



The Charter of the Board of Directors

Prepared by: The Board of Directors of

Principal Capital Company Limited

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1. Objective

The Company's Board of Directors shall be appointed by the shareholders and in the capacity as the representative of the shareholders, then shall play a crucial role to build the confidence and to create the company's values as well as to generate a return on investment to the shareholders so that the performance of duty of the Board of Directors shall be in efficient and effective ways.

2. Composition and appointment

Directors shall be elected at a shareholders meeting, in which each shareholder shall have one vote for one share.

1. The Board of Directors consists of 5 board members at the minimum. More than half of board members must have residence in Thailand and directors must have the qualifications as specified by laws.

2. The appointment of directors shall be in accordance with the Articles of Association of the Company and the provisions of the relevant laws. Incidentally, the appointment of directors must be transparent and clear. The consideration must include the educational record and occupational experience and track record of such person with sufficient information to support the decision of the Board of Directors and the shareholders of the Company.

3. Qualification of the Board of Directors

1. A director of the Company must be a knowledgeable, capable, transparent, honest person, to be ethically businesslike and have sufficient time to devote his/her knowledge, ability and the performance of duty to the Company.

2. A director is forbidden to enroll as a partner or as a director of any other juristic persons that hold the same business type or being a competitor with the company, unless the shareholders shall be notified before the assignment in the meeting. Also, a director shall immediately inform to company if any direct or indirect conflict of interest has been concerned by any agreement with, or holding shares or debenture up or down in the company or the subsidiary company or the affiliated company.

3. A director must possess qualifications and does not have prohibited characteristics pursuant to the law governing the public limited company and the law governing securities and stock market.

4. Director who is independent or an independent director shall possess the qualifications as specified by the Stock Exchange of Thailand (SET) or the Securities and Exchange Commission (SEC), as the followings;

- 4.1 Hold not more than one percent of the total number of shares with a right to vote of the Company, the subsidiary company, related companies, a major shareholder or a person having the controlling power of the company, including also the shareholding by related persons of such an independent director, the associated company or a person who may have a conflict (including related persons according to Section 258 of Securities and Exchange Act).
- 4.2 Have never been or have used to be a director who has participated in the administration of work, of employees, members of the staff, an advisor receiving regular salary or person having the controlling power of the company, the parent company, subsidiary company, associated company, a subsidiary company of the same level, a major shareholder or a person having the controlling power which may have a conflict unless having been released of said characteristics for not less than two years prior to the date of appointment.
- 4.3 Is not a person of blood relation or by virtue of registration of marriage under the law in the characteristic of being a parent, a spouse, a sibling and children including the spouse of the children of the executive, a major shareholder, a person having the controlling power or a person who will be nominated to be the executive or the person having the controlling power of the company or the subsidiary.
- 4.4 Is not or used to have a business relation with the company, the parent company, the subsidiary, the associated company or a juristic person who may have a conflict in the characteristic that may obstruct free exercise of one's discretion including having never been or used to be a major shareholder, a director who is not an independent director or the executive of persons who have a business relation of the Company or a juristic person who may have a conflict, unless having been released of said characteristics for not less than two years prior to the date of appointment.

- 4.5 Is not or used to be an auditor of the company, of the parent company, the subsidiary, the associated company or a juristic person who may have a conflict and is not a major shareholder, a director who is not an independent director or an executive or partnership manager of the Audit Office in which there are present the auditors of the company or a juristic person who may have a conflict, unless having been released of said characteristics for not less than two years prior to the date of appointment.
- 4.6 Is not or used to be the provider of any professional service including the provision of a legal counseling service, a financial advisory service which receives the service fee of more than two million Baht per year from the Company, the parent company, the subsidiary, the associated company or from a juristic person who may have a conflict and incidentally, in the case of being the provider of professional service is a juristic person shall also include a major shareholder, a non-independent director, an executive or a partnership manager of the provider of such professional service, unless having been released of said characteristics for not less than two years prior to the date of appointment.
- 4.7 Not being a director who was appointed to be an agent of the director of the Company, of the major shareholders or the shareholders who are related to the major shareholders of the Company.
- 4.8 Is not engaged in a business of same condition or is of competitive nature of material importance with the Company or with the subsidiary or is not a partner of material importance in the partnership or a director having participated in the management of work, employees, members of the staff, advisors receiving regular salary or holding share more than one percent of the shares with the right to vote of other company which operates the business of same condition and is of competitive nature of material importance with the Company or with the subsidiary company.
- 4.9 Does not have any other characteristics which preclude the free exercise of independent opinion in relation to the operation of the Company.

5. A director who is independent or an independent director must be selected by the Board of Directors. After having been appointed to be an independent director who possesses the qualifications under (4.1) to (4.9), an independent director may be assigned by the Board of Directors to exercise a decision regarding the operations of the company, the parent company, the

subsidiary company, related company, a major shareholder or a person having the controlling power of the company, in a form of collective decision.

4. Power, Duty, Responsibility

1. To carry out the Company's business operations and perform their duties in accordance with the law, the Company's objectives, the Articles of Association, and the resolutions of the shareholders' meetings with honesty and integrity (Duty of Loyalty), circumspection and caution (Duty of Care), responsibility (Duty of Accountability), and ethics for the best interests of the Company, conforming to good corporate governance principles, and treating all shareholders equally.

2. To evaluate the performance of the president on an annual basis and to determine the remuneration of the president.

3. To determine the Company's vision, important policies and strategies, financial objectives, business plans, annual budget, risk and to monitor and supervise the management to ensure implementation of those policies and plans effectively and efficiently, and be responsible for the operating performance and executives' performance with best effort and carefulness.

4. To ensure that the accounting system, financial reports and accounting audit are accountable and ensure that the Company has procedures for assessing and monitoring the appropriateness, effectiveness and efficiency of internal control financial reports, and internal audit.

5. To monitor and resolve conflict of interests among stakeholders of the Company and set the guidelines on conducting transactions with conflict of interest so that the transactions are conducted for the best interests of the Company and all shareholders. Persons who have vested interests in a given transaction should not participate in decision-making process. The guidelines shall describe procedures and disclose information of transactions which may create a conflict of interest to ensure accuracy and completeness.

6. To consider appointment of a person who possesses qualifications and does not possess any characteristics prohibited under the Public Company Act B.E. 2535 and the laws governing securities and exchange and any relevant rules, regulations and/or notifications to be director in case there is a vacancy due to a cause other than retirement by rotation.

7. To consider appointment of independent directors by taking into consideration qualifications and prohibited characteristics under the laws governing securities and exchange,

notifications of the Capital Market Supervisory Board, including relevant rules, regulations and/or notifications of Securities Exchange of Thailand or propose to a shareholders' meeting for appointment.

8. To consider appointment of audit committee members who have qualifications under the laws governing securities and exchange notifications of the Capital Market Supervisory Board, including rules, regulations and/or notifications of the Securities Exchange of Thailand.

9. To consider appointment of executive committee and assign authorities and responsibilities. The executive directors are entitled to receive rewards and pension prescribed by the board of directors. However, it does not affect the rights of the appointed executive directors to receive remuneration and other benefits as the Company's officers or employees as prescribed in the Company's article of association.

10. To consider appointment of risk management committee and assign the power to establish risk management policy to cover all activities of the company and assign management to implement the policy. The management shall report the result to the board of directors at least twice a year in the 2nd and 4th quarter or as assigned. The Company shall review the effectiveness of risk management system once a year and stay alert on early warning signs and unusual transactions.

11. To ensure that a written code of business conduct be in place so that all directors, executives and employees understand business ethical standards of the company. Compliance to the code should be closely monitored by the board of directors.

12. To appoint the company secretary in accordance with the Securities and Exchange Act who is responsible for preparing and assembling documents and other tasks as prescribed by the Capital Market Supervisory Board. The company secretary shall be in charge of supervising activities of the board of directors and the Company, which are arranging the board of directors' meetings and shareholders' meeting, advising the directors and the Company on conducts and relevant laws and regulations that they must comply in business operation on regular basis, and disclosing the Company's information accurately, completely, and transparently.

13. To establish anti-corruption policy to cover all activities of the company.

14. The company secretary shall report a summary of securities holding in the Company and affiliated companies by directors, their spouses, and minor child to the board of directors' meeting.

A director shall notify the company without delay, through the company secretary, in the following cases;

- having a direct or indirect interest in any contract which is made by the Company during an accounting year;
- change in proportion of securities holding in the Company and affiliated companies

15. To attend the training course relevant to director's work organized by the Thai Institute of Directors Association (IOD) for at least 1 course to enhance skills necessary to perform their duties. Directors can choose to attend the following courses: Director Accreditation Program (DAP), or Director Certification Program (DCP) or other equivalent training course.

16. Other duties of the directors prescribed in the notifications, regulations, or any other laws of the governing agencies.

17. To evaluate the implementation of corporate governance policy of the Company and review the policy on regular basis.

18. The board of directors can appoint and change the names of the authorized signatory director.

5. The tenure of office

A director of the company shall have tenure of 3 years each.

At the annual general meeting of shareholders, the directors shall vacate office by one-third. If the number of directors is not divisible by three, it has to be the nearest one-third.

The drawing lots shall be used for the members who have to be retired according to the first paragraph at the first year and the second year after the enforcement of this charter. In subsequent years, the longest position member shall be retired. In case the longest position is more than one person, the drawing lots shall also be used.

The retired member by rotation may be considered for reappointment.

Additional retirement of a director than above term complete and rotation are

1. Death
2. Resignation
3. Lack of qualifications or have legal prohibition manners, has been sentenced on

a criminal act, unless an offence committed by negligence or petty offence.

4. Shareholders agreed the retirement at the meeting with the vote not less than three-fourth of the total votes from attended and voted shareholders.

5. Court ordering

When the title is vacant by other causes than the rotation, the Board of Directors shall select a qualified person who does not have prohibited characteristics pursuant to the law governing the public limited company and the law governing securities and stock market to replace the vacancy in next Board of Directors' meeting, unless the term of resignation person less than 2 months left.

The resolution of the Board of Directors' meeting according to the first paragraph consists of the vote not less than three-fourth of the remaining directors.

A person who shall replace the vacancy according to the first paragraph can only take the title for the remaining period of term.

The Board of Directors shall select one of the members to be Chairman of the Board. At the discretion of the Board of Directors, one or more directors may be selected to be Vice Chairman of the Board of Directors. The Vice Chairman shall have duties and responsibilities as per the Company's article of association, which has been assigned by the board of Directors.

The shareholders' meeting may pass a resolution to remove any directors from office prior to retirement by rotation, by a vote of not less than three-fourth of the number of shareholders attending the meeting and having the right to vote, and the shares held by them shall, in aggregate, amount to not less than one-half of the number of shares held by the shareholders attending the meeting and having the right to vote.

6. The Meeting of the Board of directors

1. The Chairman shall call for the Board meeting. In calling the Board meeting, the Chairman or any persons who have been assigned shall send the invitation letter to all directors at least 7 days before the date of meeting. Except in an emergency case so as to maintain the rights and benefits of the company, the invitation shall be by other methods or the meeting date shall be set earlier than normal. The Chairman or any assigned directors shall specify the date and place for the meeting, which can be specified at other places than the head office.

In case that at least 2 directors request to call for the Board meeting, the Chairman shall specify the meeting date within 14 days from the date of requesting.

2. The company shall arrange the meeting at least once in each quarter at the place located in the area of head quarter, branch office or nearby provinces or any other places specified by the Board. The minutes of the Board of Directors' meeting as well as the minutes of meeting and the meeting resolution of the shareholder's meeting must be prepared and kept orderly.

3. Chairman of the Board shall be chairman of the meeting, by controlling the meeting of the Board to be carried on according to the meeting's agenda and supporting every member to participate in the meeting such as raising questions or concerns, providing the consultations and suggestions to the management as well as supporting the company's business operation, without interfering the company's administration.

4. A director who has a conflict of interest on any agenda being considered in the meeting significantly, such director must leave the meeting during that agenda.

5. A company secretary is responsible to record and prepare the minutes of meeting, to store the minute of meetings and related documents, and to support the Board of Directors to be able to perform according to the rules, regulations and the shareholders' resolution, including to coordinate with related parties.

7. Quorum

There must be more than half of board members attend the Board of Directors' meeting. Voting in the meeting, the resolution shall come from the majority of votes from attended board members. A director having the conflict of interest in any matters has no voting right in such matters. If votes are equal, the chairman of the meeting shall vote as additional vote as to be decided vote.

8. Information disclosure

The Board of Directors shall ensure the disclosure of the company's data and information, both financially and non-financially, to be disclosed in a completely, fairly, reliably, consistently and timely manner as well as to be strictly complied with the rules and regulations of the Stock Exchange of Thailand and Securities and Exchange Commission.

9. Reviewing and improving the Charter

The Board of Directors shall review this charter every year and shall suggest the improvement as appropriate.

This charter shall come into force from the date 11th November 2015.



Dr.Pongsak Viddayakorn (M.D.)

Chairman of the Board
Principal Capital Public Company Limited