

## Notification of Airports of Thailand Public Company Limited

### RE: Corporate Governance Policy of Airports of Thailand Public Company Limited

#### Glossary

1. “**AOT**” means Airports of Thailand Public Company Limited
2. “**Board**” means board of directors or directors of AOT
3. “**Management**” means the executive management and the management of AOT
4. “**Employees**” means employees of AOT
5. “**Stakeholders**” means shareholders, customers, employees, government, partners, suppliers/contractors, lenders, competitors, society, community and environment
6. “**Conflict of Interests**” means any business conduct where personal and public interests may influence a performer’s decision-making and approval in order to seek personal or others’ gains that may obstruct the interests of AOT.

#### Definition

Good Corporate Governance refers to good business management regulated by efficiency and controlled by ethics, with a sound management structure, strategy, value added creation approach, rules and regulations and a cordial relationship management process among the Board, management, employees and shareholders by which the Board, management and employees would abide to create sustainable growth with consideration to the rights of stakeholders in compliance with the principles of good corporate governance.

#### Principles and Background of Corporate Governance Policy

The Board aims to operate under AOT’s corporate governance principles, best practices for directors of listed companies, and relevant laws, regulations and guidelines on good corporate governance recommended by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. In addition, the Board is determined to enhance AOT’s corporate governance practices to meet international standards, thereby creating confidence to shareholders, investors and all concerned parties, and to ensure effective administration according to the established corporate governance practices and policy.

The Board, at the Board Meeting No. 11/2015 held on October 27, 2015, resolved to approve the amendment to AOT's Corporate Governance Policy previously announced on September 17, 2012, by which the Board, management and employees of AOT would abide to enhance AOT's effectiveness in conducting its business with transparency and accountability, and ensure the establishment of good corporate governance practices and business ethics.

### **Rights of Shareholders**

All shareholders shall possess equal basic rights as below:

- Rights to receive share certificates and transfer shares
- Rights to receive adequate, timely and appropriate information for decision making purposes
- Rights to attend the shareholders' meetings and vote at these meetings in relation to significant changes in AOT's policy
- Rights to elect and dismiss directors
- Rights to approve the appointment of auditor
- Rights to share in profits of the company

### **Equitable Treatment of Shareholders**

The Board is aware of the importance of shareholders' meetings and shall facilitate all shareholders to attend the meetings, gain access to information, raise questions, and exercise voting rights at these meetings in an equitable manner.

The Board shall present important matters, even beyond those required by the laws, to shareholders in a complete, adequate and timely manner for decision-making purposes, support and facilitate voting procedures including voting by proxy, and encourage shareholders to express their opinions, seek explanations or raise questions. It is the duty of all directors to attend the shareholders' meetings to answer any questions the shareholders may have.

The Board shall prepare the minutes of shareholders' meetings and distribute them to shareholders through AOT's website within 14 days from the

meeting date so that the shareholders can make any correction on the minutes of shareholders' meeting in due time. For minority shareholders, the Board shall encourage them to exercise their rights to propose an Annual General Meeting agenda and nominate a person for director position ahead of the Annual General Meeting of Shareholders. The Board shall also be composed of at least three (3) independent directors.

The Board shall provide the opportunity for minority shareholders holding a minimum of at least 100,000 shares, either being one shareholder or combined shareholders, to propose agenda and director nominee ahead of the Annual General Meeting of Shareholders during the last three months before the ending of accounting period, of which the criteria have already been published on AOT's website.

### **Rights of Stakeholders**

The Board is aware of the rights of stakeholders and therefore encourages co-operation between AOT and its stakeholders as well as other concerned parties including employees, customers, trading partners, creditors, government agencies, community where AOT operates and society. Directors, management and employees must comply with a Code of Conduct which has been established to ensure fair and balanced dealings with stakeholders.

In addition, the Board shall ensure that AOT's operating information, which should be acknowledged by the stakeholders and other concerned parties, is reported through, for example, a Form 56-1, an annual report, the corporate website, etc. Two-way communication channels shall also be established to allow the stakeholders and other concerned parties to express their opinions and file grievances for unfair treatment from AOT.

### **Information Disclosure and Transparency**

The Board is determined to ensure strict adherence to any relevant laws, rules and regulations relating to information disclosure and transparency. There shall be an Investor Relations Unit to communicate useful information to shareholders, investors and securities analysts in an equitable and appropriate manner. The

information provided in the corporate website shall essentially be both in Thai and English languages. In addition, the Corporate Communications Office shall be established to widely publicize information relating to AOT's performance and operating results through various media, thereby enabling shareholders, investors, stakeholders and other concerned parties to receive information in a thorough and timely manner.

The Board shall disclose both financial and non-financial information with sufficient details in due time as well as AOT's operating results in a factual, complete, adequate, constant and timely manner to actually represent AOT's financial and operational performance, and its business future as follows:

1. Management Discussion and Analysis (MD&A)

The Board recognizes the importance of the development of MD&A in full detail, on both annual and quarterly basis.

2. Financial Information

The auditor appointed by AOT shall certify AOT's financial statements with free opinions and the Board shall review and approve that the disclosed financial statements are accurate, complete, adequate and conducted in compliance with the generally accepted accounting standards and international accounting standards.

3. Non-financial Information

AOT shall provide clear and complete information in both an annual report and a Form 56-1.

## **Responsibilities of Board of Directors, Structure and Composition of Committees**

### **(1) Board of Directors and Sub-committees**

#### **(1.1) Board of Directors**

The Board must be qualified and not possess any prohibited qualifications subject to the law governing public limited companies, the law governing standard qualifications for state enterprise board members and staff and the law governing securities and exchange.

The Board shall play an important role in promoting corporate governance within the organization and be accountable to all shareholders. The Board shall comprise at least one-third (1/3) of independent directors of the total number of directors but not less than three (3) persons and not less than half the total number of directors must have residence in the Kingdom. Each director must have qualifications as required by laws and AOT's Articles of Association. At least one (1) director must have knowledge and expertise in accounting and finance.

The Board members possess a wide range of qualifications, skills, experiences and expertise in particular areas that would yield some benefits to AOT. The Board shall be free from the management's control. The independent directors, who are key mechanisms in a good corporate governance system, shall express their opinions on matters relating to the business direction with discretion and straightforwardness.

In the event of the appointment of new directors, the Nomination Committee has the duty to consider and propose a name list of qualified persons to be directors together with their profiles as adequate for selection with transparency and based on established standards and procedures.

The newly appointed directors would be informed of a summary regarding necessary information which is beneficial to the performance of director duties within three months from the date of appointment.

#### (1.2) Sub-committees

The Board shall appoint sub-committees, namely the Audit Committee, the Nomination Committee, the Remuneration Committee, the Governance Committee and the Risk Management Committee, each of which consists of directors who are knowledgeable, capable, and experienced to ensure effectiveness in AOT's operation.

##### (1.2.1) Audit Committee

The Audit Committee shall consist of at least three (3) independent directors and at least one (1) director shall possess knowledge of accounting and finance. It is responsible for reviewing and freely expressing opinions

to ensure that the operations are in compliance with the laws and that the appropriate and efficient risk management processes are in place. There shall be an Internal Audit Office, which directly reports to the Audit Committee, to review financial reports in cooperation with the management and external auditor(s) and perform any other acts as assigned by the Board.

(1.2.2) Nomination Committee

The Nomination Committee shall consist of at least three (3) directors and at least one (1) director shall be independent. It is responsible for proceeding with the nomination processes as approved by the Board to select qualified, ethical and experienced persons who are appropriate for the position of directors or independent directors with transparency.

(1.2.3) Remuneration Committee

The Remuneration Committee shall consist of at least three (3) directors and at least one (1) director shall be independent. It is responsible for considering criteria and methods of determining remunerations and benefits for directors, sub-committees and working groups appointed by the Board in a fair and reasonable manner, and proposing them to the shareholders' meeting for approval.

(1.2.4) Governance Committee

The Good Governance Committee shall consist of at least three (3) directors and at least one (1) director shall be independent. It is responsible for specifying principles and guidelines of corporate governance, disseminating policies, directions and ethics to all concerned parties including the society and the environment, and ensuring continuous and appropriate corporate governance principles implemented to AOT.

(1.2.5) Risk Management Committee

The Risk Management Committee shall consist of at least three (3) directors. It is responsible for setting AOT's risk management policy and framework, making suggestions regarding the risk management at the corporate level to the Board and the management, overseeing and promoting the success of risk

management at the corporate level, proposing ways to effectively prevent and mitigate risks at an acceptable level, and monitoring, evaluating and improving the operational plans to mitigate risks as appropriate for the business situations.

## **(2) Scope of Duties and Responsibilities**

### **(2.1) Duties**

The Board, as shareholders' representatives, shall set out directions, targets and business policies, make significant decisions for AOT, professionally perform its duties in taking care of all parties' benefits and follow up the management's operation. The Board shall grant the management the authority to perform its duties in accordance with the set targets. However, any important matters must be firstly approved by the Board.

### **(2.2) Responsibilities**

The Board shall clearly separate duties and responsibilities of the Board and the management as established in AOT's Articles of Association.

The Board shall set out vision, mission and important policy, monitor the management's performance and ensure appropriate internal audit system and risk management process, good corporate governance and communication with stakeholders and public, and encourage cooperation for sustainable benefits.

The Board is responsible for reporting its own or related persons' interests involving the management of AOT or subsidiaries. Any changes in the interests shall also be reported by providing additional details in the Form to Report on Conflict of Interest of the Board members.

## **(3) Self-evaluation of Director**

The Board shall provide self-evaluation regularly, at least once a year, to allow all members of the Board to consider the Board's performance and solve the problems for further improvements. A benchmark of the Board's performance shall be systematically set in advance.

The Board shall evaluate the performance of the Board as a whole and on an individual basis and disclose the process, the criteria used in conducting the Board evaluation, and the summarized results thereof in the annual report.

**(4) Internal Information Control**

The staff at all levels of AOT shall not be allowed to utilize the internal information, which might cause a major change in share prices and has not been revealed to the public, for their own or others' interests. It is the duty of the Board and top management to report the purchase or sale of AOT's shares in accordance with the laws. The buying and selling period of AOT's shares shall also be limited. The Board shall report the purchase or sale of shares to AOT at least one (1) day ahead of the date of purchase or sale of shares via the Corporate Secretary. This matter will then be reported to the Board Meeting for acknowledgement.

**(5) Communication with the Board**

The Board shall provide channels for stakeholders to communicate directly with the Corporate Governance Committee. The stakeholders could communicate with, inform useful information or make some useful suggestions to AOT by sending e-mail via AOT's website.

**(6) Board Meetings**

(6.1) The Board shall conduct monthly meetings and extraordinary meetings are allowed if necessary. The Chairman of the Board shall allocate sufficient time for the directors to discuss the issues relating to management and corporate governance, carefully and effectively consider the matters to be included in the meeting agenda, encourage the management to freely express their opinions, and invite top management to provide necessary information for consideration of important matters in the meeting.

(6.2) The Board shall have a policy to arrange a meeting whereby there are only non-executive directors attending as necessary at least once a year according to the principles of good corporate governance.

(6.3) A resolution must be approved by at least two-third (2/3) of the total number of directors present at the meeting.

**(7) Terms of Directorship**

At every Annual General Meeting, one-third (1/3) of the directors shall

retire. If the number of directors is not in line with the one-third (1/3) requirement, the number closest to one-third (1/3) shall be enforced. In the first and second years after the registration of the company, the directors shall draw lots to determine who shall resign from the directorship. On the third and subsequent years, the directors who have been in the position the longest shall resign. Directors who retire by rotation may be re-appointed.

However, Section 8, paragraph 2 of Standard Qualifications for State Enterprise Board Members and Staff Act B.E. 2518, prescribes that a director of state enterprise, whose directorship is not by position according to the laws or decrees, shall serve a three-year term of office and may be re-elected after completion of the term.

**(8) Terms of Independent Director**

The Board specifies that the independent director shall hold office not more than six (6) consecutive years from the date of the first appointment as independent director.

**(9) Directorship in Other State Enterprises and/or Other Juristic Persons**

Directors shall hold positions in state enterprises and/or juristic persons as the following conditions;

9.1 Directors shall hold not more than three (3) state enterprises and/or juristic persons in which state enterprises are shareholders to ensure that the number of directors is adequate and the directors could allocate time to perform their duties in an effective manner.

9.2 Directors shall hold not more than three (3) companies listed on the Stock Exchange of Thailand.

However, the directorship in the state enterprises and/or juristic persons mentioned in items 9.1 and 9.2 shall be not more than five (5) in total.

**(10) Termination of Directorship**

The Board shall retire at 65 years of age, effective from the following day on which the director in question has attained that age. Also, the resignation letter made in writing must be submitted to AOT.

**(11) Internal Control**

The Board shall ensure that AOT has established complete internal control and audit systems in the areas of finance, operation and compliance to relevant laws, regulations and articles of association. Efficient check and balance mechanisms shall be in place to protect, maintain and take care of the shareholders' investment funds and AOT's assets on a regular basis. The Board shall clearly set workflow procedures, levels of authority and responsibilities for the management and staff in writing. An independent Internal Audit Office, which reports directly to the Audit Committee, shall also be established to ensure that all units of AOT, both business and supporting ones, operate in line with the established regulations.

**(12) Risk Management**

The Board shall ensure that AOT has a complete risk management system including risk factors relating to vision, objective, business strategy, finance and other areas of operation. In addition, the Board shall also consider the possibility and intensity levels of impacts, clearly set out measures for mitigating risks, and identify responsible persons and methods of reporting and monitoring.

**(13) Conflict of Interest**

The Board shall not allow directors, management and employees to seek personal gains from or engage in business in direct competition with AOT or transactions that may lead to conflict of interest with AOT. If such transaction is unavoidable, the Board shall ensure that the transaction is carried out with transparency and fairness similar to transactions carried out with third parties. However, directors, management or employees having an interest in the transaction must not be involved in its approval process.

If a transaction is considered as a connected transaction according to the Notification of the Stock Exchange of Thailand, the Board shall ensure strict compliance with the rules and procedures regarding information disclosure of transaction by listed companies.

**(14) Succession Plan**

The Board shall ensure that a succession plan for the position of top management is in place to enable AOT to be composed of executives who are knowledgeable and capable to succeed important positions in the future. For the position of President, it is required that qualification requirements and nomination processes should be explicit and transparent.

**(15) Employees**

The Board shall ensure that the appointment, transfer, reward and punishment of employees is conducted with fairness, based on standard criteria and key performance indicators. Employees are also given opportunity to participate in the determination of policy on employees.

**(16) Corporate Culture and Role Model of Top Management**

The Board shall promote an appropriate corporate culture in the working atmosphere by assigning the management to propose the desired corporate culture and effectively communicate it towards the employees to create a common understanding. Essentially, the Board and the management must be a role model to all employees.

**(17) Respect for Human Rights**

AOT respects and complies with the law on human rights by focusing on human dignity, right, freedom, and equality of the persons who are recognized or protected by both Thai and international laws, regardless of sex, age, race, nationality, religion, belief, political opinion, or disability.

**(18) Protection of Intellectual Property**

AOT is committed to protecting its own intellectual property from violation or use without permission as well as respecting and not violating the intellectual property rights of others.

**Monitoring and Performance Evaluation**

The Board requires the management to report the factual operating results compared to set targets on a regular basis, including financial statements and progress on any areas of operations. In the event that the operations fail to perform as planned, the Board shall take part in or request the management to provide corrective solutions.

The Board shall assess the performance of the President and top management in a respective order, based on targets and criteria of evaluation relating to strategic and annual plans to fix appropriate remunerations and incentives. The Board shall also conduct a self-evaluation to evaluate its own performance.

**Corporate Social Responsibility for Sustainable Development**

AOT is committed to operating its business with corporate social responsibility along the paths towards sustainable development to be part in the development of national economy. AOT creates confidence among all stakeholders through its effective operation with virtues, ethics, transparency and accountability. AOT also encourages its staff to adhere to core values for work practice, namely service minded, safety and security, teamwork, innovation and integrity. AOT aims at being among the top airport operators in the world at superior standard with service mind and enabling responsibility towards the society and community thereby AOT, society, and environment to mutually achieve stable and sustainable growth.

, announced as of 4 April, 2017

(PRASONG POONTANEAT)

Chairman of the Board of Directors

Airports of Thailand Public Company Limited