

# Charter of the Board of Directors



**Smart Digital Public Company Limited**

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## Charter of the Board of Directors

### 1. Objective

The Board of Directors as representative of shareholders are responsible for setting the Company's important policies and strategies to ensure that the management has implemented policies and strategies. The Board of Directors shall perform their duties responsibly, carefully, and honestly which will create maximize benefits for the Company and all stakeholders based on corporate responsibility.

### 2. Composition

- 1) The Board of Directors shall have the number as specified by the shareholders' meeting at least 5 persons and not less than one half of the total number of directors shall have residence in the Kingdom.
- 2) The Board of Directors must be at least one-third of independent director out of total number of directors, and at least 3 persons.
- 3) The Board of Directors may elect one of the directors as Chairman. When considering appropriate, the Board of Directors may elect one or many directors to be Vice-Chairman.
- 4) The Board of Directors should consist of at least 3 persons experiencing in the Company's business and at least 1 person with experience in accounting and finance.

### 3. Qualification

#### Qualification of directors

- 1) Have qualifications and not being under any of the prohibitions under the Public Company Act B.E.2535 (including amendments) or other relevant laws as well as not lacking trustworthiness in accordance with the announcement of the Securities and Exchange Commission (the SEC), including the Company's Articles of Association.
- 2) Not undertaking any business, being a partner or a shareholder of other juristic persons of the same nature and in competition with the Company's business whether doing it for the benefit of itself or others, except for the notification to the shareholders' meeting before the appointment.
- 3) Have leadership, vision, and independent consideration for best benefit of the Company and the shareholders.
- 4) Have various knowledge, experience, and specific skill that suitable for the Company business.
- 5) Have responsibility, carefulness, integrity, and business ethics.
- 6) Have sufficient time for fully participated as a Director of the Company.

#### Qualification of Independent Director

- 1) Holding no more than 0.5 % of total voting shares of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, including shares held by any related person of such independent director.
- 2) Not being or ever been an executive director, worker, employee, salaried consultant, or controlling person of the Company, parent company, subsidiary, affiliate, same-level subsidiary, major shareholder or controlling person of the Company unless the foregoing status has ended for at least 2 years prior to the date of appointment.

- 3) Not being a person related by blood or legal registration as father, mother, spouse, sibling and child, including the spouse of the child, of other director, executive, major shareholder, controlling person, or person nominated as a director, executive, or controlling person of the Company or subsidiary.
- 4) Not having or ever had business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company in a manner that may obstruct his /her independent judgement, and not being or ever been a significant shareholder or controlling person of person having a business relationship with the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.  
The aforementioned business relationship is inclusive of any normal business transaction, rental or lease of property, transaction relating to assets or services, or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions. These result in the Company or counterparty being liable to indebtedness payable to the other party in the amount from 3% of net tangible assets of the Company or from Baht 20 million, whichever is lower. The amount of indebtedness, included the obligation incurred during 1 year prior to the date of having a business relationship with the same person, is determined by the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis.
- 5) Not being or ever been an auditor of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person, and not being a significant shareholder, controlling person of the Company, or partner of the audit firm that employs auditors of the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
- 6) Not being or ever been a professional services provider, including legal advisor or financial advisor who receives service fee more than Baht 2 million per year from the Company, parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and not being a significant shareholder, controlling person, or partner of such professional service provider unless the foregoing relationship has ended for at least 2 years prior to the date of appointment.
- 7) Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder who is a connected person of major shareholder.
- 8) Not undertaking any business of the same nature and in significant competition with business of the Company or subsidiary or not being a significant partner in the partnership or executive director, worker, employee, salaried consultant, or shareholder holding more than 1 % of total voting shares of another company undertaking any business of the same nature and in significant competition with business of the Company or subsidiary.
- 9) Not having any other characteristic that cause the inability to express independent opinions.

#### **4. Roles and Responsibilities of the Board of Directors**

- 1) Conduct business with responsibility, due care, and integrity, and ensure the Company's operations in accordance with the law, objectives, Articles of Association of the Company as well as the resolution of the Board of Directors' and shareholders' meeting to protect the rights and interests of the Company and shareholders.
- 2) Formulate policies and directions of the Company's operations including supervising the management to proceed in accordance with the specified policies and strategies with efficiency and effectiveness.

- 3) Establish and review the Company's vision, mission and strategy by prioritize and promote appropriate and safe innovation and technology to increase business opportunities, and ensure effective communication throughout the Company in order to drive the business in the same direction.
- 4) Approve annual budget and investment of the Company as well as ensure proper resource allocation and effective systems and controls, and monitor the implementation of the Company's strategies and annual plans.
- 5) Appoint directors to replace of those who retire by rotation as well as consider the remuneration package for directors and committee members proposed by the Nominating and Compensation Committee for further consideration of the shareholders' meeting. The Board of Directors also consider the appointment of directors in case of vacancy due to any reason other than the expiration of the term unless the remaining term of office of the director is less than 2 months. The replacing director shall hold office only for the remaining term of the replaced director.
- 6) Appoint committees to oversee administrative process and internal system to be in accordance with the specified policy and approve the charters of all committees.
- 7) Appoint Executive Chairman and define its roles and responsibilities as well as ensure that Executive Chairman perform its duties as assigned.
- 8) Appoint Company Secretary and define its roles and responsibilities as well as ensure that Company Secretary perform its duties as assigned.
- 9) Approve policy, structure, criteria of remuneration for directors, committees, Executive Chairman, key executive, management and employees as well as propose remuneration for directors and committees for further approval from the shareholders' meeting.
- 10) Prepare quarterly and annual financial statements to disclose or propose to the shareholders' meeting for approval, as the case may be, as well as supervise to disclose the important information accurately, sufficiently and on time to comply with the relevant rules and regulations.
- 11) Nominate appropriated auditor and its remuneration from proposal of the Audit Committee for further consideration of the Annual General Meeting of Shareholders.
- 12) Provide written Corporate Governance Policy and Business Ethic, and ensure that the Company has effective internal control and risk management system to prevent conflict of interest.
- 13) Ensure that good corporate governance is implemented to demonstrate the Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders.
- 14) In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director should immediately inform his/her or related parties' interest to the Company.
- 15) Supervise to ensure that succession plans for the Executive Chairman and key executives are in place.
- 16) Encourage and promote innovation including social and environmental responsibilities.
- 17) Approve interim dividend payment to the Company's shareholders and report the interim dividend payment in the next shareholders' meeting.
- 18) Approve the acquisition or disposal of the Company's assets according to the rules of the Capital Market Supervisory Board.
- 19) Approve the connected transactions of the Company according to the rules of the Capital Market Supervisory Board.
- 20) Organize an annual general meeting of shareholders within 4 months from the end of the Company's fiscal year.
- 21) Continuously monitor performance of the Company and subsidiaries to comply with the operation plans and budgets of the Company.
- 22) Supervise subsidiary and affiliate to comply with the Company's policy.

## 5. Roles and Responsibilities of the Chairman of the Board of Directors

The Chairman of the Board of Directors has an important role in supervising and supporting the Board of Directors to be able to perform their duties in accordance with the direction and strategy for the best benefit of the Company and all shareholders. Moreover, the Chairman of the Board of Directors has to lead the Board of Directors as the Chairman of the Board of Directors' Meeting, Shareholders' Meeting and Non-executive Directors' Meeting which covers the following areas:

- 1) Oversee, monitor, and ensure that the Board of Directors efficiently carries out its duties to achieve the Company's objectives.
- 2) Ensure that all directors contribute to the Company's ethical culture and good corporate governance.
- 3) Set the board meeting agenda by discussing with the Chief Executive Officer which important matters should be included.
- 4) Allocate sufficient time for management to propose topic, and for directors to debate important matters thoroughly. Encourage directors to exercise independent judgement in the best interest of the Company.
- 5) Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

## 6. Term

- 1) Pursuant to the Public Company Acts B.E. 2535, at first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining majority vote from the Nominating and Compensation Committee.
- 2) Independent directors shall be in post no longer than 3 terms except getting a unanimous votes from the Nominating and Compensation Committee due to his/her contribution to the Company and the Committee ensures that the extra term will not cause or impact to the independent of such director, and shall be approved from the Board of Directors' and/or the shareholders' meeting.

## 7. Meeting

- 1) At a meeting of the Board of Directors, the presence of not less than one-half of the total number of directors is required to constitute a quorum. In the event the Chairman is not present or is unable to discharge his duties, the Vice-Chairman, if any, shall serve as a Chairman. If there is no Vice-Chairman or such Vice-Chairman is unable to discharge his duties, the directors present shall elect one of their members as the Chairman of the said meeting.

The Company set a minimum quorum at the time of voting to be at least two-thirds of all directors attending the meeting.

- 2) All resolutions of the Board of Directors' meeting shall be passed by the majority vote of the directors presented at the meeting. Each director shall have one vote, however, the director who has interest in any matter cannot exercise the right of such voting. In case of equality votes, the Chairman shall have a casting vote.
- 3) The Board of Directors' meeting schedule has been set at least 5 times a year with certain agenda. The annual meeting schedule will be sent to each director by the Company Secretary for preparation, arrangement and participation. However, additional unscheduled board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The notice of the Board of Directors' meeting with the

meeting materials will be delivered by Company Secretary to all directors at least 5 working days prior to the meeting date for consideration. While the Company's Articles of Association stipulate that the notice should be sent to directors no less than 7 days before the meeting date except in urgent cases. In addition, if directors would like to propose the agenda, they will inform prior to the meeting date or propose as other matters in the meeting.

#### **8. Directors' Remuneration Policy**

Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry consistent with the Company's strategies and long-term objective, and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committee will be paid appropriately more in accordance with the extra work. The Nominating and Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further for approval from the shareholders. The Company discloses criteria and remuneration of each director in the Annual Report.

#### **9. Board Self-Assessment and Director Self-Assessment**

The Corporate Governance Committee is responsible for self-assessment of the Board of Directors and individual director to annually review and evaluate directors' performance to comply with the Corporate Governance of the Company. The result of assessment including comments and recommendations from the assessment will propose to the Board of Directors' meeting for consideration.

#### **10. Reporting**

The Corporate Governance Committee shall from time to time report its performances to the Board of Directors and provide annual performances report to shareholders in the Annual Report.