



Corporate Governance Code Policy 2019

Charan Insurance Public Company Limited

This policy was approved by the Board of Directors Meeting No.1/2019 on February 25, 2019

Chairman's Message

The Board of Directors recognizes and is committed to its leadership role and responsibility for overseeing the effective management of and the creation of sustainable value for the organization. Adhering to the Corporate Governance Code, the Board has defined corporate goals, objectives and strategies while monitoring performance towards competitiveness and strong results. The Board has always given primary consideration to factors beyond financial results, i.e. the Company's ethical conduct of business, respect for and responsibility to all shareholders and stakeholders, and its impact on society and the environment. Equally important is the compliance by the organization with statutory requirements, shareholder resolutions, as well as the Office of Insurance Commission's Code of Conduct and the Code of Best Practice for Listed Companies. Our good corporate governance policy has been developed from such regulatory standards and has been communicated to all members in the organization to provide guidelines for their conduct and to build confidence among our shareholders, stakeholders and all concerned.

Over the past year, the Board continued to oversee the appropriate risk management and internal controls as well as the accuracy, adequacy and timeliness of the Company's financial reporting and information disclosures in accordance with applicable requirements and standards. Priority was also given to promoting shareholder engagement and communication, ensuring rigorous, company-wide implementation of the Corporate Governance Policy and to continuously raising our good governance standards with a view to delivering stable, long-term value to the organization and all shareholders.



(Sopon Kluaymai Na Ayudhya)

Chairman of the Board

Content

Page

Principle 1:	Recognize value creating leadership role and responsibility of the Board	1
Principle 2:	Define principal aim and objective for sustainable value creation	3
Principle 3:	Strengthen Board effectiveness	4
Principle 4:	Ensure effective processes for top executive nomination and development and for personnel management	9
Principle 5:	Foster innovation and responsible business	10
Principle 6:	Ensure appropriate risk management and internal control systems	13
Principle 7:	Ensure financial integrity and disclosure	16
Principle 8:	Ensure engagement and communication with shareholders	18

Corporate Governance

Corporate governance is the system that establishes structures and processes of correlation between the board of directors, executives, employees and shareholders with the aim of enhancing competitiveness and shareholder value by taking into account the organization's ethical business conduct, its long-term impact on, as well as its respect for and responsibility to shareholders, stakeholders, society, the environment, government agencies and regulatory bodies.

The Board of Directors of the Company consists of qualified, experienced members who are committed to discharging their duties with accountability, prudence and integrity and to fulfilling statutory requirements, the Company's objectives and Articles of Association as well as the resolutions of Board meetings and shareholders' meetings. The Board of Directors is responsible for: determining strategies, goals and annual plans; overseeing the appropriateness and adequacy of risk management and internal control systems; setting delegated authority levels appropriate to the Management's responsibilities; allocating resources and budgets; monitoring and evaluating corporate performance; and ensuring conformity of financial disclosures to established requirements. The Company attaches particular importance to internal control system as they are a vital mechanism for mitigating business risks, safeguarding its property against loss or misuse and for preventing fraud and misconduct within the organization. The Board and the Management perform their duties carefully and exercise rigorous controls to ensure compliance of the operations with applicable statutory provisions and regulatory frameworks. An Audit Committee that meets the requirements of the Stock Exchange of Thailand has also been established as a key component of good governance to help discharge the Board's oversight responsibilities and to provide unbiased opinions on the Company's financial reporting and internal control system.

The Company has adhered to the Corporate Governance Code (CG Code) principles and guidelines of the Stock Exchange of Thailand and the Office of Insurance Commission (OIC). Based on these standards, we have set down our good governance policy in promoting transparency, building confidence among investors and all stakeholders as well as preventing conflicts of interest. It is also our policy to ensure equitable treatment of all shareholders and stakeholders for the best interests of all parties, i.e. shareholders, customers, business partners and staff members. Our corporate governance principles and practices are set out below.

Principle 1: Recognize value creating leadership role and responsibility of the Board

Principle 1.1: Understand leadership role and responsibility for good corporate governance

(1.1.1) Defining goals and objectives: The Board of Directors recognizes its leadership role and responsibility for overseeing and ensuring that the organization maintains effective management and ethical business conduct and has a duty to all shareholders and stakeholders and respect for their rights as well as full regard for social and environmental impact and that it is adaptable in changing conditions and able to create sustainable value for the business in meeting the goals and objectives of:

- (a) gaining the confidence of shareholders, stakeholders and all interested parties;
- (b) improving management efficiency and standards so as to increase the Company's competitiveness;
- (c) monitoring performance against plans and making the operations more efficient;
- (d) ensuring that the Company is adaptable to the changing business environment and can build good relationships with surrounding communities in creating sustainable value for its business;
- (e) ensuring that the Company can grow and survive in the long term.

(1.1.2) Formulating policies and strategies and allocating resources for achieving defined goals and objectives with emphasis on cost-effective use of resources.

(1.1.3) Monitoring, evaluating and reviewing processes against plans on a regular basis.

Principle 1.2: Perform governance role in pursuing sustainable value creation outcomes

(1.2.1) The Board attaches importance to the compliance with the established framework which promotes transparent competition, avoids gaining unfair competitive advantage, and focuses on competing on service quality and efficiency for the maximum benefit of customers.

(1.2.2) The Board of Directors is committed to growing and developing the business with honesty, transparency based on ethics and integrity so as to deliver sustainable value to the organization and the shareholders. In this regard, guidelines for ethical conduct of business have been framed and a Code of Business Ethics has been drawn up to set a business framework in line with the Company's defined goals and to provide a set of professional standards and best practice we hope to maintain. To enable the Company to achieve its business objectives and also uphold its ethical values, compliance with the Code is thus monitored on a yearly basis. Such adherence will not only benefit the organization, its personnel and all of its stakeholders but will also help drive the Company towards long-term growth and stability.

(1.2.3) To ensure no adverse effects of the operations on society, the Board has made it a policy that the Company fulfils its duty of a good corporate citizen by supporting those activities that contribute

to the nation and social advancement and by allocating a budget for corporate social responsibility (CSR) programmes. Emphasis has also been placed on organization-wide efforts to save energy and conserve the environment which include economical use of water, recycling of resources, and restoration of biodiversity impacted by the business operations.

(1.2.4) To enable the business to operate under changing factors, the Board has made it a policy to ensure that the Company's Directors, executives and staff are well prepared for possible changing circumstances and to monitor implementation as well as reviewing the policy on a regular basis.

Principle 1.3: Ensure compliance with applicable laws, rules and shareholder resolutions

The Board of Directors consists of qualified, experienced members who are committed to discharging their duties with accountability, prudence and integrity and to fulfilling statutory requirements, the Company's objectives and Articles of Association as well as the resolutions of Board meetings and shareholders' meetings.

Principle 1.4: Define and delegate authority and responsibilities

The Board of Directors is responsible for: shaping strategies, goals and annual plans; overseeing the appropriateness and adequacy of risk management and internal control systems; setting delegated authority levels appropriate to the management team's responsibilities; allocating resources and budgets; monitoring and evaluating corporate performance; and ensuring conformity of financial disclosures to established requirements. The Company attaches great importance to internal control system as they are a vital mechanism for mitigating business risks, safeguarding its property against loss or misuse and for preventing fraud and misconduct within the organization. The Board and the Management perform their duties carefully and exercise rigorous controls to ensure compliance of the operations with applicable statutory provisions and regulatory frameworks. An Audit Committee that meets the requirements of the Stock Exchange of Thailand has also been established as a key component of good governance to help discharge the Board's oversight function and to provide unbiased opinions on the Company's financial reporting and internal control system.

Principle 2: Define principal aim and objective for sustainable value creation

Principle 2.1: Define clear aims or objectives for creating sustainable value for the business, customers, stakeholders and society

(1.1.1) The Board directs the activities of the Company while also recognizing the corporate aims of earning customer trust and confidence by defining corporate vision, mission, policies, strategies, goals and direction and by overseeing the Management's effective and efficient implementation of the established policies. Seeking to make the company a non-life insurer with optimal level of trust and satisfaction, the Board oversees the appropriate system of internal controls and risk management that ensures an acceptable level of risks

and effective achievement of objectives as well as conformity with the law, the Company's standards and Articles of Association and with the best practice principles of honesty, reasonableness and prudence.

Principle 2.2: Ensure that business goals and objectives are achieved in line with the principal aim, and that innovations and technologies are utilized safely and appropriately

The Board oversees the Company's drive for innovation and technology adoption to increase business opportunities and improve operational capabilities. The Board also oversees the organization's IT risk management and ensure that there is ongoing compliance with IT-related laws, regulations and standards, that data security measures are in place to protect the confidentiality, reliability and availability of information and to safeguard against improper use of information or unauthorized modification of information, and that there are measures to manage incidents affecting IT system's security in ensuring the organization's ability to achieve its principal aim and objective;

Principle 3: Strengthen Board effectiveness

Principle 3.1: Be responsible for determining and reviewing the Board structure, in terms of size, composition and independent membership needed to lead the organization towards defined objectives

(3.1.1) The Board's policy on director nomination gives consideration to the elements still lacking on the Board such as skill, profession and specialization including age and gender which can add to the strength and diversity of the Board. In selecting persons to be nominated as company directors or independent directors, the Board shall meet to consider the nominations before recommending them to the shareholders' meeting for approval and appointment. Appointments to the Board are subject to final approval by a majority vote of the shareholders present and entitled to vote at the Company's annual general meeting.

(3.1.2) The board structure is in accordance with the Company's Articles of Association, i.e. the number of directors shall not be less than five but shall not exceed twelve, and at least half of the directors must be residents of the Kingdom.

(3.1.3) There is an appropriate balance between executive and non-executive directors on the Board. The Company's Board of Directors has been appointed in such a way that no single person or group of persons is allowed to have sole decision-making authority to enable efficient governance and management as well as a good balance of power. At present, the Board of Directors comprises seven members as follows:

- 3 Executive Directors;
- 1 Non-Executive Director;
- 3 Independent Directors serving on the Audit Committee (constituting 42.86% of total Board membership)

(a) The Non-Executive Director plays an important role in making policy decisions

resulting from Board meetings where business goals are considered and set in consultation with the Management. Apart from closely monitoring the Management's performance, the Non-Executive Director has oversight of corporate strategies and policies, oversees overall compliance with applicable laws and regulations, and is in charge of the efficient conduct of all Board meetings by encouraging active participation and independent views from all Directors.

(b) As stipulated by its Articles of Association, the Company has three Independent Directors who meet all the requirements of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. The Independent Directors are able to work efficiently with all members of the Board and to express their opinions independently.

(3.1.4) The Board has disclosed, in the Company's annual reports and website, its policy of maintaining a diverse board composition as well as particulars of all Directors, e.g. age, gender, education, experience, shareholding, number of years on the Board, and directorship in other listed companies.

Principle 3.2: Select a suitable person as Chairman and ensure that board composition and functions facilitate the exercise of independent judgement

The Company has a clear separation between the governance role and the routine management role. The positions of Chairman of the Board, Executive Director and Managing Director are not held by the same person. The Chairman is not involved in the day-to-day management, but provides support and guidance on the Management's running of the business through the Managing Director, while the latter is responsible for managing the Company within the authority delegated by the Board. Their roles and duties are described below.

(3.2.1) Role and duties of the Chairman as leader of the Board

(a) Overseeing, monitoring and ensuring that the Board performs its duties efficiently to achieve the organization's principal aim and objective;

(b) Chairing all Board meetings and general meetings and ensuring that each meeting is conducted in accordance with the Company's Articles of Association and the published agenda, while also encouraging all Directors to engage in promoting the Company's ethical culture and good corporate governance;

(c) Setting board meeting agenda in consultation with the Managing Director and ensuring that important matters are included; having the casting vote where there is an equality of votes at a board meeting;

(d) Allocating sufficient time and proposing matters for thorough discussions by Directors; encouraging Directors to exercise prudent judgement and express independent opinions;

(e) Strengthening good relationships between Executive and Non-Executive Directors and between the Board and the Management.

(3.2.2) Role and duties of the Managing Director

(a) Managing the business in accordance with the Company's objectives, Articles of Associations and delegated authority as well as resolutions of Board meetings, while having authority over all staff and employees of the Company. In the management of the operations, the Managing Director is responsible to the Board of Directors.

(b) Setting terms of employment for staff/employees as well as issuing orders and notifications concerning day-to-day and operational management of the Company in line with corporate rules, Board resolutions, the labour law and other applicable laws.

(c) On business/activities involving external parties, the Managing Director and the signatory Directors are authorized to act on behalf of and bind upon the Company within the scope of the delegated authority specified under paragraph (a) above. However, if the Managing Director or the authorized Director(s) is an interested party or constitutes a conflict of interest with the Company in such transactions, then the transactions can only be conducted with the approval and resolution of a Board meeting attended only by Independent Directors. In this respect, the Managing Director and the signatory Directors may designate any person to undertake a particular task or transaction on their behalf.

(d) Ensuring that any transactions over his authorized limit must be submitted to the consideration and approval of the meeting of the Board according to the Company's Articles of Association or other applicable laws.

(e) Employing, appointing, promoting and terminating staff and employees, assigning them to posts as well as raising their salaries, and taking disciplinary measures against them where appropriate. These do not include, however, any staff members or employees where established rules specifically mandate that employment, appointment, assignment of post and taking of disciplinary action in respect of such staff are under the authority of the Board of Directors.

(f) Managing the business in accordance with the statutory rules and provisions, i.e. the Civil and Commercial Code, the law governing non-life insurance business, the Non-Life Insurance Act, the Public Limited Companies Act and other applicable laws in force currently and in the future. In addition to integrity and fairness, the Managing Director is required to discharge his duties with the best of his ability and prudence in achieving the Company's established objectives.

Principle 3.3: Ensure the procedures for selecting and nominating Directors are clear and transparent so as to create the desired composition of the Board

Although a nomination committee has not been appointed, the Company has clearly defined criteria for selecting suitable individuals with non-life insurance expertise and experience to be appointed to the Board. Our transparent procedure provides assurances that the nominated directors will be able to fulfill their duties

towards the achievement of the defined objectives. The selection and nomination are conducted in accordance with the Company's human resource management rules and results are reported to the Board of Directors.

Principle 3.4: Determine remuneration of Directors

At present, the Company has not established a remuneration committee. However, a clear and transparent process is in place for determining remuneration commensurate with the Directors' respective responsibilities, taking into consideration the standards of peer companies in the industry as well as the Company's performance. Recommendations of appropriate remuneration are then presented to the Board for consideration and endorsement before submission to the shareholders' meeting for approval.

Principle 3.5: Ensure all Directors are accountable for their duties and allocate enough time to discharge their responsibilities

(3.5.1) The Board helps all Directors to gain full understanding of their roles and duties;

(3.5.2) The Board has set a policy limiting the number of directorships that the Managing Director and each Director of the Company can hold, as follows:

- Each member of the Board is allowed to hold up to three directorships in other listed companies as per the regulations of the Stock Exchange of Thailand.

- The Managing Director is allowed to hold up to three directorships in other firms. However, such other positions must not hinder the discharge of his duties of Managing Director of the Company and such other firms must neither be in the same industry as that of the Company nor in competition with the business of the Company. The Managing Director is also required to obtain prior approval from the Board before taking up a directorship with other company.

(3.5.3) The Board has instituted policies and rules to prevent the use of inside information for personal gain by directors, executives and related parties. All Directors and executives of the Company, including their spouses and children under legal age, as well as the auditors are required to submit online a declaration of holding in the Company (Form 59-2) to the Office of the Securities and Exchange Commission within three days of the date of acquisition, selling or transfer of such shareholding, and to have the declaration published on the Company's website. The aim is to prevent any conflict of interest arising from their shareholdings and to ensure transparent disclosure under good governance principles. All Directors, executives and units/departments are also forbidden from disclosing any information which has not yet been made public to outside parties or unauthorized persons to prevent misuse of inside information.

(3.5.4) Every Director of the Company attended not less than 86% of the total number of Board meetings held during the reporting year.

Principle 3.6: Conduct a performance review of the Board, its committees and each individual member so that results can be fed back into future performance

A self-appraisal is conducted collectively by the Board at least once a year. The evaluation allows the Board to review its own performance as well as issues and challenges arising over the preceding year while also helping to increase the Board's effectiveness.

- **Performance evaluation of Board committees:** The Company has introduced self-assessment for the committees of the Board, i.e. the Executive Board and the Audit Committee, to ensure conformity with the corporate governance assessment guidelines which recommend a minimum of one annual appraisal.

- **Performance evaluation of Managing Director:** The Board has ensured that performance evaluation of the Managing Director is conducted annually against the assessment indicators and criteria that are linked to strategic plan achievements in order to determine appropriate remuneration and incentive package. Performance review is carried out using a form which has been adapted from the Stock Exchange of Thailand's templates for board self-evaluation and CEO appraisal to fully and properly suit the Company's specific needs. Assessment results are also communicated to the Board of Directors so as to be analyzed and help improve performance efficiency and effectiveness.

Principle 3.7: Ensure the Board and each Director understand their roles and responsibilities, the nature of the Company's business and relevant laws; support all Directors in broadening and updating their skills and knowledge necessary for their performance

All our Directors and senior executives make training and development a priority by attending training programmes and seminars beneficial to the discharge of their duties, or taking part in those activities which allow them to gain different areas of knowledge relevant to their assigned roles. Members of the Board have received directorship training from the Thai Institute of Directors (IOD) including the Director Certification Program (DCP) and the Director Accreditation Committee Program (DAP). In-house training sessions are organized regularly to keep them updated on developments in the business and statutory requirements applicable to the operations and to enhance the efficiency of their performance.

Principle 3.8: Ensure the Board works effectively and have access to essential information, and appoint a company secretary with necessary knowledge to support the Board's functions

(3.8.1) The Board has its meeting scheduled for at least once every quarter (minimum of four meetings per year). A special Board meeting may also be convened as and when necessary. Specific agenda along with supporting documents giving sufficient information for consideration is sent to all Directors at least seven days in advance except in exigent circumstances. Every Board meeting must be attended by not less than half of the total number of its members.

(3.8.2) The Board encourages the Managing Director to invite key executives to Board meetings to present details on matters they are directly responsible for, and to allow the Board to gain familiarity with the executives for succession planning purposes.

(3.8.3) The Board of Directors has access to significant information either from the Managing Director, the Company Secretary or other designated executives.

(3.8.4) The Board has appointed a company secretary who has suitable qualifications and receives continuous training beneficial to her duties of: advising the Board on regulatory requirements; preparing board meeting and other important documents; supporting the activities of the Board; and coordinating the implementation of Board resolutions. The qualifications and experience of the Company Secretary are disclosed in the annual report.

Principle 4: Ensure effective processes for top executive nomination and development and for personnel management

Principle 4.1: Maintain an effective process for nomination and development of Managing Director and key executives that ensures they possess the knowledge, skills, experience and qualities necessary for the organization to achieve its objectives

(4.1.1) Despite the absence of a nomination committee, the Board has set the criteria for the selection of key executives based on the standards laid down by the Company, e.g. seniority, qualification, professional ethics and work experience. The Board would meet with the Managing Director to consider candidates against such criteria and final selection of a successful candidate is subject to agreement by the meeting.

(4.1.2) The Company recognizes the importance of preparing the right people to be successors by putting in place a clear, efficient, transparent and accountable process of nomination. Consideration is given to those with suitable skills, specializations, experience, leadership skills and ethical behaviours. The aim is to provide our shareholders, investors and staff with assurances of continuity of the Company's business.

(4.1.3) The Board encourages and supports the Managing Director and key executives in development and training to expand knowledge and experience relevant to their roles.

Principle 4.2: Ensure appropriate compensation structure and performance appraisal

(4.2.1) The Board ensures that the compensation structure incentivizes the Managing Director, key executives and staff at all levels to carry out their duties in support of the Company's principal objective and long-term value. This is achieved by:

(a) ensuring appropriate relationship between compensation in the form of salary (e.g. bonus) and long-term results;

(b) adopting a compensation policy that takes account of industry peer standards and the Company's performance;

(c) setting performance appraisal criteria and communicating them across the organization.

(4.2.2) The Board plays a role in determining the compensation of and evaluating the performance of the Managing Director, through:

(a) agreeing performance appraisal criteria for the Managing Director based on corporate objectives and strategies aligned with the Company's long-term value;

(b) annually appraising the performance of the Managing Director;

(c) approving annual compensation of the Managing Director, taking into consideration his performance and other factors;

(4.2.3) The Board approves the performance appraisal factors and criteria and compensation structure of key executives. The Board also ensures that the Managing Director appraises the performance of key executives against the predetermined criteria and that there are clearly defined performance evaluation factors and criteria for all personnel.

Principle 4.3: Understand shareholder structure and relationships that may impact on the management and operations of the Company

The Board is aware of the shareholder structure and relationships that could affect the control or management of the business, including written or unwritten family agreements, shareholders' agreements, or group company policies. The Board has therefore ensured that such agreements do not impede the discharge of the Board's duties and that no information is disclosed under any conditions that may impact upon the control of the Company.

Principle 4.4: Monitor human resource management and development and ensure the Company has adequate staffing and appropriately skilled, knowledgeable, experienced and motivated personnel

The Board ensures that human resource management is in alignment with the Company's direction and strategies and that staff at all levels are appropriately skilled and motivated and are treated fairly. To retain the organization's quality people, a provident fund has been set up as a way to help our employees save for retirement. Staff members are also encouraged to have better understanding of how the fund is managed and how to select the investment plans that suits their age and risk appetite.

Principle 5: Foster innovation and responsible business

Principle 5.1: Focus on and promote a culture that creates value for the business and its customers, stakeholders, society and the environment

In conducting the business to the defined objectives, the Board keeps corporate plans and strategies under regular review. The Board also emphasizes to staff and all concerned the importance of innovating to serve the needs of customers and expanding our branch network to support faster and more extensive provision of services. The main focus of the Company's operations is always on our responsibility towards society and the environment. We have earned the trust and confidence of customers and society through our principled practices of never supporting any acts or behaviours which are improper or against the law or ethical standards.

Principle 5.2: Ensure that social and environmental responsibility is integral to the Management's business conduct and included in the operational plans to provide assurance that every department works to principal corporate objective and strategies

The Board respects the rights of all stakeholders of the organization. The Company's integrity and ethical conduct not only ensures that none of its activities is in violation of the rights of any stakeholder, but also provides an organization-wide direction for achieving the principal objective and sustainable success. In this connection, the Board has adopted policies and practices on corporate responsibility to stakeholders, which can be summarized as follows.

(5.2.1) Responsibility to employees and staff

The Company treats all staff with fairness and respect for human rights. The safety and welfare of all employees is always our chief concern. We provide employee benefits such as medical care, annual check-up, general and housing loans, provident fund, retirement severance payment, etc. Company rules concerning personnel management have also been established in line with the provisions of the labour law. Training opportunities are offered to the staff to promote their advancement and development of job-related or other skills.

(5.2.2) Responsibility to customers

The Company has a duty of care to all customers by complying with the law and standards, offering quality service and insurance policies that suit their needs, protecting customer confidentiality and providing appropriate and reasonably-priced protection. We also ensure that claim payments are fairly and promptly made for any loss or damage incurred under the terms of the insurance policy.

(5.2.3) Responsibility to business partners

We conduct business with all partners within an honest, transparent competitive framework by: honouring the commercial terms and agreements/contracts which are fair to the partners; notifying the partners to find a solution together whenever unable to meet the agreed conditions; avoiding all possibilities of conflict of interest; setting down clear rules concerning procurement and other arrangements; not soliciting or accepting any monies or gains from business partners; not having any dealings which are in breach of human rights or intellectual property rights or involved in illegal behaviours; and assessing partners against established requirements so as to develop sustainable mutual partnerships.

(5.2.4) Responsibility to the environment

We seek to prevent and reduce any negative impact of our activities on the environment. Our environmental responsibility includes efficient use of raw material, electricity and water, and recycling of resources. The Board regularly monitors the business to ensure that the environment in which we operate is properly protected and rehabilitated.

(5.2.5) Responsibility to competitors

The Company adheres to the principles of fair and transparent competition and avoids unfairly gaining competitive advantage. We only compete on service quality and efficiency for the maximum benefit and satisfaction of our customers.

(5.2.6) Responsibility to the state

The Company seeks to operate within the law and maintain good relationships with regulating agencies through open liaison and communication and ready cooperation with regulators' requests with a view to demonstrating the organization's transparency and promoting mutual confidence.

(5.2.7) Anti-fraud and corruption

With fair and transparent conduct of business being our priority, we realize that fraud and corruption poses a major obstacle to social and economic development. This is because corrupt behaviours create business unfairness which could dent the reputation and stability of the Company, thereby making it unacceptable to society. For this reason, we have adopted an anti-corruption policy to be strictly followed and complied with by our Directors, executives, staff members and all parties concerned.

Principle 5.3: Ensure the Management allocates and manages resources efficiently and effectively, paying regard to impact through the value chain in sustainably achieving the principal objective

(5.3.1) The Board has a complete understanding of the varied resource needs of the different parts of the operations, ranging from financial to production, human and natural resources, and has therefore entrusted the Managing Director with the appropriate and sufficient allocation of resources in ensuring smooth running of the business.

(5.3.2) The Board has a good understanding of how the business model determines resources optimization on the basis of ethical, responsible creation of sustainable value.

(5.3.3) The Board ensures that the Company's resources optimization is reviewed, adapted and improved, with external factors always taken into consideration, in achieving the principal corporate aim and objective.

Principle 5.4: Establish governance of enterprise IT in line with the Company's business needs, while ensuring technologies are utilized to increase business opportunities and strengthen risk management in enabling achievement of the principal corporate objective

(5.4.1) The Board has entrusted the Information Technology (IT) Department with the responsibility for devising all IT-related strategies of the organization by taking into account the actual operational needs and by developing backup plans to support insufficient resources allocation. The Department is also responsible for improving and bringing the Company's IT systems up to date so as to keep pace with the industry and increase opportunities for the business.

(5.4.2) The Board ensures that the enterprise risk management framework covers IT risk management. The IT Department Manager is required to submit a risk report to the Risk Management Committee on a regular basis.

(5.4.3) The Board has adopted a corporate IT security policy as the framework for ensuring security of the Company's IT systems and for safeguarding against improper use of or unauthorized modification of data.

Principle 6: Ensure appropriate risk management and internal control systems

Principle 6.1: Ensure the risk management and internal control systems in place provide effective support for the Company's achievement of objectives and compliance with applicable laws and standards

The Board ensures that possible significant risks to the Company are identified and appropriate risk control measures devised by each corporate area by taking into account those external and internal factors potentially affecting the achievement of corporate objectives. The Board has established a risk management framework in line with the Company's goals, objectives and risk appetite to enable all parties to work in the same direction. Priority is given to early warning of risks and regular review of risk management policies. The Risk Management Committee meets once a month to monitor, assess and review risks. The Risk Management Department is responsible for collating and summarizing results of the organization's risk management into a report to be presented to the Risk Management Committee and the Board of Directors.

Principle 6.2: Establish an audit committee that can act effectively and independently

The Board has established an audit committee comprising three Independent Directors in accordance with the standards of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand. In line with the Corporate Governance Code, the Audit Committee is required to meet four times a year at a minimum and each member of the Committee is appointed for a three-year term of office. The Board has defined the duties and responsibilities of the Audit Committee as follows:

(6.2.1) Review and ensure the accuracy and completeness of the Company's financial reports as well as the adequacy of disclosures;

(6.2.2) Review and ensure the appropriateness and effectiveness of the Company's systems of internal control and internal audit; assess the independence of the internal audit unit as well as recommending the appointment, transfer or termination of the head of internal audit or the head of any unit/department responsible for internal audit;

(6.2.3) Review compliance by the Company with the law governing securities and exchange, regulations of the Stock Exchange of Thailand (SET) and any other applicable laws;

(6.2.4) Consider and recommend the appointment of independent persons as external auditors to the Company, and the approval of their remuneration; meet with the auditors at least once a year, without the participation of the Management;

(6.2.5) Ensure compliance of related-party-transaction disclosures and conflict-of-interest disclosures with the law and the Stock Exchange's regulations in providing assurance that all transactions are justified and conducted in the best interests of the Company;

(6.2.6) Report, in the Company's annual report, the activities of the Audit Committee during the year. The report is to be signed off by the Committee Chairman and should include the following information, at the minimum:

- a. Opinion on the accuracy, completeness and reliability of the Company's financial reports;
- b. Opinion on the adequacy of the Company's internal control system;
- c. Opinion on compliance with the law governing securities and exchange, Stock Exchange's regulations and other applicable laws;
- d. Comments on the suitability of the auditors;
- e. Opinion about transactions with potential conflict of interest;
- f. Number of meetings held by the Audit Committee and attendance by each Committee member at such meetings;
- g. Overall opinion on the Audit Committee's performance in accordance with the Committee Charter;
- h. Other matters considered useful to shareholders and general investors that falls within the scope of the Committee's responsibilities delegated by the Board.

(6.2.7) Undertake any other tasks assigned by the Board and agreed by the Committee. The Board has also set up an internal audit unit to be responsible for reviewing and improving the effectiveness of the Company's systems of risk management and internal controls. In this regard, the Audit Committee is

mandated by the Board to make judgement on the risk management and internal control systems and to have authority to gain access to information needed for the task delegated to it. This includes the authority to call upon the persons/parties concerned to supply information, and to have consultations with the external auditors. The internal audit unit is required to submit, to the Audit Committee, its reports on review results which are disclosed in the annual report.

Principle 6.3: Monitor and control conflicts of interest potentially arising between the Company and the Management, Directors or shareholders while also preventing misuse of corporate assets, information and opportunities and improper transactions with related parties

The Company has instituted a policy to prevent exploitation of inside information by directors and executives. All executives including their spouses and children under legal age are forbidden, under the provisions of securities law, from buying, selling or accepting transfer of the Company's shares on information which has not yet been made public. All Directors and executives are further required to declare any changes to their holdings in the Company, including those holdings by their spouses, children under legal age or any related persons, to the Office of the Securities and Exchange Commission within three days of the transaction date. In addition, the Board has set down a Code of Conduct for Staff as part of the Code of Business Ethics to govern confidentiality and prohibit the use of one's position or information obtained in the course of one's duties that is not available to the public in a dishonest way or the disclosure of such information to an outside party either for personal gain or gain of related person(s) or to the disadvantage of the Company, or any act that causes a conflict of interest. Procedures have been put in place to ensure security of data in the IT systems, to protect the Company's information against external access, and to authorize levels of data access appropriate to staff's responsibilities. The Management shall report annually, to the Board, on any instances of use of inside information or behaviour that may cause harm or damage to the Company.

Principle 6.4: Establish clear anti-corruption policy and guidelines and communicate them organization-wide and externally to ensure tangible practice

In complying with applicable laws and standards, the Board of Directors has formulated an anti-corruption policy which prohibits all Directors, executives and employees from engaging in, accepting or using one's position to support any form of corruption either directly or indirectly and from offering unlawful inducements to any person(s) to gain business advantages for the Company. We also ensure that policy compliance is monitored and procedural rules reviewed on a regular basis and realigned to business and statutory changes. Any policy breach representing support or cooperation for corrupt practices shall be subject to disciplinary action in accordance with the Company's rules. Channels have been set up for personnel and relevant parties for reporting indications of any suspicious acts. The Company ensures that the identity and

information of the whistle-blowers or informers and the persons being reported shall be kept confidential and shall be disclosed only as necessary by giving prime consideration to personal safety and potential harm to all concerned.

Principle 6.5: Establish a mechanism for handling complaints and whistleblowing

(6.5.1) To ensure transparency in the operations, the Board oversees the organization's mechanism for dealing with complaints and whistleblowing from stakeholders by providing a number of safe and appropriate channels for informers. Any employees, shareholders or stakeholders who have found any irregularities possibly caused by governance weaknesses, unusual financial reporting, violation of rules or regulations, breach of rights, coercion or fraud or who have other doubts can always report such irregularities or file their complaints through the channels specified on the corporate website.

(6.5.2) The Board has issued clear and systematic guidelines for protecting the rights of whistleblowers by ensuring that their information shall never be disclosed to any unauthorized party except when demanded by a lawful order, court order or by any regulator.

Principle 7: Ensure financial integrity and disclosure

Principle 7.1: Ensure the Company's financial reporting and disclosures are in conformity with applicable requirements and standards

(7.1.1) The Board has designated the officer concerned who has relevant knowledge, skills and experience to be responsible for adequate and mandatory information disclosures. When approving information disclosures, the Board considers all relevant factors as follows:

- (a) the review results of the adequacy of internal control system;
- (b) the external auditor's opinions on financial reporting and observations on the internal control system;
- (c) the opinions of the Audit Committee;
- (d) consistency with the Company's objectives, strategies and policies

(7.1.2) The Board ensures that information disclosures, which include financial statements, annual reports and Form 56-1, reflect the Company's financial position and performance adequately. Management discussion and analysis (MD&A) is also provided in all quarterly financial statements to give investors more complete information and better understanding about the Company's financial status and performance for each quarter rather than only the figures in financial statements.

Principle 7.2: Monitor the Company's financial liquidity and solvency

(7.2.1) The Board ensures that the relevant department is designated to monitor, assess and report the Company's financial status to the Board on a regular basis. There are procedural rules to guide and

ensure that any detected threats to the Company's financial liquidity and solvency are promptly dealt with.

(7.2.2) The Board assures that any transactions approved or put forward for shareholder approval shall not negatively affect business continuity, financial liquidity or solvency of the Company.

Principle 7.3: Ensure plans and mechanisms are in place to resolve financial difficulties, with due regard to stakeholder rights

The Board ensures that the Company has a sound and prudent risk management framework with clear, written procedures. The departments concerned shall meet to discuss and review such procedures for handling any difficulties arising, making sure that the steps taken are within the established framework and have proper regard for stakeholder rights.

Principle 7.4: Ensure sustainability reporting, as appropriate

The Board governs the organization under the "Sufficiency Economy" values by focusing on the optimized use of resources in the operations. A number of resource- and energy-saving measures have thus been adopted, including switching lights off during breaks, using stairs instead of elevators, reusing resources, and sorting waste before disposal. The Company also encourages the sharing of environmental knowledge among staff with a view to promoting environmental awareness as part of the corporate culture. Moreover, we are conscious of environmental risk and impact as well as public safety in every step of our operations and therefore encourage all staff to engage in conservation of resources in and outside the organization to minimize our impact on the environment and increase value and sustainability for the organization. Such practices, as detailed in the annual report, are regarded by the Board as very important as they reflect the way that leads to sustainable development of the organization.

Principle 7.5: Ensure establishment of an investor relations unit/function responsible for communication with shareholders and stakeholders

The Board attaches importance to the transparent disclosure of accurate and complete information, financial and non-financial, as all such information can influence the decisions of investors and stakeholders of the Company. Particular emphasis is also placed on the disclosures required by industry regulators. For this reason, an investor relations unit has been established by the Board to act as the focal point for corporate communication and for handling enquiries from investors, shareholders, stakeholders or relevant state analysts. Investors and interested parties can contact our investor relations unit for more information as follows.

- Khun Somporn Rasabutr

Telephone: 02-276-1024 ext. 207

E-mail: charanins@charaninsurance.co.th, somporn@charaninsurance.co.th

Principle 7.6: Ensure effective use of information technology in information dissemination

The Board promotes the use of technology by the Company in its disclosure of information. Our information is disclosed in Thai and in English via the corporate website and is regularly updated.

Principle 8: Ensure engagement and communication with shareholders

Principle 8.1: Ensure shareholders' involvement in significant decision-making

(8.1.1) The Board ensures that important corporate decisions are on the agenda for the general meeting so as to be considered and/or approved by the shareholders. Such decisions include all matters required statutorily to be approved by shareholders and those that could affect the Company's business direction.

(8.1.2) Supporting active participation of shareholders, the Board has established criteria that provide opportunity for minority shareholders to propose agenda items prior to the general meeting. The Board shall consider shareholders' proposals to be included on the agenda, and if a proposal is rejected, the Board shall explain the reasons at the meeting.

(8.1.3) The Board ensures that the notice of the shareholders' meeting gives accurate, complete and sufficient information for all shareholders to exercise their rights.

(8.1.4) The Board ensures that the notice of the shareholders' meeting and related documents are sent to the shareholders and posted on the Company's website at least 28 days in advance of the meeting.

(8.1.5) The Board ensures that shareholders are given the opportunity to put forward their questions prior to the meeting. The procedure for advance submission of questions is published on the Company's website.

(8.1.6) English translation of the notice of meeting and related documents are also available to the shareholders.

Principle 8.2: Ensure shareholders' meetings are properly conducted in a transparent and efficient way in enabling all shareholders to exercise their rights

(8.2.1) When scheduling a shareholders' meeting, the Board ensures that meeting date and venue are appropriate and sufficient time is allocated for discussions, giving consideration to the convenience of our shareholders. In 2018, the Company's general meeting was scheduled for 1500 hours on 26 April 2018 at Chaophya Park Hotel, 2nd Floor, Rachada 2 Room, Hotel Building, Rachadapisek Road, Samsen-Nok, Huaykwang, Bangkok 10310.

(8.2.2) The Company never requires the shareholders or proxies to produce any proof or documentation additional to the identification required by law so as not to put an undue burden on the shareholders or restrict their rights or opportunities to attend the meeting.

(8.2.3) The Chairman of the Board chairs the shareholders' meeting and is responsible for ensuring that the meeting is conducted in accordance with statutory requirements and the Company's Articles of Association, that appropriate time is allocated for each item on the agenda, and that all shareholders are offered opportunities to share their views or ask questions related to the Company.

(8.2.4) The Board does not support the addition, to the meeting agenda, any items that have not been notified in advance – particularly those matters requiring time to consider before a decision can be made. This is to ensure that all shareholders are able to participate in making important decisions of the Company.

(8.2.5) All our Directors and executives concerned attend every annual general meeting to answer questions from the shareholders.

(8.2.6) Before the start of the meeting, the shareholders shall be informed of the number and proportion of the shareholders present in person and by proxy, the meeting procedure, as well as the voting and vote counting methods.

(8.2.7) Where several resolutions are proposed under one agenda item, the chairman of the meeting shall arrange to have a separate vote taken on each of the proposed resolutions.

(8.2.8) The Board promotes the use of ballots for voting on important resolutions, and the designation of an independent person to count or check the voting results and to disclose to the meeting the number of "for", "against" and "abstain" votes for each resolution. Such voting results are also recorded in the minutes of the meeting.

Principle 8.3: Ensure accurate and complete disclosure of shareholder resolutions and preparation of minutes of shareholders' meetings

(8.3.1) The Board ensures that the Company discloses the resolutions and voting results at the shareholders' meeting through the Stock Exchange of Thailand channels and through the Company's website on the next business day.

(8.3.2) The Board ensures that the minutes of the shareholders' meeting are submitted to the Stock Exchange of Thailand within 14 business days of the date of the meeting.

(8.3.3) The Board ensures that the minutes of the shareholders' meeting are taken and prepared with the following information, at a minimum:

(a) list of Directors and executives present, and the proportion of Directors present to Directors absent;

(b) voting and vote counting methods, meeting resolutions, and voting results ("for", "against", "abstain") for each proposed resolution;

(c) questions asked and answers provided during the meeting, including the identity of the persons asking and answering the questions.