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Effective Date: February 20, 2025

## Investment Policy and Governance of Subsidiaries and Affiliates

### North East Rubber Public Company Limited

North East Rubber Public Company Limited is committed to an investment strategy that fosters sustainable growth in the rubber industry. The company aims to expand its production base to new, high-potential locations to increase output and meet global market demand. Our investment approach prioritizes sustainability and environmental responsibility, ensuring long-term stability for the company.

Investment and/or joint ventures will be considered based on favorable economic conditions at the time, aligning with principles of good corporate governance. To this end, the company has established an **Investment Policy and Governance Framework for Subsidiaries and Affiliates**, which sets out direct and indirect measures and mechanisms to effectively oversee management, ensure operational accountability, and manage risks at appropriate levels.

Furthermore, the company ensures continuous monitoring and supervision of its subsidiaries and affiliates, ensuring compliance with established measures and mechanisms as if they were integral units of the company. This approach safeguards the company's investment interests while enhancing shareholder confidence. The policy is designed with clear objectives, scope, and key governance principles as follows:

#### 1. Objectives

- 1.1 This policy aims to establish criteria and guidelines for the governance of subsidiaries and affiliates to ensure that their operations adhere to good corporate governance (CG) standards and comply with relevant laws and regulations.
- 1.2 To establish policies and operational strategies for subsidiaries and affiliates that align with the company's goals, vision, and strategic plans.

#### 2. Scope

This policy applies to all subsidiaries and affiliates in which the company is involved in management or holds controlling authority, as defined in the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 regarding the Application for and Approval of Offerings of Newly Issued Shares (including any subsequent amendments).

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### 3. Principles

The company has a policy to invest in businesses that are related or closely aligned with its core operations, ensuring long-term benefits and value creation for both the company and its shareholders. This approach aims to enhance the company's competitive advantage and support its goal of becoming a leading enterprise in its primary business sector.

For the purposes of this policy, "**subsidiaries**" and "**affiliates**" include both direct and indirect subsidiaries and affiliates, as defined by the relevant notifications of the Capital Market Supervisory Board.

### 4. Governance and Oversight

**4.1 Governance:** The Board of Directors has the authority and responsibility to oversee the policies and operations of subsidiaries and other significant investments made by the company. This oversight will be conducted at a level appropriate to the nature and scale of each business, ensuring effective governance and alignment with the company's overall strategic objectives.

**4.2 Internal Audit:** The company will conduct thorough internal audits of its subsidiaries and affiliates to ensure compliance with the established policies and standards.

**4.3 Reporting:** Subsidiaries and affiliates must regularly report their performance and compliance with policies to the Governance Committee to ensure ongoing oversight and alignment with the company's objectives.

#### Investment Policy in Subsidiaries and Affiliates

The company has a policy to invest in businesses that align with its goals, vision, and strategic plan for sustainable growth. Each investment in subsidiaries or affiliates will undergo a detailed analysis of feasibility and investment risks to ensure that the investment will generate sustainable returns with an acceptable level of risk. Such investments must be approved by and/or receive consent from the Executive Committee, the Board of Directors, or the shareholders' meeting of the company (as applicable). Furthermore, any investment in subsidiaries and/or affiliates must comply with the relevant regulations and notifications of the Capital Market Supervisory Board and the Securities and Exchange Commission of Thailand.

To protect the company's investment interests in subsidiaries and affiliates, the company has established a governance policy for subsidiaries and affiliates. This includes the oversight, monitoring, evaluation, and regular reporting of performance. Furthermore, the policy aims to ensure mutual understanding and alignment with the



company's vision, policies, and key objectives across all subsidiaries and other businesses in which the company has invested. The details of this governance approach are as follows:

#### **Governance Policy for Subsidiaries and Affiliates**

The company has established governance mechanisms for overseeing both direct and indirect subsidiaries and/or affiliates, along with measures to monitor the management of subsidiaries and/or affiliates. These mechanisms aim to protect the company's investment interests and ensure that it can effectively control, manage, and be accountable for the operations of its subsidiaries and/or affiliates, as if they were integral units of the company. The following are the key components of these governance mechanisms:

1. The Board of Directors is responsible for monitoring and overseeing the management and operations of subsidiaries and/or affiliates to ensure compliance with the policies set by the company, relevant business laws, and regulations issued by the Securities and Exchange Commission (SEC), including the Securities and Exchange Act, the Capital Market Supervisory Board's announcements, and the regulations of the Stock Exchange of Thailand, insofar as they do not conflict with other laws.
2. The Board of Directors is responsible for appointing representatives to serve as directors and executives in subsidiaries and/or affiliates, at least in proportion to the company's shareholding in the subsidiary or affiliate involved in the core business. There must be policies or procedures requiring the approval of the Board of Directors before sending such individuals. Additionally, the roles and responsibilities of appointed representatives as directors and executives in subsidiaries and/or affiliates must be clearly defined. The scope of duties and responsibilities must also be specified, ensuring that their decisions on important matters in the board meetings of the subsidiaries and/or affiliates are subject to the prior approval of the Board of Directors, unless restricted by other laws, public-private partnership conditions, or other stipulations under the Securities and Exchange Act, the Capital Market Supervisory Board's announcements, or the regulations of the Stock Exchange of Thailand. Furthermore, the directors and executives of the subsidiaries and/or affiliates must meet the qualifications prescribed by relevant laws and must not have characteristics that would disqualify them under the Securities and Exchange Commission's regulations regarding the credibility of directors and executives.
3. The Board of Directors is responsible for ensuring that subsidiaries and/or affiliates implement effective internal control systems, risk management frameworks, and anti-fraud measures. The Board must also establish procedures to monitor the performance of subsidiaries and/or affiliates in an

efficient, consistent, and robust manner, ensuring that their operations align with the company's plans, budgets, policies, and legal requirements. This includes compliance with the Corporate Governance Code for Listed Companies, and all relevant announcements, regulations, and guidelines from the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand. Additionally, the Board must oversee the directors and executives of subsidiaries and/or affiliates, ensuring that they fulfill their duties and responsibilities in accordance with the law.

4. The Board of Directors is responsible for overseeing and ensuring that subsidiaries and/or affiliates disclose significant information to the Stock Exchange of Thailand, the Securities and Exchange Commission, and the general public, such as financial status, operational performance, related party transactions, transactions that may present conflicts of interest, significant asset acquisitions or disposals, and other important matters that are not part of the regular business operations of the subsidiaries and/or affiliates. The disclosed information must be complete, accurate, and provided within the timeframe set by the company, in compliance with the guidelines of the relevant regulatory bodies.
5. In the case where a subsidiary enters into related party transactions with related parties of the subsidiary, or transactions involving the acquisition or disposal of significant assets of the subsidiary, as per the guidelines set forth in the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand (as applicable), the company and its subsidiaries must comply with the criteria and procedures specified in those announcements before engaging in such transactions. The subsidiary must follow the same procedures and guidelines as if the company itself were conducting the transaction. Additionally, if such transactions require approval from the Board of Directors and/or the shareholders' meeting of the company, as stipulated by the announcements of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant laws, the company and its subsidiaries should evaluate the size of the transaction in relation to the company's consolidated financial statements.
6. Any transaction or action that significantly affects the financial position and performance of subsidiaries and affiliates, and requires approval from the Board of Directors or the shareholders' meeting of the company (as applicable), shall require the company's Board of Directors to organize a meeting of the Board of Directors and/or shareholders' meeting (as applicable) to consider and approve the matter before the subsidiary or affiliate holds its own board meeting and/or

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shareholders' meeting (as applicable) for approval prior to executing or taking action on the matter. In this regard, the company must disclose relevant information and comply with the criteria, conditions, procedures, and methods related to the transaction, as stipulated by the Public Limited Companies Act, the Civil and Commercial Code, securities laws, and other applicable regulations, as well as announcements, rules, and guidelines from the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand, with appropriate adjustments (as long as they do not conflict).

The policy shall be reviewed and updated regularly to ensure it remains in compliance with changes in laws, regulations, and the business environment, at least once a year.

This Investment and Governance Policy for Subsidiaries and Affiliates was approved by the Board of Directors at the meeting No. 1/2025 on February 19, 2025. It shall be effective from February 20, 2025, onwards.

- Mr. Chanitr Charnchainarong -  
(Mr. Chanitr Charnchainarong)  
Chairman of the Board of Directors/  
Corporate Governance and Sustainable  
Development Committee