

## Corporate Governance

### Policy on Corporate Governance

The Company and the Board of Directors emphasize the importance of practicing good corporate governance as stipulated by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. Compliance with good corporate governance principles is reviewed annually. The Board also reviews the Company's corporate governance policy and report of compliance at least once a year.

The Company discloses its Policies and business ethics on the Company's website ([www.finansa.com](http://www.finansa.com).) making it accessible to staff of the Finansa Group at all levels. The major objective is to communicate with staff of Finansa Group, shareholders, and all stakeholders in regards to the commitment of the Board of Directors to good corporate governance practices and principles.

In 2017, the Company completed the following activities in supporting good corporate governance:

1. The Company and Finansa Securities Ltd. (a subsidiary) applied to join and were certified as members of the Private Sector Collective Action Coalition Against Corruption Project by receiving certificates which are valid for 3 years from 25 May 2017 – 25 May 2020 and from 18 August 2017 – 18 August 2020 respectively.
2. Established an internal control policy and measures to prevent bribery of government officials, foreign state officials and staff of international public organizations.
3. Adjusted the Company's Audit Committee Charter to be in line with the Anti - Corruption Policy and be the best practice guidelines for the Audit Committee.
4. Adjusted the Anti – Corruption Policy.
5. Improved the good corporate governance policy based on the 2017 Corporate Governance Report Project.

### Monitoring of subsidiaries and associated companies

The Company appoints some of its audit committee members to sit on its subsidiaries' audit committee. The Company also requires subsidiaries to report on relevant risks incurred to the Company's board of directors quarterly. As for associated companies, the Company's directors are sitting in the associates' board of directors.

### Protection and administration of Insider Information

The Company has prepared a code of conduct placing high significance on the protection of the Company and its subsidiaries' confidential information. Disciplinary penalties have been prescribed for executives and employees who use inside information for their personal benefit or use inside information in ways that may expose the Company to damage. Such actions include verbal warnings, written warnings,

probation, dismissal and termination of employment. Employees are prohibited from buying, selling, transferring or accepting the transfer of the Company shares or entering into any other transaction by using confidential and/or inside information as this may incur harm, either directly or indirectly, to the Company.

The Company has set up measures to prevent insider trading by directors, executives and employees (including their spouses and minor children) who have access to significant inside information. A silent period policy for securities trading by these personnel is stipulated for a period of one month prior to the Company's disclosure of quarterly and annual financial statements. In addition, the Company has informed its directors and executives of their responsibility to report their ownership of securities issued by the Company and will enforce punishment pursuant to Section 59 of Securities and Exchange Act B.E. 2535 and the regulations of the Stock Exchange of Thailand for non-compliance. Moreover, whenever they purchase or sell securities issued by the Company, these personnel have to report their ownership of the Company shares including those under the possession of their spouses and minor children to the Office of the Securities and Exchange Commission within three days pursuant to Section 59 of Securities and Exchange Act B.E. 2535.

**Good Corporate Governance Principles in 2017 Include:**

#### **The Rights of Shareholders**

There are several basic rights of shareholders as stated in the Company's Articles of Association and other relevant laws and regulations. Such basic rights include the right to purchase, sell or transfer shares, the right to share in the profits of the Company, the right to receive sufficient information, the right to participate in shareholders' meetings, the right to give opinions and the right to participate in major decision making of the Company such as dividend payment, appointment or removal of directors, appointment of independent auditors, approval on important transactions which effects the Company's business direction and adjustments to the Company's Memorandum of Association and Articles of Association.

The Company recognizes and emphasizes the importance of the basic rights of shareholders. Relevant matters are undertaken with efficiency in accordance with the good corporate governance principles to protect such shareholders' rights including:

##### **1. Shareholders' Meeting**

An annual shareholders' meeting is held within four months from the end of the previous year's accounting period. An extra-ordinary general meeting will be held if there is an urgent or special agenda that has to be proposed to shareholders i.e. matters that affect shareholders' interests or matters requiring shareholders' approval under relevant laws or regulations.

In 2017, the Company held 1 shareholders' meeting: a 2017 Annual General Meeting of Shareholders on April 26, 2017 at 2.30 pm. at Crowne Plaza Bangkok Lumpini Park Hotel, Crowne 1-3 Room, Level 21, No. 952 Rama 4 Road, Bangkok, Thailand. 6 of 7 directors including the Chairman of the Board, Managing Director, Audit Committee Chairman, Audit Committee member and Directors were present at the meeting.

The Chairman carried out the meeting as required by law and encouraged all shareholders to vote, ask questions, express opinions and give suggestions on all business matters of the Company. The Chairman and directors clearly explained and answered every important inquiry from shareholders, and welcomed shareholders' suggestions for business operations. In addition, representatives of the Company's auditor who audited the 2016 financial statements were present at the meeting to answer shareholders' questions on financial statements. Voting procedures were transparently carried out according to the scheduled agenda.

The Company set up a guideline for the shareholders' meeting to ensure that shareholders' rights would not be compromised. At any point in the meeting, shareholders could register and enter the meeting to honor their voting rights on agenda items on which vote casting had not been made. The Company did not adjust or distribute additional documents which contained important information during the meeting without prior notice.

The Company undertook steps to facilitate the shareholders' meetings. Greeters and registration staff were arranged to assist shareholders with the registration at least two hours before the meeting. The registration process was quick and straightforward and shareholders who attended the meetings were appropriately received.

As for the venue of the shareholders meetings, the Crowne Plaza Bangkok Lumpini Park Hotel was located in the business area and was convenient to all transportation. Moreover, the meeting was held on a business working day and at an appropriate time of the day.

## 2. Prior to the Shareholders' Meeting and Delivery of the Meeting Notice

The Company had published the Notice of Shareholders' Meeting in both Thai and English, and all complete documentation for the meeting were attached including a detailed agenda, Board of Directors' opinion, minutes of the last shareholders' meeting, the Company's Articles of Association (Shareholders' Meeting part only), background of independent directors who would be appointed as proxy, other information necessary for making voting decisions and Proxy Form as well as a map of the meeting venue .The aforementioned information was made available via various channels as follows:

News through the system of the SET The resolutions of the Board of Directors' Meeting regarding the 2017 Annual General Meeting of Shareholders which indicated the schedule of the Meeting, the agendas, and dividend payment were published on February 24, 2017.

The Company's Website (www.finansa.com) The Invitation to Shareholders' meeting and documentation for the meeting were published on the website on March 24, 2017, 30 days prior to the meeting, and the same documents were mailed to each shareholder prior the meeting. In addition, an Annual Report was provided to shareholders before the meeting

day.

Mailing

The Company assigned Thailand Securities Depository Company Limited, the Company's Share Registrar, to send a notice and relevant document to all shareholders at least 14 days prior to the Annual General Meeting date.

Newspaper Advertisement

The Company also published the Invitation to Shareholders' Annual General Meeting in a daily newspaper for three consecutive days, and six days prior to the meeting date.

The Company provided the following opportunities to the Company's shareholders to raise issues via the Company's website ([www.finansa.com](http://www.finansa.com)):

1. Issues for consideration as additional item of meeting agenda, two months prior to the meeting day, from November 11, 2016 to January 31, 2017.
2. Nominating the candidate for Director was provided two months prior to the meeting day, from November 11, 2016 to January 31, 2017.

3. Meeting Procedure

Before the meeting commenced, the MC clearly informed the meeting of all relevant rules including vote-counting procedures for each agenda item as required by the Company's Articles and voting rights for each agenda item. After information on each agenda item was presented, the Chairman offered all shareholders an equal opportunity to ask questions and give suggestions within appropriate time. Directors and management were present to answer all shareholders' queries.

4. Process after the Meeting

The Company disclosed the voting results for each agenda via News through the SET System within the meeting day.

The minutes of the meeting were recorded accurately and comprehensively, including significant details, e.g., the name of attending Directors, voting procedure, questions and answers for each agenda item, as well as the numbers of votes for approval, disapproval and abstention. The draft minutes of the 2017 Annual General Meeting of Shareholders was submitted to the SET and also made available on the Company's website ([www.finansa.com](http://www.finansa.com)) within 14 days after the meeting day.

**The Equitable Treatment of Shareholders**

The Company recognizes the importance of equitable treatment of all shareholders including executive shareholders, non-executive shareholders as well as foreign shareholders. Therefore, the Company has undertaken the following tasks to ensure such equal and fair treatment. Moreover, the Board of Directors

also provides opportunities to minority shareholders so they can nominate a candidate for a director position and/or propose additional items for meeting agenda prior to the meeting. A proxy is made possible as an alternative for shareholders who are unable to attend the meeting to exercise their rights:

#### 1. Voting Rights in the Shareholders' Meeting

Every shareholder has the right to vote in the meeting with one vote for each share held. In the event that there is a conflict of interest on any agenda item, the shareholder involved shall not have voting rights on that item (except for the election of directors). For the 2016 Annual General Meeting of Shareholders, there were no conflicts of interest issue on any agenda item.

Shareholders unable to participate in the meeting have the option to appoint proxies who could be independent directors or any other person instructed to attend the meeting. The Company will provide the name of an independent director who will act as a proxy in the proxy forms, as per the Ministry of Commerce's designation, to attend and vote in the meeting.

#### 2. Meeting Agenda and Proposal for Additional Agenda Item

Meetings will be carried out in line with the Company's Articles of Association and according to the announced agenda. Detailed information on each agenda item is presented to the meeting for shareholders consideration. The Company will avoid adding other agenda items besides the ones already presented to shareholders, especially important agenda items that shareholders need time to review prior to making any decision.

Shareholders holding an aggregate number of shares not less than one-third of the total number of shares sold can request to add other agenda item besides the ones already presented in the meeting notice. However, for the 2017 Annual General Meeting of Shareholders, there were no such additional agenda items requested.

#### 3. Suggestions, Comments or Complaints

The Company has 3 independent directors to ensure fair treatment of minority shareholders. Minority shareholders can express their opinions and give suggestions or complaints to independent directors who will inspect these opinions or complaints and arrange further measures, as appropriate.

#### 4. Voting

Voting procedures are transparently carried out according to the scheduled agenda. Each shareholder has the right to vote for the election of each director. The Company provides voting cards for important agenda items and keeps the voting cards for shareholders' review should there be any dispute.

### The Role of Stakeholders

The Company realizes the importance of protecting the rights of all stakeholders following the requirements of the law and the Company code of conduct as follows:

**Shareholders** : The Company is determined to achieve a good operating performance to create shareholders satisfaction, with due consideration to the growth of the Company's value over the long term. The Company discloses all information in a transparent and trustworthy manner. In addition, every shareholder has an equal right to vote except for shareholders who have conflicts of interest in which they will have the right to vote only for the election of directors, but not on that particular matter.

**Employees** : The Company treats all employees with care and fairness and provides reasonable remuneration and benefits such as provident funds, including welfare as required by the Labor Law. The Company also supports the enhancement of its employees' capabilities and promotes a decent business culture, teamwork and a favorable and secure working atmosphere.

**Customers** : The Company focuses on providing high quality services, treating customers' information as confidential and ensuring that the process and procedure for handling customers' complaints is clearly and fairly stated, and that responsible persons are assigned to deal with any such complaints

**Business Partners** : The Company focuses on selecting appropriate business partners, dealing with fair treatment and providing opportunity to those business partners of the same products type to compete in the Company's purchasing procedure in both prices and quality of products.

Moreover, the Company also attaches great importance to the integrity of fulfilling the terms and conditions made with business partners and commits to no exploitation under the agreed conditions; the Company has a procedure in selecting reliable, professional vendors with good performance and providing quality products and services; the Company also organizes a list of regular vendors who provide good services, and updates the list every year by means of assessment of prices, quality of products, delivery and after-sales services in order to maintain business vendors' quality of products and services.

**Lenders** : The Company attaches great importance to the integrity of fulfilling the obligations made with trading lenders and commits to no exploitation under the conditions that are mutually agreed and discloses information with accuracy, adequacy and in a timely manners via appropriate channels which lenders can review.

**Competitors** : The Company follows the rule of fairness in competing with others and avoids any wrongdoing toward its competitors.

**Society and Environment** : The company takes a responsible attitude towards society. Business operation not only strictly adheres to the relevant laws, but also creates the advantages for society and public sector in the area of economy, culture, tradition and environment; the Company also supports activities relating to the environment, including a campaign to turn off the lights and the computer screen during the

lunch break, to adjust the temperature to suit the workplace, and a campaign to print only necessary documents. The senior management of the Group plays an important role in promoting the principles of social responsibility.

**Public Sector** : The Company conducts its business in adherence to laws, rules and regulations of the authorities as well as provides effective cooperation according to government policies. Moreover, the Company will not involve or operate business with any illegal organizations or individuals.

In summary, the Company abides by all relevant laws and regulations in order to ensure the rights of all stakeholders are well protected. The Company also supports useful activities and treats any complaints as important in order to improve its operations.

The Company established an Investor Relations Department to take care of the Company's information dissemination to investors as well as receive suggestions or complaints unrelated to corruption issues from investors or stakeholders. Investor Relations can be reached at

Tel : 02-697-3700  
Website : [www.finansa.com](http://www.finansa.com)  
E-mail : [ir@finansa.com](mailto:ir@finansa.com)

Investors or stakeholders can communicate with directors through the following channel:

Registered mail : The Office of Directors  
Finansa Plc., 48/48 North Sathorn Road, 20/F TISCO Tower, Silom, Bangrak  
Bangkok 10500

Investors or stakeholders who witness any corruption can inform or send a complaint of such corruption issues through the following channels:

Registered mail : The Independent Director Office  
Finansa Plc., 48/48 North Sathorn Road, 20/F TISCO Tower, Silom, Bangrak  
Bangkok 10500  
Website : [www.finansa.com](http://www.finansa.com)  
E-mail : [id@finansa.com](mailto:id@finansa.com)

The Company has a policy and measures to protect a complainant by treating the complaint or the report about corruption confidentially and forwarding it to the Compliance Unit to conclude; after which it will be sent to the Audit Committee. In 2017 there was no formal complaint from investors and stakeholders.

## Disclosure and Transparency

The Board of Directors realizes the importance of information disclosure and has set up policies to ensure that all information disclosed is accurate, complete and transparent. Such information includes financial and non-financial information about the Company that is in line with the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand that may affect the share price as well as the decisions of the Company's investors and stakeholders. Therefore, the Company has disseminated important and adequate information including Annual Registration Statement (Form 56-1) to shareholders, investors and the general public via the SET Community Portal. In addition, the annual reports, operational performance and credit rating are posted on the Company's website. The Company also prepares a good corporate governance report annually in both Thai and English versions and discloses them in its annual report.

The Board of Directors takes responsibility for the consolidated financial statements of the Company and its subsidiaries as well as financial information disclosed in its annual report. The Report on the Board of Directors' responsibility towards the Company's financial statements is disclosed in the annual report together with the report of the independent auditor. Financial statements are prepared in accordance with generally accepted accounting principles in Thailand, by utilizing appropriate accounting policies and applied consistently. Moreover, sufficient important information is disclosed in the notes to the financial statements. The Audit Committee reviews the quality of financial reporting and the adequacy of the internal control system and ensures that sufficient significant information is disclosed in the notes to the financial statements. The views of the Audit Committee on such matters are presented to the Board and to the shareholders' meeting, respectively.

The Company also discloses information on the Board of Directors and sub committees i.e. their roles and responsibilities, number of meetings, attendance of each director, opinions in line with the committee's duties, remuneration for directors and management policy, type and amount of remuneration paid to directors of the Company and where those directors also sit on subsidiaries' Boards.

## Other role and responsibility of the Board of Directors

### ■ *Business Ethics*

The Company has prepared a code of conduct and operational manual and disseminated these to the Directors, executives and employees of the Company and its affiliates. This is to ensure the accuracy, transparency and fairness of business conduct to related parties and customers, which is in accordance with good corporate governance. The practice of such code of conduct and manual has been followed up consistently and also disciplinary penalties have been stated.

### ■ *Conflict of Interest*



The Board of Directors places importance on the consideration of transactions with possible conflicts of interest, connected transactions, related parties transactions as well as administration of insider information.

In 2008, the Board approved in principle a basis for related party transactions which are conducted in the normal course of business between the Company and its subsidiaries with related parties. Related party transactions can be carried out under commercial terms, agreed upon in the ordinary course of business and without interference from any of such related parties. The related party transaction policy was signed by the Chairman of the Board and disseminated to all related parties for acknowledgement.

The Board of Directors and the Audit Committee have a stated policy relating to transactions that may cause conflicts of interest and connected transactions. All such transactions have to be informed to the Board and prudently considered to evaluate the reasonableness of entering into such transactions. The regulations of the Stock Exchange of Thailand must also be followed. Prices and conditions have to be set on an arm's length basis. In addition, should any directors have conflicts of interest, the conflicted directors have to disclose relevant information to the meeting and do not have the right to vote on that particular matter. The details of transactions, transaction value, related parties, reason and necessity are disclosed in form 56-1 and the annual report.

■ *Directors' Reporting*

The Audit Committee has a responsibility to review the Company's financial reports which are submitted quarterly by the Accounting Department. The Audit Committee reviews and approves these financial reports and proposes them to the Board of Directors for further approval.

The Board of Directors is responsible for supervising the preparation and timely disclosure of the financial statements of the Company and its subsidiaries. Such financial reports must be accurate, transparent and comprehensive and must be disclosed within the applicable statutory reporting deadline. The financial reports of the Company and its subsidiaries are prepared in accordance with generally accepted accounting principles in Thailand, by utilizing appropriate accounting policies which are applied consistently. Moreover, sufficient important information is disclosed in the notes to the financial statements.

The Board of Directors has empowered the Audit Committee and the Certified Public Accountants to freely review the internal control and the accuracy of the financial reporting. The opinion of the Audit Committee on these matters is contained in the annual report.

■ *Assessment by the Board of Directors*

The Board of Directors assesses the Managing Director's performance by taking into consideration the Company's operating performance, business undertaking according to established policies as well as the overall business and economic environment.

■ *Training for Directors and Executives*

The Company has a policy to encourage its directors to attend courses held by the Thai Institute of Directors Association and other relevant courses held by other institutions. Visiting other companies or organizations also is useful for managing the Company business. At present, 7 of the Company directors have attended courses held by the Thai Institute of Directors Association.

Furthermore, Compliance Unit informed the Board of Directors of the significant notices of the SEC Act and relevant laws and announcements.

### **Structure of the Board of Directors**

The Company's Board of Directors is comprised of qualified persons who possess knowledge and abilities and plays an important role in establishing the Company's policies and image as a whole. In addition, the Board's responsibilities extend to freely supervising, auditing and monitoring the Company's performance toward designated policies.

The Board of Directors is comprised of 8 directors of which 7 positions are filled and one is vacant. A recruitment process is underway to fill this vacancy. The Chairman of the board is an independent director and is not the Managing Director. The Company clearly determines the scope of duties and responsibilities of the Board of Directors, Chairman of the Board of Directors, Company Secretary and Managing Director.

The Company achieves a balance of power and proper checking of management by having 4 non-executive directors, currently representing more than half of the total number of directors in the Board. Non-executive directors are not authorized to sign on behalf of the Company or any of its subsidiaries. Furthermore, the Audit Committee comprises 3 independent directors, representing 1/3 of all members of the Board of Directors. This Board composition can assure that the directors will perform their duties as representatives of the shareholders fairly and independently with proper checks and balances. In this regard, the Company's independent directors' qualifications meet all the requirements of the Capital Market Supervisory Board's Notification.

The Company establishes the term of office for directors in its Articles of Association. At each General Meeting of shareholders, one-third of the directors - or if their number is not a multiple of three, then the number nearest to one-third – must retire from office. In the first and second years following a registration of the Company, the directors who retire is decided by drawing lots; after that directors who have been in office the longest shall retire first. The retiring directors may also be re-elected.

The Company has appointed a Company Secretary to support and assist the Board in its activities including providing advice pertaining to laws and regulations and communicating and monitoring compliance with the resolutions of the Board of Directors.

In terms of the selection process of independent directors, when the independent directors are due to retire from their term of office or when there is a need to nominate more independent directors, the current members of the Board of Directors will consult with one another to select qualified persons who have experiences, knowledge and expertise suitable and beneficial to the Company and also meet the minimum qualifications set forth below. Nominees will be proposed to the Board of Directors' Meeting or the Shareholders' Meeting for consideration pursuant to the Company's Articles of Association. In the Board of

Directors Meeting 1/2017 held on February 24, 2017, there was a resolution to approve an appointment of Nomination and Compensation Committee and to authorize them to take responsible for nominating directors and determining compensation for directors.

The Company's independent directors' qualifications meet all requirements of the Capital Market Supervisory Board. The qualifications are as follows:

- 1) Holding not more than 0.5% of the Company's shares with voting rights, or those of any subsidiary company, associated company or juristic person with conflict of interest, which shall be inclusive of the shares held by related persons.
- 2) Not being a director who is involved in the Company management, an employee, a staff member, an advisor who receives a regular salary from the Company, or a controlling person of the Company, subsidiary company, associated company, subsidiary company with the same level or of juristic person with a conflict of interest within the last 2 years.
- 3) Not being a connected person, by virtue of a blood relationship or legal marriage being father, mother, spouse, sibling, child, including spouse of a child, of the executives, major shareholders, controlling persons or persons who are about to be nominated as executives or controlling persons of the Company or subsidiary company.
- 4) Not holding a business relationship with the Company, subsidiary company, associated company or with juristic person with a conflict of interest in a way that may interrupt the exercise of independent discretion. Nor being a major shareholder, a non-independent director, or an executive of a business holding a relationship with the Company, subsidiary company associated company or of juristic person with a conflict of interest within the last 2 years.
- 5) Not being an auditor of the Company, subsidiary company, associated company or of juristic person with a conflict of interest, and not being a major shareholder, non-independent director, executive or managing partner of the audit firm providing the auditors of the Company, subsidiary company, associated company or of juristic person with a conflict of interest within the last 2 years.
- 6) Not being a professional service provider including legal or financial adviser receiving service fee of more than Baht 2 million a year from the Company, subsidiary company, associated company or from a juristic person with a conflict of interest within the last 2 years. In the case that the professional service provider is a juristic person, it shall include the major shareholder, non-independent director, executive or managing partner of such service provider.
- 7) Not being a representative director appointed by the Company's directors, major shareholders or shareholders related to major shareholders.
- 8) Not operating a business with the same nature and in competition with the Company and its subsidiaries or not being a partner in a partnership or a director involved in administration or an employee, officer, routine consultant or holding share more than one percent of all shares with voting rights of other company with the same nature and in competition with the Company and its subsidiaries.
- 9) Not holding other characteristics that prohibit the expression of independent opinion on the Company's operations.

As at 31 December 2017, the Company organized several committees, including the Executive Committee, the Audit Committee, Nomination and Compensation Committee, the Group Investment Committee and the Group Risk Management Committee in order to administer specific issues in detail. Each committee is composed of members with duties and responsibilities as follows:

(1) The Executive Committee consisted of the following 3 members:

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|------------------------------|--|
| 1. Mr. Vorasit Pokachaiyapat | Managing Director and Executive Director |
| 2. Mr. Eugene S. Davis       | Director and Executive Director          |
| 3. Mr. Varah Sucharitakul    | Director and Executive Director          |

Scope of Duties of the Executive Committee :

- 1) To consider and approve any loan or credit application in the ordinary course of business of the Company, e.g., expenses for investments or for any activity with a value not exceeding Baht 300 million or in an equivalent amount or in an amount authorized by the Board of Directors;
- 2) To establish organizational, management, and executive committee structures, which include all the details of the recruitment, training, employment and termination of the employees in the Company whose position is not higher than the managing director;
- 3) To appoint or remove any officers of the Company;
- 4) To prepare, recommend, and prescribe business policies and strategies to the Board of Directors for consideration and approval;
- 5) To formulate business plans, prescribe management authority, approve annual expenditure budgets and conduct the business pursuant to the business plan and strategy which are to be in line with the policies and directions approved by the Board of Directors; and
- 6) To perform any other duties as assigned by the Board of Directors from time to time.

In this regard, the delegation of authority set forth above must be in accordance with laws and the Company's regulations and the Articles of Association. In the case that there is a conflict of interest with the Company or subsidiaries, the executive directors involved shall not have voting rights on such conflicting matters.

(2) The Audit Committee consisted of the following 3 members:

- |                           |   |
|---------------------------|---|
| 1. Mr. Vitthya Vejjajiva  | Independent Director and Audit Committee Chairman |
| 2. Mr. Akarat Na Ranong   | Independent Director and Audit Committee member   |
| 3. Mr. Nuttawut Phowborom | Independent Director and Audit Committee member   |

Mr. Nuttawut Phowborom has adequate expertise and experience to audit the credibility of financial statements

Scope of Duties of the Audit Committee :

The Audit Committee has the following duties and responsibilities which are in accordance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Audit Committee shall report directly to the Board of Directors:

- 1) To review the Company's financial reporting process to ensure that it is accurate and adequate.
- 2) To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
- 3) To revise the Anti-corruption Policy, reconsider the appropriateness of any change in Anti-corruption Policy, verify the report of internal control system, carry out risk assessment, receive reports about staffs violating the Anti-corruption Policy and investigate the report.
- 4) To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.
- 5) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
- 6) To review connected transactions or transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
- 7) To prepare, and to disclose in the Company's annual report, an Audit Committee's report which must be signed by the Audit Committee's chairman and consist of at least the following information:
  - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - (b) an opinion on the adequacy of the Company's internal control system,
  - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - (d) an opinion on the suitability of the auditor,
  - (e) an opinion on transactions that may lead to conflicts of interests,
  - (f) the number of Audit Committee meetings, and the attendance at such meetings by each committee member,
  - (g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - (h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and

- 8) To perform any other act as assigned by the Company's Board of Directors, with the approval of the Audit Committee.

(3) The Nomination and Compensation Committee comprises two Independent Directors and one executive Director as follows:

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|----------------------------|--|
| 1.Mr. Vitthya Vejjajiva    | Independent Director and Chairman of the Nomination and Compensation Committee |
| 2.Mr. Akarat Na Ranong     | Independent Director and Member of Nomination and Compensation Committee       |
| 3.Mr. Vorasit Pokachaiyapa | Executive Director and Member of Nomination and Compensation Committee         |

The Company's Board of Directors had resolved to approve an appointment of the Nomination and Compensation Committee in the Board of Directors Meeting 1/2017 held on February 24, 2017.

Roles, Duties, and Responsibilities in Policy Making and Guideline in Nominating Director and Authorized Person:

- 1) To review the suitability of overall structure and composition of the Company in order to ensure its strength and achieve a balanced foundation for the Company. The Committee shall seek and select candidates with knowledge and capability that match with the Company's businesses in order to further propose to the Company's Board of Directors or the Shareholders' Meeting as required by each circumstance.
- 2) To seek and select candidates from the following:
  - (2.1) Selecting candidates from the Company's personnel by identifying persons with knowledge, competence, and skills suitable for the position by ways of promoting personnel who has knowledge, competence, and direct experiences suitable for that certain position.
  - (2.2) Selecting candidates from outside the Company, focusing on persons from financial institutions or financial field with experience appropriate for the position.
- 3) To Consider the following qualifications in selecting suitable candidates:
  - (3.1) Selecting and nominating persons with appropriate qualifications who are not restricted by any laws or official regulations.
  - (3.2) Selecting and nominating persons who have appropriate knowledge, competency, and experience in accordance with the Company's target and vision for those positions.
  - (3.3) Selecting and nominating persons who do not have a conflict of interest with the Company.
  - (3.4) Selecting and nominating persons with integrity, good morality, and honesty.
  - (3.5) Selecting and nominating persons who can dedicate time and effort for such roles and responsibilities.
- 4) To approach qualified persons as mentioned and to ensure their interest and disposition in assuming directorship if they were to be appointed by the shareholders.
- 5) To consider independency of each Independent Director to assess the qualification of an Independent Director. Also, to consider whether nominating a new Independent Director is

required in the case of insufficiency in Independent Directors in accordance with the policies set by the Company's Board of Directors.

6) To consider an annual performance evaluation of Directors and authorized persons.

#### Roles, Duties, and Responsibilities in Policy Making and Guideline in Setting Remuneration for Directors and Authorized Persons :

- 1) To establish an appropriate structure of remuneration packages, taking into account their duties and responsibilities of Directors and authorized person in order to retain and incentivize appropriately while fairly reflect the performance results.
- 2) The remuneration package must go through a process and procedure that is transparent, in compliance with corporate governance, and open to examination.
- 3) To determine regulations for the remuneration by considering the following:
  - (3.1) Comparing with companies in peer or similar industry.
  - (3.2) Suitable with the Company performance, appointed duties and responsibilities, and at an appropriate level to retain and incentivize as well as annual performance evaluation.
  - (3.3) Being at a level that is fair to shareholders.
  - (3.4) Being under framework, criteria, and regulation of the authority concerned. Being transparent, in compliance with good corporate governance and fair with all related parties.
- 4) In the evaluation of Directors and authorized persons, responsibilities and associated risks must be considered as well as an importance to add value of shareholders in the long term.

(4) The Group Investment Committee is comprised of directors from each company in the group responsible for setting business policies and supervising investment of the Company and its affiliates.

(5) The Group Risk Management Committee is comprised of directors from each company in the group responsible for setting risk management guidelines and policies of the Company and its affiliates.

#### **Selection of Directors and Executives**

In 2017 The Board of Directors selected the directors of the Company in accordance with the qualifications specified in Section 68 of the Public Company Act, B.E. 2535 and in related notifications of the SEC. In addition, experience, knowledge and ability were also taken into consideration. The selected candidates were then nominated in a shareholders' meeting for appointment. As of 31 December 2017, from the total number of 7 directors, the Company had 2 directors from the group of major shareholders, namely Mr. Eugene S. Davis and Mr. Vorasit Pokachaiyapat.

The election of the members of the Board of Directors is made at shareholders' meetings pursuant to the following procedures:

- Each shareholder has one vote for each share held.
- Each shareholder may cast all of his/her votes to select one or more candidates, but if selecting more than one candidate the number of votes given to each candidate cannot be greater nor lesser than the number of votes given to the other(s).
- The persons successively receiving the highest number of votes will be elected as directors until the permissible number of directors in the particular election is reached. In the case of an equal

number of votes given to more than one candidate, which causes the number of directors to be greater than the permissible number, the chairman shall cast the deciding vote.

#### **Evaluation of the Company's Board of Directors, Sub-Committee and Managing Director**

Based on the criteria used for assessing each item, there are 5 scoring levels of assessment as follows:

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted.

There will be a performance assessment of the Company's Board of Directors as a whole every year. The performance assessment form for the Board of Directors for the year 2017 was modified according to the form prepared and disclosed by the SET in 2015 to suit the company requirement and the following issues will be covered: 1) the structure and qualifications of the Board of Directors are adequate to perform tasks efficiently 2) Meeting's procedure of the Board of Directors to be considered to ensure the efficient performance 3) Roles, duties and responsibilities of Board of Directors to be performed efficiently 4) The relationship between the Board of Directors and the Management including self-improvement of directors

#### In the assessing process.

Each of the Board of Directors was required to assess the performance based on such assessment form, taking into account the performance of the Board of Directors as a whole. The Corporate Secretary Office was responsible for collecting the completed forms and preparing a summary to be submitted to the Board of Directors.

In 2017, the average score of the assessment summary was .....3.86..... or .....96.55..... percent.

#### **Individual performance assessment for each Member of the Board of Directors**

There will be an individual performance assessment of each member of the Board of Directors every year. An individual performance assessment form for the year 2017 which was modified from the one disclosed by the SET in 2015 was prepared and utilized in the assessment process in order to ensure that the roles and responsibilities of the Board of Directors in all areas were covered in the assessment; these include (1) the structure and qualifications of the Board of Directors, (2) meeting's procedure of the Board of Directors, and (3) roles, duties, and responsibilities of the Board of Directors.

#### In the assessment process

Each member of the Board was required to assess his own performance, taking into account the performance of his duties in line with the assigned roles and responsibilities. The Corporate Secretary Office was responsible for collecting the complete forms and preparing a summary to be submitted to the Board of Directors.



In 2017, the average score of the assessment summary was ...3.91...or .....97.73..... percent.

#### **Evaluation of the Audit Committee**

There will be a performance assessment of the Audit Committee as a whole every year. The Performance Assessment Form for the Audit Committee is modified from the assessment form of the SET of the year 2015. The assessment covers the duties and responsibilities of the Audit Committee as follows: 1) the structure and qualifications of the Committee are suitable to perform tasks efficiently 2) Sub-committee meetings to be conducted with effectiveness 3) Roles, duties and responsibility of the Sub-committee to be performed with effectiveness.

##### In the assessment process,

Each of the Audit Committee members was required to assess the performance based on such assessment form, taking into account the performance of the Audit Committee as a whole. The Corporate Secretary Office was responsible for collecting the completed forms and preparing a summary to be submitted to the Board of Directors.

In 2017, the average score of the assessment summary was .....3.98..... or .....99.59..... percent.

#### **Evaluation of the Nomination and Compensation Committee**

The Performance Assessment Form for the Nomination and Compensation Committee is modified from the assessment form of the SET of the year 2015. The assessment covers the duties and responsibilities of the Committee as follows: 1) the structure and qualifications of the Committee are suitable to perform tasks efficiently 2) Sub-committee meetings are conducted with effectiveness 3) Roles, duties and responsibility of the Sub-committee are performed with effectiveness.

##### In the assessment process,

The Nomination and Compensation Committee was required to assess the performance, taking into account the performance of the Committee as a whole. The Corporate Secretary Office was responsible for collecting the completed forms and preparing a summary to be submitted to the Board of Directors.

In 2017, the average score of the assessment summary was .....3.94..... or .....98.53..... percent.

#### **Evaluation of the Managing Director**

The Performance Assessment Form for the Managing Director is modified from the assessment form of the SET of the year 2011. The assessment covers the duties and responsibilities as follows: 1) Leadership 2) Planning strategy 3) Following through the strategy 4) Financial planning 5) Relationship with the Board of Directors 6) Communication with outside world 7) Personnel management and relationship 8) Succession 9) Product and service knowledge 10) Character

##### In the assessment process,

Non-executive directors (Independent directors) were required to assess the performance of the Managing Director, taking into account the performance of his duties in line with the assigned roles and responsibilities. The Corporate Secretary Office was responsible for collecting the completed forms and preparing a summary to be submitted to the Board of Directors.

In 2017, the average score of the assessment summary was .....4..... or .....100..... percent.

#### **Succession Plan**

Assigned by the Board of Directors, the Nomination and Remuneration Committee is responsible for ensuring that there is a succession plan for the Managing Director position and executives (as defined by the SEC) of the Company for the continuity in the Company's management by recruiting based on performance, capability and readiness of personnel. In the event, the Company has prepared employees' readiness by developing their knowledge, ability and skill necessary for significant positions.

For the executives at all levels, especially key positions, of whom the recruitment will be within the organization, the Nomination and Remuneration Committee is responsible for preparing a strategy and succession plan for executives prior to their completion of term of office or their retirement and is authorized to approve the replacement of executive positions. However, the appointment of director positions of the Company and its subsidiaries will be approved by the Board of the Directors.

#### **The Orientation for Newly Appointed Directors and Executives**

When the composition of the Directors is changed or there is a newly appointed executive, the Compliance Unit has a responsibility to prepare necessary documents for a new Director, which include:

- 1) The Company's annual report, which contains visions, strategies, and goals of the Company.
- 2) The schedule of the Company's Board of Directors meetings and sub-committees meetings as well as the monthly meeting agendas and special meeting agendas.
- 3) The manual of position of directors and executives including qualifications and profile prohibited by laws related to financial institutions, key policies of Finansia Group such as Good Corporate Governance Policies, Anti-corruption Policies, risk management policies , policies in using outsourcing services, etc. as well as the relevant acts and notifications.

#### **Appointment of the External Auditors and Considering the Auditor Fees**

The Audit Committee is responsible for selecting an independent person to be the Company's external auditor and considering the audit fees to propose to the Annual General Meeting of Shareholders for approval. The Audit Committee is also responsible for proposing to the Board of Directors for consideration a dismissal of employment of the external auditor when necessary.

On April 26, 2017. the shareholders considered and approved an appointment of Deloitte Touche Tohmatsu Jaiyos Advisory Co.,Ltd. as the Company's external auditor. The Company's auditors were the followings:

- |                                  |                   |         |
|----------------------------------|-------------------|---------|
| 1) Mrs. Nisakorn sangmanee       | Certified Auditor | No 5035 |
| 2) Mr. Niti Jungnitnirunda       | Certified Auditor | No 3809 |
| 3) Dr. Suphamit techamontrikul   | Certified Auditor | No 3356 |
| 4) Mr. Permsak Wongpatcharapakon | Certified Auditor | No 3427 |

The SEC considered the qualification of the four aforementioned auditors and granted their approval for the appointment of auditors.

In 2017, the Company and its subsidiaries paid the audit fee to Deloitte Touche Tohmatsu Jaiyos Advisory Co., Ltd. with details as follows:

1. Audit Fee

1.1 The Company paid an audit fee totaling Baht 1,455,000.

1.2 2 subsidiaries paid audit fees totaling Baht 1,010,000

2. Non-audit Fee

No non-audit fee was paid to the auditor including individuals or business entities related to the auditor.