

**Notification of the Government Pension Fund Board on
Corporate Governance Policy
B.E. 2556 (A.D. 2013)**

Whereas it is expedient that the Corporate Governance Policy should be revised for improving the standard of operation, transparency and integrity of the Government Pension Fund and for bringing about the best interest of the members.

By the virtue of Section 26 (1) of the Government Pension Fund Act B.E. 2539 (A.D. 1996), together with the resolution of the meeting No. 4/2556 of the Board of Directors of the Government Pension Fund dated on 26 April B.E. 2556 (A.D. 2013), the Board of Directors of the Government Pension Fund (the Board) hereby issues the Notification as follows:

1. This notification is called the “Notification of the Government Pension Fund Board on Corporate Governance Policy B.E. 2556 (A.D. 2013)”.
2. This notification shall come into force as from 1 July B.E. 2556 (A.D. 2013) onwards.
3. The notification of the Government Pension Fund Board on Corporate Governance Policy B.E. 2554 (A.D. 2011) dated as of 20 April 2011 shall be nullified.

Section 1

The Board of Directors

Part 1

The Board Composition

4. The Board is independent from the management and composed of 24 non-executive directors and 1 executive director who is also the Board Secretary, as defined in the Government Pension Fund Act B.E. 2539 (the Act).

5. The Board members possess necessary skills, knowledge, and various fields of expertise, as well as a broad understanding of fund management to efficiently and effectively govern and direct the Fund to achieve objectives as stipulated in the Act.

6. The Board shall identify skill area, and personal attributes, as well as develop a recruitment strategy and process for vetting potential experts.

7. For the best interests of the Fund, the Board shall be aware of adequate time commitment to effectively perform its duties. Each director shall not undertake a directorship of any conflicting entities, and shall have his or her outside directorship reported to the full Board via Corporate Secretary Department and also disclosed in the Fund’s Annual Report.

Part 2

Duties and Responsibilities of the Board

8. The Board has duties and responsibilities as defined by the Act, including:

(1) Set the policies

(a) Approve key businesses, such as vision, strategy, objective, and risk management policy as well as major action plans and annual budget.

(b) Delegate the authority with clarity of scope and check and balance mechanism, also including developing the nomination, appointment, and evaluation of the Secretary General, as well as succession plan.

(c) Set an investment policy and framework, including, asset allocation, long-term investment objective, and targeted return under acceptable risk level, which is resilient to the dynamic investment fluctuation.

(d) Set corporate governance policy, code of ethics and conduct, and policy on integration of Environmental, Social and Governance (ESG) factors into investment process so as to create sustainable return.

(2) Govern the Fund to ensure all the activities are carried out in compliance with relevant laws, regulations, rules, and policies.

(a) Establish organization based on governance system with clarity of roles and segregation of duties.

(b) Monitor and evaluate, on a regular basis, the operations, investment performance, financial, accounting, and risk management.

(c) Enhance corporate culture and operations on the integrated Governance, Risk management and Compliance (iGRC) standard, and streamline process in administrating, evaluating, and reporting performance of the Fund.

(d) Ensure that efficient internal control systems, namely, operational, financial, and compliance, are in place. An Internal Audit Department is authorized to make an audit and report directly to the Audit Committee to guarantee its independence.

(3) Manage conflict of interest effectively to ensure integrity, fairness, and transparency for the best interest of members. Any person who has vested interests possibly raising doubts on the independence and integrity of decision shall secure him or herself from all participation in the matter, i.e. from discussing, questioning, commenting and voting.

Part 3

Board Working Procedure

9. The Board meeting should be arranged as follows:
- (1) The Board meeting shall be summoned and conducted as required by law.
 - (2) The meeting shall be convened on a monthly basis with prior notice on date, time, and venue. The Chairman may call for additional meetings as necessary.
 - (3) The agenda shall be approved by the Chairman prior to the meeting. The board members may propose a meeting agenda via Corporate Secretary Department.
 - (4) Meeting documents should be circulated to board members at least 7 days in advance of the meeting to permit board members to study and make informed decisions.

10. In addition to the subcommittees established under the Act, the Board may appoint other subcommittees, as necessary, to help screen and aid the Board in discharging its responsibilities relating to issues of significance and expertise. The Board shall set forth the subcommittee's charter, clarifying the scope of work, roles, responsibilities, and working procedures. The committee shall regularly report to the Board regarding its actions and recommendations, at least once a year.

Part 4

Board Training

11. For continual development, the Board shall conduct a self-assessment as a whole and individually on an annual basis to reflect its performances, success and difficulties over the past year, shedding light on how to strengthen its contributions in the coming years.

12. The Fund shall provide all the board members and subcommittee's members an orientation about the Fund activities and priorities in advance so that each member is well-prepared to perform his/her duties. The Board and subcommittees shall be provided with adequate information to efficiently monitor, give direction and support on delegated activities.

13. The Corporate Governance Subcommittee shall conduct an evaluation and review of the Policy to be reported to the Board on a regular basis.

Part 5

The Remuneration of the Board and Subcommittees

14. The board members and subcommittee's members shall receive remuneration as approved by the Minister of Finance upon approval of the Cabinet.

Section 2

Code of Ethics and Conduct

15. The Board sets forth the following code of ethics of the Fund for the board members, subcommittee's members, advisers, and employees:

(1) Perform the duties in accordance with laws, regulations, rules, and policies of the Fund, as well as code of ethics, integrity, and relevant professional conduct.

(2) Act in professional, accountable, prudent, transparent and achievement-oriented manner.

(3) Act in a collaborative and diligent manner in the best interest of the Fund's members on an equal basis.

16. The Board establishes code of conduct for the board and subcommittee members and advisers as follows:

(1) Act in compliance with laws, regulations, rules, and policies of the Fund, as well as code of ethics, conduct, and integrity:

(a) Comply with laws, regulations, rules, and policies of the Fund.

(b) Act in good faith with honesty and integrity.

(c) Act and express opinions independently.

(d) Establish and maintain a culture of mutual trust, respect and positive relationship.

(e) Provide constructive advices to other board members and the management.

(2) Act in professional, accountable, prudent, transparent and achievement-oriented manner:

(a) Attend all the Board meetings, except only in case of any reasonable excuse.

(b) Study meeting materials in advance.

(c) Actively maintain the professional knowledge, and keep abreast of the latest relevant information and development.

(d) Provide input and participate in decision of the Board.

(e) Keep an open mind, listen to the opinion of others, be neutral, and avoid dominating the proceedings.

(f) Devote due attention, efforts and time in performing the duties.

- (g) Avoid any interference with daily management.
 - (h) Maintain confidentiality.
 - (i) Refrain from using the prestige or influence of the position for private advantage.
 - (j) Exercise due care in making any comment related to the Fund to the group or individual.
 - (k) Utilize properly the Fund's resources, premises, vehicles, tools and equipment, and information for the legitimate purposes related to the Fund.
 - (l) Avoid accepting gifts other than those given on special or festive occasion. Any gifts with aggregate value of more than 3,000 baht shall be returned. If it is not possible to be returned, it shall be reported to the Chairman via Corporate Secretary Department.
 - (m) Avoid involving in any actions or situations that may lead to conflicts of interest.
- (3) Act in a collaborative and diligent manner in the best interest of the Fund's members on an equal basis.
- (a) Make an informed deliberation in the best benefit of the Fund and the members.
 - (b) Take into consideration member's opinions.

17. Board members shall strictly perform the duties in accordance with the code of ethics and conduct, keep a regular monitoring compliance, and reviewing of this Policy.

18. Board members, subcommittee members, and advisers shall annually conduct self-assessment to ensure compliance to the code of ethics and conduct.

Section 3

Disclosure

19. The Secretary General is authorized to disclose important information to the public. The Board shall keep monitoring to ensure that relevant information is disseminated, timely, accurately via proper channels to members as specified in related laws, regulations, rules and policies. The information to be disclosed must include at least following:

- (a) Financial statements and auditor's report.
- (b) The Board's information, including composition of the Board, roles and responsibilities, tenure, qualification, other company directorships, remuneration, and meeting attendance records of each individual director.

(c) Committee's information, including committee composition and charters, qualification, remuneration, meeting attendance records of each individual member, and report on committee's performance.

(d) Executive information, including qualification, experience, other company directorships, and training records.

(e) Organization chart.

(f) Governance report.

(g) Member's opinions and comments at annual general meeting.

Section 4

Equitable Treatment

20. The Board shall ensure that all the members are treated equitably. Basic rights and additional benefits are provided according to laws, regulations, and policies on an equal basis and for the best benefit of all members as a whole.

21. The Board shall ensure that the Fund has a clear procedure to deal with member complaints and report the matter to the Board at least once a year.

22. The Board shall ensure that materials and information related to annual general meeting are sufficiently, properly and timely provided to member representatives via various channels, including the Fund's website. The Chairman shall allow a reasonable opportunity for the member representative as a whole to express their opinions or ask questions, in advance or in the meeting.

23. The Chairman together with Investment Committee, Member Relations Committee, and Audit Committee should attend the annual general meeting to respond to the member representatives' questions.

Section 5

Stakeholder's Treatment

24. The Board shall pay attention to stakeholders, including employees and suppliers to assure their interests according to their legal rights and mutual agreements.

25. The Board shall oversee that the operation of the Fund is socially responsible and not causing any negative impacts to the society as a whole.

26. Abided by laws, regulations, rules, and policies of the Fund, the Board provides:

(1) Channels that stakeholders, without fear of retribution, can report or whistle blow any illegal, corruptible or unethical actions, compromised financial statements, or inappropriate internal control systems. The Board shall have in place a procedure to protect

the rights of informants and keep their identities secret. The Chairman of Audit Committee is responsible for receiving reports of whistle blow and proposing to the Audit Committee for further investigation. The result of the investigation shall be reported to the full Board.

(2) Channels that an employee can complain a person in his/her superior. In case of a complaint against the Secretary General, the employee can file a complaint, via the Chairman, to the Board, otherwise file through the Secretary General.

Notified on this 4th day of July, B.E. 2556 (A.D. 2013).

Areepong Bhoocha-oom

(Mr. Areepong Bhoocha-oom)

Permanent Secretary for Finance

Chairman of the Government Pension Fund