

Product Governance Policy

September 2019

Aberdeen Standard Asset Management Thailand (ASAMTL) Product Governance Policy

Background:

SEC regulation relating to Product Governance is effective on 1st July 2017. The regulation outlines the product governance principles and practices that Asset Managers must adopt with regards to the launch and sales of asset management products. The regulation aims to create greater market confidence among investors, develop the long term interest of the industry and to place investors' interest at the core of business operations requiring Asset Managers to fulfill 6 objectives:

1. Fund design must place the needs and benefits to the target investors at the core of the design
2. Asset Managers must truly understand the characteristics and risks associated to their products
3. Fund management products must be sold through the appropriate channels
4. Agents/distributors and middle persons must understand the characteristics and risks associated of the funds and their target investors
5. Investors must understand the characteristics and risks associated to the funds before investing
6. Asset Managers must monitor the fund management products and the conducts of their selling agents/distributors on a regular basis, should an undesired event occur, an appropriate cause of action must be in place .

The Policy hereunder is a statement of intent for ASAMTL's fulfilment of Product Governance and Fair Dealing objectives by adopting the 4 stated principles:

1. Organisational structure, the role of board of directors and duty of senior management defined to support business conducts in accordance with Product Governance principles
2. Product Development process designed with investors' interest at the core and scope of product risks clearly defined
3. Distributor selection and communication carried out appropriately and with confidence of agents awareness of the risks and process associated with ASAMTL's products
4. Product and distributor monitoring implemented to ensure the fund(s) suitability to the target investors, including the notification of key events/factors that may impact the fund(s) underlying characteristics

ASAMTL has established the policy and its framework regarding the launch and offering of the Fund's product, as follows:

Organisation Structure, Role of Board of Directors and Duty of Senior Management:

The Board of Directors (The Board), shall maintain commitment in determination of ASAMTL's mission, vision and value. The Board shall adopt and implement, advocate the adherence of Product Governance policies and principles across company, promote ethical work culture, risk culture with full consideration to the business strategy as agreed by The Board. The Board will acknowledge its Product Governance responsibilities and adopt them accordingly.

The Board of Directors and the High Level Executives have given importance and supported the business operation according to the Product Governance Principle as the core of organisational culture which will help the business to grow sustainably. Further, the Company will be confident

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on the quality of product launched and offered by the Fund and it will reduce the risk of mis-selling and mis-buying.

The Board shall delegate or escalate tasks/oversight of processes required to achieve Product Governance objectives as appropriate, which shall include the communication and avocation of Product Governance awareness, Companywide. The Board shall further delegate the implementation of working guidelines to achieve Product Governance objectives.

Product Development Process:

ASAMTL shall adopt its Product Development process in accordance with applicable ASI Procedure and SEC principles.

The ASI has established the appropriate procedure of the Fund's product development in order that the design and offering of the company's product will meet the investors' need. Moreover, the ASI also takes into account the investors' benefit in terms of product and providing of service. The company has prescribed the level of the Fund's risk and complexity, accordingly, the company will use such information to consider and prescribe the guideline in offering the investment units appropriately.

Distributor Selection and Communication:

ASI Thailand shall adopt its Distributor Selection and Communication process in accordance with applicable ASI Procedure and SEC principles.

The Company has established the rule in considering and selecting the distributors and independent selling agents in investment units offering in order to ensure that the distributors will be able to perform their duty in investment units offering appropriately. In this regard, the Company has assigned its Distribution to consider and propose the matter to the Executive Committee/Board for consideration and approval;

Product and Distributor Monitoring:

ASI Thailand shall adopt its Product and Distributor Monitoring process in accordance with applicable ASI Procedure and SEC principles.

The Company established the process of product monitoring and distributors monitoring product in order to ensure that the product is in line with the details of risk, performance the target group of investors, analysing and rectified the impact of any situation to the fund (if any).

The Company has the process to monitor the performance and responsibility of distributor to ensure that the offered product is compatible with the target investors and investor understands the product.

Regulation: SEC Sor.Thor. 18/2560

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SEC (Thailand) introduced the new concept of “fair dealing” which require financial institutions to deliver fair dealing outcomes when providing financial advisory services to customers. The guideline focuses on Board and Senior Management responsibilities for delivering fair dealing outcomes to customers.

The Senior Management Team of ASI is committed to the implementation of Fair Dealing Outcomes in order to prevent the miss-selling or inappropriate selling of financial products to investors at the pre-sales, point of sales, as well as post-sales processes, by requiring intermediaries to improve effectiveness of internal communication with their salespersons and laying down effective monitoring system to ensure service quality of their salespersons.

The procedure sets out the following eight fair dealing outcomes and applies to the selection, marketing and distribution of capital market products and the provision of advice for these products. They also cover responsibilities for after-sales services and complaints handling.

1. Organization Structure / The responsibilities of the Board and Senior management
2. Product Selection and Client Segmentation
3. Communication and Training Program to the Sales person
4. Sales Process
5. Remuneration Structure
6. Complaint Handling
7. Internal Control and In-House Inspection
8. Operation and Business Continuity.

1. The responsibilities of the Board and Senior management

- Charting the corporate policy and strategy to deliver the fair dealing outcomes to customers;
- Implementing the corporate policy and strategy approved by the Board;
- Setting the culture and direction of ASI to align business practices with the fair dealing outcomes;
- Influencing attitudes and behavior of staff at all levels of the Company, and requires concerted and wide ranging measures;
- Devising a strategy and implemented plans to achieve the fair dealing outcomes;
- Aligning organization policies and practices to the fair dealing outcomes;
- Communicating a clear and consistent message to internal and external stakeholders that delivering the fair dealing outcomes to customers is an important organizational priority; and
- Ensuring that the Company establishes a management information framework to measure and monitor achievement of the fair dealing outcomes.

2. Product Selection and Client Segmentation

ASI shall offer products and services that are suitable for our target customer segments.

- Identifying customer segments for which the product is suitable, and customer segments for which the product is clearly not suitable;

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- Assessing and fully understanding the features and risk-reward characteristics of the product;
- Proposing appropriated marketing channel for the product, for example, through representatives, the internet or direct marketing;
- The competency of its representatives and their ability to understand the product features and risk-reward characteristics;
- Educating representatives to provide quality advice and make appropriate recommendations on products;
- Having systems and processes, including fact-find forms, risk profiling questionnaires and other documents, and be able to support the sale of the product; and
- Conducting Product Due Diligence.

3. Communication and Training Program to the Sales person

- Ensuring competency of representatives;
- Undergoing a structured training programme covering the advisory and sales process, regulatory requirements, market developments, and other relevant topics;
- Ensuring that our training materials contain accurate and clear information on each investment product, consistent with the product due diligence performed by the Company and information furnished by the product provider;
- Ensuring that regular checks of sales process are performed;
- Monitoring the quality of advice and suitability of recommendations given by the representatives and adequacy of documentation of the advisory process;
- Monitoring representatives' sales activities to ensure that representatives only conduct activities which they are qualified and authorized to perform; and
- The Company shall train our representatives to undertake a proper fact-find and risk profiling analysis to provide each customer with quality advice and appropriate recommendations.

4. Sales Process

- ASI shall provide customers with clear and relevant information to enable them to make informed financial decisions. Such information should be given before, during and after the advisory and sales process;
- After-sales updates on product performance and any material developments relating to the investments shall be updated to customers so that they can take steps to protect their interests;
- Ensuring the readiness of sales and services;
- Standards of Sales Process and Servicing; and
- Sales Process and Servicing for vulnerable investor, and customers with limited knowledge of investment products understand the information that is disclosed to them.

5. Remuneration Structure

ASI does not have the remuneration structure which is based on sales volume.

6. Complaint Handling

Client complaints are managed in an independent, effective and prompt manner.

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7. Internal Control and In-House Inspection

ASI has the responsibility for maintaining and reviewing the effectiveness of risk management and internal control systems e.g. compliance, and internal audit function.

8. Operation and Business Continuity

ASI shall adopt Group BCM policy.

Regulation: SEC Sor.Thor. 3/2560