

## PART 2 MANAGEMENT AND CORPORATE GOVERNANCE

### 7. Company information and Shareholders

#### 7.1 Registered Capital and Paid up Capital

- (1) Registered capital: Baht 1,991,763,130  
 Paid Up capital: Baht 1,991,763,130  
 Number of shares: 1,991,763,130 shares  
 Par value: Baht 1.00 per share

- (2) Other types of shares that are different from ordinary shares: - None -

#### 7.2 The Company's shareholders

The Company's major shareholder is KGI Asia (Holdings) Pte. Ltd., which holds shares 34.97% of total issued shares. The Company's top ten shareholders are as follows:

No.	List of Shareholders (As at 19 <sup>th</sup> April 2019)	No. of share	%
1	KGI Asia (Holdings) Pte. Ltd.*	696,614,400	34.975%
2	Thai NVDR Company Limited	128,863,570	6.470%
3	Dhipaya Insurance Public Company Limited	34,944,000	1.754%
4	Mrs. Kanchana Jiampittayanuwat	20,000,000	1.004%
5	EAST FOURTEEN LIMITED-DFA EMERG MARKET CORE EQ PORT	15,428,900	0.775%
6	Mrs. Benja Nantapichetkul	15,340,200	0.770%
7	Mr. Jakthorn chantaroj	15,000,000	0.753%
8	N.C.B.TRUST LIMITED-POHJOLA BANK PLC CLIENT A/C EUR	13,000,000	0.653%
9	STATE STREET BANK AND TRUST COMPANY	12,226,700	0.614%
10	Mr. Kanok Tungjairukkarndee	10,020,000	0.503%
	<b>Total</b>	<b>961,437,770</b>	<b>48.271%</b>

**Note:** \*KGI Asia (Holdings) Pte. Ltd. is an investment holding company incorporated under the laws of Singapore. The ultimate parent of the Group is China Development Financial Holding Corporation, which is a financial holding company incorporated under the laws of Taiwan. (As at 6<sup>th</sup> March 2019, the Company had a free float of 65% of paid up capital.)

#### 7.3 Other Issue of Securities

As at 31<sup>st</sup> December 2019, the Company and its subsidiaries had not issued any Convertible Securities, but it had issued debt and borrowings which were all domestic borrowings in Baht currency, which were classified as follows:

Debts issued and borrowings	Interest rate per Annum (percent)	Consolidated and Separate Financial Statements (31 <sup>st</sup> Dec 2019)			
		Remaining periods to maturity			
		At call	Within 1 year	1-5 years	Total
Bill of exchange	2.00	-	199	-	199
Bonds	2.35	-	550	-	550
Structured notes	13.97	-	215	-	215
<b>Total</b>		<b>-</b>	<b>964</b>	<b>-</b>	<b>964</b>

Unit: Million Baht

## 7.4 Dividend Policy

### The Company's dividend policy

The Company's dividend policy is "Any dividend payment will be considered by the Board of Directors and, if approved, be proposed to the shareholders, on a case by case basis, and will take into account prevailing business conditions, outlook, investment opportunities, and other relevant factors."

In 2019, the Company had a separate financial statements net profit of Baht 971 million and earnings per share of Baht 0.49. The Board has thoroughly considered the prevailing business conditions, outlook, investment opportunities, and other relevant factors. The Company has sufficient cash flow to pay a dividend from 2019 operating results of Baht 0.341 per share which is in-line with the Company's dividend policy. The proposed dividend is equivalent to a payout ratio of 70% of net profit of separate financial statements and amounts to approximately Baht 679 million. The record date for shareholders to have the right to receive the dividend will be on 21<sup>st</sup> April 2020. The dividend is expected to be paid on or about 8<sup>th</sup> May 2020.

### 5-Year dividend payment history (Y2014 – Y 2018) and current year dividend payment (Y2019)

Separate financial statements	Y2019	Y2018	Y2017	Y2016	Y2015	Y2014
Basic earnings per share (Baht per share)	0.487	0.544	0.445	0.489	0.288	0.368
Dividend per share (Baht per share)	0.341	0.385	0.320	0.380	0.285	0.365
Dividend pay-out ratio (%) (Dividend per share /Basic earning per share of separate financial statements)	70%	71%	72%	78%	99%	99%

### The Subsidiary's dividend policy (Subsidiary dividend is paid to the Company)

For our subsidiary's dividend policy, the subsidiary's board will recommend and propose the appropriate dividend to the subsidiary's shareholders by looking at the profit of the subsidiary company and available investment opportunities.

## 8. Management Structure

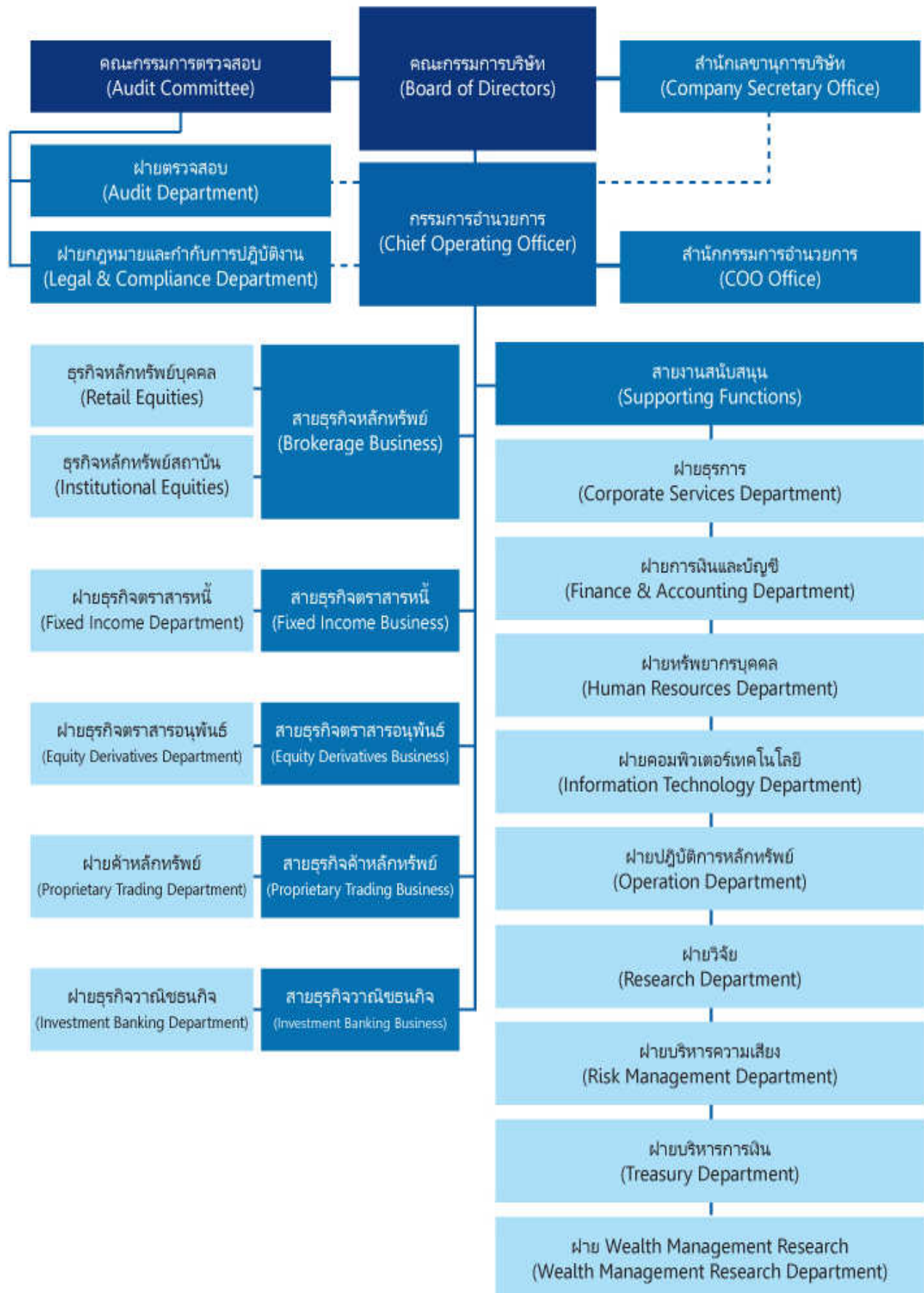
The Management Structure of the Company as at 31<sup>st</sup> December 2019 consists of the Board of Directors and 11 sub-committees to help screen important tasks for the Board of Directors.

### 8.1 The Board of Directors

#### The Composition of the Board

1. The Board regular review the Board size. The Board meeting no. 1/2020 considers that the current Board is appropriately for the Company and proposes to shareholders' meeting no.1/2020 for approval the change of the total number of the Company's directors from 12 persons to 9 persons.
2. The Board consists of directors with appropriate and the necessary qualifications, knowledge, skills, experience, character traits, with an appropriate gender and age balance and diversity to achieve the objectives of the Company. Most of the non-executive directors have experienced in finance industry.
3. The proportion between executive directors and non-executive directors support proper checks and balances to prevent unfettered power of decision and authority by any one individual, whereby:
  - a) the majority of the Board be non-executive directors, who exercise objective and independent judgment;
  - b) the Board consisted of 3 independent directors, the number and qualifications of the independent non-executive directors reflect applicable legal requirements.
- 4) The Board consisted of 3 directors representing the major shareholder, in proportion to their investment.

## โครงสร้างองค์กร (Corporate Structure)



## **The Board of Directors**

(As at 31<sup>st</sup> December 2019)



**1) Mr. Chin-Lung Tseng<sup>1,3</sup>**

-Chairman  
-Authorized Director



**2) Mr. Picharn Kullavanijaya<sup>2</sup>**

-Vice Chairman  
-Independent Director  
-Audit Committee Chairman  
-Nomination Committee Chairman



**3) Dr. Don Bhasavanich**

-Independent Director  
-Audit Committee



**4) Mr. Pradit Sawattananond**

-Independent Director  
-Audit Committee  
-Compensation Committee  
-Nomination Committee



**5) Mr. Chih-Hung Lin<sup>3</sup>**

-Chief Operating Officer  
-Authorized Director  
-CG Committee Chairman  
-Risk Management Committee Chairman  
-Debt Recovery Committee Chairman  
-Human Resource Committee Chairman



**6) Ms. Suchada Sodthibhaphkul<sup>3</sup>**

-Executive Director  
-Authorized Director  
-Risk Management Committee  
-Debt Recovery Committee  
-Human Resource Committee



**7) Mr. Wisit Wongpaisan**

-Director  
-Nomination Committee  
-Risk Management Committee



**8) Ms. Pi-Lin Huang**

-Director



**9) Mr. Chih-Chien Yen**

-Director  
-Compensation Committee Chairman

**Note:**

- 1/ The Board of Director's meeting of the Company approved the appointment of Mr. Chin-Lung Tseng as a director (with authority), the SEC approved the appointment on 28<sup>th</sup> August 2019 and the Company has registered it with the Ministry of Commerce on 2<sup>nd</sup> September 2019.
- 2/ The Board of Director's meeting of the Company approved the appointment of Mr. Picharn Kullavanijaya, as the new Vice Chairman of the Company's Board of Directors, new Chairman of the Audit Committee and new Chairman of the Nomination Committee with effect from 21<sup>st</sup> August 2019.
- 3/ Authorized directors: Two of the three following directors can jointly sign in order to bind the Company;
  1. Mr. Chin-Lung Tseng, 2. Mr. Chih-Hung Lin, and 3. Ms. Suchada Sodthibhaphkul.

### **The change of the director's securities holdings (direct and indirect)**

(As at 31<sup>st</sup> December 2019)

No.	Name	Title	Number of shares held in the Company as at 31 Dec 18	Number of shares held in the Company as at 31 Dec 19	Number of share increase/ (decrease) in 2019	Percent of share holding (%)
1.	<b>Mr. Chin-Lung Tseng</b>	Chairman	-	-	-	-
	Spouse and minor children		-	-	-	-
2.	<b>Mr. Picharn Kullavanijaya</b>	Vice Chairman,	-	-	-	-
	Spouse and minor children	Independent Director	-	-	-	-
3.	<b>Dr. Don Bhasavanich</b>	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
4.	<b>Mr. Pradit Sawattananond</b>	Independent Director	-	-	-	-
	Spouse and minor children		-	-	-	-
5.	<b>Mr. Chih-Hung Lin</b>	Chief Operating Officer	-	-	-	-
	Spouse and minor children		-	-	-	-
6.	<b>Ms. Suchada Sodthibhaphkul</b>	Executive Director	-	-	-	-
	Spouse and minor children		-	-	-	-
7.	<b>Mr. Wisit Wongpaisan</b>	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8.	<b>Ms. Pi-Lin Huang</b>	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
9.	<b>Mr. Chih-Chien Yen</b>	Director	-	-	-	-
	Spouse and minor children		-	-	-	-

### **Role and Responsibilities of the Board**

1. The Board shall perform their duties in conformity with relevant laws, and carry on the businesses of the Company in accordance with the laws, the Company's objectives and the Articles of Association and the resolutions of the shareholders' meetings. The Board are also authorised to carry on any activities as prescribed in the Memorandum of Association or those related thereto. The Board also sets the goals, direction and strategy of the company as a whole;
2. The Board sets a written corporate governance policy for the Company and reviews the policy and compliance with the policy regularly, and at least annually;
3. The Board ensures that a written code of conduct is in place so that all Directors, executives and employees understand the business ethics and standards of the Company;
4. The Board considers any conflict of interests thoroughly. Persons who have vested interests in a given transaction shall not participate in the relevant decision-making process. There are clear guidelines on the approval of transactions which have a conflict of interest, the transactions are conducted in the best interests of the Company and all shareholders. The Board also monitors compliance with regulations regarding criteria, procedures and disclosure of transactions with a conflict of interests;
5. The Board ensures that an internal control system is in place, including controls relating to financial, accuracy, compliance, and proper implementation of policies. The Board assigns the Audit Department and the Legal and Compliance Department to audit and report on the system. The Board of Directors completes a self-assessment questionnaire on the adequacy of the internal control systems every year and discloses it in the Company's Annual Report;
6. The Board sets up committees to assist the Board to perform the Board's duties to ensure the effective functioning of the Board and the Board also determines the membership of the committees and their duties and responsibilities;
7. The Board produces a Report of the Board of Directors' Responsibilities for Financial Reports;
8. The Board has assigned the Risk Management Committee to approve the Risk Management policy covering all activities of the Company, and has assigned the Risk Management Department to implement and monitor compliance with the policy;



9. The Board sets clear procedures on whistle blowing and ensures the Company has protective measures to keep the whistleblowers' names confidential. Reported incidents shall be investigated in accordance with the Company's set procedures;
10. The Board has clear procedures on governing its subsidiaries in order to protect investor benefits including assigning directors of its subsidiaries to control management under the policies of the parent company, including transactions related to securities and exchange laws and SET regulations.

### **Board Meetings**

1. A Board of Directors' meeting shall be attended by no less than half of all the Directors in order to constitute a quorum.

In the event the Chairman is not present or is unable to discharge his duties, the Vice-Chairman, if any, shall serve as the Chairman. If there is no Vice-Chairman or such Vice-Chairman is unable to discharge his duties, the Directors present shall elect one of their members to act as Chairman of the meeting.

2. The Company sets the schedule of the Board of Directors' meetings in advance and each director will be notified of the schedule so that each can arrange to attend the meetings.
3. The number of Board of Directors' meetings shall be appropriate to the obligations and responsibilities of the Board and the nature of the Company, but should be at least six times per year.
4. Meeting documents shall be sent to each director at least five business days before the meeting.
5. The Chairman will allocate the meeting time appropriately for complete management presentation and comprehensive discussion by directors. The Chief Operating Officer may invite management to attend a Board of Directors' meeting to present details on the issues that they are directly responsible for.
6. The minutes of the Board of Directors' meeting shall have all necessary and relevant information, such as date, time, names of directors who attend and do not attend the meetings, significant information and comments, resolutions, and the name of minute taker. The Company shall maintain good storage systems to store and retrieve the data. The Company Secretary will inform the SEC of the storage place.
7. All resolutions of the Directors' meeting shall be passed by a majority vote of the Directors present at the meeting. Each Director shall have one vote, however, the Director who has interest in any matter cannot exercise such vote. In the case of a tied vote, the Chairman shall have a deciding vote.

### **Non-executive directors' Meeting**

The non-executive Directors should hold a meeting among themselves at least once a year to freely consider issues without the Company's management present. In 2019, the Company held 1 non-executive Directors' meeting on 3<sup>th</sup> December 2019.

## The attendance record of Board of Directors in 2019

Director	The attendance record of the Board of Directors in 2019								
	Board of Director	Audit Committee	Compensation Committee	Nomination Committee	CG Committee	Risk Management Committee	Debt Recovery Committee	Human Resource Committee	AGM no. 1/2019
1. Mr. Chin-Lung Tseng <sup>/1</sup>	2/2 (100%)	-	-	-	-	-	-	-	-
2. Mr. Picharn Kullavanijaya <sup>/2</sup>	6/6 (100%)	2/2	-	0/0	-	-	-	-	1/1
3. Dr. Don Bhasavanich	6/6 (100%)	6/6	-	-	-	-	-	-	1/1
4. Mr. Pradit Sawattananond	6/6 (100%)	6/6	2/2	2/2	-	-	-	-	1/1
5. Mr. Chih-Hung Lin	6/6 (100%)	-	-	-	1/1	4/4	2/2	2/2	1/1
6. Ms. Suchada Sodthibhaphkul	6/6 (100%)	-	-	-	1/1	3/4	2/2	2/2	1/1
7. Mr. Wisit Wongpaisan	5/6 (83%)	-	-	2/2	-	4/4	-	-	1/1
8. Ms. Pi-Lin Huang	6/6 (100%)	-	-	-	-	-	-	-	1/1
9. Mr. Chih-Chien Yen	5/6 (83%)	-	2/2	-	-	-	-	-	1/1
<b>Former directors</b>									
1. Mr. Foong Hock Meng (Passed away-5 Apr 19)	1/1 (100%)	-	-	-	-	-	-	-	0/0
2. Dr. Pisit Leeahtam (Resigned-15 Jul 19)	3/3 (100%)	3/3	-	1/1	-	-	-	-	1/1
3. Ms. Bee Leng Ooi (Resigned-21 Aug 19)	0/3 (0%)	-	-	1/1	0/0	0/2	-	2/2	0/1
4. Mr. Shaw-Tzeng Ding (Resigned-21 Aug 19)	3/3 (100%)	-	-	-	-	-	-	-	1/1

### Note:

1. The Board of Director's meeting of the Company approved the appointment of Mr. Chin-Lung Tseng as a director (with authority), the SEC has approved on 28<sup>th</sup> August 2019 and the Company has registered with the Ministry of Commerce on 2<sup>nd</sup> September 2019. After the appointment until the end of 2019, the Company had 2 Board meetings.
2. The Board of Director's meeting of the Company approved the appointment of Mr. Picharn Kullavanijaya, Independent director, as the new Vice Chairman of the Company's Board of Directors, new Chairman of the Audit Committee and new Chairman of the Nomination Committee with effect from 21<sup>st</sup> August 2019. After the appointment until the end of 2019, the Company had 2 Audit committee meetings and has no Nomination committee meeting.

### **Powers of the Board include:**

1. To approve key business matters, such as strategy, financial targets, risk limits, major plans of action and budget, and to monitor the compliance of management with the approved policies and plans;
2. To approve any capital expenditure of more than Baht 10 million;
3. To approve the payment or non-payment of a dividend to the shareholders of the Company, and to propose such dividend to the shareholders for approval;
4. To approve the quarterly, half yearly, and yearly financial statements, and to propose the yearly financial statements to the shareholders for approval;
5. To approve the re-election of Directors who retire by rotation and the Directors' remuneration and to propose these to the shareholders for their approval;
6. To approve the appointment of a new director, in the case where there is a vacancy among the Directors other than a retirement by rotation (except in the event the period of time the Director is entitled to retain his office is less than 2 months);
7. To approve the appointment of the Chief Operating Officer to manage the Company's business under the control of the Board of Directors;
8. To approve the appointment of the auditors and the auditing fee and propose them to the shareholders for approval;
9. To approve the appointment and removal of the Company Secretary;
10. To approve any capital increase / reduction, par value change, changes in the Company's Memorandum and Articles of Association and to propose these to the shareholders for approval;
11. To approve any sale or transfer of the Company's business whether in whole or in substantial part to another person, any purchase or acceptance of transfer of business of another public or private company, and any entering into, amendment or termination of any agreement concerning the lease, in whole or in substantial part, of the Company's business, assigning any person to manage the Company's business, or merging with other person for the purpose of profit and loss sharing, and to propose to the shareholders for approval;
12. To approve the establishment or liquidation of a Subsidiary;
13. To approve the acquisition and disposition of assets and the connected transaction of the Company according to the Securities and Exchange Commission Act.

### **Authority of the Board and Management**

To make the Company more manageable, the Board of Directors' meeting has delegated to the Company's management the power to approve the following matters:

<b>Authorized person</b>	<b>Company's expenses (Not exceeding...)</b>	<b>Company's capital expenditure* (Not exceeding...)</b>
Branch Manager/Sales Division Head	Baht 5,000	-
Sale Supervisor/Department Head	Baht 30,000	-
Head of Finance & Accounting department	Baht 120,000	Baht 2,000,000
Head of Brokerage Business	Baht 200,000	-
Chief Operating Officer/Authorized Director	Baht 6,000,000	Baht 6,000,000
Chairman of the Board/The Board of Director	Baht 10,000,000	Baht 10,000,000

Note: \*The capital expenditure means:

- Transaction on furniture, equipment, real estate including buying, selling, renting, construction, improvement, consolidation, and / or land improvements of tenants, buildings or areas.
- Transaction on technology includes the purchase, sale or rental of equipment, such as computers, software, software licenses and new systems.



## 8.2 Management

As at 31<sup>st</sup> December 2019, the management under the Company's organization chart are as follows:

Name	Title
1. Mr. Chih - Hung Lin	Chief Operating Officer
2. Ms. Bee Leng Ooi	Managing Director
3. Mr. Somchai Kanjanapetcharat	Senior Managing Director-Retail Equity Business
4. Mr. Suthep Rungsiam	Managing Director-Brokerage Business
5. Ms. Jariya Posayajinda	Managing Director-Proprietary Trading Department
6. Mr. Apichart Tungkiatsilp	Managing Director-Fixed Income Department
7. Ms. Patchpon Sankaburanuruk	Managing Director-Investment Banking Department
8. Mr. Jenvit Chinkulkitniwat	Managing Director-Equity Derivatives Department
9. Ms. Khunmira Thunnom	Senior Executive Vice President-Finance & Accounting Department
10. Ms. Saranya Larksukthom	Senior Executive Vice President-Operation Department
11. Ms. Kannikar Pradiskesorn	Senior Executive Vice President-Institutional Equity Business
12. Ms. Nantararat Surakkhaka	Senior Executive Vice President-COO Office Support Department
13. Ms. Nongluk Ningsanond	Executive Vice President-Company Secretary Office
14. Ms. Acharee Turongsomboon	Executive Vice President-Treasury Department
15. Ms. Inchaya Chatchersak	Executive Vice President-Human Resources Department
16. Mr. Sumek Chantrasuriyarat	Executive Vice President-Research Department
17. Mr. Patipat Pattaphongse	Executive Vice President-Wealth Management Research Department
18. Ms. Suchada Wongrak	Senior Vice President-Corporate Services Department
19. Ms. Rungthip Vanitchapan	Senior Vice President-Audit Department
20. Mr. Surachet Amnuaywitayagul	Senior Vice President-Legal & Compliance Department
21. Mr. Chi-Chih Huang	Senior Vice President-Information Technology Department
22. Ms. Bussarin Pingkarawat	Senior Vice President-Risk Management Department

Note: No. 1-9 were the Company's management as defined in the SEC's notification.

### The change of the management's securities holdings (direct and indirect)

(As at 31<sup>st</sup> December 2019)

No.	Name	Position	Number of shares held in the Company as at 31 Dec 18	Number of shares held in the Company as at 31 Dec 19	Number of share increase/ (decrease) in 2019	Percent of shares held in the Company (%)
1.	<b>Mr. Chin-Lung Tseng</b>	Chairman	-	-	-	-
	Spouse and minor children		-	-	-	-
2.	<b>Ms. Bee Leng Ooi</b>	Managing Director	20,000	20,000	-	0.001%
	Spouse and minor children		-	-	-	-
3.	<b>Mr. Somchai Kanjanapetcharat</b>	Senior Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
4.	<b>Mr. Suthep Rungsiam</b>	Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
5.	<b>Ms. Jariya Posayajinda</b>	Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
6.	<b>Mr. Apichart Tungkiatsilp</b>	Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
7.	<b>Ms. Patchpon Sankaburanuruk</b>	Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8.	<b>Mr. Jenvit Chinkulkitniwat</b>	Managing Director	-	-	-	-
	Spouse and minor children		-	-	-	-
9.	<b>Ms. Khunmira Thunnom</b>	Senior EVP	-	-	-	-
	Spouse and minor children		-	-	-	-
10.	<b>Ms. Saranya Larksukthom</b>	Senior EVP	-	-	-	-
	Spouse and minor children		-	-	-	-
11.	<b>Ms. Kannikar Pradiskesorn</b>	Senior EVP	-	-	-	-
	Spouse and minor children		-	-	-	-

No.	Name	Position	Number of shares held in the Company as at 31 Dec 18	Number of shares held in the Company as at 31 Dec 19	Number of share increase/ (decrease) in 2019	Percent of shares held in the Company (%)
12.	<b>Ms. Nantararat Surakkhaka</b>	Senior EVP	-	-	-	-
	Spouse and minor children		-	-	-	-
13.	<b>Ms. Nongluk Ningsanond</b>	Executive Vice President	55	55	0	0.000003%
	Spouse and minor children		-	-	-	-
14.	<b>Ms. Acharee Turongsomboon</b>	Executive Vice President	-	-	-	-
	Spouse and minor children		52,100	52,100	0	0.003%
15.	<b>Ms. Inchaya Chatcherdsa</b>	Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
16.	<b>Mr. Sumek Chantrasuriyarat</b>	Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
17.	<b>Mr. Patipat Pattaphongse</b>	Executive Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
18.	<b>Ms. Suchada Wongrak</b>	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
19.	<b>Ms. Rungthip Vanitchapan</b>	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
20.	<b>Mr. Surachet Amnuaywittayakul</b>	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
21.	<b>Mr. Chi-Chih Huang</b>	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-
22.	<b>Ms. Bussarin Pingkarawat</b>	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-

### Role of the Board's Chairman and Chief Operating Officer

The Board has separated the roles of Chairman of the Board and the Chief Operating Officer and clearly defines the authority and duties of the Chairman and the Chief Operating Officer to prevent any one of them from having unlimited power.

#### (A) Roles and responsibilities of the Board's Chairman

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

1. Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the Company's objectives.
2. Ensure that all directors contribute to the company's ethical culture and good corporate governance.
3. Ensure that all important matters are included in the Board agenda. Act as the chairman of the Board meetings and in the event of a tied vote, the Chairman shall have a deciding vote.
4. Allocate sufficient time for management to propose topics and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgment in the best interest of the Company.
5. Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

#### (B) Roles and responsibilities of Chief Operating Officer

The Board appoints the Chief Operating Officer as the top executive to manage the Company's business under the supervision of the Board. The roles and responsibilities of Chief Operating Officer include the following:

1. To manage and supervise the Company in line with the Company's articles, objectives, policies and goals;
2. To consider the business plan and to propose it to the Board for approval;
3. To have authority to act on behalf of the Company in line with the Company's Power of Attorney;
4. Any duties or projects assigned by the Board of Directors and / or Shareholders of the Company.

### **8.3 Company Secretary and Head of Finance & Accounting Department**

#### Company Secretary

The Board of Directors approved the appointment of Ms. Nongluk Ningsanond, as the Company Secretary on 6<sup>th</sup> November 2002. The Company Secretary has been trained in a certified program, the Company Secretary Program 5/2004, Effective Minutes Taking Program 10/2008, and Corporate Governance for Capital Market Intermediaries Class 1/2014 from the Thai Institute of Directors Association (see Attachment 1).

#### Head of Finance & Accounting Department and Accountant Officer

The Company has appointed Ms. Khunmira Thanmom, Senior Executive Vice President, to act as Head of Finance & Accounting Department since 1<sup>st</sup> April 2008 and has appointed Ms. Wipha Katikubanan, Senior Vice President, to act as the Accountant Officer of the Company since 26<sup>th</sup> November 2018. Such persons have the qualifications as required by the SEC (see Attachment 1).

### **8.4 Compensation of Directors and Management**

The Company's compensation policy for directors and management is comparable to the industry standard, and takes into account various factors including the experience, roles and responsibilities and contributions of each person. The compensation of directors requires approval from the shareholders' meeting. The board has delegated the compensation of top management to the Compensation Committee for approval.

#### **8.4.1. Monetary Compensation**

##### **(A) Monetary Compensation for Directors**

In 2019, the Company and its subsidiary paid monetary compensation to 13 directors, representing a total of Baht 31.71 million and US\$ 0.16 million which consists of attendance allowances paid according to the number of meetings attended, monthly allowance paid every month, bonus, travelling and accommodation expenses.

##### **(B) Monetary Compensation of Executive Director**

The Company approved the appointment of Ms. Suchada Sodthibhaphkul, Authorized Director, as the Executive Director of the Company. Ms. Suchada Sodthibhaphkul is responsible for managing the Risk function of the Company, including being responsible for and approving all risk matters and will also be a member of the Risk Management Committee and all its sub-committees as well as the Debt Recovery Committee and the Human Resource Committee. In 2019, the Company paid compensation to Ms. Suchada Sodthibhaphkul, as the executive director of the Company, amounting to Baht 4.18 million. (Ms. Suchada Sodthibhaphkul did not receive any compensation from subsidiaries and there was no outstanding compensation payable)

##### **(C) Monetary Compensation of Management**

In 2019, the Company paid compensation including salary and bonus to 23 management employees (including 1 who resigned) amounting to Baht 198.06 million. (The management did not receive any compensation from subsidiaries and there was no outstanding compensation payable)

### The Directors' remuneration received from the Company and its subsidiaries in 2019

Unit Baht million

Unit: US\$ million

Current Director	Position	The Directors' remuneration received from the Company			The Directors' remuneration received from local subsidiaries**		Total (Baht million)	The Directors' remuneration received from offshore subsidiaries**		Total (US\$ million)
		Board Attendant fee/Monthly fee/Bonus	Audit Committee Bonus	Travelling & Accommodation	ONEAM	KGI Insurance		HOLDCO	KTHL	
1 Mr. Chin-Lung Tseng	Chairman	0.32	-	-	0.18	-	0.50	-	-	-
2 Mr. Picharn Kullavanijaya	Vice Chairman/Independent director	2.40	-	1.00	-	-	3.40	-	-	-
3 Dr. Don Bhasavanich	Independent director	2.36	0.15	-	-	-	2.51	-	-	-
4 Mr. Pradit Sawattananond	Independent director	2.36	0.15	-	-	-	2.51	-	-	-
5 Mr. Chih-Hung Lin	Chief Operating Officer	-	-	-	-	-	-	0.04	0.04	0.08
6 Ms. Suchada Sodthibhaphkul*	Executive director	2.12	-	-	-	-	2.12	-	-	-
7 Mr. Wisit Wongpaisan	Director	4.38	-	-	-	-	4.38	-	-	-
8 Ms. Pi-Lin Huang	Director	2.00	-	-	-	-	2.00	-	-	-
9 Mr. Chih-Chien Yen	Director	2.00	-	-	-	-	2.00	-	-	-
<b>Former Directors</b>										
1 Mr. Foong Hock Meng	Director (passed away-5 Apr 19)	4.86	-	0.05	0.69	-	5.60	-	-	-
2 Dr. Pisit Leeahtam	Director (Resigned-15 Jul 19)	4.49	0.20	-	-	-	4.69	-	-	-
3 Ms. Bee Leng Ooi	Director (Resigned-21 Aug 19)	-	-	-	-	-	-	0.04	0.04	0.08
4 Mr. Shaw-Tzeng Ding	Director (Resigned-21 Aug 19)	2.00	-	-	-	-	2.00	-	-	-
<b>TOTAL</b>		<b>29.29</b>	<b>0.50</b>	<b>1.05</b>	<b>0.87</b>	<b>-</b>	<b>31.71</b>	<b>0.08</b>	<b>0.08</b>	<b>0.16</b>

**Note:** \*The Company also paid Monetary Compensation to Ms. Suchada Sodthibhaphkul as the Executive Director, details in 8.4.1 (B)

\*\* Subsidiaries:

- ONEAM: One Asset Management Limited, 99% owned by the Company, 99% owned by the Company
- KGI Insurance: KGI Insurance Broker (Thailand) Company Limited, 100% owned by the Company
- HOLDCO: KGI Securities (Thailand) International Holdings Limited, 100% owned by the Company
- KTHL : KGI (Thailand) Holdings Limited, 100% owned by the Company

## **8.4.2 Other Compensation**

### **(A) Other Compensation of Directors**

In 2019, the Company paid golf membership, car rental, gasoline, driver, mobile phone expenses for directors, amounting to Baht 3.30 million.

### **(B) Other Compensation for Management**

#### ■ Provident Fund

The Company, its local subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributed to the fund monthly at the rate of 5 percent of basic salary for the year ended December 31, 2019. The provident fund of the Company is managed by One Asset Management Limited. The funds will be paid to employees upon termination in accordance with the rules of the fund. In 2019, the Company contributed payments to the fund of 23 management employees (includes 1 who resigned) amounting to Baht 3.63 million.

#### ■ Welfare

The Company provides yearly health check-ups, welfare for IPD and OPD medical expenses for its employees. For IPD the welfare covers employees' families, spouse and children. In 2019, the Company paid health welfare to 23 management employees (includes 1 who resigned) amounting to Baht 1.01 million.

#### ■ Others

In 2019, the Company paid car rental, gasoline, driver, and mobile phone expenses for 23 management employees (includes 1 who resigned) amounting to Baht 9.36 million.

## **8.4.3 Policy and remuneration for directors and executives**

### **Policy on Directors' Compensation**

The Board established a compensation committee to consider the policy and criteria for determining the remuneration of the directors of the Company. The policy and criteria for determining remuneration for directors is as follows:

#### Policy and criteria on Directors' Compensation

1. Directors' remuneration must be consistent with the strategy, short term and long-term goals of the Company.
2. Directors' remuneration must be consistent with their experience, duties, scope of roles and responsibilities, and the expected benefits of each director.
3. Directors who are assigned additional duties and responsibilities such as being a member of a committee, should receive appropriate additional compensation.
4. Directors' remuneration should be comparable with industry practice.

#### Structure of remuneration for directors

Compensation for the Board of Directors consists of:

##### 1. Fixed remuneration

A) Meeting allowance: as compensation when attending each meeting.

B) Monthly compensation: a fixed amount paid every month, to reflect the duties and responsibilities of the directors.

##### 2. Variable remuneration

Directors will receive a directors' bonus which will vary according to the performance of the directors and the Company in each year. The Compensation committee will consider each payment as appropriate having considered the roles, duties and responsibilities of each director.

#### Criteria and process for Directors' remuneration

The Board shall consider the opinion of the Compensation Committee. The Compensation Committee will consider and recommend the Directors' remuneration by considering the policy criteria and structure listed above before submitting to the Board for approval. The Board of Directors will then propose this at the shareholders' meeting for approval.

## Policy on management remuneration

The Compensation Committee determines the remuneration structure of executives in accordance with the Company's long-term strategy and goals, and in accordance with the experience, duties, scope of roles and responsibilities of the management. Remuneration must also be in a manner and level comparable to that in the industry as follows:

### 1. Short-term compensation

The Company has specified compensation that is comparable with industry practice. In addition, the Company pays annual bonuses based on the Company's performance and on the management's performance evaluation.

### 2. Long-term compensation

The Company monitors the performance and potential of management. The Company will pay appropriate compensation to management with high knowledge and ability, as well as providing career growth in line with the Company's succession plan.

## The Compensation Committee's opinion

The Compensation Committee is of the opinion that structure of remuneration for directors and executives is appropriate given their responsibilities and is able to motivate directors and executives to manage the organization in accordance with both short-term and long-term goals and is comparable with the levels practiced in the industry.

## 8.5 Employees

As at 31<sup>st</sup> December 2019, the Company had a total of 510 employees. Total compensation paid to all employees in 2019 was Baht 827.03 million which consisted of salary, overtime payment, cost of living allowance, bonus, social security fund and provident fund. Furthermore, One Asset Management Limited, (the Company's subsidiary), had a total of 156 employees and also paid compensation of 224.82 Baht million to its employees. The Company and its subsidiary have no significant labor disputes in the last 3 years.

## Total employees and compensation

Year 2019	Company	ONEAM / <sup>2</sup>	KGI Insurance/ <sup>3</sup>	HOLDCO/ <sup>4</sup>	KTHL/ <sup>5</sup>
Management (person) / <sup>1</sup>	22	18	-	-	-
Total Business Unit employees (person)	310	83	-	-	-
Risk Management Department employees (person)	6	3	-	-	-
Audit Department employees (person)	7	4	-	-	-
Legal & Compliance Department employees (person)	7	2	-	-	-
Other supporting employees (person)	158	46	-	-	-
<b>Total (person)</b>	<b>510</b>	<b>156</b>	<b>-</b>	<b>-</b>	<b>-</b>
Number of employee in Head Office (person)	405	156	-	-	-
<b>Total Compensation of employees (Baht million)</b>	<b>827.03</b>	<b>224.82</b>	<b>-</b>	<b>-</b>	<b>-</b>

### Note:

/1 The Company's Management as per the Company's organization chart.

/2 ONEAM: One Asset Management Limited, 99% owned by the Company.

/3 KGI Insurance: KGI Insurance Broker (Thailand) Company Limited, 100% owned by the Company.

/4 HOLDCO: KGI Securities (Thailand) International Holdings Limited, 100% owned by the Company.

/5 KTHL: KGI (Thailand) Holdings Limited, 100% owned by the Company.

## Policy of Human Resources

### Policy on Employee compensation

The Company regards each employee as a respected and honored colleague who should be well cared for. The Company takes action to ensure that qualified applicants are given equal opportunity to be employed with regards to the required qualification, educational background, experience and other requirements on a non-discriminatory basis regarding gender, age, nationality and religion. The Company ensures fair employment and offers fair career advancement opportunities.



Compensation policy for employees, both short-term and long-term, is set in line with the organization's performance and linked to the employee's performance as follows:

1. Short-term compensation

The company has specified compensation that is comparable to the general rate of payment of other organizations in the same business, in order to maintain and enhance the Company's ability to be competitive in the area of human resources. In addition, the Company pays annual bonuses based on the Company's performance and on the employee's performance evaluation and individual KPIs.

2. Long-term compensation

The Company monitors the performance and potential of employees. The Company will pay appropriate compensation to employees with high knowledge and ability, as well as providing career growth in line with the company's succession plan.

In addition to paying compensation, the Company provides appropriate welfare services for employees, such as; annual health checkups, travel expenses and provident funds, etc.

Policy of Development of Employees

1. The Company enhances and develops each employee so they may develop their skills and knowledge and encourages them to use their full potential to grow together with the Company.
2. Employees with potential are given the opportunity to get both domestic and international experience and knowledge.
3. The Company emphasizes the development of employees to help them become more efficient and knowledgeable and to be more productive and responsive to business environment changes.
4. The Company ensures that its staff development budget is sufficient and appropriate.

In 2019, the Company arranged a total of 35 internal training courses and encouraged employees to attend external training courses numbering more than 103. Cumulative attendance at the training courses was more than 1,950. On average, each employee attended 13.91 hours of training in 2019.

Training of the Company employee	Year 2019	Year 2018	Year 2017
Internal training courses	35 courses	14 courses	28 courses
Attend external training courses	103 courses	78 courses	106 courses
Number of attending employees	1,950 persons	1,386 persons	2,009 persons
Average training hour of employees	13.91 hour/year	16.69 hour/year	15.47 hour/year

The Company also encourages employees to compete in sports such as football, badminton, and table tennis, and enters teams in competitions with other securities companies. This not only supports healthy employee behavior but also builds good relationships between employees within the Company and within the securities industry.

Policy of development of Safety and Health

1. The Company follows regulations on safety, health, and work environment.
2. The Company ensures the workplace is a clean and safe working environment.
3. The Company has set up a Health and Environment Committee to ensure safety in workplace in accordance with the relevant laws.
4. The Company has set up proper training programs regarding safety in the workplace for employees.

### Summary Statistics of Employee Leave & Injuries (Classify by Severity) for the Year 2019

Month (No. of Employee)	Severity ( No. of times)					Total
	Death	Partial Disablment	Loss of LIMD	Sick Leave exceeding 3 Days	Sick Leave less than 3 Days	
January (536)	1	0	0	2	53	56
February (533)	0	0	0	0	32	32
March (532)	0	0	0	2	32	34
April (525)	0	0	0	1	23	24
May (519)	0	0	0	1	36	37
June (515)	0	0	0	1	35	36
July (511)	0	0	0	6	40	46
August (514)	0	0	0	1	42	43
September (515)	0	0	0	8	50	58
October (512)	0	0	0	1	43	44
November (507)	0	0	0	6	52	58
December (510)	0	0	0	9	42	51
<b>Total (6,229)</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>38</b>	<b>480</b>	<b>519</b>
<b>Average/month (519)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3.16</b>	<b>40</b>	<b>43.25</b>

## 9. Corporate Governance

### 9.1 Corporate Governance Policies

The Company has a policy to follow Good Corporate Governance principles so that quality of management is effective, transparent and accessible. Good CG can enhance confidence and trust from shareholders, investors, stakeholders, and other related parties. Good CG is a tool to increase value and enhance the stable growth of the Company.

The Board of Directors has approved the Company's written Good Corporate Governance Policy (See the Corporate Governance Policies on the Company's website at [www.kgiworld.co.th](http://www.kgiworld.co.th)) and has a policy to review the CG policy and its implementation at least once a year. The Company follows the Corporate Governance for listed companies in 5 categories, as follows:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Roles of Stakeholders
4. Disclosure and transparency
5. Responsibilities of the Board

The Board of Directors' meeting no. 6/2017, held on 6<sup>th</sup> December 2017, acknowledged the "Corporate Governance Code for listed companies 2017" and the Board has considered and approved the application of the CG Code by means that are suitable for the Company's business. The Board has, on an informed basis, reviewed the application of the CG Code's Principles at least annually.

#### The CG code's principles

- Principle 1: Establish Clear Leadership Role and Responsibilities of the board
- Principle 2: Define Objectives that Promote Sustainable Value Creation
- Principle 3: Strengthen Board Effectiveness
- Principle 4: Ensure Effective Chief Operating Officer and People Management
- Principle 5: Nurture Innovation and Responsible Business
- Principle 6: Strengthen Effective Risk Management and Internet Control
- Principle 7: Ensure Disclosure and Financial Integrity
- Principle 8: Ensure Engagement and Communication with Shareholders

## 9.2 Committees

The Board sets up committees to assist the Board to perform the Board's duties to ensure the effective functioning of the Board and the Board also determines the membership of the committees and their duties and responsibilities. The Company's Board currently has 11 committees, which are;

- |                                   |                                      |
|-----------------------------------|--------------------------------------|
| 1. Audit Committee                | 7. Purchasing Committee              |
| 2. Compensation Committee         | 8. Human Resource Committee          |
| 3. Nomination Committee           | 9. Disciplinary Committee            |
| 4. Corporate Governance Committee | 10. Welfare Committee                |
| 5. Risk Management Committee      | 11. Health and Environment Committee |
| 6. Debt Recovery Committee        |                                      |

### 1. Audit Committee

As at 31<sup>st</sup> December 2019, the Audit Committee was composed of 3 Independent Directors. All of the Independent Directors have attended director training programs at the Thai Institute of Directors Association ("IOD"). Ms. Rungthip Vanitchapan acts as the Secretary of the Audit Committee. (See information of each Audit Committee and Secretary of the Audit Committee in Attachment 1 and 3).

The Audit Committee members are as follows:

Name	Position
1. Mr. Picharn Kullavanijaya/ <sup>1</sup>	Chairman of Audit Committee/Independent Director
2. Dr. Don Bhasavanich	Audit Committee/Independent Director
3. Mr. Pradit Sawattananond/ <sup>2</sup>	Audit Committee/Independent Director (Graduated Bachelor of Commerce, Chulalongkorn University)

Note:

1/ Mr. Picharn Kullavanijaya has been appointed as Chairman of Audit Committee effective from 21<sup>st</sup> Aug, 2019.

2/ Mr. Pradit Sawattananond the Audit Committee, graduated Bachelor of Commerce and have adequate expertise and experience to review the creditability of financial reports.

### Scope of duties and responsibilities of the Audit Committee

The Audit Committee directly reports to the Board of Directors. The Audit Committee has the following scope of duties and responsibilities.

- To review the company's financial reporting process to ensure its accuracy and adequacy.
- To review the Company's internal control systems and internal audit systems to ensure that they are suitable and effective, to determine the internal audit department's independence, and to approve the appointment, transfer and/or dismissal of the head of the internal audit department or any other unit responsible for internal audit.
- To review the Company's compliance with laws relating to securities and the stock exchange, the SET's regulations, and laws relating to the Company's business.
- To consider, select and nominate and terminate an independent person to be the Company's auditor, and to propose such person's remuneration, and to attend a meeting with the auditor at least once a year at which the Company's management is not present.
- To review any connected transactions, or transactions that may lead to conflicts of interest, to ensure that they are in compliance with the relevant laws and the SET's regulations, and that they are in the best interests of the Company.
- To review the Company's risk management policies and procedures to ensure that they are suitable and efficient.
- To review the Company's compliance with private sector's anti-corruption and certification programmes, including the Collective Action Coalition Against Corruption's Self-Evaluation Tool.
- To prepare and to disclose in the Company's annual report, an audit committee report which must be signed by the audit committee's chairman and contain at least the following information:
  - an opinion on the accuracy, completeness and creditability of the Company's financial statements,

- 8.2 an opinion on the adequacy of the Company's internal control systems,
  - 8.3 an opinion on the compliance with the relevant laws relating to securities and the stock exchange, the SET's regulations, and other laws relating to the Company's business,
  - 8.4 an opinion on the suitability of the auditor,
  - 8.5 an opinion on any transactions that may involve conflicts of interests,
  - 8.6 the number of the audit committee meetings, and the attendance at such meetings by each committee member,
  - 8.7 an opinion or overview comment by the audit committee regarding the performance of its duties in accordance with the charter,
  - 8.8 any other transactions which, in the audit committee's opinion, should be disclosed to the Company's shareholders and general investors.
9. In the performance of its duties, if it is found or suspected that a transaction or any of the following acts has taken place, which may materially affect the Company's financial condition or operating results, the audit committee shall report it to the board of directors for rectification within a period of time to be set by the audit committee:
- a transaction which causes a conflict of interest,
  - any fraud, irregularity, or material defect in an internal control system,
  - an infringement of the laws relating to securities or the stock exchange, the SET's regulations, or any other law relating to the Company's business.
- If the Board of Directors or management fails to make a rectification within the specified time, any audit committee member may report the transaction or act to the Office of the Securities and Exchange Commission or the Exchange.
10. If the auditor suspects that a director, manager, or any person responsible for the Company's operations has violated any relevant securities law, they should report the evidence relating to such event to the audit committee for investigation immediately. The audit committee will report the results of its preliminary investigation to the Office of the Securities and Exchange Commission and to the auditor within 30 days. Notification of the suspicious events and procedures for investigating such shall comply with the notification of the Capital Market Supervisory Board.
11. To perform any other act as assigned by the Board of Directors and accepted by Audit Committee.

## 2. Compensation Committee

Name	Position
1. Mr. Chih-Chien Yen	Compensation Committee Chairman
2. Mr. Pradit Sawattananond	Compensation Committee Member / Independent Director
3. Ms. Yuan-Chen Chiu	Compensation Committee Member

### Scope of duties and responsibilities of the Compensation Committee

1. To consider and approve the compensation of the Company's top management;
2. To set the criteria, components, structure and form of payment of the Directors, to ensure their interests are aligned with those of the shareholders;
3. To recommend the compensation of the Directors to the Board for approval and proposal to a shareholders' meeting for final approval.
4. Perform duties as assigned by the Board of Directors.

## 3. Nomination Committee

Name	Position
1. Mr. Picharn Kullavanijaya <sup>1</sup>	Nomination Committee Chairman / Independent Director
2. Mr. Pradit Sawattananond	Nomination Committee Member / Independent Director
3. Mr. Wisit Wongpaisan	Nomination Committee Member

Note: 1/ Mr.Picharn Kullavanijaya has been appointed as Chairman of Nomination Committee effective from 21<sup>st</sup> Aug, 2019.

### Scope of duties and responsibilities of the Nomination Committee

1. Select qualified persons to be senior executives of the Company, and propose them to the Board of Directors for consideration.
2. Recruiting and nominating qualified persons to be directors of the Company. The Committee should ensure that the board structure is diversified in terms of skills, experience, abilities and characteristics that are necessary to achieve the objectives and goals of the Company, and ensure that the overall board is qualified.
3. Consider the history of any nominated persons and propose them to the Board before being proposed to a shareholders' meeting for appointment as a director. The Committee should ensure that shareholders receive sufficient information about a nominated person to make an informed decision.
4. The nomination committee must consider the performance of a director if that director retires by rotation and is to be proposed for re-election.
5. Perform duties as assigned by the Board of Directors.

### 4. Corporate Governance Committee (CG Committee)

Name	Position
1. Mr. Chih-Hung Lin	CG Committee Chairman
2. Ms. Suchada Sodthibhaphkul	CG Committee member
3. Ms. Nongluk Nongsanond	CG Committee member

### Scope of duties and responsibilities of CG Committee

1. Consider the assessment of the Corporate Governance Report of Thai Listed Companies organized by the Thai Institute of Directors (IOD);
2. Consider the evaluation results of the Annual General Meeting of Shareholders organized by the Thai Investors Association;
3. Review the corporate governance policy of the Company and evaluate the implementation of such policies and propose to the Board to review at least once a year;
4. Perform duties as assigned by the Board of Directors.

### 5. Risk Management Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Mr. Wisit Wongpaisan	Director
3. Ms. Suchada Sodthibhaphkul	Executive Director
4. Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
5. Mr. Suthep Rungsiam	Managing Director, Brokerage Business
6. Ms. Jariya Posayajinda	Managing Director, Proprietary Trading Department
7. Mr. Apichart Tungkiatsilp	Managing Director, Fixed Income Department
8. Ms. Patchpon Sankaburanuruk	Managing Director, Investment Banking Department
9. Mr. Jenvit Chinkulkitniwat	Managing Director, Equity Derivatives Department
10. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance & Accounting Department
11. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
12. Ms. Kannikar Pradiskesorn	Senior Executive Vice President, Institutional Equity Business
13. Ms. Nantararat Surakkhaka	Senior Executive Vice President, COO Office Support Department
14. Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
15. Ms. Acharee Turongsomboon	Executive Vice President, Treasury Department
16. Mr. Mark Antony Hodge	Senior Vice President, COO Office
17. Mr. Chi-Chih Huang	Senior Vice President, Information Technology Department
18. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department

### Scope of duties and responsibilities of the Risk Management Committee

1. To approve the Company's Risk Management Policy, and to regularly review or amend that policy to take account of new risks or market developments;

2. To consider and approve any transactions which impact the Company's risk management;
3. To consider and approve the issuance of new products (Product Program);
4. To approve and review the risk budget of the Company's proprietary trading team at least once a year;
5. To manage the Company's risks, such as credit risk, market risk, liquidity risk, operational risk, IT risk, to ensure that the Company's risk policy is followed;
6. To consider and approve the Credit Evaluation Policy and Procedures.
7. To consider and approved the credit limits according to Credit Evaluation Policy and Procedures
8. To consider and approve the Credit Balance Policy
9. To consider and approve the Business Continuity Management ("BCM") and Business Continuity Plan ("BCP");
10. Other duties as assigned by the Board of Directors or management.

The scope of duties and responsibilities of the Risk Management Committee which are described in its filings for the issue of DWs are consistent with those described above.

In addition, to avoid any violation of the Company's Chinese walls, the Company has also established 5 sub-committees under the Risk Management Committee as follows:

#### 5.1 Credit Risk Sub-committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Ms. Suchada Sodthibhaphkul	Executive Director
3. Mr. Somchai Kanjanapetcharat	Senior Managing Director, Retail Equity Business
4. Mr. Suthep Rungsiam	Managing Director, Brokerage Business
5. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance&Accounting Department
6. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
7. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department

#### Scope of duties and responsibilities of Credit Risk Sub-committee

1. To consider and approve credit limits;
2. To set stock concentration limits and to review them on a regular basis;
3. To consider and approve any issue related to Credit Balance and SBL;
4. To consider and approve the refinancing of Credit Balance clients;
5. To consider and approve the Company's Turnover List.

#### 5.2 Trading Businesses Risk Sub-Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Mr. Wisit Wongpaisan	Director
3. Ms. Suchada Sodthibhaphkul	Executive Director
4. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance&Accounting Department
5. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department

#### Scope of duties and responsibilities of Trading Businesses Risk Sub-committee

1. To consider and approve the trading policies, including the approval of the procedures of related businesses, such as REPO;
2. To consider and approve temporary limits and market risk budgeting for Proprietary Trading Department, Fixed Income Department and Equity Derivatives Department under the total limit approved by the Risk Management Committee;
3. To consider and approve the adjustment of the trading limits for ETF business.



### 5.3 Investment Banking Business Risk Sub-committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Mr. Wisit Wongpaisan	Director
3. Ms. Suchada Sodthibhaphkul	Executive Director
4. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance&Accounting Department
5. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department

#### Scope of duties and responsibilities of Investment Banking Business Risk Sub-committee

1. To approve underwriting deals;
2. To approve other investment banking business.

### 5.4 ISMS Management Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Ms. Suchada Sodthibhaphkul	Executive Director
3. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance&Accounting Department
4. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
5. Ms. Nantararat Surakkhaka	Senior Executive Vice President, COO Office Support Department
6. Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department
7. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department
8. Mr. Surachet Amnuaywitayagul	Senior Vice President, Legal & Compliance Department
9. Ms. Patchanee Sinwattanacharoen	Senior Vice President, Legal & Compliance Department
10. Mr. Chi-Chih Huang	Senior Vice President, Information Technology Department

#### Scope of duties and responsibilities of ISMS Management Committee

1. To consider and approve matters that may impact the Company's information technology systems;
2. To ensure that the IT resources of the Company are used effectively;
3. To comment or advise on the risks relating to Information Technology security;
4. To guide and advise on the implementation of Information Security Management System;
5. To define policy for Information Security Management System (ISMS Policy);
6. To consider the Information Security Risk Assessment Methodology;
7. To establish acceptable risk levels in the risk management process for Information Security Management System (ISMS Information Security);
8. To consider and approve the implementation of Information Security Controls;
9. To support and keep track of progress to make the Company's operations more efficient.

### 5.5 Fixed Income Underwriting Risk Sub-Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Mr. Wisit Wongpaisan	Director
3. Ms. Suchada Sodthibhaphkul	Executive Director
4. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance & Accounting Department
5. Ms. Bussarin Pingkarawat	Senior Vice President, Risk Management Department

#### Scope of duties and responsibilities of Fixed Income Underwriting Risk Sub-Committee

1. To review transactions where the Company is a co-underwriter of a bond product
2. To review underwriting bonds under a Private Placement to not more than 10 investors (PP-10 Program)
3. To review underwriting bonds under existing Medium Term Note Program (MTN Program)

## 6. Debt Recovery Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Ms. Suchada Sodthibhaphkul	Executive Director
3. Ms. Khunmira Thunnom	Senior Executive Vice President, Finance & Accounting Department
4. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
5. Mr. Surachet Amnuaywitayagul	Senior Vice President, Legal & Compliance Department

### Scope of duties and responsibilities of Debt Recovery Committee

1. To periodically review the progress of debt recovery;
2. To set guidelines and criteria for restructuring of doubtful debts;
3. To approve settlements with debtors;
4. To monitor and approve management/sale of real estate portfolio acquired during debt recovery.
5. Perform duties as assigned by the Board of Directors.

## 7. Purchasing Committee

Name	Position
1. Ms. Saranya Larksukthom	Senior Executive Vice President , Operation Department
2. Ms. Nantararat Surakkhaka	Senior Executive Vice President , COO Office Support Department
3. Ms. Nongluk Ningsanond	Executive Vice President, Company Secretary Office
4. Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department

### Scope of duties and responsibilities of Purchasing Committee

1. Setting up and approving the purchasing process of the Company for items such as office equipment, computer systems and capital expenditure projects, including insurance of the Company's assets and ensuring good internal control of assets. The purchasing process includes:
  - 1.1 Comparing prices, quality of products, and service;
  - 1.2 Creating lists of suppliers and vendors of products or services to ensure a range of suppliers;
2. To monitor negotiations with suppliers or vendors;
3. To select and approve the suppliers and vendors of products or services appropriate for and in the best interest of the Company.
4. Perform duties as assigned by the Board of Directors.

## 8. Human Resource Committee

Name	Position
1. Mr. Chih-Hung Lin	Chief Operating Officer
2. Ms. Suchada Sodthibhaphkul	Executive Director
3. Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department

### Scope of duties and responsibilities of the Human Resource Committee

1. To review and approve HR related policies; and
2. To review and approve promotions.
3. Perform duties as assigned by the Board of Directors.

## 9. Disciplinary Committee

Name	Position
1. Ms. Inchaya Chatchersak	Executive Vice President, Human Resources Department
2. Ms. Nantararat Surakkhaka	Senior Executive Vice President , COO Office Support Department
3. Ms. Rungthip Vanitchapan	Senior Vice President, Audit Department
4. The Department Head of the person being charged	

### Scope of duties and responsibilities of the Disciplinary Committee

1. To investigate employees who violate the rules and regulations of the SEC and the SET or do not comply with the policies and procedures of the Company which may cause damage to the Company;
2. To ensure that disciplinary cases are considered fairly, by hearing from all concerned parties, and to impose an appropriate penalty.
3. Perform duties as assigned by the Board of Directors.

### 10. Welfare Committee

Name	Position
1. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2. Mr. Somchai Siripaiboolpong	Executive Vice President, Retail Equity Business
3. Ms. Songsri Chawengsataporn	Executive Vice President, Retail Equity Business
4. Mr. Kamthorn Chinsakuljaroen	Executive Vice President, Retail Equity Business
5. Ms. Kanlayanee Sontisuwan	Vice President, Human Resources Department
6. Ms. Chatkaew Kittayanusorn	Manager , Fixed Income Department
7. Ms. Suthinee Theerawitpreecha	Manager, COO Office

### Scope of duties and responsibilities of the Welfare Committee:

1. To join and cooperate with the employer in providing necessary welfare for employees;
2. To give advice and recommendations, and to propose ideas, on ways for the employer to provide for the employees;
3. To check, control, and supervise the provision of the welfare extended to the employees by the employer;
4. To propose ideas and guidelines on providing useful welfare for the employees to the Company's management.
5. Perform duties as assigned by the Board of Directors.

### 11. Health and Environment Committee

Name	Position
1. Ms. Saranya Larksukthom	Senior Executive Vice President, Operation Department
2. Ms. Suchada Wongrak	Senior Vice President, Corporate Services Department
3. Ms. Wipha Katikubanan	Senior Vice President, Finance & Accounting Department
4. Mr. Surachet Amnuaywittayakul	Senior Vice President, Legal & Compliance Department
5. Ms. Sirirat Chimkaew	Assistant Vice President, Corporate Services Department
6. Ms. Petcharat Ongartpajon	Deputy Manager, Research Department
7. Ms. Pimploy Kankaew	Manager , Finance & Accounting Department

### Scope of duties and responsibilities of Health and Environment Committee

1. To determine regulations about safety and safety standards for the workplace;
2. To determine policy, plan, and organize activities about safety and the working environment to protect and reduce the occurrence of accidents and the suffering of injury due to unsafe working conditions;
3. To set up training courses relating to employees' safety;
4. To evaluate the implementation of safety practices in the Company's workplace.
5. Perform duties as assigned by the Board of Directors.

### **9.3 Nomination of Directors and Top management.**

#### **(1) Independent Director**

##### Process of Nominating of Director and Independent Director

1. When considering the appointment of directors and independent directors, both new directors and the re-election of retired directors, the Nomination Committee will select qualified candidates and propose them to the Board of Directors for consideration.
2. The Board of Directors will consider and approve the appointment of suitable persons as directors of the Company by considering their appropriateness and benefits they can bring to the Company's operations.
3. As the Company is a securities company under the supervision of the SEC, the appointment of a director shall be subject to approval by the SEC.

##### Guidelines for nomination of new directors

Based on the following criteria;

1. Has full qualifications as prescribed in the Public Limited Companies Act, and the Securities Act including guidelines for good corporate governance of listed companies. For Independent Directors the qualifications of the independent director must be in full compliance with the SEC's requirements.
2. Being qualified, knowledgeable and experienced in various fields that are beneficial to the Company.
3. Suitable based on the composition of the Board structure. The Board's skill matrix should include knowledge of finance, law, accounting, economics and management so that the Board's combined knowledge and ability benefit the operations of the Company.
4. Does not have conflicts of interest with the Company.

##### Guidelines for the nomination for re-election of directors retiring by rotation.

Nomination will be based on the following criteria;

1. Performance in the past year
2. The suggestions or opinions of the director in the past year
3. Whether the director is knowledgeable, capable, dedicated, and of suitable age and has the ability to perform a director's duties with care and loyalty.
4. For Independent Directors, the Company will consider whether such independent director can express opinions independently and in accordance with the relevant criteria before the appointment of the independent director.

##### Qualifications of Independent Directors

Independent directors of the Company are qualified as per SEC regulation as follows:

1. Any shareholding they, and any related persons, have is equivalent to not more than 1 percent of the paid-up capital of the Company, the parent company, any subsidiary company, associated company or major shareholder or any other juristic person which could result in a conflict of interest.
2. A director who is not an employee, staff member, or advisor who receives a regular salary, or a controlling person of the Company, the parent company, any subsidiary company or associated company, major shareholders, or of any other juristic person which could result in a conflict of interest, either at present or during the past two years. Not including a director who used to be a government official or advisor of any government department which is a major shareholder of the Company.

3. A director who has no biological or legal relationship such as; parent, spouse, sibling, child or spouse of the child with any of the company's executives, major shareholder, controlling person, or any person already proposed to be appointed as an executive or controlling person of the Company or its subsidiaries.
4. A director who has no business relationship\* with the Company, the parent company, subsidiary company, associated company, major shareholders, or any conflict of interest with the company which would affect the ability of the director to provide independent opinions relating to the operations of the Company and a director who is not a major shareholder, or persons who have relationship with the Company, the parent company, any subsidiary company, associated company, major shareholder, or of any juristic person resulting in a conflict of interest, either at present or during the past two years.

\*Business relationship includes transactions for operating the business, leasing, asset or services transactions, or financial subsidies such as loaning or borrowing, providing guarantees, giving assets as guarantee, and all behaviours which will affect the Company or counterparties have duties to liquidate in case that the value is from 3% of tangible assets of the Company or Baht 20 million up, up to the lower amount. However, the concept to calculate transaction follows the disclosure of the Securities and Exchange Commission and will calculate total liabilities which have been for one year before a director has business relationship with.

5. A director who is not and has never been an auditor of the Company, the parent company, any subsidiary company, associated company or any juristic person which might result in a conflict of interest. A director who is not a major shareholder or director (other than an independent director) or executive or partner of the audit company which has the auditor of the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest, either at present or during the past 2 years .
6. A director who is not or never been a professional advisor, such as legal advisor or financial advisor that received service fees of more than Baht 2 million per year, for services for the Company, the parent company, any subsidiary company or associated company or of any juristic person resulting in a conflict of interest. In the case that the service provider is a juristic person, a director should never be a major shareholder, person with a conflict of interest, or partner of the juristic person, either at present or during the past 2 years.
7. A director who is not a representative of any of the Company's directors or major shareholder or a shareholder who is related to the Company's major shareholder.
8. A director who does not own or control any business which would result in a conflict of interest with the Company or any subsidiary company, and is not a partner of such a business or a director, executive, employee, or advisor who receives a regular salary, or hold shares equivalent to more than 1 percent of the paid-up capital of such business.
9. No other characteristic that would prevent the director providing an independent opinion relating to the operations of the Company.

In 2019, the Company's independent directors are qualified as per SEC's regulation. They have no business relationship with the Company nor do they provide any services to the Company.

#### Number of Representative Directors from Major Shareholder

KGI Asia (Holdings) Pte. Ltd. is the major shareholder of the Company and owns 34.97% of the Company's shares. The Company has 3 representative directors from Major Shareholder which are 1/3 of all directors, and proportionate to the shareholding, the list of representative directors from the Major Shareholder is as follows:

1. Mr. Chin-Lung Tseng
2. Ms. Pi-Lin Huang
3. Mr. Chih-Chien Yen

#### Right of Shareholder to Propose the Candidate for Election as a Director

The Company allows shareholders to propose candidates for election as Director who have the qualifications set by the Public Company Act, and the Securities and Exchange Act. Shareholders can send their proposal to the Nomination Committee at the address below. If suitable the Nomination Committee will propose the candidate to the Board of Director for further consideration.

#### Submit documents to:

Nomination Committee

KGI Securities (Thailand) Public Company Limited

No.173 Asia Centre Building, 11<sup>th</sup> Floor, South Sathorn Road,

Thungmahamek Sub-District, Sathorn District, Bangkok 10120 Thailand

### **(2) Nomination of top management (Chief Operating Officer)**

#### Procedures for the selection of a Chief Operating Officer

1. In considering the nomination of top management, the Nomination Committee will select qualified candidates and propose them to the Board of Directors for its consideration.
2. The Board of Directors will consider and approve the appointment of a suitable person as the Company's Chief Operating Officer by considering their appropriateness and benefits they can bring to the Company's operations.
3. The Company is a securities company, which is under the supervision of the SEC. The top management of the Company must be approved by the SEC.

#### Guidelines for nomination of a Chief Operating Officer

A nomination must be based on the following criteria.

1. The nominated candidate must meet the qualifications stated in the Public Company Act, and the Securities and Exchange Act and the Good Corporate Governance policy of the Company.
2. The candidate must be knowledgeable, capable, and able to perform the COO's duties with care and loyalty.
3. They should have knowledge of the securities industry, accounting & finance, business management, business strategy, corporate governance, legal and other relevant knowledge or experience.

### **9.4 Supervision of Business Operations in Subsidiary Companies**

#### **Mechanisms to control the operations of its subsidiaries**

The Company has mechanisms to control the operations of its subsidiaries, in order to protect the Company's investment as follows:

1. The Company may appoint a Company's representative to act as a director of its subsidiary companies, the appointment shall be approved by the Board
2. The representative appointed as director in subsidiary companies has duties as follows:
  - 2.1 To get the Company's Board approval prior to a vote on significant matters of the subsidiary.
  - 2.2 To act in the best interest of that subsidiary company.
  - 2.3 To participate in the setting of significant policies of the subsidiary.
  - 2.4 To oversee the subsidiary company to ensure it discloses accurate and complete information, such as financial statements, operating results, connected transactions and acquisition and disposition of assets.
  - 2.5 To oversee the subsidiary company to ensure it has appropriate internal control systems.

### **9.5 Prevention of the Misuse of Inside Information**

The Board of Directors has set up a strict policy to prevent the misuse of inside information, as follows:

#### **Policy to report on the trading of Company's securities / holdings of the Company's securities**

1. Company's directors and executives and their related persons (spouse or cohabiting couple and their minor children) who have knowledge of inside information of the Company may not trade



- the Company's securities for 1 month prior to the disclosure of its financial statements to the public.
2. In the case that directors and executives or their related persons (spouse or cohabiting couple and their minor children) purchase or sell KGI securities, they must report the transaction to the SEC in accordance with Section 59 of Securities and Exchange Act and submit the one copy to the Company Secretary.
  3. The Company Secretary reports changes in the holding of securities of directors and executives or related persons (spouse or cohabiting couple and their minor child) to the Board of Directors every quarter.
  4. The Company has informed all directors and executives of the policies and procedures related to these transactions.

#### **Report on Interest of Directors and Executives**

1. Section 88 of the Public Limited Company Act B.E. 2535 stipulates that a directors shall notify the Company without delay in the following cases:
  - having a direct or indirect interest in any contract which is made by the Company during an accounting year, and shall indicate the nature of the contract, names of the contracting party and interest of the director in the contract (if any);
  - holding shares or debentures of the Company or an affiliated company, and shall indicate the total number of shares increase or decrease during an accounting year (if any).
2. The directors and executives are required to file with the Company a report on their conflict of interest or a related person's conflict of interest in relation to the operation of the Company or its subsidiary by filling out the Form for Reporting on Interest of the Director and Executive as follows:
  - Report any change in information regarding the interest within 7 (seven) working days starting from the date of the change in information.
  - The Company secretary shall forward a copy of the report on conflict of interest to the Chairman of the Board and the Chairman of the Audit Committee for their acknowledgement within 7 (seven) working days after the Company has received such report.
3. Directors and executives may not make decisions on any transactions in which they have a conflict of interest.

#### **Penalty Provision**

To ensure that all employees strictly comply with all applicable laws and regulations, the Company has included a code of ethics and code of conduct in the Company's work rules and regulations. Any violation of such ethics and code of conduct shall be considered as a violation of the Company's work rules and regulations. In this regard, an Employee who has violated the Company's work rules or regulations shall be i) subjected to a penalty on a case by case basis, ii) subject to any procedure or penalty as specified in the Company's internal notification no Tor Sor (Phor) 006/2002 dated October 1<sup>st</sup>, 2002 and as amended from time to time. An employee who violated any provisions contained in this ethics and code of conduct shall be liable to a penalty as follows;

1. oral warning
2. written warning
3. suspension from work without wage payment
4. termination of employment with severance pay
5. termination of employment without severance pay
6. any penalty as per the consideration of Chief Operating Officer

## 9.6 Audit fee

### (A) Audit fee

For 2019, the Company and its subsidiaries paid audit fees to its auditor and persons or companies related to the auditor as follows:

Company and its subsidiaries	Auditor	Audit Fee (Baht)	Audit Fee (HK Dollar)
KGI Securities (Thailand) Plc.	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd ("Deloitte")	2,250,000	-
One Asset Management Limited (a 99% owned subsidiary)	Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd ("Deloitte")	510,000	-
KGI Insurance Broker (Thailand) Company Limited (a wholly owned subsidiary)	Quasar Advisory Co., Ltd.	25,000	-
KGI Securities (Thailand) International Holdings Limited (a wholly owned subsidiary)	Ernst & Young Hong Kong	-	33,600
KGI (Thailand) Holdings Limited (a wholly owned subsidiary)	Ernst & Young Hong Kong	-	63,000
<b>Total Audit Fee</b>		<b>2,785,000</b>	<b>96,600</b>

**Note :** The above fees are exclusive of out-of-pocket expenses such as traveling , fax and photocopying charges which will be charged to the Company at actual cost.

### B) Non-audit fee

For 2019, the Company's subsidiary paid non-audit fee to Ernst & Young Tax Services Limited as follows:

The Company's subsidiary	Non-audit service	The auditor's firm, persons and companies related to the auditor	Non-audit fee Yearly fee (HK Dollar)
KGI Securities (Thailand) International Holdings Limited (a wholly owned subsidiary)	Tax Service	Ernst & Young Tax Services Limited	9,500
<b>Total Non-Audit Fee</b>			<b>9,500</b>

There is no further expense for services not yet completed which will become payable in the near future.

## 9.7 Implementation of Code of Best Practices of the SET

The Company believes that good corporate governance is a significant tool to ensure efficient and transparent management to foster shareholders' and investors' trust. The Company intends to conduct business under the Good Corporate Governance Principles issued by the Stock Exchange of Thailand and the rules and regulations of Listed Companies issued by the Securities and Exchange Commission and the Capital Market Supervisory Board to continuously raise the governance of the Company to international levels for efficient management and sustainable business growth.

The Company has complied with the principles of good corporate governance for listed companies 2012 in accordance with the guidelines prescribed by the Stock Exchange of Thailand in five categories. In addition, the Company also has considered and approved the implementation of the CG Code 2017 in a manner appropriate to the Company's business.

Based on the corporate governance assessment of the Company for the year 2019 by the Thai Institute of Directors (IOD), the Company's score was 85%, which is higher than the average of all listed companies.

## Implementation of Good Corporate Governance in 2019

### 1. Rights of Shareholders

Basic shareholder rights include the right to; 1) buy, sell, or transfer shares; 2) share in the profit of the Company; 3) obtain relevant and adequate information on the Company in a timely manner; 4) participate and vote in shareholder meetings to elect or remove members of the Board, appoint the external auditor, and make decisions on any transactions that affect the Company, such as dividend

payment, amendments to the Company's articles of association or by-laws, capital increases or decreases, or the approval of extraordinary transactions.

The Company has a policy to provide shareholders with the criteria and procedures governing shareholder meetings and sufficient information regarding the issues to be decided on each agenda item in advance of the meeting. The Company allows shareholders to query directors both in the meeting and by sending their questions in advance. Shareholders are also allowed to authorize a proxy to attend the meeting and vote on their behalf. The Company recognizes shareholders rights and avoids any action that would violate those rights.

#### Procedures for a shareholders' meeting

The Annual General Meeting of Shareholders no.1/2019 was held on 9<sup>th</sup> April 2019. All shareholders, including institutional shareholders, are encouraged to attend the Company's shareholders' meeting. The Company's shareholders' meeting process is as follows:

#### 1. Before a Shareholders' meeting

- 1.1 The Company provided the notice of Shareholders' meeting and all relevant information in both Thai and English languages on the Company's website 30 days prior to the meeting. Such information was the same as the hard copy Notice which was sent to shareholders. In addition, the meeting was announced through the news system of the Stock Market and published on its website.
- 1.2 The Company sent the hard copy of a notice of Shareholders' meeting and all relevant information in both Thai and English languages to shareholders 21 days prior to the meeting.
- 1.3 In the notice of Shareholders' meeting, the Company provided sufficient information of every agenda for shareholder's consideration.
- 1.4 The Company determines the date, time, and location for holding a shareholders' meeting by considering the convenience of the shareholders who will attend the meeting.
- 1.5 In the case that shareholders could not attend the shareholders' meeting, the Company encouraged them to cast their votes independently on each important matter (proxy form B). Nevertheless, shareholders can use another proxy form. The Company has posted all forms of the proxy issued by the Ministry of Commerce in both Thai and English languages on the Company's website.
- 1.6 In the case that shareholders would like to appoint an independent director to vote on their behalf as a proxy, the Company has proposed the names of 3 independent directors on the notice of the shareholders' meeting for their consideration.

#### 2. Conduct of Shareholders' meeting

- 2.1 The Company provided adequate personnel and technology for the meeting. The Company used barcodes for registration and voting. The Company also prepared duty stamps to support shareholders who were appointed as proxy and allowed shareholders who came after the meeting began to attend the meeting.
- 2.2 Directors and executives were present at the meeting to explain and answer the shareholders' questions. The Company introduced the Directors, Management and the Auditor to the shareholders.
- 2.3 The Company conducted shareholders' votes transparently and allowed shareholders to vote separately for each agenda; therefore, shareholders could exercise their rights in each agenda freely and collecting the vote card from shareholders whether they were voting "approve", "against" or "abstention". For the agenda relating to election of directors, the company provides separately vote cards for each nominated director for shareholders.
- 2.4 The Chairman of the meeting allowed shareholders to ask questions or express their views on each agenda freely and the Company answered all shareholders' questions.
- 2.5 The Company counted the votes and announced the result on each agenda during the meeting and specified the voting of "approve", "against" or "abstention".
- 2.6 The Company appointed an external auditor to act as the inspector to check the votes counted at the meeting and recorded in the AGM minutes.

- 2.7 The Company did not include any additional agenda items which were not specified in the notice of the Shareholders' meeting.

### 3. Preparation of AGM's minutes and disclosure of the AGM's resolutions

- 3.1 The Company announced the resolutions and the voting results, including separate "approve", "against" or "abstention" votes through the SET's ELCID System on the meeting date.
- 3.2 The Company recorded the minutes of the shareholders' meetings including all significant information such as the meeting's time, names of directors who attended/did not attend the meeting, important explanations and clarifications, summaries of questions, answers, and opinions, voting results including "approve", "against" or "abstention", and the name of minute taker.
- 3.3 The Company disseminated the minutes of the shareholders' meeting to the SET and posted them on the Company's website both in Thai and English languages by 14 days after the meeting.

## **2. Equitable Treatment of Shareholders**

The Company has a policy to ensure that shareholders are treated fairly and their rights are protected, as follows:

1. The Board of Directors has set up a strict policy to prevent the misuse of inside information, the Company's directors and executives and their related persons (spouse or cohabiting couple and their minor children) who have knowledge of inside information of the Company may not trade the Company's securities for 1 month prior to the disclosure of its financial statements to the public.
2. The Company will organize a transparent and efficient general meeting of shareholders in accordance with the regulations of the Company and relevant laws. The consideration of issues and voting are in accordance with the sequence of the meeting agenda. There is consideration of and voting for the election of individual directors.
3. The Company requires directors and executives to report to the Company their own interests or those of related parties. Directors and executives are not able to participate in decision-making on matters in which they have conflicts of interest.

## **3. Roles of Stakeholders**

Stakeholders in Corporate Governance include, but are not limited to, customers, employees, suppliers, shareholders, investors, creditors, the community, the government, competitors, and external auditors.

The Company has set a clear policy on the fair treatment for all stakeholders. The rights of stakeholders that are established by law or mutual agreements are to be respected. Any actions that can be considered to be in violation of stakeholders' legal rights shall be prohibited. The Company also provides an effective way for stakeholders to communicate to the Board any concern about illegal or unethical practices, corruption, incorrect financial reporting, insufficient internal control, etc. The rights of any person who communicates such concerns shall be protected.

### 1. Policy and best practice to Customers

- The Company will propose products relevant to clients' needs and provide quality services.
- The Company will provide equal quality of service to every client.
- The Company will disclose information relevant to the Company's products and services completely, correctly, precisely and without any distortion. Therefore, clients can receive all necessary information.
- The Company will not disclose client's information to other clients or related persons except for disclosures that are required by regulations or law.
- The Company does not impose any commercial conditions that are unfair to clients.
- The Company gives clients opportunities to make complaints when they deem necessary and will take action to ensure a swift satisfactory resolution.

## 2. Policy and best practice to Competitors

- The Company will conduct all its activities under the relevant rules and regulations in order to support healthy competition.
- The Company does not seek any competitors' confidential information or act in a dishonest or improper manner.
- The Company does not damage the reputation of competitors by accusing them without honest and factual data. Furthermore, the Company must act under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods.

## 3. Policy and best practice to Suppliers

- The Company has a policy for employees not to ask or receive bribes or dishonest benefits from suppliers.
- Procurements will be transparent and the Company will provide information to every supplier equally, accurately, and without bias or discrimination. The Company will select fairly among suppliers and make the procurement process strictly relevant to each situation.
- Negotiations must be transparent. The Company's management can supervise and the Company's staff must be neutral and not favor any supplier that may influence decision making. The Company's staff must strictly follow the conflict of interest rules.
- The Company will follow the requirements and regulations appropriately and fairly.

## 4. Policy and best practice to Creditors

- The Company complies with agreements and conditions mutually agreed upon strictly. In the case of non-compliance with any conditions, including obligations and liabilities, notifies customers immediately to jointly seek solutions on a rational basis.
- The Company maintains an appropriate capital structure in order to support the business operation and creditor confidence.
- The Company does not give cooperation to or support any persons or organizations which conduct illegal business or are a threat to society and national security.
- The Company is committed to maintaining a sustainable relationship with creditors on the basis of mutual trust.

## 5. Policy and best practice to Society and the Environment

- The Company intends to do business in an environmentally responsible way.
- The Company encourages all employees to be aware and responsible regarding the impact of their actions on the environment, including the efficient use of resources such as saving electricity, saving water and minimizing use of office equipment.
- The Company often supports social activities.
- The Company will encourage awareness of social responsibility amongst all employees at every level.

## 6. Policy and best practice to Employees and policy of Fair Compensation and policy on development of Safety and Health

The Company regards each employee as a respected and honored colleague who should be well cared for. The Company disclosed the Policy and best practice to Employees and Policy of Fair Compensation and Policy on development of Safety and Health in section 8.5 Employees.

## 7. Policy on Human Rights

- The Company supports staff exercising their rights as citizens under the constitution and laws.
- The Company has kept personal information of the Company's staff such as biography, health history, work experiences, etc. The personal information will be disclosed to the public only if it has been approved by the personal information owner. Harassment is subject to disciplinary action following the Company's rules or laws.
- The Company does not support any violation of international human rights and dishonesty.
- The Company's staff must not do anything to violate or threaten, whether verbally or by action, others based on race, gender, religion, age, or physical and mental disabilities.

#### 8. Policy on Intellectual Property

- Work performed according to the employ's duties for the Company will be considered as property of the Company.
- The staff must return intellectual property to the Company on termination of their employment regardless of the form it is stored in.
- Computers and software of the Company must be properly licensed to avoid violation of intellectual property rights.
- When using work or information received from a third party it must be ensured that the use does not violate intellectual property laws.

#### 9. Channels and procedure on Whistle Blowing

The Company encourages employees, including stakeholders, to inform the Company of any suspicious behavior or if they suspect that there may be a future offense. The Company has set up a procedure and provides channels for complaints as follows:

##### Complaint procedure

1. All stakeholders, including employees, may report or complain about matters that may cause damage to the Company to the Board. The Company has assigned the Audit Committee to receive the complaints.
2. The Audit Committee will investigate and report to the Board, and record a written report of the investigation.
3. The Company has measures to protect all employees or stakeholders who complain and will not disclose the name of the complainant. The Company will keep all complaints confidential.

##### Channels to complain

1. Report to Legal & Compliance Department, telephone number 02-6588740-7 or facsimile number 02-6588004 or E-mail : [legal&compliance@kgi.co.th](mailto:legal&compliance@kgi.co.th);
2. Company's Website: [www.kgiworld.co.th](http://www.kgiworld.co.th);
3. Send letter to Audit Committee at the following address:

KGI Securities (Thailand) Public Company Limited  
173, Asia Centre Building, 11<sup>th</sup> Floor, South Sathorn Road,  
Thungmahamek Sub - District , Sathorn District, Bangkok 10120

#### **4. Disclosure and Transparency**

The Company discloses the significant information about the Company on its website, such as 56-1 Form, 56-2 Form, the Notice of shareholders' meetings, the minutes of the shareholders' meetings, the Company's Articles, corporate governance policies, ethical and professional standards, and other information. The Company also arranged investors and analysts one-on-one meetings to provide the Company's information.

During the year 2019 the Company's representatives met with eight institutional and retail shareholders, potential investors and securities analysts in one-on-one meetings.

#### **5. Responsibilities of the Board**

##### Board Charter and significant Committee Charter

The Board has established the Board Charter and the significant Committee Charter, which defines the duties and responsibilities of the Board and the committee members, to be used in reference to the duties of each director. The charter will be reviewed at least once a year. The Company has disclosed the Board Charter and significant Committee Charter on the Company's website.

##### Corporate Governance Policy

The Company shall abide by the principles of its Corporate Governance Policy so that the quality of management is effective, transparent and accessible. The Corporate Governance Policy will enhance confidence and trust from shareholders, investors, stakeholders, and related parties. The Corporate Governance Policy is a tool to increase the value and enhance the sustainable growth of the Company.



The Board of Directors has approved the Company's Corporate Governance Policy in writing and has a policy to review it and its implementation once a year. The Company has disclosed the Corporate Governance Policy on the Company's website.

#### Code of conduct

The Company intends to act in accordance with the principles of Good Corporate Governance. The Code of Conduct is one way to help the Company achieve this goal. A Code of Conduct is an ethical standard with principles of behavior for staff to abide by.

To enhance good standards and ethics that can sustain trustworthiness and reliability of the Company, the Company has set up a written Code of Conduct for employees and executives, which includes penalty provisions, to ensure international standards, transparency, integrity, and accountability (disclose on the Company's web site). The Company asks all directors, executives, and employees to sign and to comply with the Company's Code of Conduct annually. The Audit Department will monitor all parties to ensure their compliance with the Code of Conduct. In 2019, the Company's directors, executives, and employees signed to acknowledge the Code of conduct 99%.

#### Vision, mission, and strategy

The Board of Directors has established the Company's vision, mission, and overall strategy. The Board of Directors reviews strategies and the implementation of the Company's strategies by quarterly.

#### Policy regarding directors holding positions in other listed companies

The Board sets the number of companies of which a director can simultaneously be a director which is appropriate to the nature and types of businesses involved, as follows:

1. Directors cannot take any position in a business which may have a conflict of interest with the Company's business unless authorized by the board.
2. The board sets a limit of not more than 5 listed companies in Thailand of which a Director can simultaneously be a director, to ensure that directors are able to devote adequate time to their duties.
3. The Company will disclose each Director's positions in other companies, if any, in its Annual Report.

#### Policy regarding the Chief Operating Officer and management holding positions in other listed companies

The Board sets the maximum number of companies of which the Chief Operating Officer ("COO") and key executives (Department Head up) can simultaneously be a director as follows:

1. The COO and key executives cannot take any position in a business which may have a conflict of interest with the Company's business, unless approved by the Board.
2. The Board sets a limit of not more than 3 listed companies in Thailand of which a COO and key executives can simultaneously be a director, to ensure that the COO and key executives are able to devote adequate time to their duties.
3. The Company will disclose the positions of the COO and key executives in other companies, if any, in its Annual Report.
4. Before taking any position in another company, the COO and key executives shall first obtain approval from the Board.

#### Development of Directors - continuing education

The Company has a policy to encourage directors to attend seminars that are relevant to their duties and responsibilities. In 2019, 1 Director attended a seminar; Mr. Picharn Kullavanijaya, Vice Chairman /Independent Director, attended the seminar as follows:

- Reviews of Customers Suitability (including KYC review)

- Reviews of Anti-Money Laundering (AML)
- Compliance procedures
- Employees (registered and unregistered) management and supervision procedures
- Review of Gifts and Political Contributions policies and procedures
- Review of Diversity policies and procedures (including recognition and handling on harassment issues)

#### Orientation of new directors

All new directors are briefed about the Company's overall business operation, structure and relevant businesses so they understand the business process and shareholding structure of the Company. The Company Secretary is responsible for preparing for each new director a set of documents consisting of an annual report, mission, vision, core values, business performance, Articles of Association, Memorandum of Association, director handbook and relevant regulatory notifications.

In 2019, the Board of Director's meeting of the Company approved the appointment of Mr. Chin-Lung Tseng as a director (with authority), the SEC has approved the appointment on 28<sup>th</sup> August 2019 and the Company has registered it with the Ministry of Commerce on 2<sup>nd</sup> September 2019. The Company Secretary has briefed the Director about the Company's overall business operations.

#### Term of Directorship

The Company stipulated in the Articles of Association that at every annual general meeting, one-third (1/3) of the Directors, or, if their number is not a multiple of three, then the number nearest to one-third (1/3) must retire from office. A retiring Director is eligible to re-election.

However, the Company does not specify a maximum number of years or terms for which any Independent Director can hold office so that the Company does not lose the opportunity to appoint knowledgeable, capable and experienced directors who can contribute to the Company. However, to ensure that the Company's Independent Directors will be truly independent, where the Company intends to appoint an Independent Director whose duration of service as an Independent Director of the Company is more than 9 years, the Board shall assign the Nomination Committee to consider their suitability before proposing to the Board for consideration. The Board of Directors will consider whether an Independent Director can express his / her opinion independently before approving the appointment.

#### Succession Planning

The Company has a proper and transparent plan to recruit personnel into important positions at all managerial levels to ensure that the Company has a professional management team. Details are as follows:

##### **1. Chief Operating Officer level**

In the event that the position of the Chief Operating Officer is vacant or the individual cannot perform his duties, the Company has an arrangement whereby executives in a closely comparable level or his deputy shall act on his behalf until the selection process for a qualified replacement is completed. The criteria for such selection shall be based upon suitable qualifications as prescribed by the Company, as well as other qualities such as business vision, knowledge, proficiency, and experience and fit with the Company's corporate culture. The Company's Nomination Committee shall be responsible for the selection process and shall submit its final choice to the Company's Board of Directors for approval and appointment.

##### **2. Executive Level**

The Company continually prepares for succession planning at the executive position level as follows:

1. Analyzes the business conditions of the Company in term of its strategy, policy, investment and expansion plans.
2. Evaluates the readiness of manpower consistent with the Company's strategy in both short term and long term.
3. Plans for the availability of manpower by developing or recruiting employees to replace those resigning from the Company.

4. Creates a Recruitment Plan and arranges for Employee Training and Development in advance of retirement or early retirement of employees.
5. Defines the competencies, such as knowledge, skills, personality and desirable attitude required of employees in certain positions and establishes an Individual Development Plan.
6. Evaluates and assess the performance to determine the potential of employees.
7. Uses tools to test and evaluate the employees and to analyze their potential.
8. Selects successors based on the assessment and analysis of the employees' potential and performance. The employees shall be notified in advance in order to prepare for the handover and learning of the new responsibilities, while a successor shall also be determined.
9. Develops and evaluates employees who are expected to be successors. If their performance is contrary to the expectation, the Company has time to change the successors.

#### Board of Directors' Self-assessment and significant Committees' self-assessment

The Board of Directors and Significant Committees have conducted their annual self-assessment to determine whether or not, over the past year, they have carried out their duties completely and appropriately according to the framework of authorities and responsibilities and Corporate Governance Principles. The assessment result is gathered and summarized by the Company Secretary.

#### 1. The process of self assessment of the Board of Directors and Significant Committees

- 1.1 The Company used the assessment form produced by the SET, to ensure that the evaluation is accurate, complete and in accordance with the criteria prescribed by the regulator.
- 1.2 The Company Secretary sends a self-assessment form to all directors and committee members in the middle of November. All directors and Committee members return the form to the Company secretary by the end of November each year.
- 1.3 The Company Secretary summarizes the results and reports them to the Board of Directors in December each year.

#### 2. Criteria for self assessment of the Board of Directors and significant Committees

##### 2.1 Assessment topic

Assessment topic	Board (collective basis)	Committee (collective basis)	Board (Individual basis)
1. Structure and characteristics of the board	/	/	/
2. Roles and responsibilities of the board	/	/	/
3. Board meetings	/	/	/
4. The board's performance of duties	/	X	X
5. Relationship with management	/	X	X
6. Self-development of directors and executive development	/	X	X

##### 2.2 Criteria for consideration

The self-assessment of the Board of Directors and Significant Committees of the Company has criteria for consideration as follows:

2.2.1 Every item is equally important.

2.2.2 There are 5 scores as follows:

- 0 = Strongly disagree or there has been no implementation of the matter
- 1 = Disagree or there has been little implementation of the matter
- 2 = Agree to a limited extent or there has been initial implementation of the matter
- 3 = Mostly agree or there has been progressive implementation of the matter
- 4 = Strongly agree or there has been complete implementation of the matter

2.2.3 In the case of any questions that the assessor cannot give the score, put "NA" in the box, so there is no points will be considered in that issue.

##### 2.3 Assessment result

The Board of Directors' Meeting No. 6/2019, held on 3<sup>rd</sup> December 2019, considered and acknowledged the assessment results of the performance of the Board and 5 sub-committees as follows:

Board and Committee	2019 Average Score
Board of Directors	3.96
Audit Committee	3.87
Compensation Committee,	3.89
Nomination Committee	3.55
CG Committee	3.63
Risk Management Committee	2.93

#### Chief Operating Officer's assessment

The Compensation Committee will assess the performance of the Chief Operating Officer once a year. The assessment has 5 scores same as the evaluation of the board, by using the evaluation topics in accordance with the guidelines of the Stock Exchange of Thailand as follows:

1. Leadership
2. Strategy formulation
3. Strategy execution
4. Financial planning/Performance
5. Relationships with the Board
6. External Relations
7. Human Resources Management/Relations
8. Succession
9. Product/Service Knowledge
10. Personal Qualities

In 2019, the assessment results of the performance of the Chief Operating Officer is 3.97 (complete implementation of the matter).

#### **Items where the Company cannot follow the principles of good corporate governance of the SET**

Topic	Reason
1. The Company should inform the shareholders via its website of their rights to propose additional agenda items, and to nominate candidates for directors, including the procedures and deadlines for submitting such proposal for the Board of directors' consideration.	Shareholders can propose additional agenda items, and nominate a candidate for Director to the Company Secretary. The Company Secretary will propose to for the Board of Directors for their consideration.
2. If the chairman is not an independent director, the Board should ensure the balance of power and authority of the board and between the board and management by: 2.1 having the board comprise a majority of Independent Directors, or 2.2 appointing a designated Independent Director to participate in setting the board meeting agenda.	Although the chairman of the board is not an independent director, but the Board ensure the balance of power and authority of the board and between the board and management since the Board has a balanced ratio between executive directors and non-executive directors.
3. The Board of Directors should set limitations an individual may serve as an independent director to a maximum of 9 consecutive years. 4. The Board of Directors should set limitations on consecutive terms of directors and committee members.	The Company did not set limitations on terms for directors since the Company believes that the Company's directors have knowledge and capability. The long-term experience of the director gives them a good understanding of the Company's business.
5. The Board should establish a Compensation Committee with the majority of its members and its Chairman being Independent Directors.	The Company's Compensation Committee consists of 1 Independent Director, 1 Non-executive Director experienced in legal issues, and 1 executive of the major shareholder involved in Human Resource management. Thus the Compensation Committee can make accurate and informed decisions.

## 10. Corporate Social Responsibilities: CSR

### 10.1 Social Responsibility Policy

The Company operates its business with responsibility for all groups of stakeholders. The Company strives towards this by strictly complying with all applicable laws and regulations and promoting CSR projects on education and learning, which will be a major force for the sustainable development of the country and society in the future.

#### Principles of Corporate Social Responsibility

1. Fair business operation

The Company is committed to doing business in compliance with the law, giving respect to social rules as well as not committing acts that infringe or degrade the rights of the interested individuals.

2. Anti-corruption

The Company has policies to fight against corruption of all forms directly and indirectly. The Company implements work reviews, financial reports, internal controls, internal audits to ensure proper control systems, which are sufficient to minimize the risk of any possible corruption.

3. Giving respect to human rights

The Company realizes the importance of humanitarian rights and provides all employees with the appropriate rights, freedoms and equality in working together, as well as the opportunity for advancement without discrimination against any employee because of their position, race, religion, sex, class or political opinions.

4. Fair labor treatment

The Company sets wages at a proper level for the Thai industry. It also provides welfare for its employees in different forms and creates a safe working environment.

5. Responsibilities to the client

The Company focuses on good services to ensure the highest satisfaction of the client, adhering to the fairness of price and quality of service and honesty in negotiation and conclusion of the contract, sincere management of client complaints as well as any attempt to solve any possible deficiencies in activity or services in order to maintain a permanent relationship with the client.

6. Environmental protection

The Company always encourages employees to be environmentally aware.

7. Joint development of the community or society

The company supports the activities of development of the community and society. The Company continues to focus on providing educational opportunities for youth every year, including building a library for schools in remote areas, the KGI scholarships for university students and donating bicycles to junior school students.

8. Innovation

The Company is recognized as one of the leaders in innovation in the development of new products. The Company shall not infringe the intellectual property or copyrights of others. The Company will regularly organize training/seminars to ensure that our clients thoroughly understand new products before investing with the Company.

### 10.2 CSR Operations

#### Product design

The Company's products are based on the principle of conducting business fairly and responsibly with its clients. The Company proposes products relevant to clients' needs and that do not impose unfair trade terms with clients or competitors. The Company will disclose complete, accurate, and fair information about its products without any distortion to clients.

When the Company launches a new product, it will educate clients and investors in order to enhance their knowledge and build confidence in the Company's products.

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#### Sources of Funding

If the Company requires new funds, the policy is to try to procure most appropriate source of funds available and not depend upon just a single source of funds. The Company has a policy to follow Net Capital Rules and maintain a Net Capital Ratio (NCR) that is higher than the requirements under the SEC regulations, which specify that the Net Capital must be at least Baht 25 million and the Net Capital Ratio must be at least 7% of liabilities and guarantees.

#### Operational laws and regulations

The Company shall strictly abide by all laws and regulations concerning the securities business. The Audit Department and Legal and Compliance Department are responsible for ensuring the Company has effective internal control systems and that the systems are used properly and comply with SEC/SET regulations.

#### Risk Management

At the heart of the business operation is the question of how to maximize profits while keeping risk at a reasonable level. Under this concept, the Company, which has developed various new financial products such as equity options, structured products, other derivatives, Repurchase Agreements, etc., knows that the risk factors must be handled effectively. Therefore, the Company has established a Risk Management Committee as well as other safeguards to see that risk is always balanced with return.

The Company's Risk Management committee is comprised of representatives of all business units as well as senior operational administrative executives. The Committee is a forum where professional managers can join forces in coordinating risk-management initiatives. Initiatives include the installation of a mechanism for monitoring and managing market risk, credit risk and other financial risk. The Risk Management Department is responsible for monitoring all trading positions by systematically calculating Value at Risk (VaR) and also monitoring all the clients' positions using computerized systems. The Company has been able to analytically identify risks involved in its businesses and thereby optimize its use of capital. Other innovations by the Company include a variety of standard operational procedures that have been developed to reduce risk in routine operations.

#### Fair treatment to employees

The Company takes action to ensure that qualified applicants are given equal opportunity to be employed with regards to the required qualification, educational background, experience and other requirements on a non-discriminatory basis regarding gender, age, nationality or religion. The Company ensures fair employment and offers fair career advancement opportunities.

#### Fair competition policy

The Company practices under the international competition rules, commercial practices, and does not seek competitors' information using fraudulent methods. The Company does not seek any competitors' confidential information in a dishonest or improper manner and does not destroy the reputation of competitors by accusing them without honest and factual data.

#### Caring for the environment

The Company intends to do business in an environmentally responsible way. The Company supports all employees being environmentally aware and responsible by efficiently using resources. This includes saving electricity, saving water and the proper use of office equipment. In 2019, the Company carried out the following projects:

##### 1. Using electronic account statements (E-Statement)

In 2019, the Company started to use E-Statements replace paper documents, the documents that the company has sent electronic forms to customers such as order confirmation, monthly statement yearly statement, withdrawal and payment form, and deposit form. At the end of 2019, the Company sent electronic documents to customers, representing 80 percent of all active account customers.



## 2. Prepare annual report in QR Code format

In 2019, the Company began to produce its annual report in QR Code format and stopped the production of the annual report CD-ROM format and reduce the production of the annual report paper format. This reduced costs of the Company while also helping to save the environment.

### Anti - Corruption Practices

The Company's staff must not ask for or receive any bribes. The Company's staff must not give benefit of assets to third parties to encourage such third parties to do any illegal activity or behavior.

### Respect for the rights of stakeholders

The Company's operations place importance on the rights of all groups of stakeholders both internal and external.

## **10.3 Impact of Business Operations on Corporate Social Responsibility**

The Company and its subsidiaries have not been found in violation or under review regarding the 8 principles of Corporate Social Responsibility.

## **10.4 Corporate Social Responsibility**

### **(A) Bicycle Donation Project**

In 2019, the Company continued the bicycle donation project for Thai school children. A total of 1,140 bicycles were donated to 213 schools in 9 provinces. The objective of the project is supporting the education of children aged between 8-15 years who have difficulty in finding transportation to school. The Company hopes that this project will be able to help the students in getting to school, in an environmentally friendly and healthy way, and that they will have more time for their studies.

### **(B) CSR campaign "Travel as your dream, once in a life time Season 2"**

The Company has joined the campaign "Travel as your dream, once in a life time Season 2" with the Tourism Authority of Thailand. This project's objective is to give a chance for Thai people who have low income or are disadvantaged to travel as they dream once in a life time. The Company plans to take disadvantaged children from SOS Children's Villages Thailand to Chulachomklao Fort, Bangkok Naval Base in Q1 2020.

## **10.5 Anti-Corruption Guidelines**

### **(1) Policies and Guidelines to prevent and combat corruption**

#### The Board's resolution

The Board of Director's meeting No. 6/2014, dated 12<sup>th</sup> December 2014, approved the Policies and Guidelines to prevent and combat corruption by the Company and the Procedures regarding the Anti-Corruption policy. In this regard, the Board of Directors has reviewed the Company's Policies and Guidelines to prevent and combat corruption annually. (See the policies and guidelines to prevent and combat corruption on the Company's website: [www.kgiworld.co.th](http://www.kgiworld.co.th)).

#### Anti-Corruption Policy

In operation of the ordinary course of business, the Company persists in honesty, transparency and compliance with corporate governance principles and intends to resist corruption in any manner, whether direct or indirect.

1. The Company resists corruption and cooperates with outside organizations in support of anti-corruption.
2. The Company resists and does not support any corruption and also employs preventive measures to combat corruption.
3. The Company prohibits its directors, executives and employees from being involved in any corruption in the form of calling for any money, things or benefits from the Company's counterparty, business-related persons or vendors.
4. The Company has a clear policy on receiving gifts, ie, directors, executives and employees can receive gifts worth no more than Baht 3,000. In case of gifts worth more than Baht 3,000 and can not reject, directors, executives and employees shall follow the Company's procedure.

5. The Company encourages employees, including stakeholders, to inform the story or suspicious behavior or suspect that there may be a future offense. The Company has measures to protect all employees or stakeholders who complain and do not disclose the name of the complainant. The Company will keep all complaints confidential.

#### Intention to join the Private Sector

The Company signed its intention to join the Thailand's Private Sector Collective Action Coalition against Corruption ("CAC"), of which Thai Institute of Directors (IOD) was the project secretary. The purpose of this project is to create a joint agreement to combat corruption in all its forms. This is the beginning of collaboration on nationally important issues.

In this regard, the Company has been certified as a member of the CAC from the Private Sector Collective Action Coalition Against Corruption Council, effective from 16<sup>th</sup> January 2015 onwards and has been submitted for renewal of such certification every 3 years.

### **(2) Actions to prevent and combat corruption**

#### **1. Risk evaluation**

The Company assesses risks from all types of business transactions, which may be considered as bribery or corruption by revising the perspective of its risk management policy annually. Moreover, the present risk management policy shall be reviewed appropriately to avoid or reduce risk to an acceptable level.

#### **2. Set the Guidelines**

The Company has set up Guidelines related to anti - Corruption such as guideline for Political Contributions, Charitable Contributions and Sponsorships, the expenditure of gifts, hospitality and entertainment, Whistle Blowing, the protection of directors, management and employees who rejected bribery. The Company also has other relevant policies and manuals such as Corporate Governance, Company Code of Conducts, Compliance Manual, etc.

#### **3. Communication and training for staff**

The Company provides directors, executives, and employees with copies of policies and practices to prevent and combat corruption. And post it on the Lotus note and the Company website ([www.kgiworld.co.th](http://www.kgiworld.co.th)) to ensure that everyone understands the Company's anti-corruption policy. It also includes this policy as part of an employee orientation.

In 2019, the Company organized a training course on its anti-corruption policy for employees on the topic "No Gift Policy" which is considered as part of policies and guidelines for prevention and avoiding corruption.

#### **4. Monitoring**

The Company monitors and reviews this policy continuously (at least once a year), by taking into consideration circumstance and risk adjustment, then, shall propose to the audit committee for considering the sufficiency and result of implementing the anti-corruption policy, after that a report to the Board of Directors will be made in order to acknowledge the risk assessment and to make suggestions for risk mitigation. Furthermore, the Audit Department will be responsible for monitoring the internal control and procedures regularly, and shall report issues immediately to assure the effectiveness of such procedures. Nevertheless, related authorized persons shall consider proper solutions and report to the Chief Executive Officer and Audit Committee for proceeding.

#### **5. Review**

The Company's Audit Committee will be responsible for reviewing the sufficiency of the entire process. In 2019, the Board of Directors and Audit Committee considered and reviewed the report related to investigation of corruption. The conclusion was that the operation processes related to anti-corruption had adequate internal control, authorization compliance with the Company's policy/guidelines and could not find any transactions that may be considered as corruption.

## **11. The Internal Control and Risk Management**

### **11.1 Evaluation of Internal Controls**

The Company's Audit Committee is responsible for reviewing the Company's financial statements by coordinating with external auditors and the relevant management. The Audit Committee monitored and review the Company's internal control systems and internal audit systems, along with considering related party transactions and risk management to ensure that the Company has an appropriate internal control system.(see the Audit Committee report)

At the Audit Committee Meeting No.1/2020 held on 19<sup>th</sup> February 2020, the Audit Committee has completed the self –assessment questionnaire regarding the Adequacy of Internal Control Systems for year 2019 as following parts and reported to the Board of Directors Meeting No.1/2020 held on 19<sup>th</sup> February 2020 regarding the evaluation result. The Audit Committee and the Board gave the same opinion that the Company has an appropriate internal control system for its business and adequate staff to implement the system effectively. The Company has a system of internal controls to protect the assets of the Company and its subsidiaries against wrongful by the directors or management.

1. Control environment,
2. Risk assessment,
3. Control activities,
4. Information and communication, and
5. Monitoring activities

The auditor of the Company, Deloitte Touche Tohmatsu Jaiyos Company Limited has audited quarterly, half year and annual financial statements of the Company for 2019 and reported on the information technology system. The audit scopes were general control and application control and the results did not disclose any material findings.

### **11.2 Head of Audit Department and Head of Compliance Department (see the qualification of the Management in Attachment 3)**

#### Head of Audit Department

The Company has appointed Ms. Rungthip Vanitchapan to act as Head of Audit Department since 1<sup>st</sup> February 2016. The appointment or Transfer or dismissal of the Head of Audit Department needs approval from the Audit Committee. The qualification of the Head of Audit Department as per Attachment 3

#### The Audit Committee's opinion

The Audit Committee gave the opinion that Ms. Rungthip Vanitchapan is appropriate to perform such functions effectively because she has more 10 years of experience in the auditing of securities and banking businesses and has an understanding of the Company's business.

#### Head of Legal & Compliance Department

The Company has established a Legal and Compliance Department to ensure that the Company does not violate any rules or regulation. The Company has appointed Mr. Surachet Amnuaywittayakul, Senior Vice President, as the head Legal and Compliance Department.

## 12. Related Party Transactions

### 12.1 Related Party Transactions in 2017-2019

#### Type of relationship

The relationship between the Company and its related parties, which have business transactions with the Company and its subsidiaries, are summarised below.

Company's name	Relationship
One Asset Management Limited	The Company's subsidiary, which is 99% held by the Company
KGI Insurance Broker (Thailand) Company Limited	The Company's subsidiary, which is 100% held by the Company
KGI Securities (Thailand) International Holdings Limited	The Company's subsidiary, which is 100% held by the Company
KGI (Thailand) Holdings Limited	The Company's subsidiary, which is 100% held by the Company
KGI Asia (Holdings) Pte. Ltd.	A major shareholder of the Company
KGI Securities Co.Ltd.	It is an indirect major shareholder of the Company through KGI Asia (Holdings) Pte. Ltd.
KGI Asia Limited	KGI Securities Co. Ltd. is a major shareholder of these related companies and is an indirect major shareholder of the Company
KGI Hong Kong Limited	
KGI Securities (Singapore) Pte. Ltd.	
KGI Futures Co., Ltd.	

#### Significant business transactions with its related parties

During the years ended December 31, 2019, 2018 and 2017, the Company and its subsidiaries had significant business transactions with its related parties. Those transactions, which were summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, the subsidiaries and those related parties.

	For the years ended December 31,			Unit: Thousand Baht
	2019	2018	2017	Pricing Policies
<b><u>Transactions with subsidiaries</u></b>				
<b><u>Fee and service income</u></b>				Fees at the rate as a percentage of net asset value of fund servicing or as specified in the contracts
One Asset Management Limited	11,025	3,775	2,810	
<b><u>Dividend income</u></b>				
One Asset Management Limited	59,547	148,346	72,849	Dividend as declared by a subsidiary

				Unit: Thousand Baht
For the years ended December 31,				
	2019	2018	2017	Pricing Policies
<b><u>Transactions with related parties</u></b>				
<b><u>Brokerage fee income</u></b>				At the same rate charged to general
KGI Asia Limited	6	132	88	customer, in accordance with criteria
KGI Securities Co. Ltd.	212	413	352	of the Stock Exchange of Thailand and
KGI Securities (Singapore) Pte. Ltd.	17,320	8,616	1,454	the Office of the Security and Exchange
KGI Futures Co., Ltd.	11	-	-	Commission
<b><u>Custodian fee income</u></b>				Baht 15 of every Baht 1 million
KGI Asia (Holdings) Pte. Ltd.	573	559	517	securities outstanding value each day
<b><u>Other fee and service income</u></b>				Actual amount based on agreement
KGI Securities (Singapore) Pte. Ltd.	7,170	2,909	-	
KGI Asia Limited	10	-	-	
<b><u>Service fee expenses for developing computer system</u></b>				Actual amount based on agreement
KGI Securities Co. Ltd.	2,691	4,001	597	
<b><u>Transactions of subsidiaries with related parties</u></b>				
<b><u>Management fee expenses</u></b>				Negotiated rate base on prevailing market
KGI Hong Kong Limited	583	609	637	Rates
<b><u>Transactions with management and directors</u></b>				
<b><u>Brokerage fee income</u></b>				At the same rate charged to general
KGI Securities (Thailand) Plc.	35	92	144	customer, in accordance with criteria
				of the Stock Exchange of Thailand and
				the Office of the Security and Exchange
				Commission
<b><u>Co-management fee expense</u></b>				Negotiated rate base on prevailing market
KGI Securities (Thailand) Plc.	3,780	3,780	3,780	Rates

### Outstanding balances

The outstanding balances with their related parties as at December 31, 2019, 2018 and 2017 were as follows:

	Unit: Thousand Baht		
	December 31, 2019	December 31, 2018	December 31, 2017
<b><u>Securities business receivables and Derivatives business receivables</u></b>			
<i>Transactions with management and directors</i>			
KGI Securities (Thailand) Plc.	-	-	11,106
<b><u>Accrued service fee income</u></b> <b>(presented as a part of "Other assets")</b>			
<i>Subsidiary</i>			
One Asset Management Limited	7,246	701	584
<i>Related company</i>			
KGI Asia (Holdings) Pte. Ltd.	46	45	46
KGI Securities (Singapore) Pte. Ltd.	951	602	-
KGI Asia Limited	10	-	-
<b><u>Capital expenditure for developing computer system</u></b> <b>(presented as a part of "Intangible assets")</b>			
<i>Related company</i>			
KGI Securities Co. Ltd.	24,993	20,072	17,488
<b><u>Advances paid</u></b> <b>(presented as a part of "Other assets")</b>			
<i>Subsidiary</i>			
KGI Insurance Broker (Thailand) Company Limited	65	-	-
<b><u>Advances to related companies of subsidiaries</u></b> <b>(presented as a part of "Other assets")</b>			
<i>Related company</i>			
KGI Asia Limited	684	735	739
<b><u>Securities business payables and Derivatives business payables</u></b>			
<i>Related company</i>			
KGI Securities Co. Ltd.	-	7,346	-
KGI Securities (Singapore) Pte. Ltd.	7,255	1,814	2,487
<b><u>Other payables and advances (presented as a part of "Other liabilities")</u></b>			
<i>Subsidiary</i>			
KGI Securities (Thailand) International Holdings Limited	1,126	1,211	1,220
<i>Related company</i>			
KGI Securities Co. Ltd.	10,847	9,212	7,132
<b><u>Other payables and advances from related companies of subsidiaries (presented as a part of "Other liabilities")</u></b>			
<i>Related company</i>			
KGI Hong Kong Limited	853	6,849	774
<b><u>Subordinated loans from subsidiaries</u></b>			
<i>Subsidiaries</i>			
KGI Securities (Thailand) International Holdings Limited	1,500,000	1,500,000	1,500,000
KGI (Thailand) Holdings Limited	436,500	436,500	436,500



### **12.2 The necessity and reasonableness of transactions**

During 2017-2019, most of the Company's related party transactions were normal business transactions/supporting transactions with normal commercial terms. The Board of Directors has approved the principles for such transactions and authorised the management to proceed by themselves.

For related party transactions which have a transaction size that must be approved by the Board of Directors, such as service fees expenses for developing computer system, co-management fee expense and capital expenditure for developing computer system, the Audit Committee has considered the said transactions and has opined that they are reasonable and in the best interests of the Company.

### **12.3 Policy regarding planned future connected transactions**

The Company and its subsidiaries have no current intention to enter into transactions with persons who may have a conflict of interest. However, if such transactions become necessary, the Company will strictly comply with the SEC and SET regulations and strictly follow the process of approving any connected transaction as described above.