

# Policy on Governance of Operations of Subsidiaries and Associates

Thantawan Industry Public Company Limited

## Policy on Governance of Operations of Subsidiaries and Associates

### Thantawan Industry Public Company Limited

Thantawan Industry Public Company Limited (the "Company") recognizes the importance of stakeholders' returns from future investments in subsidiaries and associates. Therefore, the company has established a policy to control and oversee the operations of businesses the company invests in, ensuring compliance with governance guidelines for subsidiaries and/or associates. In this policy, "subsidiaries" and "associates" refer to subsidiaries or associates that operate the main business as defined in Article 24, and whose combined size meets the criteria set out in Article 23(2) of the Securities and Exchange Commission's (SEC) announcement No. Tor Jor 39/2559 regarding approval and authorization for offering newly issued shares (as amended), along with Articles 2(11) and 2(13) of the SEC's announcement No. Kor Jor 17/2551 on the definitions in announcements regarding the issuance and offering of securities (as amended).

The company places significant importance on implementing a robust, transparent, and verifiable management system, ensuring the effective management direction of businesses it invests in, whether currently or in the future, as if those businesses were departments or units within the company. The company has defined measures for the governance of subsidiaries and associates as follows:

1. In cases where this policy stipulates that significant transactions or actions, which affect the financial position and performance of the subsidiaries and associates, must be approved by the company's Board of Directors or the shareholders' meeting (as the case may be), the Board of Directors must arrange a meeting for the company's Board of Directors and/or the shareholders' meeting to consider approval before the subsidiary and/or associate holds its own Board meeting and/or shareholders' meeting to consider approval of the transaction or action. The company must disclose information and comply with the criteria, conditions, procedures, and methods related to the matter being approved, as specified in the Public Company Act, the Civil and Commercial Code, Securities Laws, and other applicable laws, as well as regulations and guidelines issued by the Securities and Exchange Commission, the Stock Exchange of Thailand (SET), and the relevant authorities (to the extent not in conflict).
2. In the following cases, the subsidiary or associate must obtain approval from the company's Board of Directors:
  - a. The appointment or nomination of persons to be directors or executives in the subsidiary and/or associate, at least proportionate to the company's shareholding in the subsidiary and/or associate. Directors and executives proposed or appointed by the company must have the

discretion to vote in the subsidiary's and/or associate's board meetings on matters concerning general management and regular business operations, for the best interest of the company, subsidiary, and/or associate, except for matters requiring approval from the company's Board of Directors or shareholders' meeting.

In this case, the nominated directors or executives must meet the qualifications, roles, responsibilities, and not have a lack of credibility as per the SEC's regulations on the characteristics of credibility for directors and executives of the company.

- b. Approval of annual dividends and interim dividends (if any) of the subsidiary.
- c. Amendments to the subsidiary's articles of association, except for amendments concerning matters of significance as outlined in (3)(j).
- d. Approval of the annual budget of the subsidiary.
- e. The appointment of the subsidiary's auditor, specifically in cases where the auditor is not from the same auditing firm as the company's auditor, which does not comply with the company's guidelines for the appointment of auditors, where the subsidiary's auditor must belong to the same auditing network as the company's auditor.

Items (f) to (n) are considered material transactions, and if they occur, they will have a significant impact on the financial position and performance of the subsidiary. Therefore, they must receive approval from the company's Board of Directors before proceeding. The size of the transaction will be calculated based on the guidelines set by the SEC and the SET. The following transactions require approval:

- f. The subsidiary agreeing to conduct transactions with related parties of the subsidiary, or transactions involving the acquisition or disposal of the subsidiary's assets.
- g. The transfer or relinquishment of rights or claims against a party that has caused damage to the subsidiary.
- h. The sale or transfer of all or part of the subsidiary's business to another party.
- i. The acquisition or transfer of another company's business into the subsidiary.
- j. The entering, modification, or termination of contracts related to leasing the subsidiary's entire or a significant part of its business, assigning business management to another party, or merging the subsidiary's business with another entity.
- k. Leasing or selling the subsidiary's business or significant assets.

- l. Borrowing, lending, extending credit, providing guarantees, or entering into any legal obligations that financially burden the subsidiary, or providing financial assistance to another party that is not part of the subsidiary's regular business.
  - m. The dissolution of the subsidiary.
  - n. Other transactions that are not part of the subsidiary's normal business operations and have a significant impact on the subsidiary.
- 3. The following cases require approval from the Company's Shareholders' Meeting:
  - (a) When a subsidiary agrees to conduct a transaction with its related party or a transaction involving the acquisition or disposal of the subsidiary's assets. In this case, when the size of the transaction is calculated and compared with the company's size (using the criteria for calculating transactions as prescribed in the relevant announcements by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), it must meet the threshold that requires approval from the company's shareholders' meeting.
  - (b) A capital increase by issuing additional shares of the subsidiary and the allocation of shares, as well as the reduction of registered capital which does not follow the proportional shareholding of the shareholders, or any other actions that will cause the company's voting rights, either directly and/or indirectly, in the subsidiary's shareholders' meeting to decrease below the legal threshold, which could result in the company losing control over the subsidiary. The calculation of the transaction size in this case should follow the same criteria for calculating transaction size, as prescribed in the relevant SEC and SET announcements.
  - (c) Any action that causes the company's voting rights, either directly and/or indirectly, in the subsidiary's shareholders' meeting to decrease by more than 10% of the total votes or causes the company's voting rights to fall below 50% of the total votes in the subsidiary's shareholders' meeting in a transaction other than the subsidiary's normal business operations.
  - (d) The dissolution of the subsidiary. The size of the subsidiary's business to be dissolved, when compared with the company's size (using the criteria for calculating transactions as prescribed in the SEC and SET announcements), must meet the threshold requiring approval from the company's shareholders' meeting.
  - (e) Any other transaction that is not part of the subsidiary's normal business operations and has a significant impact on the subsidiary. The size of such transactions, when compared with the

company's size, must meet the threshold requiring approval from the company's shareholders' meeting.

- (f) Amendments to the subsidiary's articles of association that may have a significant impact on the subsidiary's financial position and performance, including but not limited to amendments that affect the company's voting rights in the subsidiary's board of directors or shareholders' meeting, or the subsidiary's dividend distribution.
4. The company will ensure that directors and executives appointed by the company to serve as directors and executives in subsidiaries and associates perform their duties and responsibilities in compliance with the law, the company's regulations, and policies.
  5. The company's Board of Directors shall ensure that subsidiaries and associates have an internal control system, a risk management system, and anti-corruption measures. Additionally, the Board shall ensure that effective and sufficient monitoring measures are in place to ensure that the operations of subsidiaries and associates align with the company's plans, policies, regulations, laws, and corporate governance guidelines as required by the SEC, SET, and the relevant authorities. Subsidiaries and associates must disclose related party transactions, significant asset acquisitions or disposals, and any other material transactions to the company. The company will ensure that subsidiaries and/or associates adhere to governance and management guidelines as set forth.
  6. The company will ensure that its appointed directors attend meetings and vote on matters that are significant to the subsidiary's business at the subsidiary's board meetings.
  7. The directors and executives of subsidiaries appointed by the company shall have the following duties:
    - (a) Disclose information regarding the financial position, performance, related party transactions, and significant acquisitions or disposals of assets of the subsidiary to the company's board and executives in a complete, accurate, and timely manner as per the company's requirements.
    - (b) Disclose and submit information regarding any related party interests to the company's board, including relationships and transactions with subsidiaries or affiliates that could result in conflicts of interest. The subsidiary's board must inform the company's board of such matters within the time frame set by the company, so that they can be considered before any decisions or approvals are made, with the company's and subsidiary's best interests in mind. Directors and executives of subsidiaries must not participate in the approval of matters in which they have a direct or indirect conflict of interest.
    - (c) Actions that may significantly harm the subsidiary's interests, such as:

- (d) Transactions between the company and/or its subsidiaries and directors or executives of the subsidiary or related parties, not in compliance with related party transaction guidelines.
  - (e) Using confidential company or subsidiary information unless publicly disclosed.
  - (f) Using company or subsidiary assets or business opportunities in violation of governance guidelines or the SEC's regulations.
  - (g) Report the business plans, expansion plans, large investment projects, business downsizing, business dissolution, or halting of operations, and the participation in investments with other parties to the company through monthly reports, and provide explanations or documents upon the company's request.
  - (h) Provide explanations or documents related to the operations when requested by the company, as appropriate.
  - (i) Provide explanations or documents related to significant issues identified by the company.
8. Directors, executives, or related parties of the company and/or subsidiaries can engage in transactions with the company and/or its subsidiaries only after receiving approval from the Board of Directors of the company and/or the subsidiary's board and/or the shareholders' meetings of the company and/or the subsidiary, based on the transaction size calculation, following the criteria for calculating transaction size as prescribed by the SEC and SET, unless the transaction is a regular trade agreement that would be conducted by reasonable persons with external parties in similar circumstances, with bargaining power free from influence due to their position as directors, executives, or related parties.
9. In controlling the financial operations of subsidiaries and associates, the company requires that:
- (a) Subsidiaries and associates must submit monthly operational results and quarterly financial statements audited by external auditors (if applicable), including all supporting information for the company's consolidated financial statements or quarterly/annual performance reports.
  - (b) Subsidiaries and associates must prepare performance budgets and quarterly reports comparing actual performance to the operational plans, and ensure that operations align with the plans to report to the company.
10. Subsidiaries must report significant operational and financial issues to the company as soon as they arise, and submit relevant information or documents when requested by the company.
11. Directors, executives, employees, or agents of the company and/or subsidiaries must not engage in transactions for personal or third-party benefit, whether directly or indirectly, that could have a significant impact on the company and/or subsidiaries, regardless of whether or not compensation is received.

12. The company will closely monitor the performance and operations of its subsidiaries and associates and present the results of the analysis, along with comments or recommendations, to the company's board and the board of the subsidiary or associate, to help guide the policies and promote the ongoing development and growth of the subsidiary and associate businesses.

This policy on the governance of operations of subsidiaries and associates shall be effective from December 20, 2024, onwards.