



Subsidiary of krungsri bank
A member of MUFG, a global financial group

CORPORATE GOVERNANCE POLICY

Revision No.	01
Effective Date	31 st August 2020
Approved by	Board of Directors' Meeting via Circulation On 26 th August 2020

Contents

1. General Provisions	1
1.1 Objectives	1
1.2 Scope of this Policy	1
1.3 Exception to compliance with this Policy	1
1.4 Related laws, regulations and Policies	1
1.5 Effective date	1
1.6 Frequency of review	1
1.7 Revision	1
1.8 Owner of this Policy	1
2 Main Provisions	1
2.1 Definition	1
2.2 Governance of Hattha Bank Plc.	2
2.2.1 Shareholder	2
2.2.2 Board of directors	2
2.2.3 Composition and qualification of the board of directors	2
2.2.4 Term of office of the Directors	2
2.2.5 Roles and responsibilities	2
2.2.5.1 Chairman of the board of directors	2
2.2.5.2 Roles and responsibilities of the board of directors	3
2.2.6 Meetings of board of directors	3
2.2.7 Board of directors' self-assessment	4
2.2.8 Anti-fraud and anti-corruption	4
2.2.9 Committees of the board of directors	5
2.2.9.1 Remuneration and Nomination Committee (RNBC)	5
2.2.9.2 Audit Board Committee (ABC)	5
2.2.9.3 ALCO and Risk Board Committee (ARBC)	6
2.2.9.4 IT Board Committee (ITBC)	7
2.2.9.5 Board Credit Committee (BCC)	8
2.2.10 President and Chief Executive Officer	8

by E

1. General Provisions

1.1 Objectives

Hattha Bank Plc. (Hattha Bank) sets up this Corporate Governance Policy in accordance with the Prakas on the Governance of Banks and Financial Institutions of the National Bank of Cambodia and in order to provide the governance framework of Hattha Bank.

1.2 Scope of this Policy

This policy applies to Hattha Bank.

1.3 Exception to compliance with this Policy

N/A

1.4 Related laws, regulations and Policies

Prakas on the Governance of Banks and Financial Institutions of the National Bank of Cambodia.

1.5 Effective date

From 31st August 2020 onward.

1.6 Frequency of review

This Policy shall be reviewed every two years or when there are any significant changes.

1.7 Revision

Revisions of this Policy shall be approved by the Board of Directors via ARBC Committee, and Executive Committee. Non-material and/or technical amendments however may be done subject to approval by the Executive Committee and to acknowledgement of the Board of Directors via ARBC Committee.

1.8 Owner of this Policy

This Policy is under the administration of the Legal Division.

2 Main Provisions

2.1 Definition of Key Words

Glossary	Definition
Code of Conduct	A written or non-written statement and description of required behaviour stipulated by persons engaging in each profession in order to uphold and enhance prestige, reputation and status of the members of that particular profession.
Corporate Governance	Relationships and other arrangements to ensure that intended outcomes of the company are defined and achieved, including (1) defining objectives and key goals (2) setting strategy, policies, operating plan and budget and (3) monitoring, evaluating, and reporting the performance in order to achieve the following outcomes:

	1. Sustainable long-term value creation; 2. Investors' confidence and trust; 3. Competitiveness and performance with long-term perspective; 4. Ethical and responsible business; 5. Good corporate citizenship; and 6. Corporate resilience.
Director	Member of the board of directors
Independent Director	A director who does not have any business or participate in management or have a benefit relating to Hattha Bank in which the making of an independent decision will be affected.

2.2 Governance of Hattha Bank

2.2.1 Shareholder

Shareholder appoints Directors to act on its behalf and approves some matters as per requirement of the law and regulation.

2.2.2 Board of directors

The board of directors is selected by the shareholder and approved by the relevant authorities to supervise the overall operations of Hattha Bank. However, day-to-day operation is managed and performed by the management team and employees with the President and Chief Executive Officer as the leader.

2.2.3 Composition and qualification of the board of directors

The board of directors must consist of an appropriate number of Directors sufficient to perform its duties depending on the size and nature of business, but not less than 3 Directors. One-third of whom shall be appointed as Independent Directors, and which shall be capable of exercising independent judgement.

All Directors, including Independent Directors, must possess the qualifications as required by relevant laws, regulations of the National Bank of Cambodia, and Hattha Bank's Memorandum and Articles of Association with diversity of skills, experiences and capability beneficial to Hattha Bank. Furthermore, the selection process shall be through the Remuneration and Nomination Board Committee.

2.2.4 Term of office of the Directors

Directors shall be elected for three-year term of office, except that a Director of them shall be appointed for a shorter term in order for Directors not to be renewed all in the same year.

2.2.5 Roles and responsibilities

2.2.5.1 Chairman of the board of directors

The board of directors shall elect a Chairman from among the members of the board of directors to fulfil the following roles and responsibilities:

my

1. Ensure proper structure of the board of directors, including oversee and monitor their performance is balanced in terms of Corporate Governance and achieving key objectives and goal of Hattha Bank.
2. Encourage all Directors to ensure effective implementation of policies and decision making of the board of directors.
3. Summon board of directors meetings, consider and determine meeting agendas together with the President and Chief Executive Officer and other Directors including Independent Directors.
4. Preside over the board of directors meetings, oversee the allocation time for the management to complete each agenda presentation and encourage all Directors to ask questions, express opinions or recommendations in order to exercise due consideration before casting their votes freely.
5. Encourage the non-executive Directors to have meetings without presence of executive Directors.
6. Preside over the meetings of shareholders and conduct the meetings in compliance with Hattha Bank's Memorandum and Articles of Association and follow a sequence of meeting agenda stipulated in the notification of the meeting, unless the meeting of shareholders resolves otherwise.
7. Encourage the Directors to attend seminars and training courses relating to their duties and good Corporate Governance for knowledge development.
8. Promote activities of good Corporate Governance as well as environment and corporate social responsibility in order to encourage the awareness and compliance among the Directors, management and all employees.
9. Be a role model to promote good relationship between the executive and non-executive Directors, and between the board of directors and the management.

2.2.5.2 Roles and responsibilities of the board of directors

The Board of Directors must be properly accountable for their duties and allocate sufficient time to discharge their duties effectively as well as have independence in making decisions under the relevant law and regulation. In addition to the powers prescribed by the law and regulation, the board of directors must recognize and uphold the interest of Hattha Bank including its stakeholders as well as undertake the fiduciary duties of overseeing the management of Hattha Bank as follows:

1. Duty of Care, which requires a Director to be diligent and prudent in managing Hattha Bank's affairs.
2. Duty of Loyalty, which dictates that a Director must act in good faith and must not allow his/her personal interest to prevail over the interest of Hattha Bank.
3. Duty of Obedience, which requires a Director to comply with the laws, Hattha Bank's objectives and Memorandum and Articles of Association, the resolutions of the board of directors and shareholder's resolution.
4. Duty of Disclosure, which requires a Director to reveal the information that is accurate, adequate, transparent and timely.

2.2.6 Meetings of board of directors

1. The board of directors shall meet regularly and at least once a quarter, except for extreme circumstance. The dates of meetings and important agenda items must be

scheduled and set in advance for the whole year. However, a special meeting may be called in case of necessity and urgency.

2. All Directors have the duty to attend each board of directors meeting except when a Director has important or unavoidable business preventing the Director from attending a meeting.

3. If a Director fails to attend three (3) consecutive meetings of the board of directors and its committees without appropriate reason, that Director shall be required to stand down from the board of directors.

4. The Chairman of the board of directors and the President and Chief Executive Officer have the duty to jointly consider matters to be included in the agenda of a board of directors meeting. However, other Directors including Independent Directors will also have opportunities to review and may provide opinion (if any) on the agenda items before delivering a notification of the meeting to all Directors. Such matters need to be reviewed by the relevant committees reporting to the board of directors and/or executive committee in advance, except any confidential or other agendas which are endorsed by the President and Chief Executive Officer and to be directly submitted by the Chairman to the board of directors meeting.

5. Any Director who has a conflict of interest in any particular agenda must not participate in consideration and abstain from voting on such agenda. This information must be recorded in the resolution of such agenda.

6. The quorum for a meeting of the board of directors shall be a majority of the Directors and a minimum of three (3) non-independent Directors nominated by Bank of Ayudhya Public Company Limited (BAY) as the shareholder of Hattha Bank.

7. All meetings of the board of directors shall be presided over by the chairperson of the board of directors (Chairperson), or, if the Chairperson is not present or is present but is unwilling to act as the Chairperson of the meeting, another Director nominated by BAY may be elected by the Directors present at the meeting to act as Chairperson of that meeting only.

8. All resolutions of the board of directors shall be adopted by majority votes of the Directors present at the meeting, provided at least two (2) Directors nominated by BAY present in the meeting votes to adopt the resolution. Each Director shall have only one (1) vote. In case there are no majority votes, the Chairperson of the meeting shall be entitled to a second or casting vote.

2.2.7 Board of directors' self-assessment

The board of directors has the duty to conduct a self-assessment every year to jointly review the performance, problems and obstacles so as to develop and improve the performance of the board of directors and the management for more efficiency and effectiveness.

2.2.8 Anti-fraud and anti-corruption

Directors must strictly comply with the policy and program relating to anti-fraud and anti-corruption, and must not seek any illegitimate benefits by exploiting their position, Hattha Bank's property or business information or involve in bribery for themselves or others through any direct or indirect means which may include any acts either in their duty as Director or in their personal capacity which involves corruption and which may cause inequity and damage to Hattha Bank, the economy, society as well as confidence of relevant parties.



2.2.9 Committees of the board of directors

Committees of the board of directors are appointed by the board of directors to assist in performing specific duties and to ensure supervision and control of business risks. These committees are Remuneration and Nomination Board Committee (RNBC), Audit Board Committee (ABC), ALCO and Risk Board Committee (ARBC), IT Board Committee (ITBC) and Board Credit Committee (BCC).

2.2.9.1 Remuneration and Nomination Committee (RNBC)

2.2.9.1.1 Composition

RNBC shall be comprised of at least two non-executive Directors, provided that the Chairman of the Committee must be an Independent Director.

2.2.9.1.2 Role and Responsibility

RNBC shall be primarily responsible for:

- ensuring that the remuneration policy is consistent with the long-term objectives and corporate values of Hattha Bank;
- recommending procedures to select and replace members of the board of directors;
- recommending independent persons who will become members of the committees of the board of directors; and
- approving the nomination of senior management of Hattha Bank.

2.2.9.1.3 Meeting

1. RNBC meeting shall be held as and when appropriate, but at least 3 (three) times a year. The Chairperson of the RNBC may convene additional meetings if deemed necessary.

2. More than half of the RNBC members shall be present in order to form a quorum. If the Chairman of the RNBC is unable to attend the meeting or assume his/her duty, members who are present shall appoint one member to serve as the Chairman of the meeting in his/her place. Each RNBC member shall have one vote and decisions shall be made based on majority voting. In case of equal votes, the Chairman shall cast an extra and deciding vote. However, RNBC members are ineligible to cast their vote for the matters that are under their responsibilities/ supervision or related to the RNBC member.

2.2.9.1.4 Performance review

RNBC will conduct an annual review of its performance and ensure efficiency and effectiveness of its performance and achieved its objective as assigned by the board of directors.

2.2.9.2 Audit Board Committee (ABC)

2.2.9.2.1 Composition

ABC consists of at least two Independent Directors, provided that the Chairman of the Committee must be an Independent Director.

2.2.9.2.2 Role and Responsibility

ABC shall be primarily responsible for:

- ensuring that the information provided to the public and to the regulators is clear, accurate and reliable;
- reviewing the adequacy and effectiveness of the internal control system, internal audit system, and governance of Hattha Bank;

- considering and providing opinions on financial reports and notes to the financial statements as well as information disclosure of Hattha Bank;
- considering related party transactions or transactions which may deem to be a conflict of interest to ensure its accuracy, comprehensiveness and transparency; and
- recommending for the appointment of external auditors, the determination of external audit fees.

2.2.9.2.3 Meeting

1. ABC meeting should be held at the frequency deemed necessary for the efficient operations but should not be held less than once a quarter at the scheduled period as deemed appropriate.

2. More than half of the ABC members shall be present in order to form a quorum. If the Chairman of the ABC is unable to attend the meeting or assume his/her duty, members who are present shall appoint one member to serve as the Chairman of the meeting in his/her place. Each ABC member shall have one vote and decisions shall be made based on majority voting. In case of equal votes, the Chairman shall cast an extra and deciding vote. However, ABC members are ineligible to cast their vote for the matters that are under their responsibilities/supervision or related to the ABC member.

2.2.9.2.4 Performance review

ABC will conduct on annual review of its performance and ensure efficiency and effectiveness of its performance and achieved its objective as assigned by the board of directors.

2.2.9.3 ALCO and Risk Board Committee (ARBC)

2.2.9.3.1 Composition

ARBC consists of at least three non-executive Directors, provided that the Chairman of the Committee must be an Independent Director.

2.2.9.3.2 Role and Responsibility

ARBC shall be primarily responsible for:

- reviewing Hattha Bank asset/liability policy annually or more frequently if circumstances require and monitor that Hattha Bank's funds are managed in accordance with Hattha Bank policy;
- reviewing guidelines on Hattha Bank's tolerance for financial related risk and review performance against limits;
- reviewing and monitoring guidelines, limits and performance of Treasury function;
- reviewing and monitoring the impact on the balance sheet, the profit and loss account and on liquidity caused by changes in volumes and pricing of products, costs, growth of loans and borrowed funds/deposits, also including effects caused by changes in investment strategy and customer behaviour;
- monitoring that Hattha Bank is meeting public regulators requirements and covenants set by Hattha Bank's lenders in the loan agreements; and
- reviewing the risk philosophy, strategy and policies as recommended by management, ensuring compliance with such policies and with the overall risk profile of Hattha Bank; and



monitoring the implementation of integrated risk management strategies and compliance policies to ensure coverage, effectiveness and appropriateness, provide recommendations on good corporate governance, code of conduct and The Spirit & The Letter.

2.2.9.3.3 Meeting

1. ARBC meeting shall be held as and when appropriate, but at least 3 (three) times a year. The Chairperson of the ARBC may convene additional meetings if deemed necessary.

2. More than half of the ARBC members shall be present in order to form a quorum. If the Chairman of the ARBC is unable to attend the meeting or assume his/her duty, members who are present shall appoint one member to serve as the Chairman of the meeting in his/her place. Each ARBC member shall have one vote and decisions shall be made based on majority voting. In case of equal votes, the Chairman shall cast an extra and deciding vote. However, ARBC members are ineligible to cast their vote for the matters that are under their responsibilities/supervision or related to the ARBC member.

2.2.9.3.4 Performance review

ARBC will conduct an annual review of its performance and ensure efficiency and effectiveness of its performance and achieved its objective as assigned by the board of directors.

2.2.9.4 IT Board Committee (ITBC)

2.2.9.4.1 Composition

ITBC consists of least two members of the board of directors.

2.2.9.4.2 Role and Responsibility

ITBC shall be primarily responsible for:

- Reviewing that the IT's strategy and investments are consistent with and support the long term business objectives;
- Reviewing the design of infrastructures for IT system (including Network, Servers & Storages and Software components) to ensure high performance and security and as well as compliance with at least the best practice and local regulatory requirements;
- Reviewing the critical IT resources planning;
- Reviewing the IT policy, including disaster recovery plan and procedures;
- Reviewing any particular investment on IT's project, including expansion/ upgrade/ replacement Hardware & Network Infrastructures and as well acquisitions of IT system for any / or all new business requirements; and
- Assisting management in acquisitions of consultants' / advisors' services for IT projects

2.2.9.4.3 Meeting

1. ITBC meeting shall be held as and when appropriate, but at least 2 (two) times a year. The Chairperson of the ITBC may convene additional meetings if deemed necessary.

2. More than half of the ITBC members shall be present in order to form a quorum. If the Chairman of the ITBC is unable to attend the meeting or assume his/her duty, members who are present shall appoint one member to serve as the Chairman of the meeting in his/her place. Each ITBC member shall have one vote and decisions shall be made based on majority voting. In case of equal votes, the Chairman shall cast an extra and deciding vote. However, ITBC members are ineligible to cast their vote for the matters that are under their responsibilities/supervision or related to the ITBC member.

2.2.9.4.4 Performance review

ITBC will conduct on annual review of its performance and ensure efficiency and effectiveness of its performance and achieved its objective as assigned by the board of directors.

2.2.9.5 Board Credit Committee (BCC)

2.2.9.5.1 Composition

BCC shall be comprised of 4 members, of which 3 members are the Directors and the fourth member is the President and Chief Executive Officer.

2.2.9.5.2 Role and Responsibility

BCC shall be primarily responsible for making credit decisions under a specific power of attorney granted by the board of directors.

2.2.9.5.3 Meeting

1. BCC Meetings shall be held as and when appropriate, but at least 2 (two) times a year and as and when required by either the Chairperson, 2 (two) members of the BCC or by the President & Chief Executive Officer or his alternate. Meetings may be held by telephone or other appropriate electronic medium. A duly convened meeting of the BCC, in which a quorum is present, shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the BCC.

2. The quorum necessary for the transacting of business in the BCC shall at least be 3 (three) members, one of which shall be the President & Chief Executive Officer or his alternate. Decisions are taken by simple majority vote. If there is a dead lock vote, the Chairperson will have a double vote. However, BCC members are ineligible to cast their vote for the matters that are under their responsibilities/supervision or related to the BCC member. If the Chairman of the BCC is unable to attend the meeting or assume his/her duty, members who are present shall appoint one member to serve as the Chairman of the meeting in his/her place.

2.2.9.5.4 Performance review

BCC will conduct on annual review of its performance and ensure efficiency and effectiveness of its performance and achieved its objective as assigned by the board of directors.

2.2.10 President and Chief Executive Officer

The President and Chief Executive Officer as the top executive of Hattha Bank shall be responsible for performing the following duties:

1. Perform tasks assigned by the board of directors and committees of the board of directors as well as any other acts as stipulated by laws or regulations of government agencies.
2. Monitor and control Hattha Bank's operations to ensure compliance with policy, goals, strategies, operating plan and annual budget of Hattha Bank as well as compliance with applicable laws and regulations.
3. Report significant operating performance to the board of directors on regular basis.
4. Structure and manage the organization under the board of directors' given guidelines as well as build and retain capable management team to effectively perform duties according to Hattha Bank's strategies and objectives.
5. Seek business opportunities which are consistent with Hattha Bank's vision and strategic direction.



-END-

**BUILDING A BRIGHT
FUTURE TOGETHER**

