

**Policy on Connected Transactions**  
**SCG Decor Public Company Limited**

The Board of Directors' Meeting No. 200 (4/2022) on December 1, 2022 passed a resolution to approve the policy on connected transaction procedures for the first time. Later, in the Board of Directors' Meeting No. 1/2023 on June 9, 2023, another resolution was passed to certify the continued use of the policy once the conversion into a public limited company has been completed.

SCG Decor Public Company Limited ("the Company") operates in accordance with applicable laws and good corporate governance guidelines for listed companies of the Stock Exchange of Thailand ("SET") and the Office of Securities Exchange Commission ("Office of SEC"). Therefore, it establishes the Connected Transaction Policy with the following details. The practice guidelines must be in accordance with the attached documents.

The connected transaction procedures of the Company and its subsidiaries must be strictly in compliance with the criteria of the Securities and Exchange Act B. E. 2535 and its amendments ("Securities Act"), the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Criteria on Entering into a Connected Transaction dated 31 August 2008 ("Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551"), the Notification of the Board of Governors of the Stock Exchange of Thailand (Bor Jor/Por.22-01) Re: Disclosure of Information and Other Acts of Listed Companies Concerning Connected Transactions 2003, dated 19 November 2003 ("Notification of the Stock Exchange Bor Jor/Por.22-01"), and relevant laws, regulations, announcements or orders as applicable to the Company (collectively referred to as "Criteria on Connected Transactions").

In cases where the law requires the company to receive approval from the board of directors' meeting or the shareholders' meeting (as the case may be) before entering into any connected transaction, the company will arrange for the Audit and Risk Management Committee to give opinions on the necessity of the connected transactions, its price reasonableness, and its commercial conditions in comparison to entering into connected transactions with other companies or service providers. The opinions of the Audit and Risk Management Committee will be presented to the Board of Directors' meeting or the Shareholders' meeting (as the case may be) to ensure that the enter into connected transactions as proposed is reasonable and most beneficial to the Company. If the Audit and Risk Committee does not have the expertise to consider potential connected transactions, the Company may appoint an independent expert or auditor to provide an additional opinion on such connected transactions to be considered in the decision-making of the Audit and Risk Management Committee, the Board of Directors, or the Shareholders (depending on the case).

This policy will be effective from June 9, 2023 onwards.

### Documents attached to the policy on connected transactions procedures

The Directors, executives or related persons of a listed company registered in the Stock Exchange of Thailand (“listed company”) can conduct a transaction with the listed company or its subsidiaries (“connected transaction”) when such transaction has been approved by the general meeting of shareholders of the listed company unless it is exempted as prescribed in Section 89/12 of the Securities Act and the Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551. Therefore, the Company has established the Connected Transaction Policy; details are as follows:

#### Relevant Definitions

“Connected transaction” means a transaction between a listed company or a subsidiary company and the listed company’s connected persons, or any transaction between an operating company and its connected persons.<sup>1</sup>

“Decision to enter into a transaction” means an entering into or a decision to enter into any contract or agreement, whether direct or indirect, in order to cause an acquisition or disposition of assets, and/or rights to acquire or dispose of assets, leasing or renting asset, an offer or a receipt of service, and offer or a receipt of financial assistance and an issuance of new securities, including to create rights or waiver of such right to do the same.

“Connected person” includes the following persons:

- (1) The director of the juristic person having control over the listed company<sup>2</sup> ;
- (2) The spouse, minor child or adopted minor child of the director under (1);
- (3) The juristic person over which the person under (1) or (2) has control;
- (4) The person who acts with understanding or agreement that if the listed company enters into any transaction which provides financial benefits for such person, the following persons will also gain financial benefits from such particular transactions:
  - (a) the director and executive of the listed company

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<sup>1</sup> According to the Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551, It has been determined that the said notification does not apply to transactions between subsidiaries and related persons of the subsidiaries. Nevertheless, Clause 26(3) in the Notification of the Capital Market Supervisory Board No. Tor Jor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares stipulated that listed companies must define the corporate governance policy for its operating companies, with the objective to set measures and mechanisms that requires transactions between subsidiaries and connected persons to be approved by its Board’s meeting or its Shareholder’s meeting in order to be conducted successfully. The resolution necessity of such transactions is considered when the size of the transaction requires an approval from the meeting of Board of Directors and the meeting of shareholders.

<sup>2</sup> According to Section 89/1 of the Securities Act, “control” means:

- (1) holding of shares with voting right of a juristic person in an amount exceeding 50 percent of the total number of the voting rights of such juristic person;
- (2) having control of the majority voting rights in the general meeting of shareholders of any juristic person, whether directly or indirectly or by any other reasons;
- (3) having control over appointment or removal of at least half of all directors, whether directly or indirectly.

- (b) the person having control over the listed company;
  - (c) the director of the juristic person having control over the listed company;
  - (d) the spouse, minor child or adopted minor child of the person under (a), (b) or (c).
- (5) The connected person under the Notification of SET Bor Jor/Por 22-01<sup>3</sup> which includes:
- (a) the executive, major shareholders<sup>4</sup>, controlling persons or persons to be nominated as the executive or controlling persons of a listed company or a subsidiary company including related persons and close relatives of such persons;
  - (b) any juristic person having a major shareholder or a controlling person as the following persons of a listed company:
    - 1) The executive
    - 2) Major shareholder
    - 3) Controlling person
    - 4) Person to be nominated as the executive or a controlling person
    - 5) Related person and close relatives of person from 1) to 4)
  - (c) any person whose behaviour can be indicated as an acting person or under a major influence of persons from (a) to (b) when making decision, determining policy, handling management or significant operation.

**Rules and procedures regarding connected transaction**

The Company sets up the rules and procedures regarding connected transactions in accordance with the rules on connected transactions as follows:

- (1) Considering conducting a connected transaction, the Company will exercise similar terms of price and commercial conditions as the Company made with general contract party provided that such terms and conditions are fair, reasonable and most beneficial to the Company.
- (2) If a product or service has a standard price or there are several buyers and sellers in the market, the Company must seek for information regarding qualifications, prices and standards in the market for comparison with the connected transaction.
- (3) If a product or service has specific qualifications or made to specific order which made it not capable to compare the price of product or service, the Company must prove that the initial profit margin the Company receives from the connected transaction is indifferent from the transactions made with other traders and having indifferent terms and conditions.
- (4) The Company may refer to a report made by an independent assessment expert whose name is in the list of

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<sup>3</sup> According to the Notification of the Capital Market Supervisory Board No. Tor Jor 21/2551, It has been determined that the said notification does not apply to transactions between subsidiaries and related persons of the subsidiaries.

<sup>4</sup> According to Notification of the Stock Exchange Bor Jor/Por.22-01, "Major shareholder" means a shareholder who directly or indirectly holds shares in any juristic person in a total amount exceeding 10 percent of the paid-up capital of that juristic person. Such shareholding shall also include the shares held by related persons.

SEC Office which the Company or the company in its group has appointed to provide the price comparison for significant connected transaction in order to assure that the price is reasonable and brings highest benefit to the Company.

- (5) A director, an executive or a related person may enter into any transaction with the Company or its subsidiaries only after obtaining approval from the general meeting of shareholders unless such transaction having the same commercial terms as those an ordinary person would agree with any unrelated counterparty under similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or connected person, as the case may be ("Commercial Agreement with General Commercial Terms"), provided further that the said commercial terms have been approved by the board of directors or in compliance with the principle approved by the board of directors or the size of the transaction does not require an approval from the general meeting of shareholders.
- (6) If the Company is going to conduct a related transaction or other connected transaction under this policy, the Company must strictly perform under the rules provided herein.
- (7) The Company must disclose information in relation to entering into a transaction having conflict of interest, connected transaction or related transaction according to the rules prescribed by SEC Office and SET in the annual registration statements and annual report or other reports as the case may be and disclose information on a connected transaction to SET according to the rules prescribed by SET as well as a related transaction with the Company according to the accounting standard. The Company must audit the connected transactions according to its audit plan and the Internal Audit Office must report to the Audit Committee, have control measure, audit, and random check for the actual transactions if they comply with the contract, policy and required conditions.

#### **Criteria to consider general terms and conditions of trade agreement**

The Company shall consider the Circular No. SEC.Chor. (Wor) 38/2551, Re: Instructions for Compliance with Section 89/12 (1) of the Securities and Exchange Act (No. 4) B.E. 2551 (2008) and other related guidelines, including what will be further revised. The circular gives examples of transactions that can be described as "General terms and conditions of trade agreement", such as:

- (1) Normal transactions between the Company and their trading partners (who are not directors, executives or related persons) of which related product or service has clear standard qualifications and prices in comparison with transactions between other companies and their trading partners and transactions between other companies and their directors, executives, or related persons, having indifferent prices, terms, and conditions.
- (2) Transactions between the Company and their directors, executives or related persons of which related product or service has standard qualifications and prices or there are many buyers and sellers in the market. Their market standard qualifications and prices is discoverable to the Company in order to make comparison with transactions made with directors, executives or related persons to ensure indifferent prices, terms, and conditions.
- (3) Normal transactions between the Company and their trading partners (who are not directors, executives or related persons) of which related product or service has specific qualifications or made to specific order which

made it not capable to compare the price of product or service. In this case, the Company must prove that the initial profit margin the Company receives from the connected transaction is indifferent from the transactions made with other traders and having indifferent terms and conditions, as well as that the price and qualification of the product or service that the connected persons offer the general public is indifferent from which the Company offers the general public.

#### **Consideration of the transaction size and compliance with the Criteria on Entering into a Connected Transaction**

- (1) In the case of transactions between the Company or its subsidiaries and its connected, consider according to the Criteria on Connected Transactions and comply with the Criteria on Entering into a Connected Transaction, including disclosing the information to SET and resolving approval from the Board of Directors' meeting and/or the shareholders' meeting (as the case may be).
- (2) In the case of transactions between the operating company and its connected persons, consider those transactions in the same manner and size as the transactions that require approval from the Board of Directors' meeting and/or the shareholders' meeting, which includes the consideration in comparison with the size of the company according to its consolidated financial statements (not in comparison with the mentioned operating company) and the resolution of the said transactions at the Board of Directors' meeting and/or the shareholders' meeting (as the case may be).

#### **Procedure for presenting a connected transaction to the Audit Committee**

- (1) Connected transaction under management's approval  
In case of connected transaction under management approval, the management will consider and approve. Concerned persons such as Accounting Division or concerned executives will have duty and accountability in considering and conducting the transaction according to the approval process and delegation of authority of the Company. After approval, the management must report the Audit Committee quarterly for their acknowledgment, to ensure reasonableness of the transaction and its compliance with the Criteria on Connected Transactions, so as to disclose the transactions in the registration statements and annual report (in the form of 56-1 One Report) of the Company. Moreover, the executives and persons having interests in the connected transaction must not attend the meeting that considers this agenda and have no right to vote in the meeting.
- (2) Connected transaction under board's approval  
In case of connected transaction under board's approval, the proposing division will present details, necessity and reasonableness of the transaction so that the Audit Committee can give opinion to the board of directors for approval through the following process:  
The proposing division summarizes details of the connected transaction and prepare all relevant information and propose to the Chief Executive Officer. The Chief Executive Officer assigns the Internal Audit Office to coordinate with relevant divisions to prepare for the meeting documents with material summary for the Audit Committee to consider.  
When the Audit Committee agrees with the proposal, the Company Secretary will further propose to the meeting of the board of directors for approval of the connected transaction. In this regard, the Company Secretary will arrange that the directors having interests in the connected transaction do not attend the meeting on this agenda and have no right to vote in the meeting. Subsequently, the Company discloses the connected transaction in the annual registration statements and the annual report of the Company (in the form of 56-1 One Report) as well as the resolutions of the board of directors

to SET providing minimum information as required by SET.

(3) Connected transaction under shareholders' approval

In case a connected transaction requires shareholders' approval, the proposing division will present details, necessity and reasonableness of the transaction so that the Audit Committee can give opinion to the board of directors and further propose to the general meeting of shareholders for approval through the following process:

- (a) The proposing division summarizes details of the connected transaction and prepare all relevant information and propose to the Chief Executive Officer;
- (b) The Chief Executive Officer assigns the Internal Audit Office to coordinate with relevant divisions to prepare for the meeting documents with material summary for the Audit Committee to consider;
- (c) When the Audit Committee agrees with the proposal, the Company Secretary will further propose to the meeting of the board of directors to consider and agree with the 7 entering into the connected transaction. In this regard, the Company Secretary will arrange that the directors having interests in the connected transaction do not attend the meeting on this agenda and have no right to vote in the meeting.
- (d) When the board of directors agrees with the proposal, the Company Secretary will prepare documents to propose to the general meeting of shareholders to consider and approve the connected transaction. The documents include information sufficient for the shareholders to make decision as prescribed in the regulations concerning connected transaction and must specify names and number of shares held by connected persons having no voting right on this agenda. In this regard, the Company is responsible to call for the general meeting of shareholders according to the method, procedure and rules as prescribed in the regulations concerning connected transaction.