank for the meeting agenda.

7. The Chairman should appropriately allocate the meeting time for complete management presentation and comprehensive discussion on key issues by directors. The Chairman should encourage careful consideration in the meeting. Every director should pay attention to each issue presented in the meeting and the Chairman shall be summarized the discussions as the meeting resolution.

8. Directors who have conflict of interest on the agenda under consideration shall leave the meeting and shall have no right to vote.

9. Non-Executive director should be able to meet, among themselves without Executive director and the management team to debate their concerns on quarterly basis and report the outcome of their meeting to the Board of Director.

10. Independent directors should be able to meet among themselves to debate their concerns at least on a semi-annually basis and report the outcome of their meeting to the board.

Directors can seek, when considered necessary, professional advice concerning the bank's business from external consultant at The bank's expense. The information about the independent of such external consultant might be considered to disclose in the annual report.

#### **Role assumption of directors in other companies by directors**

To ensure that the directors have adequate time to perform their duties for the bank, the board limits directors from assuming a position in other companies as per regulations of the SET, the SEC and the Bank of Thailand as follows:

1. A director of the bank may assume directorship in not more than 5 listed companies both Thailand and other countries (including the bank).

2. Directors of the bank are able to assume a position or several positions, including chairman of the board, executive director, or an authorized signatory director in other companies in not more than 3 business groups. A company that is not a part of a business group shall be treated as one business group.

3. Directors shall disclose the information regarding assumption of directorship in other companies to The bank as per regulatory requirements and the bank's regulation.

#### **Principle 3.6**

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

#### **Subsidiaries**

Subsidiaries within the Financial Business Group are divided into 2 groups according to the proportion of shareholding and the classifications of the Group Companies' businesses as follows:

- Subsidiary in the Solo Consolidation Group: is defined as a company which operates as a credit or the business-like credit which has the specific law regulated institution and the bank holds at least 75% of its issued and paid-up share capital and its management is under the bank's supervision.

- Subsidiary outside the Solo Consolidation Group: are sub-divided into 2 groups depending on business character as follows:

- Financial Business is defined as a company which operates financial business and he bank holds at least 50% of its issued and paid-up share capital which such business has the specific law regulated

- Supporting Business

## **Board and Management of Subsidiaries**

The bank shall nominate the chairman and directors of subsidiaries proportionate to its shareholding in the company. The chairman may be selected from outside of the bank group. However, in practice, directors are generally selected among the senior management of the bank. Their qualifications shall be checked by the bank's Compliance unit for eligibility. Among the directors, one shall be designated as Lead Director to be responsible for coordinating the relationship between the subsidiary and the bank. In addition, the chief executive officer of the company shall be nominated by the bank. The nomination and appointment of the board and chief executive officer shall be endorsed by the Chief Executive Committee and NRCC before approval by the board. (on case by case basis, according to the Consolidated Supervision Policy) The Balance Sheet Management Group shall serve as the registrar of the subsidiaries.

## **Strategy and Coordination**

Each subsidiary shall set forth its business objectives in consistent with the long-term objectives and strategies of the bank before submission to its board and the bank's Board of Executive Directors and the board for approval. Coordination with the subsidiaries shall be carried out the bank's Strategy and Transformation unit and Lead Director.

## **Policies**

The management of subsidiaries shall adhere to the Consolidate Supervision Policy of the bank. The bank internal auditors will conduct an annual audit of each subsidiary.

### **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.

## **Board Self-assessment**

1. The board and board committees' self-assessment shall be conducted regularly, at least once a year, to allow all members of the board to consider the board's performance and solve any problems they may have. A benchmark of the board's performance shall be systematically set.

2. Members of the board shall assess the performance of the board as (1) Self-assessment of all members of the board and individual (2) Cross-Assessment and disclose the assessment guidelines and the result in the annual report.

3. The board may appoint an external consultant to facilitate the board assessment, and the results thereof shall be disclosed in the annual report.

### **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.

## **Directors' Training**

1. The bank encourage the directors to participate in training courses to expand their knowledge at least one course related to their directorship, which are provided by Thai Institute of Directors (IOD) such as Director Accreditation Program (DAP), Director Certification Program (DCP) or other programs which are relevant to good corporate governance, director's roles and responsibilities under the laws and relevant government regulations or the bank's business operations. This aims at enhancing directors' skills and competency under the bank's expenses.

2. The board of director also request the management to provide the internal training courses for directors for improvement in term of the bank's business operation and director's responsibility.

3. The bank encourages foreign directors who do not reside in Thailand to participate in professional director training courses from abroad which is equivalent to the programs provided by Thai Institute of Directors (IOD) as well as support them to take Thai Institute of Directors training course.

4. Whenever there is an appointment of new director, the bank shall provide the IOD training course for receiving the information with respect to the directors' role and the responsibility according to the legal, as well as the guideline for director's duties according to rules and guidelines including the meeting with management for detail discussion.

5. Board of director shall disclose the director's training course in reports according to the good corporate governance such as annual report.

### **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.**

#### **Company Secretary**

The board shall appoint person with appropriate qualifications and relevant experiences to perform the duty as Company Secretary. The board shall determine the role and responsibility of Company Secretary in line with the laws and best practices. The Company Secretary shall follow up activities of the board, management, and the bank to ensure compliance with relevant laws, regulations, and the bank's Articles of Association. The Company Secretary shall also support the board, board committees, management, and the bank to implement their operations in line with good corporate governance principles.

### **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.**

#### **Recruitment of Executive**

In the appointment process of the executive at "Head of" level and above, the Nomination, Remuneration and Corporate Governance Committee is responsible for consideration to acquire and screen the qualified persons from both internal and external sources as defined by the bank's rules and regulations. Then, the nominated persons will be proposed to the board of Directors for approval as well as other required functions to comply with laws and regulations of government authorities related to financial service business.

Regarding the appointment process of the executive at "Team Head" level and below, the executive shall consider, select and appoint qualified persons as deemed appropriate.

#### **Executive Succession Plan**

The Board shall require that the executive succession plan as it is a key composition of the personnel strategic planning. The board shall ensure that the bank has policy, work plans, and procedures in connection with its vision, mission and business goal as well as organizational culture so as to ensure that the executive succession is carried out smoothly and the succession personnel shall be prepared to ensure continuous operations of the bank.

#### **Assumption of position in other companies by Chief Executive Officer**

The Chief Executive Officer of the bank shall perform full-time duties for the bank. An assumption by the Chief Executive Officer of any position in other companies or organization shall require approval by the board.

## **Principle 4.2**

**The board should ensure the company has effective human resources management and development programs to ensure that the company has adequate staffing with appropriately knowledges, skills, and experiences.**

### **Development of the chief executive**

The bank continuously develops employees' capability by offering development programs for all levels of employees. Training program are classified many parts such as bank's business, professional area, and leadership & co-working through classroom training, digital training (E-Learning) and external training.

## **Principle 4.3**

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

The bank has compensation scheme in the form of base salary and variable pay depending on the business achievement. The industry benchmarking is conducted among financial institutions to ensure the competitiveness. To improve the organizational capabilities, flat organization structure is aimed to provide more flexibility and adaptability in doing the business resulted by the lean process and faster decision making. The bank has continued to review and update the information to ensure proper compensation package including the required working tools to be aligned with the scope of work and responsibilities, regardless of the corporate title or ranking. The overall compensation scheme is designed to drive the "Pay for Performance" culture depending on the performance of the bank and employees.

## **Principle 5 :**

### **Nurture innovation and responsible business**

#### **Role of stakeholders**

### **Principle**

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

The board should ensure that management allocates and manages resources efficiently and effectively throughout all aspects of the value chain to enable to meet the objectives and creates value for the bank and its shareholders together with benefits for its customers, other stakeholders, society, and the environment, in support of sustainable growth of the company. The board should establish a framework for governance of enterprise IT aligned with the business needs, strengthen risk management, and support the bank's objectives and sustainability strategy.

### **1.Treatment of stakeholders**

The board gives priority to equal treatment to all stakeholders to ensure they fully enjoy their rights with fairness and appropriate treatment. The board shall ensure that the bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information shall be kept confidential and conditions under the agreements made with business partners shall be strictly complied. The bank's business operations shall be based on fair, free from corruption and ethical competition. All employees shall be treated fairly and equally. Training shall be provided to enhance staff's knowledge, capacity, potential and efficiency and job rotation opportunity shall be offered to increase their performance efficiency. The bank shall determine fair compensation scheme which is comparable to that of similar industry. The bank shall also promote corporate governance culture within the organization.

To ensure all stakeholders' full access to their rights, the board shall lay down guidelines for all stakeholders as follows:

**Shareholders**

The board shall ensure that the bank's business operation is transparent and free from corruption, taking into account sustainable and long-term growth based on the bank's full potential and capability. This is to enhance the bank's value in terms of both share price and attractive dividend payment.

**Employees**

The board shall support and develop capability of employees for highest performance capacity. The employment shall be fair and appropriate for employees with career advancement opportunities and returns that reflect their ability. The bank shall welcome employees' opinions and promote team work spirit. Employees shall be treated with politeness and their individuality shall be respected. The bank shall provide good welfare and good work environment with occupational safety standard and shall concern for all employees' well-being. Consideration of employment, promotion, rotation, and punishment of employees shall be based on fair treatment. In addition, the bank shall provide plan to use human resources for the bank's optimum benefits.

**Customers**

The board shall ensure that the bank's customer service system is fast and based the customer centricity strategy in order to provide the customers with good quality and diversified services and products that can well respond to their needs and to create maximum customer satisfaction.

**Business Partners**

The board shall ensure that The bank operates business operation with partners sustainably and in long term and as good business alliances. The board shall ensure that the bank has regulations and criteria for partner treatment, for example, in term of procurement, employment, leasing and high purchase, and that the bank carefully and strictly complies with the criteria for fairness to all parties and transparent, free from corruption, auditable practice so as to maximize mutual benefits.

**Creditors**

The board shall ensure that the bank strictly honors and complies with conditions with its creditors. Loan and interest payment shall be monitored to ensure complete and timely payment to all creditors. Loan conditions shall be rigorously complied with without use of loans against the objectives. Besides, the board shall ensure that The bank operates business in the way to build creditors' confidence in the bank's good financial status and debt service ability and that the bank reports complete and accurate information to creditors.

**Competitors**

The board shall ensure that the bank carries out business with free competition, fairness, honesty and without corruption. The bank's operations shall not sabotage, obstruct or restrict the business of the competitors. The board shall ensure that the bank operates its business on a fair play basis and does not use a disgraceful or inappropriate approach such as bribery to the competitors' employees in order to obtain competitors' confidential information. The bank shall also refrain from attacking the competitors with false allegations.

**Investors**

The board shall ensure that the bank commits to disclosure of correct, complete and sufficient information to serve investors' decision making on a timely manner or in an appropriate period.

**Government Agencies**

The board shall ensure that the bank operates its business in strict compliance with the laws, rules and regulations and relevant regulatory requirements, as well as provides good cooperation with the government agencies.

**Community Society and Environment**

The board shall ensure that the bank operates its business based on corporate social responsibility (CSR) principles and support various activities to promote sustainable quality development of the society and environment. The bank shall also build good relationships with the communities in which the bank operates. In addition, the board shall ensure that the bank discloses its CSR activities and participation of the bank's employees in the annual report.

## **2. Compliance with International Human Rights Principle**

The board shall place importance on equality of all employees and ensure that the bank does not commit any conduct that violates human rights including discrimination against individual on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, and economic or social standing.

## **3. Non-violation against intellectual property rights**

The board shall ensure that the bank operates business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright

### **Principle 6 :**

#### **Strengthen effective risk management and internal control**

**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.**

#### **Anti-Fraud, Anti-Corruption, and Anti-Bribery Measures**

1. The board places importance on prevention and suppression of fraud, bribe, and corruption within the bank. The board shall ensure that the bank emphasizes on prevention and suppression of fraud, bribery, and corruption within the bank.

2. The bank sets out policies, standards and procedures with strict measures for fraud and corruption detection in order to reduce fraud and corruption-related losses and to enhance efficiency and effectiveness in fraud prevention and suppression within the bank. The bank shall also provide preventive measures prohibiting an outsider to use the bank to commit illegal actions as well as measures protecting persons who deny corruption or make complaints on fraud, corruption, and bribe, such as Anti-Fraud Policy, Anti-Corruption Policy and Anti-Money Laundering/Combating of Financing Terrorism (ALM/CFT) Policy, etc.

3. In addition, the board shall emphasize on anti-bribery for the bank's business benefits or anti-bribery in any business agreement with government and private organizations. The board shall also ensure that the bank determines Gift, Entertainment & Anti Bribery Policy for use as guideline by the employees.

#### **Whistle Blowing or Complaints**

1. The board shall ensure that the bank prepares whistle blowing policy and notifications relevant with employees' complaints so that all stakeholders are able to communicate, report, or complain about improper actions such as violations of laws and regulations, misconduct and unethical behaviors, embezzlement, frauds, and corruption. The board shall ensure that the bank provides channels to enable the stakeholders to conveniently report or make complaints either in writing or through the bank's website. Policies and procedures shall be in place to ensure that the complaints will be forwarded to the concerned work units for quick investigation and correction. The whistleblowers will be notified of the bank's action.

2. The bank shall have measures to protect whistleblowers from harassment, harm, penalty, demotion or threats from the whistle blowing.

3. In addition, the board shall ensure that the bank has whistle blower process and channels to receive and manage complaints of stakeholders. These process and channels shall be disclosed on the bank's website and annual report.

#### **Conflict of Interest**

The board shall impose strict measures on management of conflict of interest or related transaction or connected transaction. The board shall ensure that the bank, in considering such transactions that may pose a conflict of interest, complies with the rules and regulations of related agencies. These transactions shall be treated in the same manner as those made with the outsiders (an arm's length basis) and the stakeholders shall not participate in the approval process. In addition, the board shall ensure that the bank has policy on transactions with persons having conflict of interest for employees in order to treat such transactions with

fairness, transparency and in accordance with the relevant regulatory requirements. The bank shall also disclose such transactions accurately and completely according to the good corporate governance principles. Regarding an agenda item on which a director has conflict of director, the director shall inform the board of his/her conflict of interest before consideration of such agenda item. Such conflict of interest shall be minute by Secretary to the board. The director with conflict of interest shall also abstain from participating in the discussion of such agenda item.

### **Protection Against Inside Information Abusement**

1. The board shall ensure that the bank has written policy and guidelines for keeping and preventing abuse of inside information and has regulation on the use of inside information. The board shall also ensure strict compliance to prevent any director, executive or employee in the position or status having opportunity to access to the bank's inside information and also related person which define definition by government agencies from exploiting such information as well as insider information which impact the change of share price or share value that the bank has not yet disclosed those information to public for his/her own benefits or for others' benefits such as using insider information for selling / purchasing share before the bank disclose information to public, using details or confidential information of the bank/customers to operate business competing with the bank's/customers' businesses or exploit any benefit from his/her authority and responsibility.

2. The board shall require that the directors, Chief Executive Officer, Chiefs, Senior Executive Vice President, Executive Vice President or Heads (or equivalent), and Team Heads (or equivalent), in Finance Control, Financial Planning and Analysis, Balance Sheet Management, and other persons defined by Chief Financial Officer shall disclose and report to the Securities and Exchange Commission (SEC) the bank-issued securities held by them, their spouses and minor children, as well as any changes thereof, such as sale, purchase, transfer or acceptance of transfer of those securities in the report format and within the period of time specified by the SEC. In addition, the management is required to report on a monthly basis the bank-issued securities held by directors, management, their spouses, and minor children to the board for acknowledgement, and to prepare a summary report on any changes of the bank-issued securities held by directors, management, their spouses, and minor children and disclose such information in the annual report.

### **Internal Control**

The board shall ensure that the bank provides internal control systems in both managing and operational levels. The board shall establish a framework for governance of enterprise IT that is aligned with the bank's business needs and priorities and supports the bank's objectives and puts in place the efficient, appropriate and adequate internal control systems with regular assessment. Besides, the board shall ensure that the bank supervises operation of work units in accordance with the laws, relevant regulatory requirements, policies and regulations of the bank so as to ensure that the benefits of the bank and the stakeholders are best protected.

### **Business Ethics and Code of Conduct**

The board realizes that good practice enables the bank to conserve and uplift its honor and reputation. The board shall ensure that the bank sets out business ethics and code of conduct to enable the directors, executives and employees to understand the bank's ethical standard in its business operations and to use as guidelines in performing daily work, which will enhance reliability and trust among the stakeholders.

### **Principle 7 :**

#### **Ensure disclosure and financial integrity**

#### **Principle**

The board shall ensure that important information of the bank, both financial and non-financial, is disclosed correctly, completely, timely and transparently and also made consistent with applicable requirements through channels that allow easy access by the public.

## Disclosure of information

1. The board shall ensure that the bank discloses its financial and non-financial information relevant to the business and operating results correctly, completely, sufficiently, reliably and timely. Such information shall demonstrate the true business operational condition and financial status of the bank. This is to ensure the stakeholders have equal access to adequate information, in both Thai and English language, through channels including the bank's website.

2. The board shall ensure that the bank completely discloses significant information to the public in accordance with the criteria and regulations concerning the disclosure of information of the SET and SEC, and the good corporate governance principles.

3. The board places importance on management of investor relations, both institutional and individual investors, domestic and overseas, taking into account the correctness, completeness, quality, transparency, adequacy of information disclosed to investors, securities analysts, etc. in a transparent, comprehensive and timely manner. The board shall ensure that the bank's management team arranges meetings with investors and securities analysts on a regular basis by convening meetings twice a year to present the operating results of the bank. The management team shall also regularly attend seminars with the investors and securities analysts, domestic and overseas. This is to build their confidence in the bank's performance and establish long-term relationship.

4. The board shall ensure that the bank performs Management Discussion and Analysis (MD&A) on a quarterly basis for disclosure in the financial statements. This will allow investors to better understand changes in the bank's financial status and operating results in each quarter in addition to having information from the financial statements.

5. The board shall arrange to have Investor Relations unit to correspond and communicate with investors, securities analysts, etc. as well as to provide them with accurate and complete information of the bank, both financial and general information, in a timely manner and in accordance with the relevant laws or regulations. This is to support the decision-making, create confidence and enhance good image of the bank.

6. The board shall ensure that the bank discloses information, both in Thai and English, via the bank's website or annual report to enable the shareholders, investors, the public or interested persons to easily access the bank's information. The minimum information is as follows:

1. Vision and mission of the bank
2. Nature of business operations
3. List of members of the board of Directors and management team
4. Financial statements and reports on the financial status and operating results in the current year and the previous year
5. Form 56-1 and annual reports which are downloadable
6. Information or other materials provided for analysts, fund managers and the media
7. Group corporate structure, detailing the subsidiaries, associates, joint ventures
8. Direct and indirect shareholding structure of beneficial owners holding 5% or more of total paid-up shares and having voting rights
9. Shareholdings of directors and senior management
10. Notice of annual general meeting and extraordinary general meeting
11. Articles of Association and Memorandum of Association
12. Corporate governance policy and anti-corruption policy
13. Bank's risk management policy and its implementation and risk governance framework and IT management
14. Role and responsibility of The board of Directors and Board Committees
15. Code of conduct for directors, employees
16. Contact details or persons in charge of investor relations, company secretary e.g. contact name, telephone, etc.
17. Other information based on good corporate governance principles or any relevant required regulations



## **Principle 8 :**

### **Ensure engagement and communication with shareholders**

The board shall ensure that shareholders have the opportunity to effectively participate in decision-making on the bank's significant matters. The board shall ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the minutes of the shareholders' meetings.

### **Basic Rights**

1. The bank places importance on protection of the rights of the shareholders and encourages the shareholders to fully exercise their rights. This covers the shareholders' basic rights, i.e. sale/purchase or transfer of shares, business profit sharing, and receipt of relevant and adequate information of the bank. The shareholders are also encouraged to exercise their rights to attend the shareholders' meeting and vote on appointment or discharge of directors, appointment of auditor and on other issues affecting the bank such as dividend allocation, capital increase/decrease, approval of connected transactions, and determination or adjustment of Articles of Association and Memorandum of Association, etc. In this regard, The bank shall not commit any conduct infringing or undermining shareholders' rights.

2. The board shall facilitate all shareholders to ensure they receive the bank's complete information via the bank's website which is easy, convenient and fast to access by the shareholders and investors. Such information covers, for instance, the bank's operating performance, financial statement's explanation and analysis, rating result and minutes of the shareholders' meeting, etc.

### **Right to attend the shareholders' meeting and right to vote**

1. The board shall encourage and support all shareholders including minority shareholders, institutional shareholders and foreign shareholders to attend the Annual General Meeting (AGM) of shareholders within four months from the end of the bank's fiscal year as stipulated by the law (in case of any urgent and necessary issue, the board may call an extraordinary general meeting of shareholders on a case by case basis). This shall be arranged by the bank in compliance with relevant laws and the good corporate governance principles. The shareholders shall be treated fairly and equally.

2. The board shall ensure that the bank sends invitation and relevant meeting materials, both Thai and English version, the board's recommendation on each agenda item with the date, time, venue, and all agenda items with the rationale or explanation for each agenda item or resolution in the notice of the annual general meeting in advance to ensure the shareholders have sufficient time to review the information. The invitation and related documents in both Thai and English shall also be posted on the bank's website in an appropriate period, which is sufficient for the shareholders' decision-making, before the hard copy is sent to the shareholders and prior to the date of the shareholders' meeting.

3. In case the shareholders cannot attend meeting, the board shall encourage the shareholders to exercise their rights through the use of proxy form that enables them to specify their votes. The board shall propose at least one independent director to be an alternative for the shareholders to appoint as their proxy.

4. During the meeting, the board shall ensure that the bank has appropriate procedures and encourage the bank to apply technologies for the shareholders' meeting, including registration, vote counting and result processing in order to ensure secure, fast, precise, and accurate process. The bank shall also have its staff in place to facilitate all the shareholders and proxies attending and voting at the meeting and shall abstain from any action that may restrict the attendance of the shareholders.

5. The chairman, chairman of each board committee, and other directors shall be present at the meeting to answer questions and provide information to the shareholders.

6. In the meeting, the chairman shall clearly inform the rule of meeting including voting and resolution of each agenda item. The chairman shall allocate adequate time for discussion and encourage the shareholders to express their opinions and ask questions related to the bank's operations, and shall provide them opportunity to fully make inquiries and give opinions.

7. The board shall provide independent persons / volunteers to count and validate the votes at the shareholders' meeting and to disclose the results to the meeting and record meeting minutes.

8. The board shall ensure that a resolution is given on each agenda item in case there are many items in the agenda.

9. The board shall ensure that minutes of the shareholders' meetings are completely and correctly recorded including the list of the board members who were present and absent from the meeting and description of the voting and announcement procedures before the meeting proceeded. The shareholders shall also be provided opportunities to ask questions or raise issues. In addition, the questions and answers as well as voting results of each agenda item shall be recorded, divided into approving, dissenting and abstaining votes.

10. The board shall ensure that the bank makes publicly available on its website by the next working day the voting results on each agenda item of the shareholders' meeting and shall disclose minutes of the meeting, both in Thai and English language, on the bank's website within 14 days from the meeting date.

## **Equitable Treatment of Shareholders**

### **Principle**

The board shall 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.

### **Release of Information Before the Shareholders' Meeting**

1. The board shall protect the interest of all shareholders, either major or minority shareholders, individual or institutional shareholders including foreign shareholders with equitable treatment.

2. The board shall ensure that the bank informs the Stock Exchange of Thailand of the meeting notice, detailed agenda and the board's recommendations, and prepare the invitation letter to shareholders' meeting, both in Thai and English language, and disclose such information via the bank's website no lesser than 30 days before the date of the meeting.

### **Protection of Minor Shareholders**

1. The board shall treat the shareholders equally regardless of position, gender, age, race, nationality and religion. Opportunity is open to those who are unable to attend the meeting in person to appoint proxies to attend and vote at the meeting on their behalf. The board shall arrange to have its independent directors available for appointment as proxies.

2. The board shall ensure that the bank establishes criteria to allow the shareholders to propose issues for the meeting agenda and/or make director nominations 3 months in advance prior to the meeting date or as per the bank's guidelines also allowing shareholders to submit questions associated with the AGM agenda to the bank in advance of the meeting. Such information shall be posted on the bank's website as well as through the Stock Exchange of Thailand.

3. The board shall not add any meeting agenda without prior notification to the shareholders.

4. The shareholders shall have right to vote in accordance with the amount of shares they hold, with one share equivalent to one vote. They shall also have equitable rights to receive the bank's information.

5. All shareholders can cast their votes for each agenda using the voting cards. The shareholders shall be allowed to give individual vote for the election of directors.

6. The board shall ensure that the shareholders receive necessary information adequately, equally and timely and shall not act in favor of any group of shareholders by providing undisclosed information to them.