

Policy on Director Qualifications and Nomination

SCG Decor Public Company Limited

The Board of Directors Meeting No. 200 (4/2022) held on December 1, 2022, resolved to approve the first Policy on Director Qualifications and Nomination, and the Board Meeting No. 1/2023 held on June 9, 2023, subsequently endorsed the continuous enforcement of the Charter upon the conversion of the Company into a public limited company.

1. Principle

In accordance with the Corporate Governance Principle, director nomination and selection is of paramount importance as the Board of Directors plays a critical role in formulating strategies and business directions for the sustainable growth of the organization. As such, the Board of Directors has deemed it appropriate to establish a policy on director qualifications and nomination. The purpose is to make the process of nomination transparent and clear and to obtain professional directors including the structure and composition of the Board of Directors of the appropriate size and diversity in terms of qualifications, skills, knowledge, expertise, and experience of the Company's directors, which will help promote and support business strategies and long-term stable growth of the organization.

2. Policy on Director Qualification and Nomination

The Board of Directors must be composed of Directors who have all qualifications and possess none of the prohibited characteristics prescribed by the law and the Company's Article of Association, and should consist of a diverse range of skills, experiences, knowledge, and expertise beneficial to the Company without any discrimination on the grounds of gender, age, country of origin, nationality, cultural background, tradition, and religion, so to enable to the Company to achieve its objectives and business goals and promote a management system guided by the Good Corporate Governance Principle of SCG Decor in order to bring about fairness and transparency as well as the ability to generate returns and added values in the long term to shareholders and inspire trust in all stakeholders, all of which will lead the Company towards sustainable growth.

3. Qualification of Company Directors

The Board of Directors has entrusted the Nomination, Remuneration, and Corporate Governance Committee with the task of nominating qualified candidates for directorship to replace directors retiring by rotation or under other circumstances to the Board of Directors and/or the meeting of shareholders for election. The Nomination, Remuneration, and Corporate Governance Committee selects candidates from a pool of qualified individuals with background and expertise from various disciplines who possess leadership, a breadth of vision, integrity and ethics, clear and unblemished career records, as well as the ability to express opinion independently. Director nomination should take into account the following factors:

3.1 Required qualifications in each director:

The Nomination, Remuneration, and Corporate Governance Committee should determine and establish individual qualities of those to be nominated as directors in each aspect. For instance:

- Integrity and accountability
- Informed judgment
- Maturity, firmness and the ability to listen well and express independent opinion
- Commitment to principles and standards with professionalism
- Other qualifications the Corporate Governance and Nomination Committee deems important which is in accordance with the law

3.2 Required knowledge and expertise of the Board of Directors

The Nomination, Remuneration, and Corporate Governance Committee should prescribe a set of knowledge and expertise requirements for the Board of Directors and formulate the Board Skill Matrix to be used in the selection and nomination of qualified candidates. These requirements should encompass knowledge and areas of expertise that will enhance the ability of the Board of Directors to formulate strategies and policies as well as ensure their effective implementation, such as:

- Knowledge on the Company's Business or any Related Business within the Company Business Chain
- Accounting and Finance
- Sustainable Development Organization Management about Environment, Economy, and Social, including Risk Management and Crisis Management
- Innovation, Research, and Development Support
- Industrial and Business Digital Information Technology Management and Cybersecurity
- Knowledge and specializations in areas that the Governance and Nomination
- Committee believes will become necessary in the next 3-5 years

3.3 Diversity of the Board of Directors

In addition to the two aforementioned factors, the Nomination, Remuneration, and Corporate Governance Committee may also establish guidelines relevant to diversity of the Board of Directors, such as diversity in gender, age, race, nationality, origin, cultural background, and tradition.

4. Director nomination and selection process

The nomination and selection of new directors involves a total of four steps as the following details:

4.1 Planning

For the Nomination, Remuneration, and Corporate Governance Committee to determine guidelines and plans for nominating individuals with appropriate qualifications for thorough and timely consideration of new directors' election, the Company Secretary are required to perform the following duties and propose for the Nomination, Remuneration, and Corporate Governance Committee's consideration:

- Review the director's knowledge, capabilities, skills, and experiences in the Board Skill Matrix.
- Prepare a schedule for the rotation terms of the Board of Directors and the sub-committee for each director.
- Review the Company's Qualifications of Independent Directors.
- Aggregate guidelines for director nomination, qualifications of individuals who will be directors as approved by the Board of Directors, relevant practices of the Company's Corporate Governance, and practices of good Corporate Governance concerning director nomination according to relevant divisions/organizations, such as the Securities and Exchange Commission (SEC) and the Thai Institute of Directors (IOD).
- Propose a process timeline in compliance with the meeting schedule of the Nomination, Remuneration, and Corporate Governance Committee, the Board of Directors and the shareholders' meetings.

4.2 Nomination of Candidates

Nomination of qualified candidates for the consideration of new director election should be based on the following:

(1) Nomination of new directors

To ensure the implementation of a procedure which enables minor shareholders to participate in the nomination and appointment of directors and ensure that minor shareholders can elect independent directors to reserve their own benefits, the Company must allow at least 3 months for all shareholders to nominate candidates to be considered for the election as new directors according to the specified criteria and procedures. Moreover, the Board of Directors may nominate candidates that are deemed qualified according to the Board Skill Matrix and business strategies. The Nomination, Remuneration, and Corporate Governance Committee shall consider and propose the Board meeting to approve an appropriate and sufficient period to consider the selection and election in the next steps, whereas the Company Secretary shall inform SET about the timeline and other details, as well as publishing such information on the Company's website.

(2) Aggregation of candidate list from reliable sources

The Company Secretary shall aggregate lists of candidates in the Chartered Director of the Thai Institute of Directors as well as lists of directors of SET listed companies who match the Company's Board Skill Matrix and proposed such lists to the meeting of the Nomination, Remuneration, and Corporate Governance Committee as supporting materials for consideration.

4.3 Selection

The Company Secretary shall aggregate the lists acquired from step 4.2 to be proposed to the meeting of the Nomination, Remuneration, and Corporate Governance Committee for consideration. The meeting of the Nomination, Remuneration, and Corporate Governance Committee (excluding directors having interests in such a matter) shall determine the director's qualifications from the Board Skill Matrix to screen the lists of candidates qualified for the new director's positions from step 4.2. This must comply with the Policy on Qualification and Nomination of Company Directors. The Nomination, Remuneration, and Corporate Governance Committee shall also take into account diversity of the Board of Directors structure and the directors' devotion of time to their duties, and select the individuals with knowledge, expertise or experiences in providing beneficial advice for business operation strategies and policies in accordance with sustainable development approaches, before proposing to the Board of Directors' meeting for consideration.

The Company Secretary shall review the basic qualifications of the nominated persons from public sources regarding their directorship or executive positions in other businesses that may lead to conflicts of interests with the Company, and the qualifications of independent directors.

4.4 Election

(1) Election of directors in replacement of those retiring by rotation

The Board of Directors (excluding directors having interests in such a matter) shall thoroughly and carefully consider the qualifications of the candidates which are individually nominated by the Nomination, Remuneration, and Corporate Governance Committee before proposing the nomination of qualified individuals to the shareholders' meeting to consider director election. In addition, the Board Meeting may appoint the CEO, the Managing Director and/or appropriate directors to approach the individuals of whom the Board of Directors has given consent to participate in the director election and report the progress of approaching said nominated persons for the Board of Directors' acknowledgement/consideration.

(2) Election of directors in replacement of those resigning before their terms

The election of directors in replacement of those resigning before their terms shall be proceeded through the same process as that of the election of directors replacing those retiring by rotation. However, the meeting of the Board of Directors shall consider the election of directors without proposing to the shareholders' meeting for consideration. In addition, in cases where the remaining terms of office of directors resigning before their terms are less than two months, the shareholders' meeting is required by the laws to elect directors to replace said resigning directors.

This Policy shall be effective from June 9, 2023 onwards