



**Control Policy**

**of**

**CK Power Public Company Limited and its Affiliated Companies**



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## Objectives

CK Power Public Company Limited (the “Company”) engages in business as a holding company investing in the energy business. In this regard, the Company’s decisions to invest in various businesses not only take into account returns on investment for all stakeholders, but also significantly focus on the Good Corporate Governance Principles of the Stock Exchange of Thailand (“SET”) and the Office of the Securities and Exchange Commission (“SEC Office”), including other future rules to be applicable. Therefore, the Company provides governance mechanisms which enable the Company to control, supervise, manage and be responsible for the operations of the Company’s subsidiaries as if they were business units of the Company, and also establishes measures to monitor the management of such companies to protect the interests in the Company’s investments. To this effect, the Company provides the Control Policy and Governance Mechanisms (“Control Policy”) in accordance with the guidelines of the Notification of the Capital Market Supervisory Board along with the Good Corporate Governance Principles of the SET and the SEC Office while simultaneously requiring the Company’s subsidiaries to ensure implementation of such mechanisms through the subsidiaries’ respective Board of Directors Charters (“BOD Charter”). This is to engender confidence on the part of all stakeholders that any such companies invested in by the Company have transparent and auditable management systems in place, whether directly or indirectly, in pursuit of the business continuity and sustainable growth, by which the Company can absolutely monitor the management, finance and investment of those companies.

## Definitions

Subsidiary<sup>1</sup>: a company in which the Company holds more than 50 percent of the total number of shares with voting right of such company, or a company in which such company holds more than 50 percent of the total number of shares with voting right of such company, or a company whose shares are held in tiers, with a shareholding in each tier exceeding 50 percent of the total number of shares with voting right of such company. This shall also include shareholdings by its related persons.

Associated company<sup>1</sup>: a company in which the Company or its subsidiary holds in an aggregate amount of 20 percent or more, but not exceeding 50 percent of the total number of shares

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<sup>1</sup> Definitions under the Notification of the SEC Re: Filing and Exemption from Filing of the Registration Statement for the Offer for Sale of Securities.

with voting right of such company, or a company in which the Company or its subsidiary has authority to participate in decision making related to the company's financial policy and business operation, but has no control over such policy and is not deemed as subsidiary or joint venture. This shall also include shareholdings by its related persons.

Affiliated company<sup>2</sup>: Subsidiaries and associated companies under control, management and supervision by the Company, which currently exist and to be established in the future.

### **Scope**

To ensure that the Control Policy fulfills criteria for supervising the operations of subsidiaries or associated companies in accordance with the Notifications of the Capital Market Supervisory Board as currently applicable and to be amended in the future, including the Good Corporate Governance Principles of the SET as currently existing and to be amended in the future, per the details as follows:

### **Control Policy on Management of Subsidiaries and Associated Companies**

1. The Company furnishes guidance for voting by the Company's representatives in the board of directors' meetings or shareholders' meetings of the subsidiaries or associated companies, in line with the Company's operational policies and guidelines, and in compliance with the Good Corporate Governance practices, as well as to protect the best interests of the Company, its subsidiaries and associated companies, and other shareholders, together with stakeholders as a whole.
2. The Company organizes the management structures of its subsidiaries or associated companies so that the Company can control and is responsible for the operations of the subsidiaries or associated companies as if they were business units of the Company. The Company also sets out measures to monitor the management of the subsidiaries or associated companies to protect the interests in the Company's investments, as follows:

#### **2.1 Nomination of Directors in Subsidiaries or Associated Companies**

The Company has assigned its personnel approved by resolutions of the Board of Directors' meeting of the Company to be appointed as directors or executives in its subsidiaries or associated companies at least in accordance with the Company's shareholding ratio in the respective subsidiaries or associated companies. Such

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<sup>2</sup> Definition under the Company's Code of Business Conduct, referred to the definition of "affiliated company" by the Department of Business Development, Ministry of Commerce.



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nominated directors or executives have qualifications, roles, duties and responsibilities, without any untrustworthy characteristics under the Notification of the SEC Re: Determination of Untrustworthy Characteristics of Company Directors and Executives.

2.2 Scope of Duties and Responsibilities of Directors and Executives in Subsidiaries and Associated Companies

Directors or executives appointed by resolutions of the Board of Directors' meeting of the Company to hold positions in the subsidiaries and associated companies have the scope of duties and responsibilities as follows:

2.2.1 Directors and executives of the subsidiaries and associated companies have the scope of duties and responsibilities as to be specified by the boards of directors of the respective subsidiaries or associated companies and/or the shareholders' meetings of the respective subsidiaries or associated companies that directors and executives of the subsidiaries or associated companies have discretion to consider and vote at the boards of directors' meetings of the subsidiaries or associated companies on day-to-day management and general business operations of the subsidiaries or associated companies as deemed appropriate by the directors and executives of the subsidiaries or associated companies in the best interests of the subsidiaries or associated companies and the Company.

However, with respect to consideration and voting on the following matters, which are considered material, such persons appointed by resolutions of the Company as directors or executives of the subsidiaries may not exercise their discretion to consider and vote on these matters at the board of directors' meetings or shareholders' meetings of the subsidiaries, unless they have received prior approval from either the meeting of the Company's Board of Directors or the meeting of the shareholders of the Company (as the case may be).

- a. Consideration of execution of connected transactions of the subsidiaries, under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (the "Notification on Connected Transactions");

- b. Consideration of execution of acquisition and disposition of assets of the subsidiaries, under the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets (the “Notification on Acquisition and Disposition”);
  - c. Consideration of execution of material transactions under Items 2.2.5, 2.2.6 and 2.2.7.
- 2.2.2 Directors or executives of the subsidiaries or associated companies must perform the duties with responsibility, due care and integrity and comply with the laws, objectives, articles of association of the subsidiaries or associated companies as well as resolutions of their boards of directors and resolutions of the shareholders’ meetings, including the BOD Charters as approved by the board of directors of the subsidiaries in accordance with the requirements of the Company’s Board of Directors.
- 2.2.3 Directors and executives of the subsidiaries or associated companies have a duty to disclose to the Company accurate and complete information regarding financial position and operational results, connected transactions, as well as acquisition or disposition of material assets, within a reasonable time designated by the Company. Moreover, the execution of connected transactions on acquisition or disposition of material assets must take into account the applicable rules of the Notification on Connected Transactions or the Notification on Acquisition and Disposition, including any other relevant rules of the SEC Office and the SET.
- 2.2.4 The final decisions of the meetings of the boards of directors or of the executives in the subsidiaries or associated companies are made by a majority vote, except for the consideration of the following matters at the meetings of the boards of directors or of the executives of the subsidiaries, which first require resolutions of the meeting of the Company’s Board of Directors or of shareholders of the Company, as the case may be:
- a. Execution of transactions with connected persons of the subsidiaries under the Notification on Connected Transactions; and
  - b. Acquisition or disposition of assets of the subsidiaries.



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The consideration of execution of such transactions of the subsidiaries must comply with the applicable rules on execution of such transactions of similar nature and size as that of the Company which require resolutions of the meeting of the Board of Directors or of shareholders of the Company.

2.2.5 Apart from the transactions under the Notification on Connected Transactions or the Notification on Acquisition and Disposition above, the following transactions are considered material transactions, in respect of which the subsidiaries have a duty to provide information to the Company. Such transactions are subject to prior approval by resolutions of the meeting of the Board of Directors of the Company before convening a meeting of the board of directors of the subsidiary to consider such matters. Directors or executives appointed by the Company to hold positions in the subsidiaries may vote on any matters only after obtaining prior approval from the Company's Board of Directors:

Furthermore, transactions which are deemed material including transactions outside the annual budget approved by the board of directors of the subsidiary and which, once executed, will materially affect the subsidiary's financial position and operational results, per the details as follows:

- (1) Assignment or waiver of benefits, including waiver of claims which are material to the subsidiary against those causing damage to the subsidiary;
- (2) Sale or transfer of all or a substantial part of the business of the subsidiary to any third party;
- (3) Purchase or acceptance of transfer of substantial business of another company as part of the subsidiary;
- (4) Execution, amendment or termination of agreements relating to lease of all or a substantial part of the business of the subsidiary, authorization of other persons to manage the business of the subsidiary, or consolidation of business with another company for the purpose of profit/loss sharing;
- (5) Lease or hire-purchase of all or a substantial part of the business or assets of the subsidiary;



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- (6) Borrowing, lending, provision of credit, giving security, execution of any juristic acts binding upon the subsidiary to materially incur additional financial burden, in case of a third party's lack of liquidity or failure to perform its objections, or provision of financial support to third parties in any other manner which is not in the ordinary course of business of the subsidiary;
- (7) Consideration of payment of annual dividend and interim dividend (if applicable) of the subsidiary;
- (8) Dissolution of the subsidiary; provided that upon calculation of the size of the subsidiary's business to be dissolved in comparison with the size of the Company under the Notification on Acquisition or Disposition, it is subject to consideration and approval of the Company's Board of Directors;
- (9) Amendment of the articles of association of the subsidiary.

2.2.6 The following matters are material transactions, in respect of which the subsidiary requires prior approval by resolutions of the shareholders' meeting of the Company:

- (1) Capital increase by way of issuance of capital increase shares of the subsidiary and allocation of shares, as well as reduction of the registered capital, which does not comply with the existing shareholding ratio and which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, by 10 percent of the subsidiary's registered and paid-up capital, or which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, to be less than 50 percent of the subsidiary's registered and paid-up capital;
- (2) Any other undertaking which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, by 10 percent of the subsidiary's registered and paid-up capital, or which will result in a decrease in the Company's direct and indirect shareholding ratio in the subsidiary, in any tier, to be less than 50 percent of the subsidiary's registered and paid-up capital;





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(3) Dissolution of the subsidiary; provided that upon calculation of the size of the subsidiary's business to be dissolved in comparison with the size of the Company under the Notification on Acquisition or Disposition, it is subject to consideration and approval of the shareholders' meeting of the Company.

2.2.7 Other than those in Items 2.2.5 and 2.2.6, if the subsidiary will enter into any other transaction, which is not in the ordinary course of business of the subsidiary, and which will materially affect the subsidiary, such transaction must obtain prior approval from the Company's Board of Directors or a shareholders' meeting of the Company, as the case may be; provided that the subsidiary will consider executing such transaction in accordance with the size as calculated under the criteria specified in the Notification on Acquisition or Disposition.

3. Directors and executives of the subsidiaries must disclose and report on their own interests and their related persons' interests in connection with any transactions in other businesses, which may reasonably be expected to give rise to a conflict of interest with the Company or the subsidiaries, to the boards of directors of the subsidiaries or such persons as designated by the boards of directors of the subsidiaries, within the time as specified by the subsidiaries. The subsidiaries' boards of directors have a duty to report to the Company's Board of Directors on such matters within the time as specified by the Company. Such disclosure is required to support the consideration, decision-making or any approval, mainly taking into account the overall interests of the subsidiaries and the Company.

Directors or executives of the subsidiaries must not participate in any approval of such matters in which they have interests or a conflict of interest.

4. Directors or executives of the subsidiaries, including their related persons, have a duty to report to the boards of directors of the subsidiaries on their relationships and transactions with the subsidiaries in a manner which may give rise to a conflict of interest, and to avoid any transactions which may give rise to a conflict of interest with the subsidiaries. The subsidiaries' boards of directors have a duty to report to the Company on such matters.

The following acts by which the subsidiaries' directors, executives or their related persons acquire any financial benefits other than those in the ordinary course or which cause damage to the subsidiaries, are presumed to be an act in material conflict with or against the subsidiaries' interests.



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- (1) Transactions between the subsidiaries and directors, executives or their related persons, which do not comply with the rules on execution of connected transactions;
  - (2) Use of information of the Company or of the subsidiaries to which they have access, except for such information which is already available to the public; or
  - (3) Use of assets or business opportunity of the Company or of the subsidiaries in a manner in violation of the rules or general practice as specified by the Capital Market Supervisory Board.
5. The subsidiaries must report on the business plan, expansion of business, large scale investment projects, including any joint investment with other operators, to the Company by means of a monthly report on operation results, and the Company has the right to require the subsidiaries to provide an explanation or documents in support of its consideration on any particular matters, with which the subsidiaries will strictly and immediately comply. With respect to the subsidiaries' compliance with this Item, the subsidiaries have a duty to consider and comply with the Control and Monitoring Policy on Investment Plans of Subsidiaries or Associated Companies.
  6. The subsidiaries must provide information or documents relating to their operations to the Company upon request as appropriate.
  7. The Company may require the subsidiaries to provide an explanation and/or documents in support of its consideration on any material issues found by the Company.
  8. Directors, executives, staff, employees or any authorized persons of the subsidiaries, including their spouses and underage children, are prohibited from using internal information of the Company and of the subsidiaries, whether available through the performance of duties or by any other means, which has or may have a material adverse effect on the Company or the subsidiaries, for personal gain or for others, whether directly or indirectly, and whether with or without consideration.
  9. Directors, executives or their related persons of the subsidiary may enter into transactions with the subsidiary only after such transactions have been approved by the Company's Board of Directors or the shareholders' meeting of the Company based on the size as calculated under the criteria specified in the Notification on Connected Transactions, except for such transactions



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which involve commercial agreements in a manner persons of ordinary prudence may enter into with general parties under the same circumstances, through commercial negotiation without exercising influence in their capacity as directors, executives or their related persons, as the case may be, and which constitute commercial agreements approved by the Board of Directors of the Company or which comply with the criteria approved by the Board of Directors of the Company.

**Control Policy on Financial Matters of Subsidiaries and Associated Companies**

1. The subsidiaries and associated companies have a duty to submit their monthly reports on operational results and quarterly financial statements reviewed by their certified public accountants, as well as documents in support of the preparation of the financial statements of the subsidiaries or associated companies, to the Company, and will allow the Company to use such information in support of the preparation of the consolidated financial statements or report on operational results of the Company, quarterly or annually, as the case may be.
2. The subsidiaries and associated companies have a duty to estimate their operational results and make a comparative summary between planned and actual operational results on a quarterly basis, and monitor their operational results to ensure compliance with the plans for reporting to the Company.
3. The subsidiaries and associated companies have a duty to report on any financial issues which are material to the Company upon finding or request by the Company for inspection and report.

**Control and Monitoring Policy on Investment Plans of Subsidiaries and Associated Companies**

1. Each subsidiary has a duty to set out an investment plan by specifying the investment timeframe from project commencement until commercial operation, project feasibility study, negotiations on related key contracts, such as negotiation with concession grantor, negotiation on request for project development, financing, negotiation with power purchaser, design, construction, supply of equipment, negotiation on EPC contract, etc.



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2. Each subsidiary has a duty to follow up progress of implementation of each project, and summarize a comparison between the actual schedule and the specified timeframe on a quarterly basis in order to follow up the results of operations in accordance with the specified timeframe.
3. Each subsidiary has a duty to report to the Company on progress and summarize a comparison of each project under Item 2 above, including material problems of implementation of each project.
4. The Company requires that the Company's directors and/or executives who have been appointed as directors and/or executives in associated companies have a duty to report to the Company on progress of each project, including material problems of implementation of each project.

**Control Policy on Corporate Governance of Subsidiaries and Associated Companies**

1. Each subsidiary has a duty to comply with the Company's Corporate Governance Policy, including other relevant policies as formulated and to be formulated by the Company, which shall be applicable to its affiliated companies.
2. Each subsidiary has a duty to comply with the Company's Code of Business Conduct, including other relevant codes of conduct as formulated and to be formulated by the Company, which shall be applicable to its affiliated companies.
3. Each subsidiary has a duty to comply with the Company's practical guidelines as formulated and to be formulated by the Company, which shall be applicable to its affiliated companies.
4. The Company requires that the Company's directors and/or executives who have been appointed to hold the positions in associated companies comply with the policies, codes of conduct, and practical guidelines of the Company to ensure consistency with the administrative policies and guidelines of the Company to the extent that they are not in conflict with or against the policies and managerial guidelines of such associated companies.

**Review of the Control Policy and the BOD Charters of Subsidiaries**

Review of the Control Policy and the respective BOD Charters of the subsidiaries can be made only upon approval by the meeting of the Board of Directors of the Company. The board of directors of each subsidiary will pass a resolution approving its BOD Charter as approved by the Board of Directors of the Company. In this regard, the Control Policy and the respective BOD Charters of the subsidiaries shall be



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regularly reviewed every 2 years or as appropriate to ensure that it is suitable, up-to-date and in line with the regularly updated corporate governance rules of the SET and the SEC Office, including other regulatory agencies. Furthermore, the Control Policy has been publicly disclosed on the Company's website, with its intention to communicate the firm commitment and operations based on the Good Corporate Governance Principles of the companies invested in by the Company in a concrete, transparent and auditable manner.

To that end, the existing Control Policy which was promulgated on June 12, 2013 shall be repealed and replaced by this Control Policy Amended No. 1 which has been already reviewed and approved by the Company's Board of Directors' Meeting No. 6/2021 on September 30, 2021.

This Policy shall come into force from September 30, 2021 onwards.

It is hereby announced for general acknowledgment and action.

- Signature -

(Dr. Thanong Bidaya)

Chairman of the Board of Directors