



Announcement of TEAM Consulting Engineering and Management Public Company Limited

No. 9/2018

Subject: Policy on Related Party Transactions

In order to align with the transformation from a limited company to a public company limited, to prepare for the issuance and initial public offering (IPO) of the Company's shares and the listing of the Company on the Stock Exchange of Thailand, and to comply with the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, the Board of Directors' meeting held on March 29, 2018 resolved to cancel Announcement No. 45/2016, which had been announced on November 9, 2016, and hereby issue this new Announcement on the Policy on Related Party Transactions to replace it, as follows.

As the Company places great importance on good corporate governance and the business ethics of directors and executives, as well as the prevention of conflicts of interest in accordance with the previously announced policy, the Board of Directors, at its Meeting No. 1/2018 held on March 29, 2018, approved the Company's Policy on Related Party Transactions in order to prevent conflicts of interest and to comply with the criteria prescribed by the Stock Exchange of Thailand, as follows.

Definitions

"Related Party Transaction" means a transaction between the Company or its subsidiaries and a related person of the Company.

"Entering into a Transaction" means entering into or agreeing to enter into any contract or agreement, whether directly or indirectly, to acquire or dispose of assets, to lease or rent assets, to provide or receive services, to provide or receive financial assistance, and to issue new securities, including creating rights or waiving rights to perform such actions.

"Connected person" means

(1) Directors, executives, major shareholders, controlling persons, or any person proposed to be appointed as a director, executive, or controlling person of the Company or its subsidiaries, including related persons and close relatives of such persons.

(2) Any juristic person (excluding juristic persons established for public charity purposes) whose director, executive, major shareholder, or controlling person is any of the following persons of such juristic person.

- (a) Directors and Executives
- (b) Major Shareholders
- (c) Controlling Persons
- (d) Persons proposed to be appointed as directors, executives, or controlling persons
- (e) Related persons and close relatives of the persons under (a) to (d)

(3) Any person who, by circumstances, can be deemed to act on behalf of or under the influence of the persons under (1) to (2) in making decisions, determining policies, managing, or carrying out operations in a significant manner, or any other person having similar circumstances.

“Executive” means the Chief Executive Officer or the first four executives immediately subordinate to the Chief Executive Officer, and all persons holding positions equivalent to those first four executives immediately subordinate to the Chief Executive Officer.

“Major Shareholder” means a shareholder who directly or indirectly holds more than ten percent (10%) of the total voting shares of any juristic person. In this regard, such shareholding shall include the shares held by related persons and close relatives.”

“Controlling Person” means a shareholder or any other person who, by circumstances, has significant influence over the determination of policies, management, or operations of the Company, whether such influence derives from shareholding, contractual authorization, or any other means.

“Related Person” means a person or partnership under Section 258 (1) to (7) of the Securities and Exchange Act B.E. 2535 (1992).

“Close Relatives” means persons related by blood or by legal registration, including father, mother, spouse, siblings, and children, as well as the spouses of children.

“General commercial terms” means trade conditions with fair prices and terms that do not allow for any undue transfer of benefits, including trade conditions with the following prices and terms:

- (a) Prices and conditions that the Company or its subsidiaries receive or provide to the general public
- (b) Prices and conditions that related parties provide to the general public

- (c) Prices and conditions that the Company can demonstrate as those generally offered by other operators in a similar business to the general public

“Ordinary course of business” means a transaction that the Company or its subsidiaries normally undertake in the course of operations, such as providing project services or engaging specialists.

“Normal Business Support Transactions” means transactions conducted by the Company or its subsidiaries to support normal business operations, such as public relations, marketing, and the engagement of management consultants.

Nature of Related Party Transactions

Can be classified into 2 categories as follows:

- 1) When the Company or its subsidiaries enter into transactions with

- (a) Directors or Executives
- (b) Major Shareholders
- (c) Related persons or close relatives of Directors, Executives or Major Shareholders

2) When the Company or its subsidiaries enter into transactions with another company whose major shareholder or controlling person is a Director, Executive, Major Shareholder, Controlling Person or a person proposed to be an Executive or Controlling Person of the Company or its subsidiaries, including related persons or close relatives of such persons.

The Company attaches importance to considering all transactions with transparency and with the Company’s best interests as the primary focus. Accordingly, it places emphasis on preventing transactions that may constitute conflicts of interest, related party transactions, or intercompany transactions, in accordance with the following key principles:

- Directors and executives of the Company must notify the Company of any relationships or connected transactions in the business that may give rise to a conflict of interest.
- Avoid entering into transactions with directors and executives that may cause conflicts of interest with the Company. In cases where such transactions are necessary, the Company will carefully consider the appropriateness of each transaction, especially the necessity, fairness of the price, and conditions, which must be determined on an Arm’s Length Basis. In cases where the transactions are required to be presented for approval by the Board of Directors, they must first be submitted to the Audit Committee for review and opinion. If the management (Executives / Executive Committee) is authorized to approve according to

the framework endorsed by the Audit Committee, the transactions shall be summarized and reported to the Audit Committee at the next meeting.

- Directors, executives, and employees must comply with the Company's regulations and business ethics, which are considered essential and must be strictly adhered to, in order for the Company to be trusted and relied upon by all stakeholders. The Company shall also disseminate information to ensure employees throughout the organization have a clear understanding and comply accordingly.

Procedures for Entering into Related Party Transactions

The Company has established the following procedures regarding related party transactions:

- 1) For the consideration of related party transactions, the Company shall apply the same criteria as with ordinary customers and business partners, and in accordance with the Company's normal procedures to support business operations. Such transactions must be fair, reasonable, and provide the greatest benefit to the Company, with prices and conditions determined on an Arm's Length Basis.
- 2) The Company shall consider comparing the prices of goods or services with external prices under the same or similar conditions.
- 3) The Company may utilize reports from an independent appraiser appointed by the Company or its subsidiaries to compare prices for significant transactions, in order to ensure that such prices are reasonable and in the best interests of the Group.
- 4) The Company must disclose information on transactions that may involve conflicts of interest, related party transactions, or inter-company transactions in accordance with the rules prescribed by the Office of the Securities and Exchange Commission. Such disclosures must be made in the annual registration statement and annual report, or in other reports as the case may be. In addition, the Company must disclose related party transactions to the Stock Exchange of Thailand in compliance with the Exchange's regulations, as well as disclose transactions involving the Company in accordance with accounting standards.
- 5) Related party transactions shall be reviewed in accordance with the audit plan by the internal auditor, who must report directly to the Audit Committee. Control and monitoring measures shall be implemented to ensure random reviews of the actual transactions, verifying that they are accurate and in compliance with the agreements, policies, or specified conditions.

Key issues to consider

- 1) Reasons and necessity for entering into transactions with related parties or persons with a conflict of interest.
- 2) Reasonableness of the pricing and commercial terms compared to transactions with other companies.
- 3) Opinion of the independent appraiser or financial advisor (if necessary).

Approval of Connected Transactions or Related Transactions

The Company has established the approval authority for entering into related transactions of the Company and its subsidiaries based on the transaction value. The value is calculated from the total consideration under the contract, the book value or the market value (whichever is higher), including any related expenses such as financial costs arising from financing. The approval authority according to the transaction value for each type of transaction is presented in Attachment 1.

Presentation to the Audit Committee on Related Party Transactions

1) Related Party Transactions under the Authority of Management

In the case of related party transactions that fall under the authority of management (executives / the Executive Committee), the management shall be responsible for making decisions. Relevant parties, such as project, procurement, accounting, finance, or the responsible executives, shall be responsible for considering such transactions in accordance with the approval procedures prescribed in the Company's regulations and within the Company's delegated authority. Such transactions must be presented to the Audit Committee for review of their appropriateness and for providing opinions prior to execution. In addition, the transactions must be disclosed in the Company's registration statement and annual report.

2) Related Party Transactions under the Authority of the Board of Directors

In the case of related party transactions that fall under the authority of the Board of Directors, the management shall present the details, necessity, reasonableness, and fairness of the transaction, together with all relevant information required for consideration, to the Audit Committee for its review and opinion prior to seeking approval from the Board of Directors to enter into the transaction. In addition, such transactions must be disclosed in the Company's registration statement and annual report.

3) Related Party Transactions under the Approval Authority of Shareholders

In the case of connected transactions that fall under the approval authority of the shareholders, management must present details regarding the necessity, rationale, and fairness of the transaction, along with all relevant information required for approval, to the Audit Committee for consideration prior to submission to the Board of Directors. Once the Board of Directors has approved, the transaction must then be presented at the shareholders' meeting for approval, which requires a resolution passed by at least three-fourths of the shareholders attending the meeting and entitled to vote, excluding those shareholders who have a conflict of interest. Furthermore, in seeking shareholder approval, the Company must appoint an Independent Financial Advisor (IFA) to provide an opinion on the transaction. The IFA must express views on matters such as the rationale and benefits of the transaction to the Company, the fairness of the price and conditions of the transaction, as well as related risks. In addition, the transaction must be disclosed in the Company's registration statement and annual report.

The related-party transaction policy shall be effective from April 2, 2018 onwards.

Dr. Prasert Patramai

Chairman of the Board

Attachment 1

Table of Approval Authority for Related-Party Transactions Classified by Type and Size of Transaction

Type of Related-Party Transaction	Transaction Value	President jointly with SEVP-FN jointly with EVP-GA	Executive Committee	Board of Directors	Shareholders' Meeting
1. Ordinary business transactions or supporting ordinary business transactions with general commercial terms	\leq THB 2,000,000	Approve			
	\leq THB 30,000,000		Approve		
	$>$ THB 30,000,000			Approve	
2. Normal business transactions or normal business support transactions that do not generally have commercial conditions	\leq THB 1 million or \leq 0.03% of net tangible assets, whichever is higher		Approve		
	$>$ THB 1 million but $<$ THB 20 million or $>$ 0.03% but $<$ 3% of net tangible assets, whichever is higher.			Approve	
	\geq THB 20 million or \geq 3% of net tangible assets, whichever is higher				Approve
3. Lease or sublease of real estate for a period not exceeding three years without ordinary commercial conditions	$<$ THB 20 million or $<$ 3% of the net tangible asset value, whichever is higher		Approve		
	\geq THB 20 million or \geq 3% of the net tangible assets, whichever is higher			Approve	

Type of Related-Party Transaction	Transaction Value	President jointly with SEVP-FN jointly with EVP-GA	Executive Committee	Board of Directors	Shareholders' Meeting
4. Acquisition or disposal of assets, rights / Provision or receipt of services	\leq THB 1 million or \leq 0.03% of the net tangible asset value, whichever is higher		Approve		
	$>$ THB 1 million but $<$ THB 20 million or $>$ 0.03% but $<$ 3% of the net tangible asset value, whichever is higher			Approve	
	Greater than \geq THB 20 million or \geq 3% of the net tangible asset value, whichever is higher				Approve
5. Financial assistance transactions 5.1 The listed company or its subsidiaries provide financial assistance to related parties as follows: 1) Related parties who are natural persons 2) Related parties who are juristic persons in which the listed company or its subsidiaries hold shares in a lower proportion than other related parties (other than the listed company or its subsidiaries, as the case may be) hold in such juristic persons	$<$ THB 100 million or $<$ 3% of the net tangible asset value, whichever is lower			Approve	
	\geq THB 100 million or \geq 3% of the net tangible asset value, whichever is lower				Approve
5.2 Financial assistance transactions other than those under 5.1, or receipt of financial assistance	\leq THB 1 million or \leq 0.03% of the net tangible asset value, whichever is higher		Approve		
	$>$ THB 1 million but $<$ THB 20 million or $>$ 0.03% but $<$ 3% of the net tangible asset value, whichever is higher			Approve	
	\geq THB 20 million or \geq 3% of the net tangible asset value, whichever is higher				Approve

Notes

- 1) Related party transactions must obtain the opinion of the Audit Committee prior to being submitted to the Executive Committee or the Board of Directors.
- 2) The approval of related party transactions by the authorized persons, as specified in the approval matrix, must not involve any directors or executives who have a vested interest in such transactions.
- 3) If the Company enters into other related party transactions that fall under the requirements of the Stock Exchange of Thailand, the Company must strictly comply with such requirements.