



SKFM

FUND MANAGEMENT

Investment Governance Policy

ฉบับที่ 1.0

จัดทำโดย: ฝ่ายจัดการลงทุน

อนุมัติโดย: คณะกรรมการบริษัทจัดการ เมื่อวันที่ 31 ตุลาคม 2561

Path: Investment\02 Investment SOP

Investment Governance Policy

During the past decade, global organization, corporations, and civil society organizations have strengthened focus on measures to address and resolve social exclusion and environmental degradation, which significantly impact sustainable development, inclusive growth, and the collective well-being and prosperity of economies, societies, people and the planet. Institutional Investors play a key role in this regard. They have important investment management responsibilities to ensure delivery of sustainable long-term value to their investment owners and beneficiaries. These responsibilities include consideration of the risk profiles of Investee Companies. Institutional Investors should ensure to invest in companies that integrate Environment, Social and Governance (ESG) factors in their business practices. Furthermore, in the event that an Investee Company fails to implement ESG principles, the Institutional Investor should engage with the Investee Company to improve the company's ESG performance. Leading international organizations and countries have promulgated principles for investment governance. Adoption of investment governance practices by Institutional Investors will not only promote sustainable growth and development, but also secure the best returns to their Asset Owners and beneficiaries, and provide durable benefits for Institutional Investors in the long term.

The Company has set up and publish this Investment Governance Policy to related persons in the investment chain internally and externally. It consists of 6 principles as following:

- 1) Properly Prevent and Manage Conflict of Interest and Priorities Advancing the Best Interest of Clients.
- 2) Make Informed Investment Decisions and Engage in Active Ongoing Monitoring of Investee Companies.
- 3) Apply Enhanced Monitoring of and Engagement with the Investee Companies if Monitoring pursuant to Principle 2 is Considered Insufficient.
- 4) Have a Policy on Voting.
- 5) Act Collectively with Other Investors as Appropriate.
- 6) Regularly Disclose the Investment Governance Policy and Compliance with the Policy.

The Company has set up this Investment Governance Policy and Investment management division will apply this policy. Compliance will monitor the activities. The policy is published on the company website. The company will review the policy as necessary and appropriate.

Management Conflicts of Interest

The Company has a policy of managing the conflicts of interest as well as risk management on that topic to ensure that investments are managed in the best interest of clients/unit trust holders.

The Company divides into 4 divisions as:

- 1) Investment Management Division
- 2) Risk Management Division
- 3) Operation Division
- 4) Compliance Division

The Company communicates to all staffs and has measures to prevent, control and audit the conflict of interest as well as regularly review of the appropriateness and effectiveness of the measures.

In practice, the company specify in Company Manual which includes topics as:

- 1) Control of staff trading
- 2) Control of accessibility to the information
- 3) Broker/Dealer assessments
- 4) Investment process: Prevention and Control of fund over trading (churning), soft commission, and related party transaction procedures.

Active Ongoing Monitoring of Investee Companies

Investment management division usually monitor investee company announcements, news, financial results as well as broker research papers.

In the process of selecting company for investment, in addition to fundamental and performance of company to be considered, the sustainability factors are given important matter. Three topics are included into consideration as: Good Corporate Governance, Social Responsibility and Environment. Investment should be avoided on the company which are found to have significant negative issues on the sustainability factors. Investment follows the investee company through any public media.

In the event that investee companies are found to have failed to comply with the CG Code or ESG principles, or other risk factors have been identified which may affect the value of the investments, the investment management division should seek and carefully consider the explanations of the investee companies or the lack thereof.

Enhanced Monitoring of the Investee Companies

In the event that regular monitoring measures under Principle 2 are deemed insufficient to resolve risk factors identified, the investment management division should progressively escalate the actions in relation to the investee companies, as deemed necessary, including by:

- 1) Formally notifying the Board of Directors of the concerns.
- 2) Notifying the investee companies of the voting decision prior to the Annual General Meeting or Extraordinary General Meeting and subsequently exercising such voting rights at the relevant meetings.
- 3) Requesting that the matters of concern identified be added to the agenda for the Annual General Meeting or Extraordinary General Meeting of the investee companies, include removing or appointing Directors or Executives.

Events that warrant enhanced monitoring include investment value concerns resulting from:

- 1) Corporate strategies, business performance, and risk management.
- 2) The investee company's implementation of corporate governance principles.
- 3) The investee company's approach to social responsibilities and environmental governance principles.

While escalating the level of engagement with investee companies, investment management division may obtain access to non-public information which may have a material effect on the price of the investee company's securities if disclosed. Our company has measures to manage the non-public information specified in Compliance Manual and relevant regulations.

Any information obtained by the investment management division in connection with their engagement of the investee companies should be kept appropriately in accordance with our policies and applicable laws and regulations.

The level of engagement will depend on proportion of investment in our funds. Investment management division will enhance the monitoring as specified above if the proportion of investment in the investee company is over 5% of total assets under company management.

Exercising Voting Rights

The Company specified voting policy and guidelines and discloses voting policy and voting activities to the investor on the Company website.

Act Collectively with Other Investors and Stakeholders as Appropriate

The Company sees the importance of cooperation with other institutional investors to take an approach with investee company which have not been resolved the concerns after institutional investors escalated the level of engagement. In these circumstances, we should participate with other institutional investors such as the Association of Investment Management Companies (AIMC).

- 1) Event that has significantly negative impact on business performance
- 2) Event that has severe negative impact on social and environment
- 3) Event that deteriorate good corporate governance

Disclosure of the Investment Governance Policy and Apply the Policy

The Company publicly disclose the Investment Governance Policy and the activity apply with the Policy in our website.