

The Charter of SET Board of Governors

Foreword

The Charter of the SET Board of Governors has been prepared to designate the role, duty and responsibility of the SET Board of Governors, which strictly adheres to important policy in its compliance with the law and pursuant to the SET Corporate Governance consistent with the standard of the Organization for Economic and Co-operation OECD) including adopts the principles of good corporate governance for listed company (both SET CG Principles and Corporate Governance Code for listed companies 2023) and applies the principles to suit the SET which consists of the SET Board of Governors structure and operation as prescribed by the Securities and Exchange Act. The SET Board of Governors believes that the performance of work in adherence to the good corporate governance principles will equip the Thai capital market with all the capability to develop the sustainable strength and growth and promote confidence for all stakeholders and relevant parties such as supervisory bodies, member companies, listed companies and investors, as well as serving as a model example to other organizations within the Thai capital market.

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1. Definition

- “Charter” means the Charter of the Board of Governors of the Stock Exchange of Thailand;
- “SET” means the Stock Exchange of Thailand;
- “Board” means the Board of Governors of the Stock Exchange of Thailand;
- “Chairman” means Chairman of the Stock Exchange of Thailand;
- “Governor” means Governor of the Stock Exchange of Thailand;
- “President” means President of the Stock Exchange of Thailand;
- “Committee” means Committee of the Stock Exchange of Thailand;
- “Subsidiary” means a company or juristic person in which the Stock Exchange of Thailand holds more than 50 percent of that shares whether directly or indirectly;
- “Associate company” means a company or juristic person in which the Stock Exchange of Thailand holds no more than 50 percent of that shares whether directly or indirectly;
- “SET Group” means the Stock Exchange of Thailand and Subsidiary; and
- “Securities and Exchange Act” means the Securities and Exchange Act B.E. 2535 (1992).

2. Composition and Office Term of the Board

- 2.1 The composition of the Board, the number of Governors, the selection of Chairman, vice-chairman, and office terms shall be as prescribed in the Securities and Exchange Act.¹ The appointment of the Chairman shall be considered selecting among Governors who are appointed by the Securities and Exchange Commission and the appointment of the vice-chairman shall be considered selecting among Governors who are elected by members.²
- In this regard, the Governors shall have at least bachelor’s degree for educational attainment and shall have knowledge or work experience which is beneficial to capital market of not less than 3 years.³
- 2.2 The Board shall appoint the secretary of the Board to support the performance of duty of the Board by offering advice on the laws and regulations that the Board must be aware of and comply with including being in charge of the activities of the Board and coordinating to ensure compliance with the resolutions of the Board.

¹ Refer to the Securities and Exchange Act (Issue No. 6) B.E. 2562 (2019) Sections 159 – 163.

² Added statement according to resolution of the Board No. 1/2564 (2021) dated 20 January 2021.

³ Added statement according to resolution of the Board No. 3/2562 (2019) dated 20 March 2019.

3. The Board's Responsibility

3.1 The Board has the power and duty to supervise, formulate policy and control the operation of the SET to ensure sustainable growth in accordance with its objectives, the Board's resolutions, and the laws⁴ including relevant regulations, while exercising duty of care and fidelity by bearing in mind the best interests of the organization, stakeholders and relevant parties, and the overall economic system of the nation.

The Board shall adhere to the relevant legal provisions as its important principle that it shall not order or act, or omits to order or act in any way that may cause the SET and Subsidiary to contravene the law, procedures, ethics, or code of conduct that the Board stipulates as a guideline in its performance of duty.

3.2 The Board has formulated policy with regard to the holding of position as director in listed companies of each Governor such that each Governor shall be a director in not more than 5 listed companies⁵ so that the Governors have the time to perform their duty as Governors effectively except the holding of position prior to being appointed or elected as Governor.

3.3 For the purpose of good corporate governance and in order for the Board to perform their duty effectively and efficiently and as to be consistent with the relevant rules, the Board has appointed the following Committees:

3.3.1 Good Corporate Governance Committee such as the Audit Committee, Nomination and Remuneration Committee, Risk Management Committees, and Legal Committee.⁶

3.3.2 Relevant Law and Regulation Committee such as Disciplinary Committee and Appeal Committee.

Moreover, the Board may appoint other Committees, experts or advisers as necessary and appropriate to the changing circumstances.

The Committee appointed by the Board above shall mean the committees having the same duty and responsibility as such committee under another name.

⁴ Refer to the Securities and Exchange Act (Issue No. 6) B.E. 2562 (2019) Sections 170 – 173.

⁵ Amended according to resolution of the Board No.1/2566 (2023) dated 18 January 2023 in order to be in line with the Corporate Governance Report of Thai Listed Companies 2023 (CGR 2023) Project organized by the Thai Institute of Directors.

⁶ Amended according to resolution of the Board No.10/2564 (2021) dated 18 August 2021 upon which the Board has approved to review the sorting of Legal Committee to being Good Corporate Governance Committee.

4. The Board's Duty

The Board has the power and duty as prescribed in the Securities and Exchange Act B.E. 2535 (1992)⁷ and the relevant rules and which are consistent with the good corporate governance and code of conduct of the SET Group as follows:

- 4.1 Determine vision, mission, goal and strategy in operating the business of the SET and review such to be consistent with the changing circumstances.
- 4.2 Monitor and ensure there is report on the progress of the operation pursuant to the goal, indicator and strategy plan under the budget approved by the Board including formulating policy for the improvement and development of capability of competition within the international arena.
- 4.3 Determine policy on good corporate governance and code of conduct of the SET Group such as treatment of stakeholders, anti-fraud and corruption, anti-money laundering, prevention and management of conflict of interest, use of internal information and safeguarding of confidential information, receipt of evidence or complaints (Whistleblower). On this basis, the policy on good corporate governance and code of conduct shall be reviewed annually.
- 4.4 Ensure that there is in place effective and adequate internal control system and follow-up on the effectiveness of the internal control system so as to comply with the accepted standard such as the Committee of Sponsoring Organization of the Treadway Commission (COSO) by disclosing the adequacy of the internal control system and have it reported in the annual report.
- 4.5 Determine policy on risk and appropriate scope of risk management as well as follow-up on the effectiveness of the risk management on a regular basis by disclosing the adequacy of the risk management system in the annual report.
- 4.6 Determine the scope of policy on the management of information technology and security and safety measure for the information technology system so that it complies with the acceptable standard in the industry, and follow-up and review such to be consistent and appropriate with the risk associated with information technology.
- 4.7 Promote the creation and appropriate use of technology to ensure effective operation and use of resources and to establish mutual benefits for the SET's business, trading partners, relevant parties and society.

⁷ The duty of the Board shall be in accordance with the Securities and Exchange Act Sections 170 – 173 and 176, and the President shall have the power and duty under Sections 167 – 168.

- 4.8 Supervise the operation of the SET to ensure financial stability so that it can operate the business on a continuous basis.
- 4.9 Ensure that there are preparation and disclosure of financial information that is correct, complete, timely, and reflects the operating results and financial position in accordance with the accounting standard prescribed by the law on accounting as well as disclosing material information of the organization correctly and completely pursuant to the relevant regulations and procedures.
- 4.10 Determine the scope and mechanism in supervising the Subsidiary or affiliate. The Board shall consider the appropriateness of the person who will act as the SET's representative and become a director in the Subsidiary or affiliate in order to supervise the operation of the Subsidiary or affiliate at a level appropriate to each business.
- 4.11 Determine the criteria and process for recruiting President and executive which are transparent and clear as well as determining remuneration and assessing performance on an annual basis⁸ including following up and ensuring that there is process for the replacement or succession of President and executive (Succession Planning) on an annual basis.

5. The Chairman's Duty

The Chairman's role is to lead the Board, and whose duty is as follows:

- 5.1 Convene the meetings of the Board and act as the chairman of the meeting of the Board. In an event a final decision by the meeting is required and there is an equality of votes, the Chairman shall have a casting vote.
- 5.2 Determine the agenda of the meetings of the Board by consulting with the President to ensure that important matters are listed on the meeting agenda.
- 5.3 Proceed with the meetings of the Board pursuant to the agenda, relevant laws and good corporate governance, allocate sufficient time and encourage all Governors to participate in the discussion, exercise prudent discretion and freely express opinion.
- 5.4 Monitor the performance of the duty by the Board to ensure effectiveness and achievement in accordance with the goal of the organization.
- 5.5 Build good relationship between the Board and the management team.

Besides, to ensure that the performed of duty by certain Committees is free and in compliance with the good corporate governance, the Chairman shall not be member in certain Committees.⁹

⁸ The criteria pertaining to the personnel's remuneration structure are entrusted to the Nomination and Remuneration Committee for consideration pursuant to the Charter of the Nomination and Remuneration Committee.

⁹ Added statement according to resolution of the Board No. 2/2562 (2019) dated 20 February 2019

6. The Board's Meeting

- 6.1 The Board's meetings shall be scheduled at the dates and times for 1 year in advance so that the Governors may allocate time to attend the meeting on each occasion. The Chairman may convene an additional meeting for special agenda as necessary. The Board's meetings may be held by electronic means whereby such procedures shall be applied, mutatis mutandis, to the Committee's meetings.¹⁰
- 6.2 All Governors shall have received the invitation to the meeting clearly specifying the agenda of the meeting together with documents for the meeting at least 7 days prior to the date of the meeting, except in cases of necessity and urgency where the documents for the meeting may be delivered less than 7 days.
- 6.3 The Governors may propose matters for the Board's meeting to consider as additional meeting's agenda via the secretary of the organization or agency having the same duty and responsibility under another name.
- 6.4 Any Governors who possess interests in the matter being considered shall notify about such interest and shall be prohibited from considering such matter.
- 6.5 The Governors may request additional information necessary for making decision from the management team or the secretary of the organization.
- 6.6 The Board encourages the executive to attend the meetings to provide further information as a person directly involved with the issues and to give the Board an opportunity to make acquaintance for use in their consideration of succession planning.
- 6.7 Governors who are not an executive shall have the opportunity to convene meetings among themselves without any executive attending as necessary to discuss various issues in relation to the management currently being in spotlight at least once a year.
- 6.8 Entrust the secretary of the organization with the duty to prepare the minutes of the Board's meetings which contain complete material particulars and propose it to the Board for certifying, and to keep the minutes and documents for the meeting systematically.

¹⁰ Amended according to resolution of the Board No.1/2566 (2023) dated 18 January 2023.

7. The Board's Self-Assessment for Performing Duty

- 7.1 The Board shall arrange for the self-assessment of the performance of work of the entire Board and individual Governor on an annual basis in order to consider reviewing the operating results, certain issues and obstacles confronted during the preceding year so as to enhance the effectiveness of the Board and management team's performance.
- 7.2 The Board shall determine the criteria used in the assessment by entrusting the Corporate and Sustainability Committee with the task of considering and providing advice on the process for the assessment of the Board's performance of duty so as to be consistent with good corporate governance and code of conduct.
- 7.3 The Corporate and Sustainability Committee shall consider the assessment process, summarize the result of the assessment and report the result of the assessment to the Board so that the performance can be further improved and developed. On this basis, the assessment may be undertaken by a third party expert.
- 7.4 The Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Corporate and Sustainability Committee shall undertake self-assessment and present such to the Board's meetings for acknowledgment at least once a year.

8. Remuneration of Governors, Executives and Personnel

- 8.1 The Board shall entrust the Nomination and Remuneration Committee with the task of considering screening policy and criteria for the payment of remuneration to the Governors. The rate shall be appropriated to the duty and responsibility, and shall be comparable to the industry of similar type and size. The Nomination and Remuneration Committee then shall propose the same to the Board prior to the proposal to the meeting of the SET members for consideration and approval.
- 8.2 The Board shall entrust the Nomination and Remuneration Committee with the task of considering screening policy and criteria for the payment of remuneration to the President, executive and personnel of the SET Group consistently with the operating results and the success of the goal prior to the proposal to the Board for consideration and approval.

9. Development of Governors, Executives and Personnel

- 9.1 The new Governors will be introduced to the overview of the organization, the operation of the SET Group, strategy plan, routine work plan, legal provisions, regulations and code of conduct relevant to the Governors. The executives and secretary of the Board shall present such information prior to the first meeting of the new Governors.
- 9.2 Encourage the Governors and executives to attend training and development in various forms such as seminar, lecture, and site visit in order to enhance their knowledge and experiences that are up-to-date and consistent with the changing circumstances for the benefit to their performance.
- 9.3 Ensure that there is continuous management and development of the personnel of the SET Group so that they are equipped with the knowledge and capability for performing the work.

10. Review of the Charter

The Board will review and assess the adequacy and appropriateness of the Charter at least once a year