



# **Corporate Governance**

## **Corporate Governance**

Asia Aviation, through its directors, management and employees, has complied and followed the principles of good corporate governance, and believes that good corporate governance is the key success factor. Asia Aviation, as an organization with social responsibility, has adopted the principles of good corporate governance detailed as follows:

### **Principles of Good Corporate Governance**

In awareness of the importance of good corporate governance with the belief that effective, transparent, and measurable administration will create confidence for shareholders, investors, and stakeholders, which in turns, will add value and promote sustainable growth for the Company, therefore, the Board of Directors of Asia Aviation has established the policy to follow the Code of Best Practices for Directors of Listed Company and adopted the policy in accordance to the Principles of Good Corporate Governance For Listed Companies, 2013, as prescribed by the Stock Exchange of Thailand. Policy is reviewed annually and communicated to Directors, Management, and employees to adhere. The policy covers the shareholders' rights; equitable treatment of shareholders; role of stakeholders; information disclosure and transparency; and responsibilities of the Board of Directors.

In 2014, the practices under the Corporate Governance policy in each section are reported as follows:

#### **Section 1 Rights of Shareholders**

Asia Aviation is aware of and prioritizes the fundamental rights of the shareholders, by not doing anything to violate the rights of its shareholders and supporting its shareholders to exercise their rights. The fundamental rights of the shareholders include the right to buy and sell or to transfer shares, the right to receive profit sharing from Asia Aviation, the right to receive adequate information with regard to Asia Aviation, the rights relating to participation and voting in the shareholders meeting to elect or remove members of the board, appoint the external auditor, and make decisions on any transactions that affect the company such as dividends payment, amendments to the company's memorandum of association and articles of association or the company's bylaws, capital increases or decreases, and the approval of extraordinary transactions, etc.

Asia Aviation has the policy to provide convenience for the shareholders to exercise their rights as follows:

- Asia Aviation will send the notice of the shareholders' meeting and supporting documents to each shareholder at least five business days prior to the meeting date (or any period of time as required by laws). The invitation will provide relevant information on each agenda item with opinions from the Board of Directors of Asia Aviation, proxy form as regulated by Ministry of Commerce, and list of independent directors that the shareholders may select as their proxy, as well as map of the meeting venue.

- Required documents that the shareholders need to bring to the meeting will also be sent along with the invitation in order to support the rights to participation in the shareholders meeting and to voting, as regulated by Asia Aviation's articles of association regarding the shareholders' meeting.

- Shareholders can also access any information concerning the agenda of the each meeting of Asia Aviation at [www.aavplc.com](http://www.aavplc.com)

- In the case that any shareholder cannot attend a shareholders' meeting in person, Asia Aviation allows such shareholder to appoint a proxy, either an independent director or any person, to attend the meeting on his/her behalf.

- Chairman of the meeting will inform the shareholders of rules of the meeting and voting procedures. Time will be allotted appropriately.

- All shareholders will be treated equally in expressing their opinion and raising questions in the meeting. Directors and relevant management team members will attend the shareholders' meeting to provide responses to any inquiry raised at the meeting and to take any comments and suggestions into consideration or for further actions. After the shareholders' meeting, Asia Aviation prepares the complete and accurate minutes of the meeting within 14 days and submits to related agencies within the prescribed timeframe. Minutes of the meeting will also be posted on Asia Aviation's website to allow interested shareholders and stakeholders to access the information.

## Section 2 Equitable Treatment of Shareholders

Asia Aviation applies the principle of equal treatment to all shareholders, be they management or non-management shareholders, majority or minority shareholders, or local or foreign shareholders, as follows:

- Meeting shall be carried out as specified in the agenda enclosed with the meeting notice. Additional agenda item shall not be impose without informing the shareholders prior to the meeting unless necessary, especially items that shareholders should need significant time to study relevant information before making any decision.

- The minority shareholders can nominate directors by submitting details of nominees and consent letters to the Board of Directors prior to the shareholders meeting within reasonable time period as regulated by Asia Aviation.

- Shareholders are encouraged the use of ballots for each agenda item. Ballots shall be kept in the meeting room for vote count prior to the resolution announcement. For transparency, Asia Aviation will keep the ballots with shareholders' or proxy's signatures in case of examination if there is any future argument.

- Minutes of meeting shall be recorded completely and accurately. The minutes will be submitted to the Stock Exchange of Thailand within 14 days after the meeting. Minutes of the meeting will also be posted on Asia Aviation's website.

- Information is accessible in a complete, accurate, timely, and transparent manner, for shareholders by making relevant and significant information available regularly.

- The Company and its subsidiaries have set up clear policy and regulations to prevent Directors, Management and employees from using the Company's inside information for their own benefits. The policy is communicated for Directors, Management and employees' awareness and practice under the Code of Conduct with the details listed under the "Use of Inside Information".

### **Section 3 Role of Stakeholders**

Asia Aviation and its subsidiaries has placed importance on all of its stakeholders and established a policy as follows:

#### **Shareholders**

Asia Aviation determines to be a good representative for its shareholders in conducting its business for the satisfaction of its shareholders with transparency and emphasis on sustainable long-term growth, and to ensure the adherence of the policy regarding shareholders to maintain the basic rights of the shareholders, and to not violate the rights of the shareholders listed under Rights of Shareholders and Equitable Treatment of Shareholders, along with the transparent disclosure of information to shareholders.

The encourage for the shareholders to attend the Shareholders' Meeting to help participate in major decision making, to acknowledge the Company's operation and activities, and to monitor the performance of the Directors and Management.

#### **Employees**

Our employees are our most valuable resource and key to Asia Aviation's success. Therefore, Asia Aviation and its subsidiaries are committed to continuously enhance our corporate culture and good working environment, to promote teamwork, and to treat our employees with courtesy and to respect them as individuals. The employment, appointment, and transfer shall be on the ethical basis and the human resources shall be engaged to the best advantage to Asia Aviation.

Asia Aviation and its subsidiaries take responsibility in maintaining the safe working environment for both employees and their properties. Labor laws are strictly followed as well.

Asia Aviation and its subsidiaries respect its employees' privacy. Their private information, for example, salaries, medical records, and families, shall not be disclosed to outsiders or those who are not relevant, unless the information is required to be disclosed to the third party by laws.

Nonetheless, details of the policy regarding responsibilities toward employees in 2014 are listed in the "Corporate Social Responsibility".

## **Customers**

Asia Aviation and its subsidiaries are committed to customers' satisfaction and confidence in the Company by delivering quality products and services at a fair and appropriate price, and to maintain good relations. The operation guideline is set as follows:

- Provide quality products and services with the resolute aim to constantly increase the standards and disclose news and information regarding products and services completely and accurately.
- Directors, executives and employees at all levels shall not disclose customers' details without prior consent from customers or control persons of the company group, unless the information is required to be disclosed to the third party by laws.

Nonetheless, details of the policy regarding responsibilities toward customers in 2014 are listed in the "Corporate Social Responsibility".

## **Business Partners**

Asia Aviation conducts its business with its partners in a manner that does not result in any negative impact on the Company and its subsidiaries' reputation, nor violate any laws or regulations. The Company and its subsidiaries take into consideration the equality in business operation and mutual interest for its partners. Vendor selection shall be done in compliance with the procurement regulations that clearly specify the process and practice. Asia Aviation and its subsidiaries believe that business partner is an important factor in helping create value for customers.

## **Creditors**

Asia Aviation and its subsidiaries adhere to their commitments to the conditions and terms of agreements. The Company has entered into with its creditors, especially in the repayment, interests, and collateral in a manner that shall not result in any damages and shall create confidence for creditors in the Company's financial status and the ability for repayment.

## **Competitors**

Asia Aviation and its subsidiaries have a policy to promote and support fair and open competition. The Company does not seek its competitors' trade secrets or information through illegal or unethical means. The Company shall not violate the intellectual properties of its competitors or others.

## **Society**

Asia Aviation and its subsidiaries, as a Thai corporation, are well aware and grateful for the country. As part of the community, the Company has a social obligation to support the society and community in which Asia Aviation and its subsidiaries are operating.

Asia Aviation and its subsidiaries have a policy to provide environmentally friendly products and services and to follow environmental-related laws.

Asia Aviation and its subsidiaries promote activities that help preserve the nature and conserve energy. It has a policy to select and promote the use of environmentally friendly products.

Nonetheless, details of the policy regarding responsibilities toward the society in 2014 are listed in the “Corporate Social Responsibility”.

#### **Communication with Stakeholders and Whistleblowing Policy**

Stakeholders can inquire for information, complain, or report any unlawful violation, the inaccuracy of financial reports or internal control system, and the breach of business ethics of the Company and its subsidiaries directly to the Independent Directors or the Audit Committee at [taa\\_auditcommittee@airasia.com](mailto:taa_auditcommittee@airasia.com) and [thaiwhistleblower@airasia.com](mailto:thaiwhistleblower@airasia.com) .

Nonetheless, the Company has disclosed Whistleblowing Policy on its website at [www.aavplc.com](http://www.aavplc.com) under “Sustainability”, “Corporate Governance” and “Whistle Blowing”. Complaints and reports shall be protected and treated confidentially by the Independent Directors or the Audit Committee for further inspection and solution (if any) and shall be reported to the Board of Directors later.

#### **Section 4 Information Disclosure and Transparency**

Asia Aviation has put an importance on disclosing information that is accurate, complete, transparent, timely, and up to the standards set by to the Stock Exchange of Thailand and the Securities and Exchange Commission. This covers financial reports, general information, and any other significant information that can affect the price of stocks and decision making of investors and stakeholders of Asia Aviation in order for stakeholders of Asia Aviation to have an equal access to information, Asia Aviation is publishing its information through the Stock Exchange of Thailand and Asia Aviation’s website at [www.aavplc.com](http://www.aavplc.com) .

The Board of Directors is aware of the responsibility in preparing Asia Aviation’s financial reports and information presented to shareholders in annual reports, and in assuring the quality of the financial reports, including financial statements of Asia Aviation. Asia Aviation arranges to have the financial reports done according to the accounting standards and audited by reliable and independent auditors. Asia Aviation has established and adhered to appropriate accounting policies and made certain that financial reports of Asia Aviation are accurate, complete, and trustworthy, with important information being accessible.

The Board of Directors also set up an Audit Committee to review the financial reports for their accuracy, completion, and reliability and to make sure information is disclosed in an accurate, transparent and timely manner as regulated for listed companies. The Audit Committee also ensures effective internal control and that laws and regulations, as well as Asia Aviation's regulations are adhered to. Moreover, the Committee looks into related party transactions or transactions with conflict of interest and consider the reasonableness and appropriateness before proposing to the Board of Directors of Asia Aviation for further consideration.

The Company has a policy to disclose important information to the public as follows:

1. Objectives and Articles of Association of the Company
2. Financial and Non Financial reports in an accurate and timely manner
3. Report on the responsibilities of the Board of Directors toward financial statements together with the Auditor's report in the Annual Report
4. Information on each Director and subcommittee member and his/her roles and responsibilities and remuneration
5. Information on the attendance of Directors and subcommittee members in meetings
6. Reports on the Interests of Directors, Management, and related persons
7. Each Director and Executive has a duty to report buy-sale the Company's shares to Board of Director before entering into the transaction including disclose summary of Shareholding reports at the Board of Director Meeting.

For investor relations, Asia Aviation has set up the Investor Relations Unit to handle the content of the information of Asia Aviation for those who are interested, for example, shareholders, analysts, and investors. The channel of communication is as follows:

Telephone: (66) 2562 5700

Fax: 66) 2562 5705

Email: [taa\\_investorrelations@airasia.com](mailto:taa_investorrelations@airasia.com)

Website: [www.aavplc.com](http://www.aavplc.com)

Asia Aviation regularly presents information to analysts, investors, and employees at Analysts' meetings, Roadshows, Conference calls, and Conferences organized by various entities. The Company also holds joint activities with SET to meet minor investors and has Press Conference and Press Release to publicize the performance of the Company and its subsidiaries. In addition Analysts, investors, and interested parties can also join company visits to meet our management and inquire about our updates.

In 2013-2014, investor relation activities are summarized as follows:

Activities	2013 (times)	2014 (times)
International Roadshows	7	6
Domestic Roadshow	3	7
Analyst meeting	4	4
Company Visit / Conference call	40	44
E-mail / Phone calls	3-4 times daily	4-5 times daily
Joint activities with SET and other agencies to meet investors	1	2

The Company also arranges for the Compliance Unit to oversee the disclosure of information through various channels, for example, the Company's website, The Stock Exchange of Thailand's website, and annual reports. Information shall be accurate, sufficient, timely, and complete, as required by laws, in order to create confidence from investors in the Company's transparency in business operation.

## Section 5 Responsibilities of the Board of Directors

### **Leadership and Vision**

Asia Aviation's Board of Directors consists of Directors with leadership skill and vision to drive Thai AirAsia to become a leading low-cost airline in the region, to provide the most value quality services that are trustworthy and safe.

The Company's Board of Directors revises and specifies vision and mission for the Company every five years to keep them relevant and appropriate for the changing business environment in the future.

### **Board of Directors' Structure**

Asia Aviation's Board of Directors consists of nine directors with three being the Independent Directors who are fully qualified under the relevant regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand. Each Director has knowledge, competence and experience in the business. The number of Directors shall be sufficient to oversee the business of the Company, with at least one Director with direct experiences in aviation business and another one Director with experiences in accounting and finance.

Asia Aviation's Board of Directors has the duties to set out policies, visions, strategies, goals, missions, business plans and budgets of Asia Aviation, as well as to supervise the management team to effectively and efficiently manage the business of Asia Aviation under the legal framework, objectives, articles of association of Asia Aviation and the resolutions of the Board of Directors' meeting and the shareholders' meeting. Such duties must be performed with accountability, loyalty and care under the principles of good corporate governance in order to achieve the best economic value for the business and stability for its shareholders.

### **Qualifications of Directors**

1. Directors shall be the persons with knowledge and competency, honesty and integrity in business operation, and sufficient time to dedicate their knowledge and competency for their performance in the Company.

2. Directors shall possess full qualifications and do not have any prohibited characters in compliance with applicable laws related to public companies and other relevant laws, nor any characters that result in the inappropriateness to be trusted with the administration of a public company according to the Notifications of the Securities and Exchange Commission (SEC).



3. The Directors shall not undertake any business or be a shareholder of any business which has the same nature as and is in competition with the business of Asia Aviation for their own or others' interests, except the Shareholders' Meeting has been informed prior to the appointment.

4. The Directors shall not hold the position of Director in more than five other listed companies. In case of any Director holding the position of Director in more than five listed companies, the Board of Directors shall determine the effectiveness of his/her performance. In the case of the Chief Executive Officer taking the position of Director in other company, the matter needs to pass the approval from the Company's Board of Directors.

#### **Qualifications of Independent Directors**

The Independent Directors shall possess all the qualifications required by the Capital Market Supervisory Board and the Stock Exchange of Thailand, and can oversee the interest of all shareholders equally without any conflicts of interests. The Independent Directors shall be able to attend the Board of Directors' Meetings and provide opinions independently. The qualifications are as follows:

1. Holding not exceeding 1% of the total shares with voting rights of Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation. (Inclusive of the shares held by any related person of such independent director);

2. Not being, nor having been, a director who participates in the management, an employee, staff member or advisor who receives a regular salary, or a control person of Asia Aviation, its parent company, subsidiary company, its associated company, its subsidiary at the same level, major shareholder or control person of Asia Aviation, unless the holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC. However, such prohibition shall not apply in the case where such independent director has been a government official or consultant of the government sector, which is a major shareholder, or control person of Asia Aviation;

3. Not being person who has a relationship by blood or registration under laws, as father, mother, spouse, sibling, and child, including spouse of child, of its directors, its executives, its major shareholder, its control person or the person who will be nominated to take up the position of director or executive or control person of Asia Aviation or its subsidiary;

4. Not having, or not having had, any business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation in a manner which may obstruct its independent judgment. Additionally, not being or not having been a substantial shareholder or control person of a person who has a business relationship with Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation, unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC.

(the aforementioned business relationship and transaction size shall have the same definition as in the Notification of the Thai Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares);

5. Not being, or not having been, an auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder, control person of Asia Aviation, major shareholder or control person or the partner of the audit company for which the auditor of Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation has worked therein, unless such holding of the aforementioned positions has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;

6. Not being or not having been a professional service provider, including service provided as legal counsel or financial advisor which is retained for a fee exceeding Baht two million per annum from Asia Aviation, its parent company, its subsidiary company, its associated company, major shareholder or control person of Asia Aviation, and not being major shareholder or control person or the partner of such professional service provider, unless such business relationship has been discontinued for at least two years before the date of submission of the application for the issue of newly issued shares to the SEC;

7. Not being a director nominated to be a representative of a director of Asia Aviation, major shareholder or shareholder who are related persons to the major shareholder;

8. Not undertaking any business which has the same nature as and is in competition with the business of Asia Aviation or its subsidiary company or not being a partner of the partnership or a director who participates in the management, an employee, a staff member, or advisor who receives a regular salary or holds shares exceeding 1% of the total shares with voting right of other companies which undertakes business of the same nature as and is in competition with the business of Asia Aviation or its subsidiary company; and

9. Having no other qualifications causing any inability to express independent judgment in respect of Asia Aviation's business operation.

The qualifications of the Independent Directors shall be as required by the Thai Capital Market Supervisory Board.

#### **Appointment and Terms of Positions for Directors**

The appointment of a Director shall be in compliance with the Company's Articles of Association and applicable laws, in a transparent and clear manner. The nomination shall go through the process by the Nomination and Remuneration Committee. The consideration shall include sufficient detailed information and profile of the person for the Board of Directors and Shareholders to make decision. Details of the policy on appointment and nomination of Directors can be found under "Nomination and Remuneration Committee"

The Directors' terms of positions are according to the Articles of Association of Asia Aviation that at every Annual General Meeting, one-third (1/3) of the total number of the directors shall vacate office. If the number is not a multiple of three, then the number nearest to one-third (1/3) must retire from the office.

The retiring directors are eligible for re-election. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In subsequent years, the director who has been in office for the longest term shall retire.

### **Duties and Responsibilities of the Directors**

Asia Aviation's Board of Directors shall oversee and administer the business and mission of Asia Aviation to be in line with the approval by shareholders and applicable laws, objectives, Articles of Association, Shareholders' Meeting Resolutions, and Board of Directors' Resolutions. Directors shall use their judgment and vigilance in making business decision and perform their duties with caution, accountability, and honesty for the best interest of Asia Aviation.

### **The Division of Duties and Responsibilities between Board of Directors and Management**

Asia Aviation has clearly divided duties and responsibilities between Board of Directors and Management. The Board of Directors sets out policies and administer the operation of the Management on the policy level, while the Management manages each area according to the policies and Authority Limit which has been approved by Board of Directors and recorded as resolution passed in the minutes of Board of Director meeting. Consequently, the Chairman of the Board of Directors cannot be the same person as the Chief Executive Officer (CEO) nor the Executive Director in order to balance and examine the Management.

The Chairman of the Board of Directors has an important role in making decision for the Company's policies as a result of the Board of Directors' Meeting that considers and sets the business direction together with the Management, and provides recommendations for business operation to the Management without interfering in the daily duties of the Management. The Chairman of the Board of Directors, as the leader of the Board of Directors, oversees and monitors the performance of the Company's Executive Directors and other subcommittees to ensure effectiveness and efficiency, and encourages all the Directors to participate in meetings and to provide comments independently. The Chairman of the Board of Directors makes the casting vote in case of the votes come to a draw between two sides.

The Company has clearly set scopes of duties and responsibilities for Board of Directors and the Chief Executive Officer, which can be found under "Scope of Duties and Responsibilities of the Board of Directors" and "Duties and Responsibilities of the Chief Executive Officer".

Asia Aviation has appointed the Company Secretary with the duties and responsibilities as follows:

1. To provide advice to the Board of Directors regarding legal framework and regulations of Asia Aviation that the Board of Directors shall be aware of, to ensure compliance to the rules and regulations, and to report any significant changes in the legal matters to the Board of Directors

2. To organize the shareholders' meeting and Board of Directors' meeting in accordance to laws and regulations of Asia Aviation

3. To record the minute of the shareholders' meeting and Board of Directors' meeting and to make sure the resolutions of the meetings are followed

4. To prepare and keep record of a register of directors, the Company's annual report, Notice of the Board of Directors' Meeting, Minutes of the Board of Directors' Meeting, Notice of the shareholders' meeting and minutes of the shareholders' meeting of Asia Aviation

5. To keep the reports of interest filed by the directors or executives, with the copies submitted to the chairman of Board of Directors and the chairman of audit committee within seven business days after the report is received

6. To ensure the information disclosure and report the responsible information to the related agencies as prescribed by the government's rules and regulations

7. To make sure Asia Aviation's Board of Directors has carried out their activities and other related matters in accordance to the legal framework, or as assigned by Asia Aviation's Board of Directors, or as prescribed by the notification of the Capital Market Supervisory Board

#### **Subcommittees**

In addition to the Board of Directors, Asia Aviation has set up a subcommittee to assist in administering the business that is the Audit Committee. The three members, who are responsible for auditing and internal control for Asia Aviation, are of the qualifications as required by the Stock Exchange of Thailand and the Securities and Exchange Commission. Their duties and responsibilities are as assigned by the Board of Directors of Asia Aviation, as specified in the Audit Committee Charter.

Nevertheless, At the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on 26 February 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee. The three Independent Directors nominate and set appropriate remuneration for Directors and Management, with the details shown under "Nomination and Remuneration Committee".

#### **Corporate Governance Policy**

Asia Aviation has set up a written policy on corporate governance and the Board of Directors is to review this policy and the compliance therewith on an annual basis. After the Company's ordinary shares have been listed on the Stock Exchange of Thailand, Asia Aviation shall comply with the relevant rules and regulations as prescribed by the Securities and Exchange Commission, the Stock Exchange of Thailand and the Capital Market Supervisory Board. The details of the report on corporate governance will be included in the Company's annual report and the annual registration statement (Form 56-1).

### **Code of Conduct**

Asia Aviation has operated its business in adherent to strict business ethics, including safeguarding Asia Aviation's and its subsidiaries' confidentiality, abiding laws, operating in an honest and prudent manner, paying respect to each other, and taking good care of Asia Aviation's properties and the environment. All directors, executives and employees shall oblige by this guideline. All Directors and new recruits shall receive a business ethics manual that they have to acknowledge and strictly follow. The Company has disclosed its complete Code of Conduct on the Company's website, under "Sustainability", under "Corporate Governance" and under "Code of Conduct".

### **Conflict of Interests**

The Board of Directors of Asia Aviation has set up a policy to prevent conflicts of interest on the basis that any decision-making on business transactions shall be made only for the best interest of Asia Aviation and it shall avoid any act which may cause conflicts of interest. It is required that a person who is involved in or has interest in any transaction shall report the involvement or interest in such transaction to Asia Aviation and shall abstain from voting for decision-making and shall have no power to approve such transaction.

In the case of any transaction which is not consistent with the normal course of business or the general trading conditions and may cause conflicts of interest, the entry into such transaction shall be submitted to the Board of Directors of Asia Aviation for the Audit Committee to consider with respect to the transaction appropriateness before proposing to the Board of Directors' meeting or shareholders' meeting (depending on the case) for consideration and approval. In such case, Asia Aviation shall comply with the requirements prescribed by the Capital Market Advisory Board, the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

### **Internal Control and Internal Audit**

The Board of Directors of Asia Aviation has put the internal control system in place in order for the operation of Asia Aviation to go according to the objectives, Article of Association, and applicable rules and regulations, as well as the internal audit and the check and balance system to effectively protect and look after the capital and investment of shareholders and Asia Aviation's properties. Asia Aviation has stipulated levels of authority and responsibilities of the executives and employees and operating regulations in writing. The Internal Control Department has its duty to audit that the performance of all departments in the Company is accurate and line with the regulations. The Audit Committee shall monitor the administration and operation of Asia Aviation in order for Asia Aviation to achieve an effective internal control and reliable financial reporting system. The Internal Control Department shall directly submit the audit report to the Audit Committee for revision and evaluation of the internal control system of Asia Aviation. Ms.Duangporn Tantiwivat acts as the Head of Internal Control. The details on internal control and internal audit can be found under "Internal Control and Internal Audit".

## **Risk Management**

Asia Aviation is aware and realizes the importance of risk management in order to achieve effectiveness and efficiency in the management of the Company and its subsidiary and to promote confidence among stakeholders. However, as Asia Aviation operates its business by holding shares in Thai Air Asia, therefore, risk management system has been established for Thai Air Asia which is its subsidiary and operates core business.

Risk Management Committee consists of Chief Executive Officer and the Management from all departments to manage internal and external risks that may affect operation to an acceptable and appropriate level by evaluating and examining evaluation result from all departments and revising policy regarding risk management at least annually. The details on risk management can be found under “Risk Management”.

## **Report of the Board of Directors**

The Audit Committee has the duty to review the Company’s financial reporting and submit the reports to the Board of Directors of Asia Aviation on a quarterly basis. The Board of Directors of Asia Aviation shall be responsible for the accuracy Asia Aviation’s financial statements and financial information as described in the annual report. The financial statements shall be prepared in accordance with the accounting principles which are generally accepted in Thailand and audited by a certified public accountant. An appropriate accounting policy shall be applied and always be complied with. In addition, information shall be adequately disclosed in the notes to the financial statements.

At the Asia Aviation’s Audit Committees’ Meeting No. 1/2015, held on 23 February 2015, the Audit Committee, consisting of three Independent Directors, evaluated the internal control system by interviewing the Head of Internal Control and concluded that the internal control for Asia Aviation and its subsidiaries was sufficiently effective in alleviating business risks. The operation of the internal control in 2014 in inspecting other departments within Asia Aviation and its subsidiaries did not result in any significant weakness in internal control system that can affect the operation of Asia Aviation and its subsidiaries. Auditor did not report any significant weakness

## **Board of Directors’ Meeting**

According to the Articles of Association of Asia Aviation, the Board of Directors shall hold a Board of Directors’ Meeting at least once every three months by setting dates for the whole year and additional special meetings may be held as necessary. A meeting notice shall be delivered to directors for consideration at least five business days prior to the date of the meeting, unless it is necessary or urgent to preserve the rights or benefits of Asia Aviation. At each meeting, the agenda of the meeting will be clearly specified and supported by the completed and sufficient documents, and are delivered to the directors in advance so that the directors will have enough time to study such information prior to the meeting. At the Board of Directors’ Meeting, each director shall be able to openly discuss and express his or her opinion. In addition, the senior management will be invited to attend the Board of Directors’ Meeting in order to give additional information as they are directly involved in such matters.

Asia Aviation is committed to providing the Board of Directors with adequate, complete continuous and timely information prior to a Board of Directors' Meeting. The directors can directly and independently contact the Company Secretary. The Company Secretary is responsible for advising the Board of Directors of Asia Aviation on the compliance with legal and regulatory requirements.

The Board of Director has also specified that non-executive Directors can organize meetings as deemed appropriate without the attendance of any Executive Director or Management, in order to create an opportunity for discussion on business challenges of the Company or other topics of interest.

### **Remuneration**

At the Asia Aviation's Board of Directors' Meeting No. 2/2014, held on 26 February 2014, and the Thai Air Asia's Board of Directors' Meeting No. 1/2014, held on 3 March 2014, the resolution was to approve the appointment of the Nomination and Remuneration Committee to determine and propose remuneration for Directors annually for the Board of Directors' and/or Shareholders' approval.

The Committee has a policy on setting appropriate remuneration for Directors by consideration and comparison with remuneration for directors in other leading companies in the Stock Exchange and companies in the same or similar industry, along with their responsibilities and their performance in relation with the business operation, and other relevant factors. The remunerations shall be in the level that can motivate and retain the Company's qualified Directors.

The Company has disclosed the aforementioned information and the remuneration for each Director in the Annual Report and Form 56-1 of the Company, which can be found under "Structure of Directors' Remuneration".

### **Development on Directors and Management**

The Board of Directors of Asia Aviation has a policy to enhance and accommodate the provision of training and knowledge for Directors and Management to administer the business of the Company effectively with the continuous improvement on operation. Directors and Management are encouraged to participate in valuable trainings that are beneficial to their performance, including training by state agencies or independent organizations, for example, Director Training by the Thai Institute of Directors that the SEC requires directors of registered companies to participate at least in one program, including the Directors Certification Program (DCP) Directors Accreditation Program (DAP) and the Audit Committee Program (ACP).

In the case of a change in directorship, the Company Secretary is assigned to assist in the preparation for the Director's duties by coordinating in the following areas:

1. Collecting required information related to directorship to ensure the compliance with applicable laws related to directorship.

2. Preparing useful information for new Director to perform his/her duties, for example, Articles of Association of the Company, Director's Manual for Listed Companies, Operating Results, and Nature and Direction of Business.

3. Organizing meetings or discussions between Chairman and Directors, and Management to acknowledge and inquire about the business operation of the Company and its subsidiaries.

### **The Performance Assessment of the Board of Directors**

The Performance Assessment of the Board of Directors shall be carried out annually by dividing into the Performance Assessment of the Board of Directors and the Individual Performance Assessment (Self-Assessment), to be used as the framework in examining the performance of the Board of Directors and in improving the performance of the Board of Directors to correspond with specified policies.

The Performance Assessment of the Board of Directors covers six main areas as follows:

#### **Structure and qualifications of the Board of Directors**

1. Roles, duties and responsibilities of the Board of Directors
2. Board of Directors' Meeting
3. Performance of the Directors
4. Relationship with the Management
5. Self-improvement of the Directors and managerial development

Moreover, the Board of Directors has arranged for an annual performance assessment for the Chief Executive Officer, main areas as follows:

#### **Section 1: Progress of plan with specified goals and milestone for each goal**

#### **Section 2: Performance assessment**

- Leadership
- Strategic setting
- Strategic practice
- Financial planning and results
- Relationship with the Board of Directors
- External relationship
- Management and relationship with human resources
- Position succession



- Knowledge of products and services
- Personal characteristics

### Section 3: Self-improvement

#### **Report of Interest**

The Company has required that Directors, Executive Directors, and Management, under the definition by the SEC, provide report of interest for themselves and their related persons when they are appointed. Changes shall be revised and reported annually.

#### **Succession Plan**

The Board of Directors has established succession plans for positions of Chief Executive Officer and Senior Management in order to maintain confidence from stakeholders that the operation of the Company can continue without any disruption.

The Board of Directors has assigned the Nomination and Remuneration Committee to consider and specify the criteria and succession plan when the position of Chief Executive Officer is vacant. Revision of the succession plan shall be carried out annually and Chief Executive Officer is to report to the Board of Directors regularly on the succession plan.

#### **The Use of Internal Information**

Asia Aviation's and its subsidiaries' Boards of Directors have set the policy and procedure for the directors and management and employees in using the inside information that has not been made public for personal interest and communicated the policy to their Directors, Management, and employees for their acknowledgement in writing in the Code of Conducts with details as follows:

1. Inform the directors and executives regarding their duties in reporting the Securities Holding Reports for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), along with the Acquisition or Disposal of Securities Report for themselves, their spouses, and their minor children to the Securities and Exchange Commission as prescribed in Article 246, and the penalty as prescribed in Article 298 of the Securities and Exchange Act B.E. 2535 (and its amendment)

2. The directors and executives of Asia Aviation, along with their spouses, and their minor children to prepare and disclose the Securities Holding Reports and the Acquisition or Disposal of Securities Report of Asia Aviation's securities children to the Securities and Exchange Commission as prescribed in Article 59, and the penalty as prescribed in Article 275 of the Securities and Exchange Act B.E. 2535 (and its amendment), and copies of the reports to be submitted to Asia Aviation on the same day as to the Securities and Exchange Commission

3. Directors, executives and employees of Asia Aviation and its subsidiaries, who have an access of any inside information that can affect price of stocks, shall be careful in the trading of Asia Aviation's stocks within one month before the financial statements or the inside information are accessible to the public and 24 hours after the said information is accessible to the public. The person related to the information shall not disclose the information to the third party before the information is disclosed to the Stock Exchange of Thailand. Disciplinary punishment shall be imposed on the offender, as prescribed in the staff regulations of Asia Aviation. Punishment, appropriately determined on a case to case basis, includes verbal warning, written warning, probation, or dismissal.

4. Directors, executives and employees of Asia Aviation shall not use any inside information they receive from their positions, that can affect price of stocks and has not been disclosed to the public, for trading, or offering to buy or sell, or persuade others to buy or sell, or to trade other stocks or securities (if any) of Asia Aviation directly or indirectly, which may cause any damage to Asia Aviation directly or indirectly, for their own interests or for others', nor shall they disclose the said information to others for compensations or nothing.