



True Corporation Public Company Limited
18 True Tower, Ratchadaphisek Road, Bangkok10310, Thailand

FINANCE POLICY

POLICY APPROVED BY THE BOARD OF DIRECTORS

POLICY OWNER: CHIEF FINANCIAL OFFICER

POLICY EFFECTIVE DATE: 1 MARCH 2023

1. PURPOSE & SCOPE

The purpose of this Policy is to mitigate risks related to incorrect financial reporting, as well as assess, manage, and mitigate tax- and treasury related risks. The Policy aims to:

- Ensure that True Corporation Public Company Limited (“True” or “the Company”) reports according to applicable accounting laws and regulations. In addition, ensure that the Company prepares financial statements with reasonable assurance that statements are not materially misstated at the consolidated level, as well as for local statutory accounts, see section 2.
- Ensure that the Company reports and pays tax according to applicable tax laws and regulations as well as fulfill the tax privileges’ requirements, see section 3.
- Ensure that the Company manages and mitigates treasury risks and secure efficient management and control of treasury activities, see section 4.

2. ACCOUNTING & FINANCIAL REPORTING

The Accounting and financial reporting section of this policy aims to mitigate accounting, tax, legal and reputational risk by stating the following requirements:

2.1.1 Accounting and Reporting

The Company is required to ensure that Head of Accounting shall prepare its financial statements and notes disclosures in accordance with Thai Financial Reporting Standards (TFRS) and the Company’s accounting principles within deadlines required by law and regulations.

The Company's Head of Accounting shall report all transactions with relevant counter parties with a counterpart code in accordance with the Company's Consolidation and Financial Reporting System and the Company Accounting Principles Manual.

All purchase price allocations shall be performed, reported and documented in accordance with the Company Purchase Price Allocation Manual.

2.1.2 Statutory Financial Statements

The statutory financial statements are the responsibility of the Company's CEO and the Company's Board of Directors and shall be prepared without material misstatements, comply with local laws and regulations and be subject to local monitoring.

2.1.3 Internal Control over Financial Reporting (ICFR)

The Company shall implement ICFR to mitigate risk of errors in the financial reporting in accordance with requirements set out in the Company's ICFR related policies.

2.1.4 Representation Letter and Sign-Off

The Company's CEO, CFO and Head of Accounting shall confirm that all of the information including contractual agreements are provided and disclosed to the external auditor, the financial reporting is not materially misstated, and that financial statements are complete, accurate and correct through representation letter sign-off.

The Company's CFO and Head of Accounting shall on a quarterly basis confirm that the financial statements are complete, accurate and correct through quarterly reporting meeting and before submitting to The Company's Board of Directors for approval.

2.2 Reference Documents

- the Company's Reporting, Consolidation and Financial reporting system Manual
- the Company's Accounting Principles Manual

3. TAXATION

The Tax section of this policy aims to address tax and reputational risks by stating the following requirements:

3.1 Tax Compliance and Reporting

The Tax team must ensure that the Company reports and pays taxes according to applicable tax laws and regulations. More importantly, the tax team shall notify and update the relevant stakeholders about matters that may represent a significant tax exposure to the Company.

Matters that may represent tax exposure to the Company shall be reported through appropriate reporting tools, such as meetings with the relevant stakeholders.

The Company is committed to fully complying with all applicable laws and regulations in the countries that it operates in as well as the spirit of those laws. The Company is committed to avoiding the transfer of value to low tax jurisdictions unless it is deemed necessary for the Company's operations. The Company aims to pay fair shares of tax based on value created within their normal operation of commercial activity.

The Company is committed to ethical practices as regards tax practices and is committed not to using tax structures for the sole purpose of reducing the tax burden. To achieve this, the Company shall engage with government agencies to ensure compliance and transparency and drive the business structure by commercial substance of transaction without any intention for tax avoidance. In addition, the Company does not use tax haven for tax avoidance purposes.

3.2 Transfer Pricing

Contracts between separate legal entities within the Company shall be entered on standard commercial terms (arm's length principle) and documented according to legal transfer pricing requirements. Transfer pricing documentation shall be filed according to local legal requirements and in the transfer pricing file at the Company.

3.3 Tax Privileges

The Company shall apply applicable tax privileges e.g., Board of Investment certificate (BOI), Research, Technology Development and Innovation Management System (RDIMS), etc. for the purpose of tax exemption and tax deduction. Additionally, the validity of the privileges must be consistently reviewed and fulfilled in accordance with the required conditions by governing bodies.

3.4 Transparency

The Company shall disclose tax information in the financial statements published in the Company's Annual Report to build trust with stakeholders. It shall also reconcile its tax amount to show the difference between the rate specified by tax codes and the rate of tax actually paid.

3.5 Board Oversight

Across the business, the Company ensures oversight and governance of Tax process via Corporate Financial Policy approved by the Board of Directors with an appropriate control process.

4. TREASURY

4.1 Capital Structure

The Company shall aim for a capital structure that supports the long-term strategic ambitions of the Company.

The Company shall seek to maximize dividends that may be declared in accordance with applicable laws (i) subject to any capital retention that may be considered appropriate with respect to any other obligations, liability, expansion of the business and investment plan of the company and making reasonable provisions, and (ii) provided that as a result of the payment of any such dividend, the ratio of Total Net Debt to EBITDA before other items (a) does not increase from the level as at the Date of the amalgamation, unless it is determined that such increase is only temporary, and (b) continues to allow for improvement in dividend payment each following Financial Year.

The Company shall pursue actions of each group company that facilitates the maximizing of dividends, which actions may, if appropriate, include capital restructuring and other measures. The Company shall aim for a quarterly dividend distribution.

The Company shall publicly communicate its dividend policy in a suitable manner, as determined by the Company's board of directors.

4.2 Funding

Short-term financing shall be used as a liquidity tool to reduce short-term liquidity risk.

Long-term debt shall be used to finance long-term investments and to reduce refinancing risk.

Leasing shall only be used when administrative and/ or economic benefits exist, and not merely as a substitution for debt funding.

The Company shall, to the extent possible, avoid shareholder-related clauses in external loans, leases and other financial agreements when negotiating new agreements.

The debt portfolio shall have a balanced maturity profile and the weighted average life shall normally exceed 3 years. The current portion of the total debt shall not be greater than 35 per cent but may deviate from this criterion for a limited period.

The Company shall to the extent possible maintain an optimal funding mix and seek to diversify among relevant funding sources in order to reduce the overall dependency on the local bond market.

For debt financing, the Company shall, to the extent possible, centralize fund raising, e.g. borrowing or bond issuance at the Company. Funding needs at subsidiary level can be supported by inter-company loan from the Company to its subsidiaries.

4.3 Cash Management

The objective of Cash Management is to optimize the Company's cash positions and to minimize fraud, liquidity and operational risks. The Company shall establish a Cash Management Framework Agreement, which shall be approved by the CFO.

4.4 Banking Relationship Management

The Company shall maintain a group of relationship banks in order to secure sufficient sources of committed funding and competitive banking services.

The relationship bank list shall, in addition to local leading Thai banks, include relevant international banks.

Relationship bank is expected to provide committed funding/ balance sheet support to the Company.

When it comes to ancillary business such as deposits, cash management services, derivatives, debt capital markets, trade finance and foreign exchange related activities, relationship banks will be given the opportunity to offer these services as long as such banks are able to provide necessary competitive pricing for services required.

For mergers & acquisitions (M&A) advisory support and structure financial services & solutions, the evaluation will be mainly based on the service provider 's capability and pricing.

4.5 Treasury Risk management

4.5.1 Liquidity Risk

The main objective is to minimize current excess liquidity and negative carry, while ensuring access to funding source for liquidity management purpose.

The Company shall to the extent possible identify sources of liquidity to cover the expected needs for the next 6 months.

4.5.2 Financial Counterparty Credit Risk

The main objective is to balance the yield and the counterparty risk and also to manage the overall counterparty risk on a portfolio basis. The counterparties shall be limited to those that local credit rating of at least equal or higher than the Company's rating

As for the counterparty limits, the following overall guiding principle will be followed but can be subject to individual differences and deviations,

- THB 10 b limit per counterparty for cash management bank and bond lead arrangers.
- THB 5 b limit per counterparty for other banks

However, each individual counterparty shall be specified by name of legal counterparty and corresponding limit and be approved according to prevailing Authority Matrix. Any

additions of counterparties and/or increases/changes in individual limits shall be approved according to the prevailing Authority Matrix.

The counterparty exposure shall not exceed approved limits. Any temporary deviation shall be remedied within 5 business days.

Excess Liquidity shall primarily be deposited or invested in the functional currency. The tenor of any deposit or investment will be determined based on the expected need of cash and the longest tenor is expected not to be more than 6 months.

4.5.3 Interest Rate Risk

The main objective of interest rate risk management for the Company is to reduce financial cost over time.

The Company shall maintain a balanced profile between fixed and floating rate debt. The portion of fixed rate shall be at least 70 per cent of external debts.

The Company shall seek to spread out in time the interest rate fixing dates to reduce the interest rate risk.

4.5.4 Currency Risk from Cash Flows

The Company shall mitigate changes in the value of financial contracts denominated in foreign currency due to fluctuation in exchange rates.

Foreign currency committed exposure related to capex investment and debt financing shall be fully hedged when the FX exposure occurs.

The Company shall, to the extent possible, seek to enter local contracts in its own functional currency and if this is not possible or commercially viable, a risk sharing model, where the Company and the contract counterparty share the currency risk, shall be explored. This could, for instance, be in the form of fixing the exchange rate for a period or resetting the exchange rate, if it moves outside pre-agreed bands.

4.5.5 Hedging Guideline

Hedging shall be done in the external market and with the uses of the following relevant derivative instruments - Foreign exchange rate forward contracts - Foreign exchange cross currency swaps - Interest rate swaps All trading in financial instruments other than Hedging of the above interest rate and currency risk is prohibited. Hedge accounting should be considered for any substantial hedging activity.

4.6 Issuance of Guarantee

The Company shall obtain bank guarantees in the external market. The issuance of bank guarantees under normal course of business shall be approved by CFO.

5. DEFINITIONS

Board of Directors

Board of Directors appointed by the shareholders of the Company.

Taxation

Taxes, including, all state, local and foreign taxes on income, profits, capital gains, transfer, sales, use, occupation, property, stamp, license, payroll, value added taxes (VAT) and other taxes of any kind (whether payable directly or by withholding), tax penalties and interest thereon, and future taxation that may be announced and regulated by revenue department.
