



# **TATA STEEL (THAILAND)**

## **CORPORATE GOVERNANCE POLICY**

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# **Tata Steel (Thailand) Plc**

## **Corporate Governance Policy**

### 1. INTRODUCTION

The Board of Directors (the “Board”) of Tata Steel (Thailand) Plc (the “Company”) or (“TSTH”) believes that a good corporate governance system, which consists of qualified and accountable directors, competent management, a mechanism of checks and balances for transparent and auditable operations, respect for the rights of all shareholders, and equitable treatment for all stakeholders is the key factor in maximizing the economic value of the company and increasing the sustainable long-term return on investment to its shareholders.

Therefore, the Board has developed and adopted the Corporate Governance Policy since 2005 to assist it in the proper exercise of its responsibilities. It is the Board’s policy to annually review and update this policy in order to align it with the changing environment of the Company’s corporate governance.

As of May 7, 2009, the principles have been reviewed and improved to make it up-to-date and correspond to the ever changing situation.

The present Corporate Governance Policy is a second revision since January 30, 2018.

### 2. THE BOARD OF DIRECTORS

#### 2.1 Function of the Board and Management

2.1.1 The Board governs the operations of the Company in accordance with the provisions of the law, the Company’s objectives, articles of association, resolutions of the shareholders’ meetings, and the Corporate Governance Policy. In governing the Company, the directors must exercise their business judgment and act in what they reasonably believe to be the best interests of the Company and its shareholders.

2.1.2 The management is responsible for implementing the Company’s strategy, achieving the planned objectives, and handling the day-to-day administration and affairs of the Company.

#### 2.2 Scope of Duties and Responsibilities (refers to BOD Charter)

The Board of Directors has the duty and authority to manage the Company in compliance with the objectives, Articles of Association and resolutions of the shareholder’s meeting. However, the Board may not approve or decide on the following issues unless acknowledged by the majority of the attending Directors in the meeting of the Company and / or Subsidiaries.

- (1) Any loans exceeding Baht 50 millions and not in the Group’s annual budget.
- (2) Granting loans, collaterals, indemnifications, guarantees, letters of support or commitments to any persons and not in the Group’s annual budget unless allowed in the contracts of the financial restructuring agreement or business rehabilitation plan of NTS.
- (3) Any investments exceeding Baht 50 millions and not in the Group’s annual budget.
- (4) Sales, transfers, rent out or permissions related to any properties or assets with the book value exceeding Baht 50 millions and not in the group’s annual budget.
- (5) Approvals or amendments of the Group’s annual budget.
- (6) Any transactions with connected parties not regarding as normal business operation.

- (7) Changing of the accounting policy, approval of the annual consolidated financial statements, annual individual financial statements and quarterly group financial statements.
- (8) Changes related to the Group's business operation or termination of any business operation.

The Board of Directors may appoint any persons to manage the Company's operation under supervision of the Board of Directors or may authorize such persons with the authorities the Board of Directors deem appropriate for a certain period of time. The Board of Directors may revoke, alter or amend such authorization. The Board of Directors may delegate to the Executive Committee (Executive Directors) or the President the authority to perform various functions.

Approvals of any business operation must comply with the authority limit specified by the Board of Directors. Such delegation of authority shall not be in a way to allow the Executive Committee (Executive Directors) or the President to be able to approve transactions that they or other persons may dispute, have interest in or have conflict of interest with the Company and its subsidiaries, in accordance with the Company's Articles of Association and SEC's announcement. Exclusion is made to approval of transactions in compliant with the Board of Directors' pre-approved policies and criteria in the normal course of business operation such as procurement of raw materials and connected transactions with related companies.

## 2.3 Composition of the Board

- 2.3.1 The Board shall be composed of experts with a wide range of experience in various fields. There shall be sufficient directors to govern and supervise the corporation: not less than five (5) directors (as required by law) and not more than fourteen (14) shall sit on the Board.
- 2.3.2 The Board has a policy whereby the controlling shareholders of the Company are proportionally represented.
- 2.3.3 The overall Board should comprise at least one woman director.
- 2.3.4 The number of Independent Director must be at least 1/3 of total number of the Board with the minimum of 3.

## 2.4 Chairman of the Board and President & CEO

- 2.4.1 Both the Chairman of the Board and the President & CEO must be competent and have the appropriate experience and qualifications for their persons. In order to maintain a balance between the supervisory and management functions of the Company, one person cannot hold these positions simultaneously.
- 2.4.2 The Chairman of the Board acts as the chairman of both board and shareholders' meetings. He or she also has the following duties:
  - (1) Guiding the Board to ensure its effective functioning.
  - (2) Providing independent advice and counsel to the President & CEO.
  - (3) Consulting with the President & CEO and Company Secretary to draw up meeting agendas.
  - (4) Encouraging all board members to debate issues freely during meetings, ask questions and express opinions.
  - (5) Encouraging constructive relations within the Board members and between the Board and management.
  - (6) Ensuring effective communication with the shareholders.

2.4.3 The President & CEO is the head and leader of the Company's executives, and is responsible to the Board for managing the Company in order to achieve all its planned objectives.

## 2.5 Qualifications and Requirements for the Board

2.5.1 All directors must satisfy the following minimum requirements:

- (1) Possess the qualifications with no prohibited characteristics as specified in the Company's Articles of Association, the Public Company Limited Act and the Securities Exchange regulations.
- (2) Persons with capabilities, experiences and diversity of skills, knowledgeable, competent, leadership, varied perspectives, ethical, record of transparency and ability to express opinions independently.
- (3) Person who can devote sufficient time to attend Board and Committee meetings to monitor Company's operation. Holding of Board positions in other companies should be limited to an appropriate numbers.
- (4) Persons who are not Directors, Executives, shareholders or partners with substantial shareholding of the similar or competitive business operations or business operations that may provoke conflict of interest with the Company.
- (5) For Director who is also the President & CEO, selection consideration would also base on past performance and result of potentiality evaluation.

### 2.5.2 Serving on other Company

- (1) Each Director does not serve as a director in other listed companies for more than 5 listed companies
- (2) President & CEO who serve as director of the company does not serve as a director in other listed company, except

2.1 On the board of Tata Group in order to comply with business direction

2.2 Is a Chief Executive or director, by whatever name called, of any nonprofit organisation that receives twenty-five per cent. or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent. or more of the total voting power of the company;

- (3) Retired President & CEO/ Executive Directors/ employees will not be invited to join the Board of the same company as Non-Executive Directors (NED). However, such a person may continue as NED of its subsidiaries/joint ventures/associates/ fellow subsidiaries/ other Tata Steel Group Companies, if the Promoter nominating company so decides. To enable this, the Boards of respective companies may specifically, through a resolution, approve continuance of the director on the Board, after receiving approval from the nominating Promoter.

- 2.6 Board Selection and Appointments
- 2.6.1 The Corporate Governance, Nomination and Remuneration Committee is responsible for identifying and selecting qualified candidates to be proposed through the Board for election at the shareholders' meetings or appointed by the Board according to the Company's articles of association.
- 2.6.2 The Corporate Governance, Nomination and Remuneration Committee is responsible for reviewing, on an annual basis, the skills and characteristics required of directors in the light of the Board's composition and the Company's current and future business directions. In conducting this review, the committee will also consider diversity in terms of skills, experience, knowledge, independence, age and gender.
- 2.6.3 In determining whether to recommend a director for re-election, the Corporate Governance, Nomination and Remuneration Committee will consider relevant factors such as the director's performance, history of attendance at the participation in meetings, and other contributions to the activities undertaken by the Board.
- 2.6.4 To identify director candidates, the Corporate Governance, Nomination and Remuneration Committee may use the following sources:
- (1) Recommendations from current board members.
  - (2) Professional search firms.
  - (3) The IOD director pool.
- 2.6.5 The appointment of members of the Board shall comply with the Company's articles of association and all relevant laws in Thailand. Selection of the directors shall be transparent and clear, and processed through the Corporate Governance, Nomination and Remuneration Committee.
- 2.7 Independent Directors
- 2.7.1 Independent directors shall meet all the qualifications stipulated by the Capital Market Supervisory Board. Independent directors have a duty to protect the interests of every shareholder in a fair and impartial manner in order to avoid any conflict of interests that may arise. They shall also attend board meetings and express their comments and opinions from an independent viewpoint.
- 2.7.2 Independent directors must also meet the following requirements: (refers to A/C charter)
- (1) Not holding over 0.5% of total voting shares of the company, the parent company, subsidiary, associate, or juristic person which may have conflict of interest, including those shares held by related persons.
  - (2) Not managing or being employees, staff, salary-based advisor, company secretary in practices, person with controlling power of the company, the parent company, subsidiary, associate, or juristic person which may have conflict of interest, and not having been in such interests or stakes for at least 24 months before an appointment.
  - (3) Not having lineage, marriage, or legally registered relationship with persons with conflict of interest being father, mother, spouse, child or sibling (sibling including spouse of child) of an executive, major shareholder, controlling person or person who shall be nominated to be executive or controlling person of the company and/or its subsidiaries.

- (4) Not having any of the business relationship with the company, parent company, subsidiary, associate or juristic person which may have conflict of interest that may jeopardize the independent judgment of each manner, also must not being or have not been major shareholder, non-independent director or executive of the person who has business relationship with the company, parent company, subsidiary, associate or juristic person which may have conflict of interest, and not having been in such relationship for at least 24 months before an appointment as the following:
1. An ordinary trading transaction for business operation such as selling products, buying raw materials or providing services which value 3% or higher of the net tangible assets of the company or within the period of 12 months.
  2. Transactions regarding renting or leasing of immovable properties.
  3. Transactions regarding assets or services such as acquisition or disposal of assets, rights and give or receive services.
  4. Receiving or granting financial assistance transactions such as receiving or granting, loan, guarantee, using assets as collateral as well as any similar conduct which results in having debt obligations to be paid to other parties.

The aforementioned 4 items must have a value of 3% or higher of the net tangible assets of the company or Baht 20 million or higher, whichever is lower, within the period of 12 months. In the case of the receiving or granting financial assistance transactions, the debt obligations occurring within the period of one (1) year prior to the date of having the business relationship with the same person shall be included.

- (5) Not being the auditor of the company, parent company, subsidiary, associates or juristic persons which may have conflict of interest, including being major shareholder, non-executive director, executive or partner of the audit firm of the auditor of the company, parent company, subsidiaries, associates or juristic persons which may have conflict of interest, and not having such relationship for at least 24 months before an appointment.
- (6) Not being professional advisors, including legal advisor or financial advisor which receive remuneration in excess of Baht 2 million per year from the company, parent company, subsidiary, associate or juristic person which may have conflict of interest.

In the case that the professional advisor is a juristic person, the prohibition shall include the major shareholder, non-executive director, executive or partner of such advisor, and not having been in such relationship for at least 24 months before an appointment.

- (7) Not being a representative director of director, the major shareholder or shareholder which relates to the major shareholder of the company.
- (8) Not having any manner that may affect the independent opinion regarding the company's business operation.
- (9) Being able to equally take care of the interest of shareholders.
- (10) Being able to ensure that the conflict of interest does not occur.
- (11) Being able to attend the Board of Directors meeting in order to decide the matters independently.
- (12) Shall have the qualifications and not having prohibited characteristics as stipulated in the Articles of Association of the Company, the Public Limited Companies Act and the rules of the Office of the Securities and Exchange Commission.
- (13) Being not less than 21 years of age.

- 2.7.3 After an independent director with the qualifications stipulated in Section 2.7.2 above is appointed, he or she may be assigned by the Board to take part in the business decisions of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person, so these decisions must be collective ones.
- 2.8 Term of Office for Directors
- 2.8.1 A director's term of office is defined in the Board's charter. A retired director can be re-elected.
- 2.8.2 The Board will consider and may approve extensions for a period of one (1) year each time for a director who has completed three (3) consecutive terms or a total of nine (9) years.
- 2.8.3 Independent Director will not hold term of offices more than 9 years.
- 2.9 Retirement Age
- 2.9.1 Retirement Age of Directors: Managing Director and Executive Directors shall hold office up to the age of 60 years. The retirement age of Independent Directors and Non-Executive Director would be 70 years.
- 2.10 Board Committees
- 2.10.1 The Board has established 4 standing committees to assist it in screening tasks and discharging its responsibilities:
- (1) The Audit Committee
  - (2) The Corporate Governance, Nomination and Remuneration Committee
  - (3) The Executive Committee
  - (4) The Corporate Social Responsibility and Sustainability Committee
- 2.10.2 Each committee has a charter that defines its composition, function and responsibilities. These charters, which have been approved by the Board and are reviewed annually, can be found in *Appendix*.
- 2.11 Board Meetings
- 2.11.1 Number and Schedule of Meetings
- The Board shall meet at least four (4) times a year according to the prearranged annual schedule. Extraordinary meetings are allowed if they are required.
- 2.11.2 Quorum and Meetings
- At least half of the directors must be present at a meeting to constitute a quorum and at least two-thirds of the directors will constitute a quorum for the board's decisions. The Chairman of the Board shall preside over the meetings, be responsible for monitoring the proceedings, and allocate sufficient time to each item on the agenda for the members to discuss, express their opinions independently, and represent all the shareholders and interested persons equally. The relevant members of the management are required to provide the necessary information for consideration of important matters.



### 2.11.3 Agenda

The Chairman of the Board in consultant with the President and the Company Secretary will set the agenda for each meeting. Any director may suggest agenda items and raise other matters to be discussed.

### 2.11.4 Distribution of Materials

The Company Secretary shall be responsible for delivering the relevant documents and notification of each meeting to board members not less than seven (7) days in advance in order to allow adequate time for preparation.

### 2.11.5 Meeting Attendance

The Board expects each director to make a reasonable effort to attend all meetings of the Board and sub-committees on which they serve. Although the Board recognizes that, on occasion, circumstances may prevent directors from attending meetings, they are expected to ensure that other commitments do not materially interfere with the performance of their duties.

### 2.11.6 Board Minutes

The Company Secretary must record the minutes of each meeting, submit them to the Chairman of the Board for review, and then circulate them to each board member within fourteen (14) days of the meeting. The minutes must contain all the meeting resolutions along with sufficient background information, and be prepared in accordance with relevant laws.

## 2.12 Succession Plan

2.12.1 A Succession plan for the Company's President&CEO and leadership team must be developed in order to maintain the confidence of shareholders and other stakeholders and allow business operations to continue without interruption when these positions become vacant.

## 2.13 Communication with the Management

The directors shall be allowed to access and communicate directly with the management and the Company Secretary. However, this access and communication should not interfere with or interrupt the Company's normal business operations.

## 2.14 Remuneration

2.14.1 The remuneration for the Company's directors shall reflect their duties, responsibilities and contributions, and be comparable to industry standards and companies of a similar size, in order to retain and motivate qualified people. The Corporate Governance, Nomination and Remuneration Committee will determine adequate and appropriate remuneration and propose this to the Board and the shareholders on an annual basis for approval.

## 2.15 Loans to Directors and Executives

It is the Company's policy not to make any personal loans to its directors and executives.

2.16 Orientation and Continuing Education

2.16.1 All newly-appointed directors must participate in the Company's director orientation program in order to be adequately briefed on key information prior to assuming their responsibilities.

2.16.2 A continual training and development program, paid for by the Company, is provided to all directors to ensure they are adequately prepared to discharge their duties and govern the Company efficiently. This program may take a variety of forms such as internal and external courses, site visits and overseas trip.

2.17 Code of Conduct

All directors, executives and employees must uphold ethical business practices and adhere to the Company's Code of Conduct.

2.18 Board Evaluations

2.18.1 The Board shall evaluate its own performance on an annual basis in order to continually improve and ensure that its duties have been discharged in accordance with the Company's Corporate Governance Policy and the latest good practice guidelines.

2.18.2 Each board committee shall conduct an annual evaluation of its performance and report the results to the Board.

2.19 The President & CEO's Evaluation

The Board is responsible for setting annual and long-term performance targets for the President & CEO. The Board also evaluates the President & CEO's performance against these targets in order to determine his or her remuneration.

2.20 Contacting the Board

Shareholders and other stakeholders can communicate questions or concerns about the Company to the Board and the Audit Committee via the following channels:

(1) Mail to the Company Secretary, Tata Steel (Thailand) Plc, Rasa Tower II 20<sup>th</sup> floor, 555 Phaholyothin Road, Chatuchak, Bangkok 10900.

(2) Email to [cso\\_tsth@tatasteelthailand.com](mailto:cso_tsth@tatasteelthailand.com) or [investor.relation@tatasteelthailand.com](mailto:investor.relation@tatasteelthailand.com)

3. RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS

3.1 The Board respects the shareholders' rights and has a duty to protect the benefits of every shareholder equitably, regardless of whether they are retail, foreign, institutional or major shareholders. Every shareholder is entitled to the rights and equitable treatment detailed below.

- (1) The right to receive share certificates and share transfers, and to be sufficiently informed of operating results and management policies on a timely basis.
- (2) The right to an equitable dividend.
- (3) The right to participate in a meeting, vote and make recommendations on decisions concerning major corporate actions such as amendments to the articles of association, appointments to the Board, appointment of the Company's external auditors, and issuance of new share capital.
- (4) The right to elect directors.

In addition to the above rights, every shareholder is entitled to the rights and equitable treatment stipulated in all relevant law and the Company's articles of association.

3.2 The Board has a policy to conduct shareholders' meetings as follows:

- (1) All meetings shall be conducted in accordance with related laws and guidelines prescribed by regulatory bodies.
- (2) All shareholders, including institutional ones, are encouraged to attend.
- (3) All meetings shall be convened at a venue that is convenient and easy to access in order to encourage the shareholders' participation.
- (4) Information about each item on the agenda shall be posted on the Company's website for shareholders to access 30 days before each meeting.
- (5) At least one independent director shall be appointed as a proxy for shareholders who cannot attend, and every party will be informed of this beforehand in the notification of each meeting.
- (6) All directors and executives are required to attend in order to answer any queries the shareholders might have. The Company's external auditor shall be invited to answer any questions about the Company's financial reporting.
- (7) The Company has provided a channel for shareholders to send questions to the Company before the meeting day through available channels such as the Company's website.
- (8) Every shareholder shall have the right to give his or her opinion and query any of the information presented which is relevant to the agenda and the issues being discussed. The chairman of the meeting shall allocate an appropriate period of time for each item on the agenda, and encourage all attendees to participate in the discussion and express their opinions.
- (9) Every shareholder shall have the right to vote separately for each item on the agenda. The Board shall not aggregate irrelevant matters and request approval in one resolution.
- (10) The minutes of each meeting shall be published within fourteen (14) days of the meeting and posted on the Company's website for the shareholders to review and make comments as well as for the benefit of absent shareholders.

- 3.3 All directors and executives must declare their own related person's interests in accordance with the Company's rules and procedures in order to prevent any possible conflict of interest. Any director or executive with a conflict of interest in a transaction involving the Company is prohibited from participation in or approval of this matter.
- 3.4 Directors, executives and employees at all levels must not use any material inside information about the Company or any company in the group that has not been disclosed to the public, for their own or others' benefit. Everyone must comply with the Company's policy on handling inside information and securities trading.
- 3.5 Any director or member of the leadership team, who wish to trade in company securities, has to inform the Board of Directors of his/her intention by giving written intimation to the company secretary at least 24 working hours before the proposed transaction.
4. ROLE TO STAKEHOLDERS
- 4.1 The Board recognizes the rights of stakeholders (employees, customers, partners, creditors, etc.) under the law and through mutual agreements, and ensures that these will be strictly protected and upheld. Any violation of these rights will be appropriately addressed. The Board has drawn up guidelines in the Company's code of conduct to treat stakeholders.
- 4.2 The Board is committed to encouraging active co-operation between the Company and its stakeholders as an element of fostering sustainable growth and providing sufficient and reliable information on a timely basis.
5. DISCLOSURE OF INFORMATION AND TRANSPARENCY
- 5.1 It is the duty of the Board to disclose financial information, operating performance, and other relevant information accurately, completely, thoroughly and in a timely manner to all shareholders and stakeholders in the Company.
- 5.2 There shall be an investor relations unit to represent the Company and communicate useful information to shareholders, investors, securities analysts, and other concerned parties.
- 5.3 The Company has a policy to disclose the following information to the public:
- (1) The Company's objectives and articles of association
  - (2) Shareholding Structure
  - (3) Organization Chart
  - (4) Relevant information on directors and executives, including their remuneration
  - (5) Corporate Governance Policy
  - (6) Risk Management Policy and key risk factors
  - (7) The Anti-Bribery and Anti-Corruption
  - (8) Nature of Business
  - (9) Financial Statements and Operational Results, including MD&A (Management Discussion and Analysis)
  - (10) Annual Report (Form 56-2) and Annual Registration Statement (Form 56-1)
  - (11) Notices of shareholders' meetings, including supporting documents and minutes

(12) Presentations to investors and analysts

(13) Press releases

In addition, the Company is required to disclose any information stipulated by law or the relevant regulations.

## 6 INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

### 6.1 Internal Control

6.1.1 The Board shall arrange and maintain the Company's internal control system in order to safeguard the shareholders' investment capital and the Company's assets.

6.1.2 It is the Board's duty to review the efficiency of the internal control system at least once a year and report its performance to the shareholders. The review shall cover all matters pertaining to financial controls, operational controls, compliance controls and risk management.

### 6.2 Internal Audit

The Internal Audit Department is an independent unit of the Company, which reports directly to the Audit Committee and administratively to the President. Its responsibilities are to cover consulting services, and to audit and evaluate the internal control, risk management and corporate governance systems of the company and subsidiaries.

### 6.3 Risk Management

6.3.1 The Company conducts its business with acceptable risk levels in order to achieve its objectives and fulfill the expectations of its stakeholders. The Company has designated risk management as part of the annual business plans, day-to-day management and decision-making, and the project management process.

6.3.2 The Audit Committee will assist the Board by reviewing the risk management process to ensure it is both appropriate and effective. The Risk Management Committee will be responsible for providing an assurance that the major business risks are being identified and consistently assessed, and that effective mitigation measures are in place. The committee will report the results to the Audit Committee and the Board on a regular basis.