

# **True Corporation Public Company Limited**

## **Policy on Corporate Governance**

### **INTRODUCTION**

Corporate governance refers to the processes and structure by which the business and affairs of a company are directed and managed in order to enhance long term shareholder value by improving corporate performance and accountability to shareholders. The Board of Directors of True Corporation Public Company Limited has adopted guidelines summarized below to help the Company achieve these objectives.

The guidelines should be read in conjunction with applicable Thai laws, Stock Exchange of Thailand (“SET”) regulations and any applicable contractual obligations relevant to the policies described. The Board will review the guidelines and adapt them as the Company evolves, and may also determine in the best interests of the Company to deviate from the guidelines in particular circumstances.

### **POLICY ON THE SHAREHOLDERS**

The Board of Directors recognizes the rights of shareholders and provides equitable treatment to the shareholders

#### **1. The Meeting of Shareholders**

- The Company provides shareholders with information on:
  - Dates, times and locations
  - Meeting agendas and the background to issues which shareholders are being asked to vote on; and
  - Rules and regulations for the meeting and its voting processes

This information is provided to shareholders in the notice of meeting maximally in a timely manner as permitted by law. Information is explained in detail so a reader who has no background knowledge of the topic will still be able to easily understand it.

- The Company posts all information regarding shareholders meetings on the Company’s website before the dispatch of the Notice, so that the shareholders will have sufficient time to study all information prior to the meeting.

- The Company refrains from any action that could restrict shareholders' opportunities to access information on shareholders meeting.
- The Company encourages all shareholders, including both individual shareholders and institutional shareholders, to participate and vote in meetings at no charge. Any action that could be considered to violate their right to attend meetings is prohibited.
- The chairman of the meeting ensures there is appropriate time set aside for discussion and encourages the shareholders to express their opinions and ask questions related to the Company's operations.
- The Company allows shareholders to submit their questions 15 days prior to the next AGM.
- The Company allows shareholders who cannot attend meetings to cast a proxy vote.
- The Company allows minority shareholders to propose within December, before the AGM, any agenda item for consideration.
- The Board of Directors have pre-determined criteria to screen the agenda item proposed by minority shareholders.
- The Company asks shareholders who hold management positions in the Company not to add items to the agenda without giving due notice in all cases. But if a new agenda item is necessary, the Company will ask them to set up a new meeting for that agenda so that other shareholders will have time to study the relevant information before making their decisions.
- The Company allows minority shareholders to submit nominations for directors through the Company's Compensation and Nominating Committee within December together with the information on the nominees' qualifications.
- The Company encourages the use of proxy forms on which shareholders can specify their voting preferences. The Company provides an option for shareholders to appoint the Chairman of the Audit Committee, who is an independent director, as their proxy.
- For the purpose of transparency and historical record, the Company encourages the use of voting cards for every important matter.
- The Company allows shareholders to vote on individual directors.

## **2. Insider Trading Policy**

The Company's code of conduct covers inside information and insider trading, as well as the use of applicable laws to monitor and prevent the personal use of confidential Company information by management and related persons. In addition, the Company prohibits directors and senior management using inside information in violation of their responsibilities to the Company, its shareholders and its strict compliance policy.

Material information which has not yet been disclosed is kept confidential, apart from disclosure to the relevant directors and relevant senior management of the Company. Directors and senior management must report purchases, sales, transfers and assignments of securities issued by the Company to the Securities and Exchange Commission (SEC) within the required period and provide a copy of this report to the Company for its records and incorporation in its regular report to the Board of Directors.

For insider trading policy regarding the prohibition for trading of the Company's securities before public disclosure of the Company's financial statements, the Company has a policy that directors, executives and officers who may access into the information relating to financial statements including their spouses and minor children shall refrain from trading the Company's securities within 1 month before the public disclosure of financial statements via the SET's system and within 1 business day after such disclosure.

## **DUTIES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS**

The Board:

- Oversee compliance of the conducting of the Company's business with the applicable laws, objectives and Articles of Association of the Company and resolutions of shareholders' meetings. In this regard, the Board shall perform their duty with prudence, due care, in good faith to preserve the interests of the Company and shareholders, and disclose information to the shareholders in an accurate, adequate, transparent and timely manner.
- Approve visions, strategies, missions, business plans and financial target; and monitor the implementation thereof;
- Evaluate the performance of the Company and the Chief Executive Officer and President;
- Ensure senior management succession;
- Adopt policies regarding business ethics and codes of conduct, disclosure, related party transactions and insider trading, and monitors compliance with those policies adhering to moderation, reasonableness and self-immunity system;
- Oversee compliance with accounting, risk management, financial and other controls and applicable laws;
- Provide the process on receiving any complaints and information concerning fraud;
- Recommend to shareholders Board nominees; and

In addition, each director is expected to reclude himself from any deliberation or decision concerning any matter in which the director or any shareholder of which the director is a nominee has an interest such that his impartiality may reasonably be called into question.

## COMPOSITION AND SELECTION OF THE BOARD OF DIRECTORS

### 1. Composition of the Board of Directors

The Board should be comprised of directors who, as a group, provide a broad range of experience or knowledge in relevant areas, including accounting, finance, management, telecommunications and strategic planning.

### 2. Selection of Board Members

The Board or any director may propose Board nominees. The Board recommends nominees for election by the shareholders. The Compensation and Nominating Committee screens the qualifications of nominees before proposal to the shareholders, taking into account any applicable obligations of the Company or its major shareholders to nominate members, including under the Company's shareholders agreement.

### 3. Membership Criteria of Directors

Director nominees will be selected on the basis of:

- experience;
- wisdom;
- integrity;
- an understanding of telecommunication technologies and the industry as a whole; and
- Qualifications in line with the Company's business strategies

However, in some cases, some directors will be affiliated with shareholders that have substantial interests in the Company and contractual obligations exist for nominees of those shareholders to serve on the Board.

### 4. Independent and Non-Executive Directors

Believing that there should be a strong independent component, when recommending Board nominees to shareholders the Board will ensure that an appropriate proportion of seats are allocated to independent and non-executive directors.

- Independent Directors

An "independent" director is a director who is independent of any major shareholder, free from any other relationship that would interfere with the exercise of independent judgment and holds the following qualifications:

- (1) holding shares *not* exceeding 0.75 per cent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the independent director;
- (2) *neither* being *nor* having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company unless the foregoing status has ended *not* less than two years prior to the date of appointment;

- (3) *not* being a person related by blood or registration under laws i.e. father, mother, spouse, sibling, and child, including spouse of the children; of executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling persons of the Company or its subsidiary;
- (4) *not* having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgment, and *neither* being *nor* having been a principal shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended *not* less than two years prior to the date of appointment.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (5) *neither* being *nor* having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and *not* being a principal shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended *not* less than two years from the date of appointment;
- (6) *neither* being *nor* having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company, and *neither* being *nor* having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended *not* less than two years from the date of appointment;

- (7) *not* being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder;
- (8) *not* operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares *not* exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
- (9) *not* having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs;
- (10) After having been appointed as independent director with qualifications complying with the criteria under the above (1) to (9), the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company on the condition that such decision must be a collective one;
- (11) In case of any person *either* having *or* having had a business relationship or professional service exceeding the amount under the above (4) or (6), such person shall be waived from the prohibition concerning *neither* having *nor* having had a business relationship or professional service by the Board of Directors' approval only if the Company provides the opinion of the Board of Directors which perform duty under Section 89/7 of the Securities and Exchange Act B.E. 2535 that the appointment of such person does not impact his or her independent judgement and the Company shall disclose the information required by the Capital Market Supervisory Board in the notice of shareholders' meeting in the agenda for election of such independent director.

If an independent director opposes any action to be taken by the Board, the reasons for opposing that action should be recorded in the minutes of the Board meeting. Independent directors may retain (at the Company's expense) outside advisors to assist them in discharging their duties.

- Non-Executive Directors

For certain functions, such as membership on select Board committees, a distinction is made between "executive directors," who are employees of, and "non-executive directors," who are not employees of the Company.

## **5. Number of Board Positions in Other Companies Allowed for Directors**

A director can hold positions on the board of other companies, providing this does not interfere with the performance of his or her duties at the Company.

Regarding the number of companies that each director can be appointed a board member of, the Board of Directors of the Company encourages its directors to limit their board positions to no more than five listed companies.

*("Listed company" means a company that has registered its ordinary shares on the Stock Exchange of Thailand)*

## **BOARD STRUCTURE AND PROCEDURES**

### **1. Orientation and Education of Directors**

Every director should receive appropriate training, to ensure familiarity with the Company's business and governance practices. Further training, particularly on relevant new laws, regulations and changing commercial risks, should be provided from time to time.

### **2. Size of Board**

The optimum size of the Board should facilitate effective decision-making, taking into account the scope and nature of the Company's operations, any applicable contractual obligations, the availability of suitable candidates and the best interests of the Company.

### **3. Term Limits**

Directors hold their office for the term specified in the Company's articles of association, without term limits. Term limits would disqualify directors who have developed increased insight and knowledge into the operations of the Company and the telecommunications industry as a whole.

### **4. Former CEO's Continued Membership on the Board**

When the CEO resigns or retires from that position, he should offer his resignation from the Board at the same time, continuing to serve upon the recommendation of the Board after consultation with the Compensation and Nominating Committee. A former CEO serving on the Board will not be considered an independent director for a period of three years from the date of his resignation or retirement.

## **LEADERSHIP OF THE BOARD**

### **1. The Chief Executive Officer**

The Chief Executive Officer (the "CEO") is the highest management position of the Company and appointed by the Board of Directors.

The CEO may be a senior executive officer of only the Company or, to the extent not disruptive to his duties to the Company, of a subsidiary or entity in which the Company holds a substantial investment or, as otherwise authorized by the Board.

The authority and responsibility of the CEO are as follows:

- Establish the business direction, mission, business plan and budget of the Company and submit to the Board of Directors for approval.
- Formulate business strategies and action plans for the Company according to the Company's business direction and mission as approved by the Board of Directors.
- Ensure the strategic alignment of the Company and the effective implementation of the Company's business plan.
- Direct, control and monitor the Company's day-to-day business and risk management according to the Company's business direction, business plan and budget as approved by the Board of Directors.
- Ensure that the Company conducts its business in accordance with relevant laws and regulations.
- Submit reports on the Company's business activities and operating performance to the Board of Directors on a regular basis. If the Board of Directors provides comments or suggestions to management, the CEO will be responsible for executing those comments or suggestions in order to achieve an effective outcome.
- Engage in any contract or agreement and to approve any expenses as a delegation of authority as defined in the Company's policy and guideline on Signing Authority. However, in the case of entering into any related party transaction or transaction which may have conflicts of interest with the Company or its subsidiaries, such transaction must be carried out according to relevant laws and regulations.
- Execute any other tasks assigned by the Board of Directors

## **2. Board Compensation and Review**

Directors should be compensated in a manner which provides incentives and promotes better oversight of the Company, and takes into account level of responsibility, committee membership and time commitment. Compensation should be benchmarked against similarly situated companies. So as to align economic interests with stockholders, subject to legal or contractual constraints and financial considerations, a meaningful portion of compensation may be in the form of common shares, options or other securities.

The Compensation and Nominating Committee regularly reviews and recommends Board compensation. Recommendations to shareholders regarding compensation follows full discussion with, and only upon agreement by, the Board.

### **3. CEO Compensation and Review**

The CEO should be compensated in accordance with both short-term and long-term objectives. His/her monthly remuneration, performance based salary and long-term incentive should conform to the performance of the Company and his/her own performance.

The Board of Directors assigns the Compensation and Nominating Committee to monitor and appraise the performance of the CEO annually in order to review and set his compensation. The basis of the appraisal must be agreed upon by the CEO ahead of the evaluation. The criteria are objective, including financial performance, strategic performance in both short-term and long-term, career development planning, etc. The senior director who is assigned by the Chairman of the Board communicates the evaluation results to the CEO.

## **BOARD RELATIONSHIP TO MANAGEMENT**

### **1. Regular Attendance of Non-Directors at Board and Committee Meetings**

The Board welcomes the attendance at Board and committee meetings of non-Board members who are members of senior management of the Company, because this allows members of senior management to provide additional insight into the matters being discussed where they have personal involvement or knowledge.

### **2. Board Access to Management**

The Board has unrestricted access to members of management and the Company's books and records. Each committee has access to management and books and records in order to fulfill its responsibilities. Directors should inform the CEO and relevant members of senior management in advance of any communication with management regarding the business and affairs of the Company. All directors acknowledge their duty to maintain the confidentiality of the business and affairs of the Company.

### **3. Board Access to Advisors**

The Board and each committee has authority to retain (at the Company's expense) outside advisors at its sole discretion after consultation with members of senior management.

## **MEETING PROCEDURES**

### **1. Notice and Agenda Items for Board Meetings**

The Board meets at least four times a year. Each director could propose items to be included on the agenda. The directors should receive notice and a detailed agenda not less than ten days prior to any meeting.

### **2. Board Presentations**

Directors should receive meeting materials not less than seven days prior to the meeting except in case of confidential issues that can be brought to discuss in the meeting.

### **3. Communications to Shareholders Regarding Meetings**

Shareholders have a fundamental right to be kept apprised of certain matters relating to the Board. Therefore, prior to the annual meeting of shareholders at which directors are to be elected, a proxy or information statement is prepared and delivered to each shareholder in accordance with SET regulations. Beyond information required by law, the proxy or information statement should contain, if applicable:

- descriptions of arrangements between any director or other person pursuant to which the director is to be specified as a nominee for re-election;
- descriptions of transactions between any director and the Company;
- business relationships between the Company or its subsidiaries and entities with which any director is affiliated;
- the membership and functions of each of the Independent Audit, Compensation and Nominating, Finance, Corporate Governance Committee and any other committees established by the Board;
- the number of Board meetings held during the prior year;
- directors' shareholdings in the Company; and
- director compensation, including any stock option plan.

In addition, the proxy or information statement should contain such information as the Board considers necessary or appropriate to enable shareholders to make an informed judgment on a matter proposed for approval by shareholders. Further information about the Company believed to be of current interest to shareholders and potential investors is freely available in English and in Thai languages on the Company's Internet web-site, [www.truecorp.co.th](http://www.truecorp.co.th). To encourage shareholders to utilize such information and to exercise their rights, the Board ensures that shareholder meetings are open to all shareholders or their representatives and held within the Bangkok Metropolitan Area.

#### **4. Non-executive Directors Meeting**

Non-executive Directors may meet, as necessary, among themselves without Executive Directors or Management in order for them to discuss their concerns regarding management or other matters of interest.

### **COMMITTEES OF THE BOARD OF DIRECTORS**

#### **1. Committees of the Board**

The Board has established the following committees:

- Independent Audit Committee;
- Compensation and Nominating Committee;
- Finance Committee; and
- Corporate Governance Committee

#### **2. Committee Selection**

The Chairman recommends to the Board the assignment of individual Board members to various committee memberships, taking into account the functions of the committee, applicable legal or contractual requirements and the experience and qualification of Board members. The recommendations will be effective after approval by the Board of Directors.

#### **3. Committee Charters**

Each committee has adopted, and is governed by, a written Charter. Each Charter outlines, among other things, the duties and responsibilities of the committee.

### **GENERAL COMMITTEE MATTERS**

#### **1. Frequency and Length of Committee Meetings**

Except where otherwise required by applicable law or these guidelines, the committee chairman, in consultation with its members, determines the frequency and length of meetings.

#### **2. Committee Agenda**

The committee chairman, in consultation with its members, develops the committee's agenda.

#### **3. Rotation of Committee Memberships**

Although rotation of memberships and chairmanships of the various committees is desirable, there is no mandated periodic rotation of committee members since the Board desires flexibility to change committee memberships as required to ensure diversity of background and experience for each committee.

#### **4. Committee Reports to the Board**

Each committee chairman makes periodic reports to the Board regarding matters pertaining to the committee's activities.

### **BOARD SELF ASSESSMENT**

The Board of Directors and the Board's Committees will conduct their self assessment annually.

### **POLICY REGARDING RELATED PARTY TRANSACTIONS AND CODE OF CONDUCT**

Each director has a fiduciary duty not to violate the rules and regulation on conflict of interest transactions. This duty prohibits taking any action that would advantage any significant shareholder to the detriment of the Company or its other shareholders.

A transaction which conflicts with a director's fiduciary duty includes those:

- where the director has a personal interest;
- between the Company and another entity in which the director, any entity that nominated him, or his immediate family has an interest; and
- usurping a corporate opportunity.

The Board expects directors to exercise judgment and err on the side of caution when considering whether a particular transaction conflicts with his fiduciary duty.

Recognizing that certain directors and significant shareholders may have other interests in the telecommunications or related industries, contracts or transactions involving a *prima facie* conflict of interest may still be entered into by a director if the entering into such contracts or transactions are in compliance with the "Rules of entering into Related Party Transaction" approved by the Board of Directors.

The Board has encouraged and approved the implementation of a Code of Conduct for all employees, which Code extends core policies of integrity, transparency and avoidance of conflicts of interest throughout the Company. The Code of Conduct requires that each employee be responsible for conduct of the highest principles with colleagues, customers, suppliers, competitors, other stakeholders and the government.

## **ROLE OF STAKEHOLDERS**

### **1. The rights of each group of stakeholders**

The Board of Directors protects the rights of all stakeholders as required by law with recognition of their ability to positively influence the Company's conduct and activities, and vice versa to ensure the stakeholders that their rights are well treated and protected. Accordingly, the Company has established a "Code of Conduct" covering practices of employees towards the stakeholders in various groups e.g. employees, customers, business partners, competitors, creditors, investors and government agencies.

### **2. The communication of any misconducts**

The Company provides opportunities for its employees and stakeholders to address their concerns on misconducts directly to the Audit Committee.

### **3. Environmental and social issues**

The Company operates its business while taking into consideration of environmental and social matters. For social matter, the Company focuses on promoting a knowledge-based society as a path to sustainable development for Thailand, for example, the Company uses modern telecommunications technology to develop educational projects which help with the development of youth and underprivileged children in Thai society. A knowledge-based society offering a better quality of life is an important foundation for ensuring Thailand's future prosperity.

Regarding environmental issue, the Board of Directors has adopted and approved policy on environmental and social issues which is called "Corporate Social Responsibility Policy".