



Good Corporate Governance Policies

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Good corporate governance policies

Thanachart Capital Public Company Limited

Thanachart Capital Public Company Limited is confident that good management processes that are transparent and on a par with international standards will enhance its competitiveness and make it better recognized locally and overseas. They are one of important factors which help it achieve business goals and add economic value to the Company. They also build confidence of shareholders, investors and all concerned stakeholders, all of whom will be assured of fair and equitable treatment. As a result, the Company has established corporate governance principles that are in line with the concerned authorities including the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Bank of Thailand. The following are the Company's established corporate governance principles that serve as practice guidelines.

1. Shareholders: rights and equitable treatment

- 1.1 All shareholders are entitled to fundamental rights. These include, among others, participating in shareholder meetings, casting votes, and being informed of the Company's financial position and performance.
- 1.2 The Company holds an annual meeting which is called 'annual general meeting (AGM)' every year within 4 months after the end of its financial year. Other shareholder meetings will be held when deemed necessary on a case-by-case basis. These meetings are called 'extraordinary general meetings (EGM)'.
- 1.3 In organizing a shareholder meeting, the Company will send a notice of the meeting together with the agenda to shareholders prior to the meeting date within the timeframe prescribed by law (not less than seven days). In this connection, the Company will assign Thailand Securities Depository Company Limited (securities registrar) to act as the Company's securities registrar responsible for maintaining records of registered shareholders and distributing information to them.
- 1.4 Shareholders' rights to participate in shareholder meetings and to cast votes
 - 1.4.1 At every shareholder meeting, all shareholders are entitled to attend the meeting and vote on all agenda items. However, those shareholders who have a conflict of interest with any agenda item or

are prohibited by law will not be allowed to attend the meeting on such agenda item and cast their votes.

1.4.2 The Company will make arrangements for distribution of information related to its business, ensuring that the information is adequate for decision making at each shareholder meeting. The information includes, among others, a notice of the meeting that includes rationale for considering each agenda item as well as supporting documentation adequate for decision making, minutes, annual report that is prepared in accordance with guidelines established by the Stock Exchange of Thailand and the Securities and Exchange Commission.

1.4.3 Shareholders' rights to elect and remove directors and to approve appointment of auditors.

1.4.4 Shareholders can appoint any person as proxy holder to attend and vote at the shareholder meeting on their behalf. Such proxy shall be made in the form prescribed by law.

1.4.5 Shareholders can check their shareholding records on the closing date of the share register book at the Company or Thailand Securities Depository Company Limited.

1.5 It is the Company's policy that the chairperson of the Board of Directors and chairpersons of all committees participate in every shareholder meeting. The Company will make facilities available for shareholders at all meetings. Emphasis is placed on ensuring that the shareholders are able to attend the meetings and that they are treated equitably, with details as follows:

1.5.1 Venue for shareholder meetings

In holding each shareholder meeting, the Company will choose a venue in Bangkok where its headquarters is located. Equipped with all amenities, the venue must have not only enough space to accommodate shareholders but also easy access to public transportation as well as a meeting room atmosphere with high-tech

communications equipment including audio visual equipment, microphones, and stationeries among others.

1.5.2 Appropriate date and time for shareholder meeting

In determining the date and time of the shareholder meeting, the Company not only takes into consideration the timeframe prescribed by law but also an appropriate period of time. For example, the meeting will not be held on public holidays or long weekend holidays.

1.5.3 Voting

- 1) The Company makes available ballots to be used in voting at each meeting.
- 2) Vote counts are fully transparent and verifiable. The Company has divided voting counting methods as follows:
 - Votes cast through the proxy forms that are delivered to the Company prior to the meeting.
 - Votes cast by shareholders attending the meeting.
- 3) The chairman of the meeting will be responsible for disclosing to the meeting the result of the vote count that takes into consideration the votes cast through the proxy forms sent prior to the meeting and the votes cast at the meeting.

1.6 Preparation of minutes of shareholder meetings

- 1.6.1 The Chairman of the meeting will appoint a secretary to take meeting minutes before consideration of the various agenda items.
- 1.6.2 The Company arranges for the preparation of the minutes after the completion of each meeting. The minutes include details about the number of shareholders present at the meeting in person and the number of individual and juristic shareholders present at the meeting by proxy.
- 1.6.3 The meeting minutes have to be completed within 15 days after the meeting. The minutes must include names of directors attending the meeting, details of issues considered, issues discussed, and opinions of shareholders as well as voting results (approve-disapprove-abstain)

of each agenda item. In this connection, shareholders can read the meeting minutes available on the Company's website (www.thanachart.co.th).

1.7 The Company keeps the documents related to the shareholder meetings and arranges them in accordance with a classification system so that shareholders can request for and check them.

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

1.9 In addition to the above-mentioned, shareholders are entitled to various rights prescribed by law.

2. Rights of different groups of stakeholders

The Company's stakeholders include the following:

- 2.1 Shareholders,
- 2.2 Creditors,
- 2.3 Members of the board of directors,
- 2.4 Executives,
- 2.5 Employees,
- 2.6 Customers and trading partners,
- 2.7 Auditors,
- 2.8 Competitors,
- 2.9 Society, and
- 2.10 State agencies.

The Company implements the following, ensuring that all the stakeholders are treated fairly.

- 1) In the conduct of its business affairs, the Company strictly complies with all applicable laws. It also ensures that its business affairs have positive impact on the society, the public sector, the economy, the culture, the tradition, and the environment.
- 2) The Company ensures that the dividends for shareholders and the remuneration for directors, executives and employees are appropriate and fair.
- 3) Being fair and honest, the Company gives quality services to customers and collect appropriate fees for the services.

- 4) The Company deals honestly and fairly with its trading partners, fulfilling obligations as agreed.
- 5) The Company operates its business and competes with its competitors in a transparent manner, abiding by good competition rules and regulations and ensuring that the competition will not cause negative impact on the overall business.
- 6) For transparency, the Company discloses information about its transactions in line with the standards and requirements established by the authorities concerned
- 7) The Company is responsible for customers and trading partners in relation to its services. For example, it delivers services in a professional manner, ensuring that the services are of good quality and that the information of customers and trading partners is kept confidential. As well, it has established a complaint handling unit.

3. Leadership and vision

The Board of Directors is independent in its decision making. The Company provides each director with the right and equitability to consider and decide on various matters. It segregates the duties and responsibilities of the Board of Directors from those of the Executive Committee. The Board of Directors is not responsible for the day-to-day operations of the Company. The Board of Directors is required to carry out duties and responsibilities prescribed by law. Members of the Board of Directors are required to participate in meetings to consider business matters of the Company in line with agenda items as deemed necessary, at least once a month or when the Chairman of the Board of Directors deems appropriate. Their responsibilities include the following:

- 3.1 Establishing or approving missions, strategies, goals, policies, business plans and budgets of the Company.
- 3.2 Monitoring the performance of the management team regularly, ensuring that the established goals are achieved and that the business plans are properly implemented.
- 3.3 Ensuring that appropriate internal control systems and risk management measures are put in place.

4. The Board of Directors

The details related to the Board of Directors' composition, duties and responsibilities as well as election process are as follows:

4.1 The Board of Directors should carry out its duties and responsibilities with fairness towards the Company's shareholders, executives and employees.

4.2 The Board of Directors is responsible for formulating key policies, strategic plans, financial goals and budgets as well as reviewing them as deemed appropriate.

4.3 The composition of the Board of Directors shall comply with the number of members of the Board as specified in the Company's Articles of Association. In this connection, the number of executive directors shall not exceed fifty percent of the Board of Directors and at least one-third of the Board shall be independent. The independent directors must have no involvement in the Company's management and have no conflict of interest with the Company's business.

4.4 As regards the election of directors, the Company has not specified the maximum number of directors. However, according to the Company's Articles of Association, the minimum number of directors shall be five.

The following are two cases when the directors have to be elected.

- 1) Election of directors to replace those retiring by rotation.
- 2) Election of director to fill the position which becomes vacant in the interim period.
 - The election in Case 1) is subject to approval by the meeting of shareholders while the election in Case 2) can be conducted and approved by the Board of Directors, taking into consideration the candidates selected and proposed by the Nomination Committee.
 - The election of independent directors must comply with the rules and regulations established by the Stock Exchange of Thailand, the Securities and Exchange Commission, and the state agencies concerned.

4.5 The Board of Directors is required to prepare a statement of directors' responsibilities in relation to the annual financial statements, which has to be shown together with the auditor's report. The statement shall include all key matters in line with the code of best practice for listed company directors. The purpose is to ensure that the Company's financial statements are accurate,

complete and reliable. In this connection, the Company complies with the accounting standards by adopting appropriate accounting policies and adhering to them consistently.

4.6 The Chairman of the Board of Directors and the Chief Executive Officer should not be the same person.

5. Committees other than the Board of Directors

The Company has established other committees to help study, screen and control different areas of business. The related details are as follows:

5.1 The Executive Committee

The Board of Directors establishes the Executive Committee which consists of executive directors and independent directors. Serving as a mechanism of checks and balances for the Executive Committee, the independent directors can fully control and monitor the management's activities.

Procedure for appointing members of the Executive Committee

The Board of Directors appoints an appropriate number of directors as members of the Executive Boards, one of whom will serve as Chairman of the Executive Committee. The Executive Committee is authorized to manage and look after the Company's business affairs as assigned by the Board of Directors, with the Chief Executive Officer being an ex-officio member of the Executive Committee.

5.2 The Audit Committee

The Board of Directors has established the Audit Committee which is regarded as the Board of Directors' important tool for directing the Company's management of business affairs, ensuring that the management has appropriate standards and is transparent and that the conduct of business affairs complies with the rules and regulations of the authorities concerned as well as those of the Company. The Audit Committee is responsible for putting in place appropriate internal control systems and reporting systems that are reliable and useful to all parties concerned as well as the shareholders.

Procedure for appointing members of the Audit Committee

The Board of Directors shall appoint at least three persons as members of the Audit Committee. These persons must possess qualifications as specified by the Stock

Exchange of Thailand. The Audit Committee is authorized to carry out the duties and responsibilities established by the Stock Exchange of Thailand. The Audit Committee is fully independent in carrying out its duties and responsibilities. It reports directly to the Board of Directors.

5.3 The Remuneration Committee

The Remuneration Committee consists of three non-executive directors who are appointed by the Board of Directors. The Remuneration Committee is responsible for considering and determining the meeting stipend rates and other benefits of directors and members of various committees established by the Board of Directors. It is also responsible for considering and determining the remuneration of the Chairman of the Board of Directors and the Chief Executive Officer.

Procedure for appointing members of the Remuneration Committee

The Board of Directors shall appoint at least three non-executive directors of the Board of Directors, as members of the Remuneration Committee.

5.4 The Nomination Committee

It is the Company's policy to appoint members of the Nomination Committee on an occasional basis. The Nomination Committee is responsible for nominating persons with qualifications suitable for the Company's directorship when the post becomes vacant and it is necessary to appoint a new person to fill the vacant post.

The Nomination Committee is composed of three non-executive directors who are authorized to undertake the following:

- 1) Establishing criteria and procedure in nominating a director when the directorship becomes vacant.
- 2) Selecting and proposing names of persons with qualifications suitable for the directorship, to the Board of Directors.

5.5 The Corporate Governance Committee

The Company places strong emphasis on corporate governance and aims to achieve good corporate governance in line with the principles of good corporate governance for listed companies. In order to disclose information about its implementation of corporate governance in the annual report, the Company deems it appropriate to

establish the Corporate Governance Committee which will carry out the following duties.

The Board of Directors as a whole carries out the duties of the Corporate Governance Committee. It is responsible for establishing corporate governance policies in line with the guidelines given by the Stock Exchange, the Securities and Exchange Commission, and the Bank of Thailand. It has assigned two committees to perform the duties as follows:

- The Executive Committee is responsible for ensuring that the Company implements the corporate governance policies established by the Board of Directors.
- The Audit Committee is responsible for monitoring, reviewing, and checking the implementation of the established policies, ensuring that the Company achieves good corporate governance.

5.6 The Risk Management Committee

The Board of Directors is responsible for controlling, looking after and screening various transactions executed by the Company. In performing such duties, the Board has to take into consideration various risks related to the business. As a result, the Company requires the Board of Directors to also serve as the Risk Management Committee. The Risk Management Committee is authorized to perform the following duties:

- 1) Establishing risk management policies to be proposed to the Board of Directors.
- 2) Reviewing the risk management policies, the adequacy and effectiveness of the risk management systems, as well as the implementation of such policies, the reports of which are presented to the Board of Directors regularly.

6. Meetings of the committees

6.1 The Company has established frequency of committee meetings in advance.

6.1.1 The Board of Directors meets approximately once a month.

6.1.2 The Executive Committee meets at least once a month.

6.1.3 The Audit Committee meets at least once every quarter.

6.1.4 Frequency of meetings of other committees shall be left to the discretion of the Chairman of each committee.

6.2 Directors are required to attend every meeting, except for compelling reasons.

The concerned committee's Chairman or secretary must be notified of the absence.

6.3 Independent directors are entitled to meet among themselves or consider management issues.

6.4 The Board of directors should encourage the Chief Executive Officer to invite members of the management to participate in their meetings in order to give additional details.

6.5 The management should send documents containing key information to the directors well in advance. In case the directors need additional documents, they may request for the documents from the Chief Executive Officer or the Company's secretary.

7. Remuneration of members of the committees and executives

The remuneration of members of the Board of Directors as well as members of other committees has to be proposed by the Remuneration Committee, taking into consideration the following:

7.1 The Board of Directors receives remuneration at the level approved by the shareholder meeting.

7.2 Other committees receive remuneration in the form of meeting stipends at the rate approved by the Board of Directors, also taking into account the number of meetings attended by the directors concerned.

7.3 Executives receive remuneration at the rates approved by the Board of Directors.

8. Prevention of conflicts of interest

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

8.1 Establishing principles for employees, executives and directors to refrain from taking any actions as a result of undue benefits other than normal ones or not in accordance with the conditions established by the Company.

- 8.2 Establishing principles for employees, executives and directors not to participate in decision-making on transactions in which they have an interest.
- 8.3 Establishing principles on keeping and preventing the use of inside information as well as announcement of such guidelines to all parties concerned
- 8.4 Establishing principles on the execution of related-party transactions based on fundamental information, taking into account realistic and reasonable principles as well as appropriate prices, in the same way as the transactions are executed with customers in general.
- 8.5 Establishing principles preventing employees, executives, and directors from receiving other benefits from related parties in matters to be considered or decided.
- 8.6 Requiring the Board of Directors to be informed of related-party transactions and those in which there is a conflict of interest so that the transactions will be considered carefully and executed in line with the guidelines given by the Stock Exchange of Thailand.
- 8.7 Requiring disclosure of information about related-party transactions or conflicts of interest in the annual report and the yearly report on disclosure of information (Form 56-1).

9. Ethics and codes of conduct

The Company has prepared the following guidelines for corporate business ethics as well as codes of conduct to be adhered to by directors, executives and employees.

- 8.1 Corporate business ethics serve as guidelines that should be adhered to by the Company
- 8.1 Code of conduct for directors serves as guidelines that should be adhered to by directors
- 8.1 Code of conduct for executives serves as guidelines that should be adhered to by executives.
- 8.1 Code of conduct for employees serves as guidelines that should be adhered to by employees.

10. Internal control systems

The Company has established the following internal control systems that cover various areas including organization and environment, risk management, control of the management's operations, information and data distribution systems, and monitoring systems. The objective is to ensure that it has adequate and tight internal control systems for protecting against risks and damage caused to the Company.

10.1 Organization and environment

- 10.1.1 Putting in place clear policies and targets.
- 10.1.2 Developing organizational structure as well as dividing power and responsibilities, putting in place mechanisms of checks and balances.
- 10.1.3 Establishing codes of conduct to be adhered to by executives and employees as well as business ethics and code of conduct to be adhered to by the Company.
- 10.1.4 Specifying power and responsibilities of employees in job descriptions and the various regulations related to approval authority.
- 10.1.5 Putting in place rules and procedures that cover all work systems.
- 10.1.6 Putting in place systematic personnel selection and nomination systems.
- 10.1.7 Putting in place incentive systems such as pay-for-performance systems.
- 10.1.8 The Audit Unit and the Compliance Unit are responsible for auditing and monitoring the Company's operations. They report directly to the Audit Committee while the Audit Committee reports directly to the Board of Directors. All of them are independent from management.
- 10.1.9 Putting in place the Office of Credit Audit and Review which is independent from the Credit Department and is responsible for auditing and reviewing the operations of the Credit Department.

10.2 Control of the management's operations

- 10.2.1 Putting in place work plans and clear work procedures.
- 10.2.2 Putting in place adequate internal control systems such as establishment of regulations covering approval authority and transaction verification,

division of duties and responsibilities, safety and security of assets, and reporting systems.

10.3 Information and data distribution systems

The Company discloses and distributes its information, ensuring that it is complete, adequate, accurate, reliable and timely. As well, it has developed communications tools, ensuring that they are high speed and efficient. The objective is for the Company's executives, employees and stakeholders to receive the information in a quick and equitable manner.

10.4 Monitoring systems

10.4.1 Monitoring and looking after the staff's back office operations, with the head of the unit concerned being the responsible officer.

10.4.2 Monitoring of work and operations by independent units including the Audit Unit, the Compliance Unit and the Office of Credit Audit and Review. In case any defects are identified, they will be reported to the higher level in the chain of command for consideration and correction.

10.4.3 Putting in place of information adequacy in report systems

11. Investor relations

The Company has established an investor relations unit which reports to the Office of the Chief Executive Officer (CEO). The investor relations unit serves a center for communicating with institutional investors, shareholders, securities analysts, and the state agencies. In disclosing information to investors, the investor relations unit will coordinate with the Company's high level executives and work units as follows:

11.1 The Chairman of the Board of Directors, the Chief Executive Officer or the persons who have been assigned

For answering questions or giving information related to the Company's overall missions, vision and policies.

11.2 Finance Group

For answering questions or giving information related to financial and general information, to institutional investors and securities analysts.

11.3 The Office of the Chief Executive Officer (CEO)

For answering questions or giving information related to preliminary financial and general information, to shareholders and state agencies.

12. Information disclosure and transparency

The Company discloses its information and news in compliance with the requirements prescribed by law as well as the rules and regulations established by the concerned authorities that regulate the Company. The information disclosure could be grouped as follows:

12.1 Types of information and news to be disclosed

12.1.1 Financial information consisting of:

- 1) Disclosure of the Company's performance, reviewed and audited financial statements in every accounting cycle, and disclosure of summary statement of Assets & Liabilities on the 21st day of each month.
- 2) Disclosure of Management Discussion and Analysis (MD&A) every quarter in line with the Good Corporate Governance Project of the Stock Exchange of Thailand.

12.1.2 Corporate information in line with the rules, conditions, information disclosure guidelines established by the Stock Exchange of Thailand as well as those prescribed by law, such as disclosure of information relating to the acquisition and disposal of assets, related-party transactions, and change of the Company's registered capital.

12.2 Disclosure channels consisting of:

12.2.1 Disclosure of information through the SET Electronic Listed Company Information Disclosure (ELCID) in line with the rules and guidelines established by the Stock Exchange of Thailand, such as announcements of financial statements, notes and opinions of auditors, news about significant changes or those that have impact on the Company's share prices

12.2.2 Disclosure of information through other media such as the Company's announcement, website, annual reports, report on disclosure of information (Form 56-1), daily newspapers, weekly newspapers, magazines, brochures, as well as sending documentation directly to shareholders.

13. Control and risk management

The Company fully recognizes and understands the importance of risks that may have impact on the Company's performance. As a result, it has established a risk management department with the duties and responsibilities as follows:

- 13.1 Formulating plans for developing risk management systems that cover all risks of the Company.
- 13.2 Directing and looking after the development, analyses and preparation of reports about details of various risks.
- 13.3 Coordinating with various work units, ensuring that the risk management is implemented efficiently.
- 13.4 Studying new risk management and analysis tools.

In addition, the Company has established its risk management policies. It has also prepared Risk Policy and Guidelines which serve as a manual for the Company's risk management. As well, the Company has organized training workshops aimed at enhancing the staff's knowledge and understanding of various risks related to the business.

14. Management succession plan

The Company recognizes the importance of the management succession. To enable it to find a replacement without delay, the Company has formulated the management succession plan with details as follows:

- 14.1 The Company requires every department to have a vice president or assistant vice president as a reserve who can replace the missing executive of the department concerned.
- 14.2 The Company requires the Audit Unit and the Office of Work System, Rule and Regulation Development to act a reserve work unit that can replace other supporting work units.
- 14.3 The marketing group which consists of several marketing departments with executives who can fill the vacant posts of marketing department managers without delay.
- 14.4 The Company has made plans aimed at training employees and executives in order to enhance their knowledge, technical skills, management skills, and

positive attitude at work. The training will enable them to work as a replacement.

14.5 The Company has an executive profile database developed. These profiles describe their knowledge, ability and past performance. The information will be used for planning transfers or replacements in case of emergency.

14.6 The Company makes arrangements for job replacement ability analyses relating to every key position of the Company. The objective is for the Company to be aware of weaknesses and to be able to resolve problems in a timely manner.

15. Disciplinary consideration

The Company has established rules on disciplinary procedures for its employees, executives and directors with details as follows:

15.1 For staff below the level of First vice president, the disciplinary committee is responsible for considering disciplinary actions and the Chief Executive Officer is responsible for approving the proposed actions.

15.2 For executives at the level of First vice president or above but not members of the Executive Committee, a disciplinary committee will be appointed on an occasional basis to consider disciplinary actions and the Chief Executive Officer is responsible for approving the proposed actions.

15.3 For members of the Executive Committee, the Board of Directors will appoint a disciplinary committee on an occasional basis to consider disciplinary actions. The Board of Directors is responsible for decision making of the proposed actions.

15.4 As regards members of the Board of Directors, if any member commits an offence with a dishonest intent or as a result of serious negligence, the member shall be held personally liable for the offence and/or to pay compensation for the damage caused.