

## Policy on the Appointment of Directors of Subsidiaries/ Associate Operating Core Businesses

### SCG Decor Public Company Limited

The Board of Directors' Meeting No. 201 (1/2023) on January 25, 2023, agreed to approve the Policy on the Appointment of directors of the Subsidiaries and Associates Operating Core Businesses for the first time. Later, a resolution was passed in the Board of Directors' Meeting No. 1/2023 on June 9, 2023, certifying the continued use of the policy after the conversion to a public limited company.

SCG Decor Public Company Limited ("Company") has established a framework and mechanism for overseeing the appointment and transfer of individuals who will represent the Company as directors in its subsidiaries and associates operating core businesses according to the objectives of the Policy on Supervisory of the Subsidiaries and Associates Operating Core Businesses. The meeting of the Board of Directors has therefore established a Policy for the Appointment of Directors to the Subsidiaries and Associates Operating Core Businesses, taking into account the type and size of the business, the complexity of the business, the appropriate number of companies, and the sufficient time to perform the duties of the appointed person to be able to perform the duties of the committee effectively. The details are as follows:

#### 1. Definitions

- 1.1 "Subsidiary operating core businesses" or "operating subsidiary" means a specific subsidiary that is (a) a focal company, (b) a subsidiary that is not under the focal company, and (c) a subsidiary that is under a focal company but whose size is significant (if any) according to the definition and characteristics specified in the announcement of the Capital Market Supervisory Board together with relevant announcements from the Securities and Exchange Commission.
- 1.2 "Focal company" means a subsidiary that conducts its main business for which the parent company has a governance mechanism that allows the focal company to control the administration and manage important matters of its subsidiary within the group that conducts its main business adequately and appropriately according to the definition and characteristics specified in the announcement of the Capital Market Supervisory Board together with relevant announcements from the Securities and Exchange Commission.
- 1.3 "Subsidiary that is not under the focal company" means a subsidiary that conduct a core business but is not within the group of the focal company and is not under the supervision of the focal company.
- 1.4 "Subsidiary which is under the focal company but whose size is significant" means a subsidiary which conducts a core business which is under a focal company but whose size is significant to the Company.
- 1.5 "Associated company operating core businesses" means an associated company that conducts its main business according to the definition specified in the announcement of the Capital Market Supervisory Board together with relevant announcements from the Securities and Exchange Commission.
- 1.6 "Other subsidiaries or other associated companies" means subsidiaries or associated companies that don't conduct a core business.

2. **Principles**

The appointment of Directors to the subsidiaries and associated companies operating core businesses to oversee and manage its operation is a key governance mechanism that ensures the subsidiaries and associated companies operating the main business comply with the Company's policy guidelines, goals, vision, medium-term business plan, and strategic growth plans efficiently. As such, the Board of Directors approved the formulation of policy for the appointment of Directors to the subsidiaries and associated companies operating core businesses.

3. **Policy for the appointment of directors to the subsidiaries and associated companies operating core businesses**

The appointment of Directors to the subsidiaries and associated companies operating core businesses should be carried out with due consideration to ensure that the appointed person is qualified and knowledgeable and possesses work ethics, a sense of responsibility, and leadership qualities, all of which will enable them to effectively manage the subsidiaries and associated companies operating core businesses, create long-term returns and added value for shareholders, inspire confidence in all stakeholders, promote proper auditing and the system of checks and balances in the subsidiary, as well as support the sustainable implementation of the company's policies.

4. **The authority to appoint directors to the subsidiaries and associated companies operating core businesses**

The Board of Directors will consider and determine the nomination and appointment as directors in subsidiaries and associated companies operating core businesses at least once a year and has assigned the Chief Executive Officer and President to appoint and transfer the company's representative to the Board or an executive position in a subsidiary as deemed appropriate, considering from the nomination list approved by the Company's Board of Directors in accordance with the framework in the policy for The appointment or nomination of directors and executives in a subsidiary or an associated company operating core businesses. Furthermore, The Chief Executive Officer and President shall report to the Board of Directors at least once a year.

For subsidiaries which is under the focal company but whose size is significant, the focal company shall the Chief Executive Officer and President of the Company to appoint and transfer the company's representative to the Board or an executive position in a subsidiary as deemed appropriate, considering from the nomination list approved by the Company's Board of Directors. Such an appointment or transfer shall be in compliance with relevant conceptual frameworks and the aforementioned policy as well as related laws in each country and shall be reported to the Board of Directors of the focal company at least once a year. In the case of Subsidiary or associated company that is not under the focal company, the Chief Executive Officer and President of the company will be responsible for appointing and transferring individuals who will represent the company as directors as deemed appropriate and in compliance with related laws in each country and reporting to the Board of Directors.

5. **Qualifications of the persons appointed as directors in subsidiaries and associated companies operating core businesses**

- (1) The person must have all required qualifications, and must have no forbidden characteristics, as prescribed in relevant laws or provisions;
- (2) the person must have knowledge, ability, and experience beneficial for business operations and suitable for the performance of his or her duty;
- (3) the person must have leadership, and must be able to offer extensive viewpoints and ideas that are necessary to drive and fulfill the objectives of that subsidiary or associated company operating core businesses;
- (4) the person must make appropriate decisions, in accordance with the Company's Corporate Governance and Code of Conduct.

6. **Selection of persons to be appointed as directors in subsidiaries and associated companies operating core businesses**

In the selection of persons to be appointed as directors in subsidiaries and associated companies operating core businesses, the Board of Directors must take into account the size and complexity of the business and appoint directors in proportion to the Company's shareholding in that subsidiary. In addition, the Board of Directors must take into account the diversity of qualification suitability and consider the balances in the decisions of each company, according to the following criteria:

- (1) Subsidiaries and associated companies operating core businesses that are holding companies with total assets worth more than 5,000 million baht

The Company's Chief Executive Officer and President and Chief Financial Officer are assigned as directors and select the Company's senior executives as directors. It is also possible to appoint executives at Management 3 level and above as directors if deemed appropriate.

- (2) Subsidiaries and associated companies operating core businesses that are holding companies with total assets worth no more than 5,000 million baht

The Company's Chief Executive Officer, President and Chief Financial Officer are assigned as directors and may select the Company's senior executives and executives at Management 2 level and above as directors as deemed appropriate.

- (3) Subsidiaries and associated companies operating core businesses that are operating companies with total assets worth more than 5,000 million baht

The Company's Chief Executive Officer, President and Chief Financial Officer are assigned as directors and select the Company's senior executives as directors. It is also possible to appoint executives at Management 3 level and above as directors if deemed appropriate.

- (4) Subsidiaries and associated companies operating core businesses that are operating companies with total assets worth 1,000 - 5,000 million baht

The Company's Chief Executive Officer, President and Chief Financial Officer are assigned as directors and select the Company's senior executives as directors. It is also possible to appoint executives at Management 2 level. and above as directors if deemed appropriate.

- (5) Subsidiaries and associated companies operating core businesses that are operating companies with total assets worth no more than 1,000 million baht

Relevant senior executives of the company and relevant executives at Management 1 level and above are appointed as directors.

Nevertheless, in addition to considering the above criteria, it is necessary to consider the characteristics or other conditions of each subsidiary and associated company operating core businesses, such as:

- (1) Companies listed on stock exchanges both domestically and abroad.
- (2) Subsidiary and associated company operating core businesses are subject to the requirements for the number or proportion of directors according to the joint venture agreement between shareholders.
- (3) Compliance with the laws or regulations of the country in which subsidiary and associated company operating core businesses are operating or are established, such as the Direct Selling and Direct Marketing Act of Thailand, or conditions and requirements to receive benefits from the state or other government agencies or other agencies of the country in which subsidiary and associated company operating core businesses must comply (such as receiving research funding).
- (4) Subsidiary and associated company operating core businesses that require personnel with knowledge and expertise in specific areas, such as digital or retail trade, online trading, Start-ups, or inventing, researching, or testing research that is still unclear or is in the trial phase (R&D).
- (5) Non-active companies that are waiting for restructuring or waiting for any appropriate action.

If the case falls into at least one of the (1) - (5) above, as the case may be, individuals can be appointed as directors of subsidiary and associated company operating core businesses that differs from the core requirements to the extent necessary and appropriate for each company. The selection of individuals with specific characteristics or conditions mentioned above will be carried out individually and proceeded according to the authority or approval from the Chief Executive Officer and President of the Company in the case of other subsidiaries or other associated companies.

**7. The roles and responsibilities of the persons appointed as directors or executives in subsidiaries and associated companies operating core businesses**

- (1) Ensuring that the subsidiary complies with relevant laws, regulations, and Articles of Association; has a good management system; and adheres to the Company's corporate governance principle, code of conduct, anti-corruption policy, as well as other policies of the company and those that are in alignment with the policies of the company.
- (2) Providing guidance to ensure that the direction of the subsidiary's strategies, policies, and business plans is consistent with that of the company and promoting the adoption of innovation and technology to enhance the competitiveness of the subsidiary and associated company operating core businesses.
- (3) Reporting the operating results and performance of the subsidiary to the Company with accuracy, completeness, and timeliness, especially material items that may affect the financial status and the operating results of the subsidiaries as well as any transactions other than those arising in the ordinary course of business that may significantly affect the subsidiary.
- (4) Overseeing the business operation of the subsidiary and associated company operating core businesses to ensure efficiency and appropriately managing returns on investment in the subsidiary and associated company operating core businesses.

This policy shall be effective from June 9, 2023.