



## **Charter of the Board of Directors**

**FN Factory Outlet Public Company Limited**

**(Revised Edition No. 1 on February 23, 2018)**

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### **1. Objective**

The Board of Directors is the representative of shareholders, hence they play significant roles to contribute value added toward the organization, as well as to generate return on shareholder investment. Board of Directors will delegate Executive Board to manage operation activities. Its roles and duties are as following:

- 1) To set vision, mission, direction, strategies and policies pertaining to business operation of the company and ensure that the company will conduct its business for shareholders' highest benefit.
- 2) Overseeing, assessing, balancing and being responsible to Executive Board's performance.
- 3) Having authority duty and responsibility in accordance with law, company's article of association and shareholders' resolutions, in which significant details are shown in Board of Directors' role, authority, duty and responsibility.

### **2. The compositions of the Board of Directors are as follows:**

- 1) The Company has the Board which is responsible for the overall operations of the Company. The Board consists of at least 5 directors and at least one-half of the directors must be domiciled in Thailand. The directors must possess the qualifications as required by the laws.
- 2) At least one-third of the total number of directors, but not less than three directors, must be independent directors with qualifications as required by the Securities and Exchange Commission and the Stock Exchange of Thailand
- 3) Shareholders' meeting will appoint director by following rules and method;
  - A. One share equals one vote.
  - B. Each shareholder may cast all their votes for a single nominee or divide their votes for multiple nominees at any number.
  - C. Nominees receiving the highest totals of votes are elected for the Board according to the number of Board seats available or open for election. In case of a vote tie for the last open seat, the chairman shall have a deciding vote.

- 4) The Board shall elect a director as Chairman of the Board and may elect a director or directors as Vice Chairman or Vice Chairmen to perform duties as specified in the Company's Articles of Association and as assigned by the Chairman.
- 5) The nomination process and appointment of directors will be responsible by the Nomination Remuneration and Good Governance Committee. The committee will recruit, select and verify qualified person from various reliable sources such as director pools (IOD), the shareholders nomination and they will be nominated to Board of Directors or Shareholders' meeting. Criteria and qualification is determined according to Board Diversity and Skill Matrix together with the information from Board of Directors valuation.

### **3. Qualifications of Board of Directors**

- 1) Directors shall be person who have expertise, knowledge, honesty, business ethical, and time to devote and perform their duty to contribute FN business.
- 2) Company directors must be qualified pursuant to the requirements set forth in the Public Limited Company Act and Company's Articles of Association, and they must have not have qualification of untrustworthiness according to Notification of the Office of Securities and Exchange Commission.
- 3) Each director must not hold directorship in no more than a total of 5 other listed companies on The Stock Exchange of Thailand.
- 4) Board of Directors, Executive Directors, Management teams or related persons are able to do any regular and general business activity of the Company and its subsidiaries, the activity shall be as general business agreement as any other person does with his partners in same circumstance without influence of any bargaining power, except any activity which is forbidden by laws, government agency's command or company's compliance agency.
- 5) Independent directors shall have their qualifications pursuant to regulations of the Security and Exchange Commission and The Stock Exchange of Thailand or other agency and shall be align with audit committee's qualification and scope of work. They shall be responsible to shareholders' benefit equally without conflict of interests. Besides they shall be able to attend the Board of Directors' meeting and give independently opinion.

- 6) Board of Directors shall organize Board structure, consisting of directors with diversified qualifications, such as genders, profession, expertise and experience in business and industrial that benefit to company business. Moreover, board of directors shall consist of, at least one none executive director.

#### **4. Terms of Office**

Board of directors' term is 3 years, the term shall be renewed, and re-appointed. At the annual general meeting of shareholders, one third of the directors, or if their number is not multiple of three, then the number nearest to one-third must retire from the office. However, a retiring director is eligible for re-election. First and second year, the retiring directors shall be terminated by drawing, later the director who has held office longest shall retire. Apart from the vacancy upon the expiration under the Company's Articles of Association, a director shall vacate office when:

- 1) He/she dies,
- 2) He/she resign,
- 3) He/she lacks of director's qualification or has prohibit qualification according to Public Limited Company Acts., or has untrustworthy qualification to manage the company that is held by public shareholders pursuant to Security and Exchange Acts section 89/3.
- 4) The shareholders meeting may resolve to remove any director from office before the expiration of his/her term of office by a vote of not less than three-fourth (3/4) of the total shareholders attending the meeting and entitled to vote.
- 5) Removal by a court order. Any director wishing to resign from his/her office shall submit a resignation letter to the Company. The resignation shall be effective on the date the letter reaches the Company

In case of a vacancy in the Board of Directors for any reason other than the expiration of the director's term of office, the Board of Directors shall elect a person who is fully qualified as the substitute director at the next meeting of the Board of Directors, unless the remaining term of office of the said director is less than 2 months. The substitute director shall hold office only for the remaining term of office of the director whom he/she replaces. The board of directors resolution will be  $\frac{3}{4}$  of remaining members

## 5. Scope of Duties

The Board of Directors has roles and duty to govern corporate for best interest of the Company and to perform its duties responsibly to shareholders with his visionary, leadership and independent to make any decision for the best interest of the Company and all stakeholders. By all means, it is clearly set roles, authority, duty and responsibility of Board of Directors and Executive Directors to ensure that the Company shall be conducted in accordant with laws and ethics.

- 1) Uphold the roles and responsibilities as specified by laws, business ethics, business objectives, regulations of the Company, and resolutions passed by the meetings of shareholders with honesty, integrity and due care to protect the interest of the Company and shareholders.
- 2) Approve and regularly review the Company's vision, mission, policies, strategies, plans, and budget that are proposed by the management team to ensure the appropriateness thereof in light of the Company's business operations. In addition, the Board oversees the performance of the management team and delegates to ensure performance efficiency and effectiveness, compliance with the policies approved by the Board and optimize the value to the Company and its shareholders.
- 3) Formulate and approve the written Corporate Governance Policy and review the policy and compliance therewith at least annually.
- 4) Establish internal controls over operation, financial reporting, and compliance by appointing independent individuals or entities to audit such internal controls and ensuring that important systems are reviewed at least annually and disclosed in Company's annual reports.
- 5) Establish an enterprise-wide risk management policy and require the management team to regularly report the effectiveness of the risk management policy. Review and assess the risk management system and effectiveness at least annually and disclose such information in the Company's annual reports.
- 6) Take responsibility for Company's performance and the management's operations to ensure earnest dedication, due care, long-term business continuity, employee development plan, and management succession plan.
- 7) Approve important transactions such as new business ventures, purchase and sale of assets, investments, and legal actions.
- 8) Approve or endorse related transactions between the Company and its subsidiaries in accordance with applicable notifications, regulations and guidelines stipulated by the Stock Exchange of Thailand and other relevant agencies. Prudently deliberate on transactions involving conflicts of interest with the aim of protecting the interest of the Company and its

shareholders. Exercise oversight to ensure proper compliance with procedures and disclosure requirements applicable to transactions involving potential conflicts of interest.

- 9) Select the Chairman and Vice Chairman of the Board of Directors
- 10) Choose the person who has the qualifications and has no prohibited characteristics under the law on public companies and securities and exchange laws To become a director to fill the vacant position for reasons other than the expiration of the term.
- 11) Appoint Board committees, such as the Audit Committee, the Risk Management Committee, the Nomination and Remuneration Committee, the Good Corporate Governance Committee, the Executive Committee, and any other committees to assist and support the Board.
- 12) Appoint the Corporate Secretary to assist and support the Board with regard to its performance of duties and compliance with applicable laws, regulations, rules and guidelines.

## **6 The meeting.**

- 1) The meeting shall be at least 4 times a year, the schedule shall be fixed a year ahead and be informed in advance, besides the meeting shall be held for special agenda, if it is necessary.
- 2) Agenda of the meeting shall be set by chairman,
- 3) Corporate secretary shall send the meeting invitation and agendas to members 7days prior the meeting date,
- 4) The chairman shall hold the Board of Directors' meeting and perform his duty to oversee and manage adequate time for each agenda in order to open directors giving their opinion and discussion freely and independently on important agenda for best and fairest interests of shareholders and other stakeholders,
- 5) Director who has conflicts of interest shall leave the meeting before resolving conflicted agenda, and she/he would not have right to vote for that, corporate secretary shall record his/her leaving in minute of meeting under that agenda,
- 6) Each agenda shall be resolved by majority votes of director attending the meeting and cast his/her votes. In case of disapproval on any agenda, it shall be recorded in minute of meeting,
- 7) Management or related staffs shall join the meeting to present, declare or hand on meeting document for board's consideration.
- 8) The corporate secretary shall finish the minute of meeting within 14 days after the meeting was held and file minute of meeting as well as enclosed documents. His/her duty is to

support and enable board of directors performing their duty complied by laws, regulations, shareholders' resolutions as well as to collaborate with related people and agency,

- 9) In order to obtain an independency to discuss and exchange some opinion, board of directors shall set meeting as needed with none executive directors, without management team.

## **7 Quorum**

At a board of directors meeting, not less than one-half (1/2) of the total number of directors must be present to constitute a quorum. The chairman of the board shall preside over the meeting. In case the chairman is not present or unable to perform his/her duties, the vice chairman (if any) shall act as the presiding chairman. If there is no vice chairman or the vice chairman is unable to perform his/her duties, the directors present at the meeting shall elect one director as the presiding chairman.

Decision at the meeting shall be made by a majority vote. Each director shall have one (1) vote, but a director who has interests in any matter shall not be entitled to vote on such matter. In case of a tie vote, the chairman of the meeting shall have an additional vote as a casting vote.

## **8 Director Remuneration**

Board of Directors assigns a Nomination and Remuneration committee to consider and set directors' remuneration policy both in cash and none cash remuneration. The consideration procedure shall be transparent and suitable and it shall base on Company's financial status, scope of duty and responsibility of directors and each executive. The remuneration must be attractive amount to motivate and maintain directors who have expertise and knowledge and beneficial to company business and at the same level of same business industry or even close. The remuneration shall be propose to shareholder's meeting for approval.

## **9 Other Sub-Committee**

Board of Director shall appoint sub-committee to screen specific task and to support board of directors performing their duties in order to enable effectiveness and efficiency and to ensure that the company would have good governance systems. Sub-committees' scope of duty shall be entitled to its charters.

## **10 Chairman of the Board of Directors Role.**

- 1) Chairman of the Board shall not be same person as Executive Chairman and Chief Executive Officer.
- 2) Chairman of the Board shall not be working in daily operation.
- 3) Chairman of the Board shall not be hold chair or member in any sub-committee in order to keep sub-committee perform their duty independently.
- 4) Drive leadership to direct the Board of Directors to perform their duty efficiently for best interest of the company and be independent from management.
- 5) Endorses the board meeting agenda, shareholders meeting which are proposed by Executive Chairman/ Chief of Executive Officer to ensure they are align with duty and responsibility of directors and open chance to directors to propose independently any. agendas that benefit to company business.
- 6) Supports and oversees directors to perform their duty in comply with the principles of good corporate governance and corporate business ethic.
- 7) Governs and oversees management's policy and strategy execution as well as gives consultation and supports them to perform duty.

#### **11 Scope of Authority, Duties and Responsibilities of the Chief Executive Officer**

- 1) Oversee and conduct the business of the Company, oversee strategic planning, and manage day-to-day operation of the Company.
- 2) Make key decisions of the Company, set the mission, objectives, direction and policies of the Company, and oversee the operations and management of each division.
- 3) Be vested with the authority to supervise, command, contact, give orders and execute legal acts and contracts, documents, directives or notices within the scope specified in the authority manual.
- 4) Be vested with the authority to hire, appoint and transfer personnel including determine their scope of authority, duties and remuneration as deemed appropriate as well as to remove or dismiss employees at different levels as deemed appropriate and within the scope specified in the authority manual.
- 5) Be vested with the authority to finalize the terms of trade for the benefits of the Company.
- 6) Consider and propose new business investment opportunities or business dissolution to the Executive Committee and/or the Board.
- 7) Perform any other acts as assigned by the Executive Committee and/or the Board.

The delegation of authority, duties and responsibilities by the Chief Executive Officer shall exclude the delegation or sub-delegation of authority to approve any transactions in which the Chief Executive Officer or the delegates have conflicts of interest (as defined by the notifications of the Capital Market Supervisory Board). Such transactions shall be proposed to and approved by the Board and/or the meetings of shareholders (as applicable) in accordance with applicable rules of the Company or laws.

## **12 Directors and Management Development**

The Company's policy to promote in adding knowledge and developing of directors, management and company secretary in order to perform and govern duty of company by joining seminar program both in-house and outsides such as Stock and Exchange of Thailand, Security and Exchange Commission of Thailand and Thai Institute of Directors.

## **13 Orientation for new Directors**

Board of Directors shall provide orientation program for new directors to ensure that they will understand company business operation, acknowledge role and responsibility of being directors or independent director as well as related regulations by giving them immediate company information for example; organization chart, nature of business operation, major products, company regulations, relevant laws and regulation issued by Stock Exchange of Thailand and Securities and Exchange Commission of Thailand.

## **14 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.

This 1st Amendment Charter was approved by the Board of Directors of FN Factory Outlet Public Company Limited, effective from 23 February 2018 onwards.

Announced on 23 February 2018



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( Mr. Visuth Vitayathanagorn )  
Chairman of the Board of Directors