

Product Governance Policy

Section 1 Introduction

With reference to the Securities and Exchange Commission's issuance of product governance guidelines for mutual fund products, Krung Thai Asset Management Public Company Limited ("KTAM") is therefore establishing a product governance policy to cover the launch and sales of our mutual fund products that emphasizes client's needs and benefits, based on good product governance principles. This will help strengthen investor's confidence to invest through mutual funds.

Section 2 Objectives

The product governance policy aims to help the company achieve 6 key objectives

1. The mutual fund product is designed with consideration for clients' objectives and upholds the best interest of its target investors.
2. Ensure KTAM genuinely understands the mutual fund's features and risks.
3. The mutual fund's units are offered for sale to the targeted investors through appropriate distribution channels.
4. Distributor and sales staff understands the mutual fund's key features and risks as well as the targeted investor.
5. Investors genuinely understand the mutual fund's key features and risks before making their investment decisions.
6. KTAM continuously monitors the mutual fund's operations and ensures the distributor fulfills its responsibilities when offering mutual fund units to investors. Problems will be dealt with appropriately.

Section 3 Operating Guidelines

KTAM prescribes 4 major pillars for its business operations to achieve good product governance.

Pillar 1 Organizational Structure, Role of the Board of Directors, Responsibilities of Senior Management

The Board of Directors and senior management will be committed to ensure business operations follow good product governance principles by considering it central to our corporate culture. This will help enable sustainable business growth and public confidence in our mutual fund products that are launched and distributed to investors. Risk of unintended mis-selling / mis-buying are reduced as well. Measures include:

- 1.1. KTAM's strategy with regards to the mutual fund business will emphasize the principles of good product governance, together with establishment of proper communication and awareness of good product governance principles among departments and staff involved.
- 1.2. KTAM's management structure, workflows and procedures generally related to the launch and distribution of mutual fund products, including roles, responsibilities, and supervision of staff involved, will be clearly defined. Emphasis is for these operations to contain accountability, checks and balances, independence, and devoid of conflict of interests. Supporting evidence and documents will be well preserved for audit purposes.
- 1.3. KTAM requires senior management to oversee the launch and distribution of mutual fund products, enabling the supervision process to be systematic, responsive, and valuable towards assessing overall business performance and risk. Performance evaluation, troubleshooting, and problem-solving becomes more effective.
- 1.4. KTAM will clearly designate staff who are handling the relevant tasks. These include tasks related to mutual fund product development, product testing, distributor selection, etc. The Internal Audit Office is also tasked with inspecting operations regarding mutual fund launch and distribution to ensure compliance with the policy, guidelines, and procedures established. Problems or discrepancies will be reported.
- 1.5. Adequate staff and resources will be assured, in terms of headcount and qualifications, to satisfactorily support effectiveness of mutual fund launch and distribution. These staff will be knowledgeable and understand the characteristics of the product's potential and risks, including awareness of the needs of the target investors.
- 1.6. KTAM will establish measures to ensure relevant staff and external stakeholders have awareness and understanding of the company's commitment towards good product governance.
- 1.7. The Board of Directors and senior management will monitor the overall process of mutual fund product launch and distribution, requiring that unsatisfactory practice or deviation from

procedures be reported to establish proper control. The product governance policy, workflows and operating procedures shall be reviewed as least once a year, as well as when a material event occurs.

Pillar 2 Product Development

KTAM will set proper product development processes. This involves properly identifying the target investor group for the mutual fund product being launched, establishing proper procedures covering product inception that prioritizes the needs and benefits of the target investor group, and conducting product tests before launch and distribution. This will ensure we are thoroughly aware of the product's features and risks, while strengthening confidence that the fund is suitable for the target investor group. Measures include:

2.1. Identification of target market

2.1.1. Identify the target investor group for the mutual fund to be launched with regards to the investors' profile, needs, investment objectives, etc.

2.1.2. Configure attributes and conditions that effectively distinguish the desired target investor group such as type of investor, risk tolerance level, financial status, financial requirements, age requirements, investment expertise, etc.

2.1.3. Clearly specify the type of investor which is not suitable for the mutual fund being marketed. This will encourage thoughtful consideration before decision to distribute or invest in the fund.

2.2. Product Design

2.2.1. Require inputs from all departments involved so that the produce design process is inclusive. This may include the investment management department, risk management department, marketing department, compliance office, etc.

2.2.2. KTAM establishes a product design process to ensure that the product prioritizes the target investor's benefits and needs. Documentation and supporting evidence associated with the design process should be preserved for audit purposes.

2.2.3. The design of the mutual fund must consider the compatibility of the fund and the target investor group by examining various aspects such as investment policy, features, returns, risks, payment of investment returns, etc. Feedback from investors, stakeholders, or complaints can also be valuable.

2.2.4. Indicate the fund's risk level or complexity, which can be parameters to help determine the appropriate way to market the fund product.

2.3. Product testing

KTAM will test a product before its launch, such as conducting scenario analysis and stress tests that reveal the potential impact on the fund's operations under various circumstances. This helps identify factors affecting returns and risks, and thereby the suitability of the investor for this particular fund.

Pillar 3 Distributor Selection and Communication

Measures must be in place to ensure the selection of a suitable distributor, including setting of guidelines for the communication of facts about the fund and the target investor group with the distributor to reinforce their understanding of the characteristics and risks of the fund being offered. This will then ensure that the distributor would properly market the fund to those respective investors. Likewise, proper communication methods must also be established with investors to make sure investors have sufficient information to understand the product before making an investment decision.

3.1. Distributor selection

3.1.1. Distributor selected to handle fund sales and provide product after-sales services should be suitable for the intended target investor group. Distributor should be qualified to give quality advice.

3.1.2. A distributor due diligence should be conducted to assess readiness and qualifications needed to properly fulfill its role as fund product selling agent and provider of after-sales service.

3.1.3. Distributors must follow prescribed sales and service guidelines for capital market products which are funds.

3.2. Communication with distributor

3.2.1. Establish sufficient communication of mutual fund information to the distributor to ensure the distributor has sufficient product knowledge to fully understand the product to be offered and can subsequently provide good and thorough advice to investors.

3.2.2. KTAM will provide useful tools to help the distributor explain fund product details to investors that are easy to understand. These tools may include documents highlighting

information and data about the fund that is simple to digest, or consider arranging briefing sessions / seminars to give additional explanation, or establish special contact points for KTAM to provide on-going support to the distributor to enhance communications.

3.3. Communication with the investor

Establish methods of communication that enable investors to receive adequate information about the mutual fund to ensure they understand the fund before making an investment decision. These may include factsheets, prospectuses, sales brochures, or any other relevant information. These should be produced in an easy to understand format to prevent investors from misunderstanding key features of the fund.

Pillar 4 Product and Distributor Monitoring

KTAM will establish measures to monitor fund performance and operations to assess whether the fund remains suitable for the intended target investor group, including measures to monitor how the distributor is handling fund sales to determine whether the product is being offered to the right target market and whether those investors understand the product before investing.

4.1. Product monitoring

4.1.1. KTAM will establish measures to monitor and audit a mutual fund being offered to determine if the fund is still suitable for the intended target investor group. For instance, KTAM will conduct such product review when there is a material event or a financial crisis in a foreign country where investments are domiciled and may impact the fund.

4.1.2. KTAM will continuously monitor various events, assess their impact on the mutual fund, and amend or respond as necessary. This may include posting an explanation of the event's impact on the fund on our website.

4.2. Distributor monitoring

4.2.1. KTAM will establish measures to monitor and audit the performance of the distributor handling fund sales to confirm that the fund units are being placed with the intended investor group and that the investors understand the product.

4.2.2. If KTAM discovers or suspects that a distributor uses inappropriate means to handle fund sales or the channel used to market the fund is unsuitable for the target investor group, KTAM will inspect and take necessary action.

Section 4 Process to Monitor, Evaluate, and Audit

The Internal Audit Office is tasked with auditing the operations to ensure compliance with policy, workflows, operating guidelines and procedures related to mutual fund product launch and sales as prescribed by the company. Audit results must be reported to the Audit Committee / Board of Directors at least once a year.

Section 5 Other Matters

The Board of Directors shall appoint the CEO to announce the product governance policy that prescribes the rules and operating guidelines. This will also comply with SEC regulations regarding product governance currently being enforced as well as any other rules issued in the future.

This policy shall be effective as of 1 December 2017 onwards or until further notice.