



## **Corporate Governance Policy**

**FN Factory Outlet Public Company Limited**

**(Revised Edition No. 3 on March 8, 2022)**



## Corporate Governance Policy

The Board has established the Corporate Governance Policy according to corporate governance principles, rules and regulations of the Stock Exchange of Thailand and applied the 2017 Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission as operational framework of the Company's business. In order to determine the direction policy and business operation. The Board annually reviews and updates the Corporate Governance Policy to align with situations and gives priority to the observance of the Corporate Governance Policy to ensure equitable and fair treatment of shareholders, transparency and accurate, adequate disclosure and reliable.

In addition, the Board has appointed Board committees to oversee internal audit, internal control, risk management, and corporate governance. Also, executives and employees are encouraged to work with transparency, fairness, and social and environmental responsibility to promote the confidence of all stakeholders in the Company's adherence to the corporate governance principle and potentials for sustainable growth.

The Corporate Governance Policy, Code of Conduct, whistle blowing channel, and the Anti-Corruption Policy are available on the Company's website to promote understanding and compliance by the directors, executives, employees at all levels, and all stakeholders and are also included in the onboarding programs for new directors.

Accordingly, the Company has formulated the Corporate Governance Policy which was divided into sections as follows:

### **Section: 1 Rights of Shareholders and Equitable Treatment of Shareholders**

#### **Rights of Shareholders and Meetings of Shareholders**

1. The Company disclose its operating results for 2021 and necessary information to be released periodically through the Stock Exchange of Thailand and the company's website [www.fnoutlet.com](http://www.fnoutlet.com) both in Thai and English. The Company joined the Opportunity Day of the Stock Exchange of Thailand 4 times in total as follows: No.1/2021 held on 23 March 2021, No.2/2021 held on 2 June 2021, No.3/2021 held on 2 September 2021, No.4/2021 held on 2 December 2021 to disclose the operational performance.

2. Shareholders shall have equal rights to attend and exercise their voting rights at shareholder meetings, to receive profit sharing/dividends, and to be treated equally in the Company's share buyback.



The dividend payment will be paid from 2021 retained earnings at the rate of Baht 0.0037 per share, it must be approved by the 2022 Annual General Meeting of Shareholders.

In 2021, The invitation letter of the Annual General Meeting, both in Thai and English, was published on the company's website, and it was released periodically through the Stock Exchange of Thailand. The meeting was held by electronic means with a detailed description of the registration process for attending the meeting, including having a staff facilitate the shareholders in registering for the meeting. The Company held an Annual General Meeting of Shareholders on April 27, 2021.

3. Shareholders shall have the right to appoint their proxies to participate in such meeting by filling out the proxy forms developed by the Department of Business Development, Ministry of Commerce, in the event that shareholders are unable to attend the meeting in person. For their convenience, shareholders may appoint the Company's independent directors as their proxies who execute acts per the shareholders' expressed intents. Details of such independent directors and proxy forms are made available in the notice of meeting and on the Company's website.

4. Shareholders shall have the right to attend and exercise voting right during the meeting. Each shareholder has the right to vote in the meeting as 1 share per 1 vote. Except for the agenda items in which they have conflicts of interest. The resolutions of the shareholders' meeting are in accordance with the law. In addition, the chairman of the meeting shall allow shareholders to express their opinions and ask questions, which will also be recorded in the minutes of the meeting in order that shareholders who do not attend the meeting do not miss such information.

5. Shareholders shall have the right to make decisions on important matters motioned at the meetings of shareholders, other than matters that have been delegated to the Board such as the adoption of the minutes of the previous meeting, approval of annual financial statements, approval of profit allocation and dividend payment/omission, election of new directors to replace those who retire by rotation, determination of meeting allowance, bonus/reward, and other benefits of the directors, auditor appointment and audit fee, related-party transactions, and significant asset acquisition transactions.

6. Prior to each shareholder meeting, the Company shall arrange for independent inspectors who do not have any interest in the Company and/or institution representatives to examine meeting documents, check a quorum, count votes, and validate voting results and resolutions to ensure transparency and compliance with laws and the Company's Articles of Association.



In 2021 Inventech systems (Thailand) Co.,Ltd.,who is qualified by the Ministry of Digital Economy and Society, organized electornics meeting and provided voting process by electronics system.

7. The Company shall not add agenda items or change important information without prior notice to shareholders in advance of the meetings of shareholders.

In 2021, Chairman was Chairperson in the meeting, the meeting was held in accordance with relates laws, company's ariticle of assosiation, and it was went through agendas which was sent to shareholdes in advance. There was not any agendas added in the meeting without notice inadavance.

8. The Company shall facilitate convenience of shareholders and encourage them to attend the meetings of shareholders by holding meetings in at a venue that is easily accessible.

In 2021, the Company held the meeting by electronics means to avoid the outbreak of COVID-19 situations and for safety reasons.

#### **Rights to receive information relevant to the meetings of shareholders**

1. The Company shall prepare a notice of meeting, with the agenda of the meeting and related information, including the opinion of the Board on each proposed agenda item, related rules and procedures applicable to meeting participation. The notice of meeting shall be sent to shareholders at least 14 days prior to the meeting date and posted on the Company's website at least 30 days before the meeting date.

In 2021, The notice of the Annual General Meeting was sent on April 12, 2021, with was 15 days prior to the meeting date, and it was public on the Company website 30 days prior to the meeting date with was 28 March 2021.

2. Shareholders shall have the right to receive information and details pertaining to the agenda item of director election. The notice of meeting shall have the profiles of persons nominated for election as directors, the types of directors to be nominated, their attendance of meetings in the previous year, and the date of their first appointments as directors. Voting shall be cast for each nominee individually to allow shareholders the freedom to elect the directors as they see fit.

3. Shareholders shall have the right to receive information and details pertaining to the agenda item of auditor appointment and audit fee. The notice of meeting shall contain clear details of the auditors nominated for appointment, their companies, experience, competence, independence, and fee.

4. Shareholders shall have the right to be clearly informed of the voting procedure, the use of ballots, and vote counting applicable to each agenda item prior to the meeting.



5. For transparency and verifiability, ballots shall be used for every item on the meeting agenda. For the accurate and fast vote counting, the Company uses a computerized system for registration and voting. In 2022, The Company arranged voting in advance and during meeting via electronics means.

6. Shareholders shall have the right to be informed of the Board's resolutions pertaining to the details of the meeting, record dates for the meeting and dividend entitlement, and meeting agenda in advance of the meeting date through the Company's website and the Stock Exchange of Thailand's information system.

7. After the meeting of shareholders, The Company published the resolution of Shareholders meeting and voting results the next day after the Meeting date, on channel of the Stock Exchange of Thailand and on the company website. the minutes of the meeting, which contain records of matters discussed according to the meeting agenda, resolutions, numbers of approval votes, disapproval votes and abstentions, and opinions and questions raised at the meeting, shall be prepared and submitted to the Securities and Exchange Commission and the Stock Exchange of Thailand within 14 days from the meeting date. It was submitted to ministry of commerce within 30 days according to laws. The minutes of meeting shall also be disseminated on the Company's website.

**Rights to propose items to be included in the agenda of the meeting of shareholders and to nominate qualified candidates for directorship**

The Company shall allow shareholders to propose items to be included in the meeting agenda, to nominate qualified candidates for directorship, and to submit their opinions and questions regarding the Company to the Board at least 1 month in advance of the date of the annual general meeting of shareholders according to the criteria announced on the Company's website.

For 2022shareholders' meeting, the Company invited shareholders to propose items to be included in the meeting agenda, to nominate qualified candidates for directorship, and to submit their opinions and questions regarding the Company to the Board in advance whereby the applicable means and procedures were disclosed on the Company's website from 9 October 2021 to 31 January 2022.

**Rights of the Board and Board committees to Attend the Meeting of Shareholders**

1. The Company shall encourage and urge the chairman of the Board, directors, chief executive officer and executives of the Company to attend every meeting of the shareholders to meet with shareholders and answer their questions.



2. The Company shall encourage and urge the chairman of every Board committee of the Company to attend every meeting of the shareholders to answer shareholders' questions that concern such Board committees.

## **Section 2: Roles of Stakeholder and Business Sustainability Development**

To contribute sustainable future, the Company commits to create value for business sustainably with business operation in responsible to stakeholders, communities, society and environment. The Company recognizes the equal rights of all stakeholders, whether external stakeholders such as shareholders, customers, business partners, competitors, creditors, society, communities, environment and relevant government agencies, and internal stakeholders such as employees. These stakeholders are key to the Company's development, success, continuous growth, and sustainability.

Therefore, the Company has defined and published on its website the Corporate Governance Policy and the Code of Conduct enumerating practices applicable to the treatment of each stakeholder in order to promote good understanding among stakeholders and provide guidelines for directors, executives and employees at all levels. Details are as follows:

**Shareholders:** The Company recognizes the basic rights that all shareholders equally share, clearly defines operating guidelines based on the corporate governance principles, and makes accurate and transparent disclosure of information. In addition, the Company implements effective internal control and risk management system and the Anti-Corruption Policy and adequately provides communication channels. These efforts are made to bolster shareholders' confidence that the Company conducts its business with transparency, strives to achieve solid growth and returns for shareholders in the long run.

**Customers:** The Company is committed to achieve the highest level of customer satisfaction. To this end, the Company is committed to the continuous development of products and services and their quality with environmental considerations in mind. Materials are carefully selected and the production processes of satisfactory standards are implemented to ensure the quality of goods, products and services, safety delivered at reasonable prices. To improve the quality of products and services to meet the customers requirement. The company policy preserves the confidentiality of the customer's information by complying with the Personal Data Protection Act and other related strictly laws. There are various channels of communication with customers, including the Company's website, LINE Official Account, Facebook and telephone to facilitate customers to notify the effect of the product and service of the company. In addition, customer satisfaction surveys are regularly



conducted and multiple channels for customer complaints are provided, including the channel of the Company's website. Information of customers filing complaints is treated with confidentiality and complaints that are considered significant are escalated to the Board for resolution.

**Business Partners:** In conducting business, the Company gives consideration to equality on the basis of fairness and mutual benefit. The business partner selection processes, procedures and practices are clearly defined and developed in recognition of fairness and transparency to protect the Company's reputation and uphold standards and good corporate governance principles. Contracts and business conditions are fair and compliant with laws. Encourage the potential of partners with cooperation in research and development products, services and innovations. It is the Company's policy to not accept money, assets or benefit that are considered undue from its business partners and not support business partners committing misconduct, being involved in corruption, or violation of human rights and labor laws.

**Competitors:** The Company conducts its business in accordance with the fair competition principles, trade competition laws, and business ethics. The Company refrains from committing corruption, defaming its competitors, directly or indirectly obtaining trade secrets of competitors through unlawful means, disclosing competitors' information in all circumstances, and infringing intellectual properties of others.

**Creditors:** The Company treats all debtors equally and fairly by strictly complying with contractual terms and conditions including the measure to prevention default payment to assure the creditors of the Company's financial position and ability to service all debts punctually. If there are changes of terms and conditions or incidents that significantly affect the Company's financial position with potential impact on its debt servicing ability, the Company shall inform its creditors accordingly to jointly identify solutions.

**Community and Society:** The company policies promote the well-being of communities and society, economic stability, self-reliant and support the community activities which are benefit for community, including cooperation between the government and local government departments in public activities. The company will supervise to ensure that the Company operation will comply with laws and other relevant regulations.

**Environment:** In conducting its business, the Company focuses and concerns the impact from business operation on environment. In consequently, the Company enforces the Occupational Health, Safety and Environment Policy and urges executives and employees at all levels to use resources efficiently and effectively and operate with safety consciousness and environmental concerns.

**Employees:** The Company recognizes that employees are valuable resources and key drivers of the Company's success. The Company observes the principles of the human rights and treats all level of employees



and stakeholders equally without distinction of any kind, such as race, religion, sex and culture as well as does not violate the basic human rights. The Company also upholds labor laws and fair employment practices. Employment contracts contain fair conditions and the pay structure is based on competencies, capability and functional responsibilities with appropriate compensation and benefit system. The Company provides appropriate welfare packages that are commensurate with its position to executives and employees and ensures that work environment is conducive to the safety of lives, health and assets. Employees are entitled to take leave and apply for job transfer as appropriate and the channels for communication between employees and senior executives are established. Employees are continuously encouraged to regularly participate in internal and external training programs as appropriate and necessary to develop their skills and knowledge according to their positions. The Company respects the principles of human rights and treats all employees equally without relationship-based preferential treatment.

**Government:** The Company supports operations of the government sector and complies with the regulations and policies of the regulators. In parallel, the Company consistently supports and participates in activities organized by the governmental organizations with the aim of contributing to the nation's growth and stability. The Company respects intellectual property and proprietary rights and conforms with laws and rules governing this aspect. The Company shall not commit or support violation of intellectual properties, whether copyright, patent, trade secret, trademark, information, trade name and geographical indication and any other types of intellectual properties. In this respect, the Company has set the policy that its directors, executives, employees and staff shall comply with the said laws to ensure transparency, fairness and verifiability of the Company's business conducts. Furthermore, the Company shall not do business or work with individuals or entities infringing intellectual property rights.

In 2021, There are not any cases of human rights violation, employment law, consumer suites, trade competition, default payment, terms of guarantee and the environment.

### **Section 3: Disclosure and Transparency**

The Company attaches importance to accurate, complete and transparent disclosure of information in accordance with guidelines set forth by the Stock Exchanges of Thailand with a view to enabling all stakeholders, investors, analysts, related parties, and interested persons to equally receive information, both Thai and English, disclosed according to accounting periods and upon important incidents as detailed below.





1. The Company's important documents, the Corporate Governance Policy, the Code of Conduct, environmental policy the certification of incorporation, the Articles of association, the Memorandum of Association, and notices and minutes of meetings of shareholders and sustainability report.

2. Financial information, reports of the Board of Directors' responsibility for financial reporting together with auditor's reports, management discussion and analysis, general information and important information disclosed in annual reports, filing 56-1 (One-Report) and annual registration statement that are correct, complete, timely and in accordance with requirements stipulated by the Securities and Exchange Commission and the Stock Exchanges of Thailand.

3. Structure, roles and responsibilities of the Board and Board committees including the number of meetings held and the number of meetings attended by individual director, as well as business structure, organization structure and executives management information.

4. Remunerations of directors, Chief Executive Officer and executives and comparable industry benchmark. Remunerations of Chief Executive Officer and executives are based on the guidelines and policies given by the Board in accordance with the framework approved by the meetings of shareholders and in the Company's best interest. Such remunerations are performance-based and reviewed by the Nomination and Remuneration Committee before being proposed to the Board and subsequently to the meeting of shareholders, which is depends on each case. The CEO's remuneration policy is enclosed on page 103

5. Reports on conflicts of interest of directors, executives and related parties. Upon the first appointment of each individual as director or executive or upon the change of information about conflicts of interest, the Company Secretary will prepare the report to be completed by directors and its copy must be submitted to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date the report is received.

6. The Company consistently updates information and publishes important information through the Company's website and the information system of the Stock Exchange of Thailand.

The Company's Investor Relations Department is responsible for communicating with institutional investors, retail investors, shareholders, analysts and relevant government agencies equally and fairly. Shareholders may contact the Investor Relations Department via e-mail at [ir@fnoutlet.com](mailto:ir@fnoutlet.com) to request additional information. In 2021, meetings between the Chief Executive Officer or senior executives and institutional investors, analysts, retail investors, and shareholders were held regularly in the forms of, for example, site visits at outlets for clearer picture of the Company's business, Company Visit, One-on-One Meetings, Group Meeting,



Conference Calls, and the Opportunity Day event organized by the Stock Exchange of Thailand as a forum for investors to gain information about the Company's business directions and strategy for 4 times. However, due to the epidemic situation of COVID-19, the Company suspends the activities of taking shareholders to visit the business as it had done in the past.



#### **Section 4: Board Responsibilities**

As the representatives of the shareholders, the Board is chiefly responsible for formulating the Company's vision, mission, policies and strategies, overseeing the management's performance for alignment with established policies and strategies for the best interest of shareholders, and reviewing the performance of the Company against predetermined plans. It is therefore imperative for the Board to consist of qualified individuals with diverse knowledge, abilities and experiences in order for it to be able to develop policies that will direct the Company toward success. In the past years, Board of the Director had a meetings for revisits its vision, strategies, policies. In addition, Board of the Director continually monitors and the implementation of the strategy after the 6 months of year. In 2021, Board of Directors' Meeting had review 2021 business plan on August 11, 2021

In addition, the Board recognizes the importance of accurate, complete, transparent, inclusive ad timely disclosure to shareholders and all related parties. Information disclosed includes financial reports, performance, other relevant information, including information that may affect the share price. Such disclosure is intended to support decisions of shareholders, investors and other related parties in accordance with the corporate governance principles and is made via mail, the Company's website, and the information system of the Stock Exchange of Thailand.

#### **Board Structure**

The Board has mandated that the Board structure reflect a diverse mix of gender, skills, experience and abilities that benefits and adequately contributes to the Board's effective performance. The Board of Directors was composed of 9 persons, which were 4 independent directors (equivalent to 1/2 of the total number of directors) to ensure proper checks balances. The qualifications of independent directors comply with criteria stipulated by the Securities and Exchange Commission under Clause 17 of the Capital Market Supervisory Board's Notification No. ThorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares dated 30 September 2016 (Codified). The Board appointed Board committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Risk Management Committee, the Good Corporate Governance Committee, and the Executive Committee. Board of Directors issues the charters of the Board of Directors and the 4 sub-committees which sets out their composition, qualifications, tenure, quorum, and scope of duties and responsibilities have been developed by the Company and published on the Company's



website separately. (The scope of duties and responsibilities of the Board is disclosed under Part 7 under topic : Management Structure .)

The quorum of the Board and Board committees is defined to require at least two-thirds of the total seats to vote. Tenure is additionally incorporated in the qualification criteria applicable to independent directors as follows:

#### **Tenure of Directors**

The tenure of independent directors shall not exceed 3 consecutive terms (9 years in total). This rule shall be effective as of the Extraordinary General Meeting of Shareholders No. 1/2016 held on 9 May 2016 per the resolution to approve the appointment of the Board. Each director shall be deemed to have completed an office term at an annual general meeting of shareholders (AGM) in a year that he/she is due to retire by rotation and may be nominated by the Board, as it deems appropriate, to the AGM for re-election by shareholders but such director shall no longer be considered an independent director.

#### **The limitation of holding directorship at listed company for the Company's Director**

Each director is allowed to hold directorship in other listed companies not more than 5 listed companies, inclusive of the Company, to ensure the directors' efficiency and sufficient allocation of time to serve on the Company's Board of Directors.

#### **Being directors of other company of CEO and high level executives management**

Chairman of Executive Officer and high level executives management are allowed to be directors in other company unless he/she is able to perform his/her duty and being director in other company must be approved by Board of Directors.



### **Code of Conduct**

The Board ensures that the Code of Conduct is developed as a guideline that directors, executives and employees and compliance therewith is considered their common duty and responsibility for the best interest of the stakeholders and the Company's credibility and sustainable growth.

The Company discloses the Code of Conduct on the website [www.fnoutlet.com](http://www.fnoutlet.com).

### **Risk Management Policy**

The Board has established the Risk Management Policy that is enterprise-wide and covers the end-to-end risk management process, from risk identification, risk assessment, risk monitoring and control, and risk management standards, for effective and continuous risk management.

### **Director and Executive Remuneration Criteria**

The Company has a clear and transparent set of remuneration criteria. The Nomination and Remuneration Committee is responsible for proposing the director and executives management remuneration to the Board for endorsement and the Shareholders or Board of Directors for approval, it depends. The remuneration criteria are based on the financial position of the Company and the scope of work and responsibilities of each director and executive to ensure that the remuneration is competitive, comparable with the benchmarks of the same or similar industry, and effective in attracting and retaining competent directors. All directors understand their duties as Board members and are committed to independently and freely sharing their and opinions and relentlessly develop themselves. In addition, they perform duties with integrity, prudence and due care for the best interest of the Company and fairness to all shareholders. Each and every director has devoted their time to fully and adequately fulfill their duties and responsibilities and to attend all meetings regularly, except in case of unavoidable necessity.

### **Succession Plan**

The Company is cognizant of the importance of effective performance and business continuity and thus has established executive selection policies and criteria and succession planning policies which promote transparent nomination and selection processes that are based on knowledge, abilities, experience and ethics as follows:

- 1) Identify key positions of each business/unit/department.



- 2) Identify the desired qualifications of successors.
- 3) Draw up a list of executives in each business/unit/department who are qualified and ready to be successors.
- 4) Draw up a list of employees who are considered talents and potential successors in the future.
- 5) Formulate development plans for the successors and employees and executives who are potential successors.
- 6) Prepare and review a succession plan annually and propose it to the Board.

## **Section 5: Internal Control and Risk Management**

### **Internal Control and Internal Audit**

Recognizing the importance of the internal control and internal audit, the Company assigns the Audit Committee to oversee the internal control and the internal audit, review the adequacy of the internal control, undertake the analysis, management and improvement of internal audit and internal control for optimized effectiveness and suitability to the Company's business, and exercise oversight in a bid to prevent conflicts of interest, corruption or misconduct in a bid to promote the Company's performance effectiveness. The Audit Committee is also responsible for enabling and ensuring the Company's compliance with the Corporate Governance Policy, the Code of Conduct and applicable regulations and laws. In addition, Internal Audit team as a mechanism for proper audit and checks and balances and is mandated to directly report to the Audit Committee to ensure its independence in auditing and reviewing the effectiveness and adequacy of internal control.

### **Risk Management**

The Company gives importance to the management of risks that may arise in business operations as a result of internal and external factors in recognition that effective risk management is a foundation for the Company's achievement of its goals and mission set out in its strategy. Therefore, the Company appointed the Risk Management Committee to oversee the Company's risk management. The Risk Management Committee to oversee the Company's risk management performance against targets, establish risk management policies and measures to be upheld by executives and employees at all levels, and assess and manage all risk associated with the Company, i.e. strategic risk, operational risk, financial risk, IT risk, political risk, natural disaster risk, pandemic and emergency risk, sustainability risk, compliance and regulatory risk and emerging risk. The Risk



Management Committee is mandated to report these risks to the Board in order to identify effective risk management solutions and methods.

#### **Section 6: Avoidance in Conflicts of Interest**

The Board has established measures to prevent potential conflicts of interest and rules that directors, executives and employees at all levels shall not seek personal gain that involves potential conflicts of interest or material transactions of the Company such as related-party transactions and/or the acquisition or disposal of the Company's assets. Accordingly, policies, practices and procedures governing the consideration and approval of these transactions have been established in accordance with the applicable internal control framework applicable to related-party transactions, the rules of authorities regulating listed companies, and the relevant laws.

#### **Section 7: Code of conduct**

Observance of the highest standards of ethics for the benefit of stakeholders is crucial to Company's positive image and reputation. The Board has established the Code of Conduct which sets out practices that directors, executives, and employees should uphold to demonstrate responsibility, honesty, integrity, confidentiality, professional ethics, and compliance with rules and regulations that are a foundation for bolstering the trust and confidence of all stakeholders and related parties in the Company.

This 3rd Amendment Corporate Governance Policy was approved by the Board of Directors of FN Factory Outlet Public Company Limited, effective from 8 March 2022 onwards.

Announced on 8 March 2022

A handwritten signature in blue ink, appearing to be 'Pricha Songwatana'.

( Mr. Pricha Songwatana )

Chairman of the Board of Directors