



Control Policy and Governance Mechanisms

of

CK Power Public Company Limited and its Affiliated Companies



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Objectives

CK Power Public Company Limited (the “**Company**”) was incorporated to engage in business as a holding company investing in the energy business. 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**”). The Company recognizes this factor as a mechanism for transparent and auditable management systems. As the major shareholder, the Company has complete control and is responsible for the operations as well as directing the management of those businesses in which the Company invests as if they were business units of the Company. In addition, the Company monitors the management of such businesses to protect the interests in its investments. These measures will increase value and engender confidence on the part of the Company’s stakeholders in that such businesses in which the Company invests will operate as going concerns continuously and sustainably.

Scope

The Company thus sets out this Control Policy and Governance Mechanisms to comply with the rules on supervision of operations of the subsidiaries and associated companies under the Notification of the Capital Market Supervisory Board No. TorChor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, including the Good Corporate Governance practice of the SET, as described below :

CONTROL POLICY ON MANAGEMENT OF SUBSIDIARIES AND ASSOCIATED COMPANIES

1. The Company furnishes guidance for voting by the Company’s representatives in shareholders’ meetings of the subsidiaries and associated companies, in line with the Company’s shareholding ratio in the subsidiaries and associated companies, and in compliance with the Good Corporate Governance practice of the SET, as well as to protect the best interests of the Company, its subsidiaries and associated companies, and other shareholders as a whole, as follows:

(1) Confirmation of the Minutes of the Ordinary/Extraordinary General Meetings of Shareholders

For If the proposed draft Minutes record accurate and complete details of the Meetings.

Abstain If the Company's representative is absent from the Meeting.

(2) Approval of the Annual Financial Statements

For If the auditor provides an unqualified opinion or its opinion is qualified with respect only to issues immaterial to the financial statements, and without any impact on the shareholders' overall interests.

Against If the auditor provides an opinion or an observation that any part of the financial statements raises doubts about information accuracy.

(3) Election of Directors and Fixing of Remuneration

Election of Directors

For If the nominated candidates are qualified and do not have any prohibited characteristics as specified by laws, are knowledgeable, capable and have experience useful to the business operations, and will dedicate adequate time and contribute to perform duties as directors, which will be considered on an individual basis.

Against If the existing director is nominated for re-election and such director is disqualified and possesses any prohibited characteristics as specified by laws, or lacks knowledge, capability and experience useful to the business operations, and cannot contribute adequate time to perform the duties as a director, without reasonable cause. The appointment of new directors in the associated companies or subsidiaries must not violate the Company's rules on control and governance per Item 2.1 and any applicable legal requirements.

Fixing of Remuneration of Directors

For If the proposed remuneration of directors is reasonable considering the duties, responsibilities and performance of the board which had a positive impact on the subsidiary or associated company's operational results.

Abstain In case of a special remuneration whose amount is not disclosed or in case of ESOP resulting in dilution which is material to the subsidiary or associated company and does not follow rules of the regulatory bodies.

(4) Appointment of Auditor and Fixing of Remuneration

For If, upon consideration, the auditor and the audit firm are trustworthy and capable of accurately conducting the audit and review of the financial statements and providing an opinion independent from all parties concerned, including the fact that the proposed audit fee is comparable to that of other audit firms in the same level.

Abstain If there is doubt as to the auditor's trustworthiness or independence or if the audit fee is unreasonably and materially different from that of the previous year.

(5) Profit Appropriation

For As proposed by the boards of directors of the subsidiaries and associated companies in line with the dividend policy, and without violation of the applicable laws.

Against If the dividend payment is contrary to the financial positions and future plans of the subsidiaries and associated companies.

(6) Approval of Other Matters Than (1)-(5)

For Any agenda items which, upon consideration, are useful to the subsidiaries or associated companies or the shareholders as a whole, provided that the proposed terms and conditions are fair and justifiable, which involves the business operations in compliance with the business



ethics and applicable legal requirements, as well as that the steps and procedures for proposing such matters to the Meeting for consideration and approval comply with legal requirements and their articles of association.

Against In case of transactions which are not in the ordinary course of business without any explanation on reasoning and necessity of such transactions.

(7) Consideration of Other Matters Outside the Predetermined Agenda

Against any proposed agenda on other matters which are not predetermined in the agenda, in particular, significant matters which require time for study of information that is important and essential to the decision-making, whereby such agenda or matters may be proposed to the next Meeting of the Shareholders.

2. The Company organizes the management structures of its subsidiaries and associated companies so that the Company can control and is responsible for the operations of the subsidiaries and associated companies as if they were business units of the Company. The Company also sets out measures to monitor the management of the subsidiaries and associated companies to protect the interests in its investments, as follows:

2.1 Nomination of Directors in Subsidiaries and Associated Companies

The Company will assign its personnel approved by resolutions of the Board of Directors' Meeting of the Company to serve as directors and executives in the subsidiaries and associated companies at least in accordance with its shareholding ratio in the respective subsidiaries and associated companies. Such nominated directors and executives have qualifications, roles, duties and responsibilities, without any untrustworthy characteristics under the Notification of the Securities and Exchange Commission 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 and 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 specified by the boards of directors of the respective subsidiaries and associated companies and/or the shareholders' meetings of the respective subsidiaries or associated companies.

Directors and executives of the subsidiaries and associated companies have discretion to consider and vote at their boards of directors' meetings on day-to-day management and general business operations of the subsidiaries and associated companies as deemed appropriate by the directors and executives of the subsidiaries and associated companies in the best interests of the subsidiaries, 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's Board of Directors as directors and executives of the subsidiaries may not exercise their discretion to consider and vote on these matters at the board of directors' 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 and executives of the subsidiaries and 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 board of directors’ charters as approved by the subsidiaries in accordance with the requirements of the Company’s Board of Directors.

2.2.3 Directors and executives of the subsidiaries and associated companies have a duty to disclose to the Company accurate and complete information regarding financial position and operational results, connected transactions of the subsidiaries, as well as acquisition or disposition of material assets, within a reasonable time designated by the Company. Moreover, the execution of connected transactions and acquisition or disposition of material assets must take into account the applicable rules of the SEC Office and the SET.

2.2.4 In the meetings of the boards of directors and of the executives in the subsidiaries and associated companies, final decisions of the meetings 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 under the Notification on Acquisition and Disposition.



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 Executive Committee's meeting of the Company before convening a meeting of the board of directors of the subsidiary to consider such matters. Directors and executives appointed by the Company to hold positions in the subsidiaries may vote on the following 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.

- (1) Assignment or waiver of benefits, including waiver of claims which are material to the subsidiary against those causing damage to subsidiary;
- (2) Sale or transfer of all or a substantial part of the business of 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;

(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:

(a) 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;

(b) 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;

(c) 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; 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 and 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, taking into account the overall interests of the subsidiaries and the Company.

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

4. Directors and 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.

(a) Transactions between the subsidiaries and directors, executives or their related persons, which do not comply with the rules on execution of connected transactions;

(b) Use of information of the Company and of the subsidiaries to which they have access, except for such information which is already available to the public; or

(c) Use of assets or business opportunity of the Company and 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 and Associated Companies.

6. The subsidiaries must provide information or documents relating to their operations to the Company upon request.

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 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 and 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 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.



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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.
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. In case of associated companies, 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.