

Policy on Subsidiary Supervision and Management

SCG Decor Public Company Limited

The Board of Directors' Meeting No. 200 (4/2022) on December 1, 2022, agreed to approve the Policy on Supervisory 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.

To comply with the good governance principles regarding the implementation of scopes and mechanisms to govern the policies and operations of subsidiaries and other businesses in which the Company has substantial investments, that are suitable for each business, the Company's board of directors resolved to approve the Policy on Supervisory of the Subsidiaries and Associates Operating Core Businesses with the purpose of implementing direct and indirect scopes and mechanisms to govern the policies and operations of subsidiaries and affiliates, and measures to follow up on their operating results at an appropriate level to ensure the efficient management of the Company's benefits from investments, with details provided below. This will raise the confidence of the Company's shareholders.

This policy is enforced according to the Company's rights and proportion of shareholding in the said subsidiaries and associated companies and to the extent that it is not contrary to or inconsistent with any laws, regulations, or regulations of foreign laws that apply to such subsidiaries and associated companies and as far as not causing the Company's overseas subsidiaries and associates to lose any benefits they are entitled to under relevant foreign laws.

The Policy on Supervisory of the Subsidiaries and Associates Operating Core Businesses consists of 2 parts as follows:

Part 1: Supervision and management of subsidiaries operating core businesses only if are: (a) the focal company (b) subsidiaries that are not under the focal company (c) subsidiaries that are under the focal company but with significant size and associated companies operating core businesses.

1. Definitions

- 1.1 "Subsidiary" means a subsidiary company operating core businesses only if are (a) the focal company; (b) a subsidiary that is not under the focal company; and (c) a subsidiary that is under the focal company but whose size is significant (if any) according to the definition and characteristic as 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" (Associates) 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 the relevant announcement of the Securities and Exchange Commission.

2. The appointment or nomination of directors and executives in a subsidiary or an associated company

- 2.1 The appointment of persons as directors and executives in a subsidiary or an associated company to be in charge with the governance and management of the business of the subsidiary or affiliate is an important governance mechanism to ensure that the subsidiary efficiently complies with the policies, targets, vision, medium-term business plans, and growth strategies of the Company. Therefore, the Company should appoint persons as directors and executives in a subsidiary or an associates at least pro rata to its shareholding in that subsidiary or associated company, unless there are restrictions or in order to comply with relevant laws and regulations, or there are restrictions or in order to comply with an agreement to join a business or a contract between shareholders related to a subsidiary company, or such associate company only in cases where the subsidiary or associate company has a business necessity that involves joint venture partners. The business necessity includes specialized expertise in business operations, technology expertise, customer or distributor network, ability to procure resources and raw materials for production or sales for business operations, qualifications or ability to apply for or obtain a license or patent to conduct business, human resources used in business operations or knowledge and understanding of business operations in the relevant locality. The Company's management authority in such subsidiaries or associated company is according to shareholding proportion.

The appointment of persons as directors and executives in a subsidiary or an associated company according to the first paragraph must be approved by a meeting of the company's Board of

Directors, or must be on the list of names that the Company's Board of Directors has approved to be sent as a director of a subsidiary company.

In appointing persons as directors and executives in a subsidiary or an associated company, the Company's Board of Directors will carry out the appointment responsibly with caution and honesty for the highest benefit of the company, subsidiaries and associated companies.

2.2 The Board of Directors will consider and determine the nomination and appointment as directors in subsidiaries that conduct core businesses and associated companies that conduct core businesses at least once a year and will assign the Chief Executive Officer and President to consider the appointment and relocation of persons representing the Company as directors and executives in a subsidiary or an associates 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 that conduct core businesses. Furthermore, The Chief Executive Officer and President will report to the Board of Directors at least once a year. Persons who will be appointed or nominated as directors in subsidiaries and associated companies must have the following qualifications:

- (a) The person must have all required qualifications, and must have no forbidden characteristics, as prescribed in relevant laws or provisions;
- (b) the person must have knowledge, ability, and experience beneficial for business operations and suitable for the performance of his or her duty;
- (c) 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; and
- (d) the person must make appropriate decisions, in accordance with the Company's Corporate Governance and Code of Conduct. However, to appoint a person, in addition to the requirements above, the specific characteristics or other conditions of each subsidiary or associated company must be taken into consideration by considering each individual person and proceeding according to the authority. The examples of such specific characteristics and other conditions are as follows:
 - (1) Its existence under complicated or high-risk principles or regulations, such as being a public limited company listed on domestic and foreign securities markets;
 - (2) the Company's shareholding in the subsidiary, if there is a joint venture partner, the terms and conditions of the joint venture agreement must be taken into consideration; and
 - (3) statutory provisions of the country in which the subsidiary or associated company is incorporated or operated.

2.3 Directors and executives appointed or nominated by the Company will have the following duties and responsibilities:

- (a) They must supervise and ensure that the subsidiary or the associated company complies with relevant law, ordinances, rules and regulations; has good management; complies with the Company's governance principles, ethics, and anti-corruption policies, and other policies of the Company or that are consistent with the Company's policies. They are also responsible for ensuring that the subsidiary has an internal control system, risk management system, and appropriate corruption prevention system that are efficient and strict enough.
- (b) They must provide guidelines on the determination of the direction of the subsidiary's strategies, policies, and business plans to be consistent with the Company's direction. They must also promote the use of innovations and technologies to improve the competitiveness of the subsidiary and associated company.
- (c) They must report the subsidiary's operating results and disclose its information to the Company accurately, completely, and in a timely manner, as prescribed in this Policy.
- (d) They must ensure efficient business operations by the subsidiary, and appropriately manage its investment returns.

2.4 Unless otherwise specified in this Policy, or unless otherwise determined by the Company's board of directors, the directors and executives appointed or nominated by the Company will consider and vote at board of directors meetings of the subsidiary or associated company at their discretion in matters regarding the general management and normal course of business of the subsidiary or associated company, as the directors and executives consider appropriate for the utmost benefits of the Company and the subsidiary or associated company (as the case may be) except for matters in which that director has a special interest.

3. Matters that need approval or agreement from the Company's Board of Directors or Board of Directors Meetings before they take effect

Directors and executives of a subsidiary or associated company that are appointed or nominated by the Company must ensure that before the subsidiary or associated company enters a transaction or takes any action that is of significance, or that will affect the subsidiary or associated company's financial position or operating results, as described in its Authority Manual or Articles of Association, the transaction or action must be agreed upon or approved by the Company's board of directors or board of directors meetings, as the case may be, before the subsidiary or affiliate holds its own board of directors meeting and/or shareholders meeting to consider and approve that matter.

Any transaction or action to be taken by subsidiary in the following cases must be approved by the Company's board of directors or at a shareholders meeting, as the case may be.

3.1 Matters that must be considered and approved by the Company's board of directors meeting are as listed out below

- (1) An appointment or nomination of the subsidiary's directors and executives at least pro rata to the Company's shareholding in the subsidiary. Unless there are restrictions or to comply with relevant laws and regulations, or in the case where there are restrictions or to comply with the joint contract or the agreement between the shareholders related to the said subsidiary, only in the case of that there is a necessity for a subsidiary or associated company to have a joint venture partner involved. Such necessity includes specialized expertise in business operations, technology expertise, customer or distributor network, ability to procure resources and raw materials for production or sales for business operations, qualifications or ability to apply for or obtain a license or patent to conduct business, human resources used in business operations or knowledge and understanding of business operations in the relevant locality. The Company's management authority in such subsidiaries or associated company is according to shareholding proportion.

In appointing persons as directors and executives in a subsidiary or an associated company, the Company's Board of Directors will carry out the appointment responsibly with caution and honesty for the highest benefit of the company, subsidiaries and associated companies.

- (2) Unless otherwise specified in this Policy, the directors and executives so appointed or nominated in Section 3.1(1) shall have the discretion to vote at the subsidiary's Board of Directors meetings on matters regarding its general management and business operation as these directors and executives deem appropriate for utmost benefits of the Company and the subsidiary, except for matters in which these directors and executives have special interests.

Directors appointed under the previous paragraphs must be the persons whose names are included in the Whitelist and possess the qualifications, duties, roles, and responsibilities prescribed by relevant laws, including the characteristics of trustworthiness in accordance with the Notification of the Securities and Exchange Commission on the determination of untrustworthy characteristics of a company's directors and executives.

- (3) A capital increase by issuance of the subsidiary's newly issued shares, the allocation of shares or the reduction of the subsidiary's registered and/or paid-up capital that is not pro rata to the existing shareholding of the shareholders, or any other action that will result in more than 10 per cent decrease in the proportion of the Company's voting rights, direct or indirect, in any tier, of the total votes at the subsidiary's shareholders meeting, or in the subsidiary's paid-up capital, as the case may be, unless this is in the subsidiary's business plan or annual budget that has been approved by the Board of Directors of the Company

- (4) Consideration and approval of payment of the subsidiary's annual dividends and interim dividends (if any). Unless the subsidiary pays dividends for the entire year not less than that specified in the annual budget of each subsidiary. or pay dividends according to the subsidiary's dividend payment policy.
- (5) An amendment to the subsidiary's Articles of Association, except for amendments to the Articles of Association on significant matters in accordance with Article 3.2(1), which must be approved at the subsidiary's shareholders meeting.
- (6) Consideration and approval of the subsidiary's annual budget, unless it is specified in the Delegation of Authority of the subsidiary company approved by the Company's Board of Directors meeting.

Items from 3.1 (6) to 3.1 (9) are deemed as significant. Before the appointed director of the subsidiary will vote on the matter at the subsidiary's board meeting, such persons must first receive approval from the Company's Board of Directors regarding the matter. This is however provided that the size of a transaction to be entered into by the subsidiary, when compared to the size of the Company (the criteria prescribed in the Notifications of the Capital Market Supervisory Board and of the Board of Governors of the Stock Exchange of Thailand regarding the Acquisition or Disposition of Assets or Connected Transactions, or amended notifications, as the case may be, shall be applied mutatis mutandis), meets the threshold for consideration and approval from the Company's board of directors. These transactions are listed below.

- (7) The subsidiary's agreement to enter into a transaction with a connected person of the Company, or a transaction regarding the acquisition or disposition of the subsidiary's assets, including but not limited to the following:
 - (a) the transfer or waiver of rights and privileges, including the waiver of claims against any person causing damages to the subsidiary;
 - (b) the sale or transfer of the subsidiary's business, in whole or in material part, to another party that is not an affiliate of the Company;
 - (c) the subsidiary's purchase or acceptance of the transfer of the business of another company that is not an affiliate of the Company; or
 - (d) the entering into, or the amendment or termination of a lease agreement of the subsidiary's business, in whole or in material part, including the assignment of another party to manage the subsidiary's business; or the merger of the subsidiary's business with another party that is not an affiliate of the Company with objective of sharing profits and losses.

- (e) Hire-purchase or lease-purchase of all or significant parts of the business or assets of the subsidiary.
 - (8) Borrowing money, lending money, giving credits, giving guarantees, taking a juristic act to bind itself to additional financial obligations, or providing any other financial assistance to another party in a significant amount which is not part of its normal business, except for the loans between the Company and the subsidiary, or between companies within the Company's group.
 - (9) Dissolution of the subsidiary.
 - (10) Other transactions that are not the subsidiary's normal business transactions, and that will significantly affect the Company.
- 3.2 Prior to the subsidiary entering into the following transactions, it must obtain an approval at the Company's shareholders meeting with at least three quarters of the total votes by shareholders present and having the right to vote.
- (1) Amendment of the subsidiary's regulations in matters that may have a significant impact on the subsidiary's financial position and operating results.

For items from 3.2 (2) to 3.2 (6), only when the size of a transaction to be entered into by the subsidiary, when compared to the size of the Company (the criteria of transaction calculation prescribed in applicable notifications of the Capital Market Supervisory Board and the Board of Governors of the Stock Exchange of Thailand shall be applied *mutatis mutandis*), meets the threshold for consideration and approval from the Company's shareholders meeting.

- (2) In the case where the subsidiary agrees to enter into a transaction with a connected person. (if in accordance with the criteria specified by law) or transactions related to the acquisition or disposal of assets of subsidiaries. This includes but is not limited to the following cases:
 - (a) Transfer or waiver of benefits, including the waiver of claims against those who caused damage to the subsidiary company.
 - (b) Selling or transferring all or important parts of the business of the subsidiary to a person who is not an affiliate of the Company.
 - (c) Entering into, amending or terminating a contract regarding the leasing of all or a significant part of the subsidiary's business, including delegating another person to manage the subsidiary's business or the merger of a subsidiary company with another person who is not an affiliated company of the company with the objective of sharing profits and losses.

- (n) Hire-purchase or lease-purchase of all or significant parts of the business or assets of the subsidiary.
- (3) A capital increase by issuance of the subsidiary's newly issued shares, the allocation of shares, or the reduction of the subsidiary's registered and/or paid-up capital that is not pro rata to the existing shareholding of the shareholders, or any other action that will result in a decrease in the proportion of the Company's shareholding and/or voting rights, direct or indirect, in any tier, of the total votes at the subsidiary's shareholders meeting, to a level lower than that prescribed in the laws applicable to the subsidiary, consequently depriving the Company's power to control the subsidiary.
- (4) Borrowing money, lending money, providing loans and guarantees, and making legal transactions binding the subsidiary to bear additional financial burdens, or providing financial assistance in any other manner to other persons in an amount that is significant and is not the normal business of the subsidiary. Except for loans between the company and its subsidiaries or between subsidiaries within the group of the Company.
- (5) Dissolution of the subsidiary.
- (6) Other transactions that are not the subsidiary's normal business transactions, and that will significantly affect the Company.

4. Disclosure of the subsidiary's information

- 4.1 Directors of subsidiaries must disclose information about their financial status and operating results, connected transactions of subsidiaries, items that may have conflicts of interest, as well as the acquisition or disposal of assets and/or significant items to the Company completely, correctly and within a reasonable time period as determined by the Company. In addition, to consider entering a connected transaction, or the acquisition or disposition of the subsidiary's significant assets, relevant notifications of the Capital Market Supervisory Board and notifications of the Board of Governors of the Stock Exchange of Thailand will apply mutatis mutandis.
- 4.2 Directors and executives of the subsidiary must avoid transactions that may cause a significant conflict of interest with the subsidiary's interest. If such transaction occurs, they have the duty to inform the subsidiary's board of directors, and the Company's board of directors has the duty to inform the Company's board of directors within the period of time determined by the Company so as to support the consideration or approval in which general benefit of the subsidiary and the Company will be taken into consideration.

The directors of the subsidiary shall not take part in approving any matter in which they have interest or conflict of interest, directly and/or indirectly.

The following actions which result in the subsidiary's directors or related parties receiving financial benefits other than those they are normally entitled to, or cause damage to the

subsidiary or the Company, shall be assumed actions significantly cause a conflict of interest with the Company's interest:

- (a) transactions made between the subsidiary and a director or related party which are not in accordance with the criteria of the notifications regarding connected transactions and/or relevant notifications as amended being enforced at the time;
- (b) the use of the information of the Company or subsidiary that comes to knowledge, unless it has been disclosed to the public; or
- (c) the use of the assets or business opportunities of the Company or subsidiary in the same manner as that of the Company, which violates the rules or general practices designated by the Capital Market Supervisory Board.

- 4.3 The subsidiary's directors must report their business operation plans, business expansion plans, large investment projects that have been approved by the Company, and joint investment with other business operators, to the Company through its monthly performance report, and must give clarification and/or submit documents to support the consideration of those matters at the Company's request, except in the case that such operations are within power of authority without any laws or regulations of the subsidiary requiring approval from the Company.
- 4.4 The subsidiary's directors must give clarification and/or information or documents relating to its operations to the Company if reasonably requested.
- 4.5 The subsidiary's directors must give clarification and/or relevant information or documents to the Company, if Company detects any significant issue.
- 4.6 The directors and executives of the subsidiary must ensure that it has an internal control system, a risk management system and an anti-corruption system that is appropriate, efficient, and circumspect enough to assure that its operations will truly and continuously comply with the Company's policies and Articles of Association; law and notifications regarding the good governance of a listed company, including the relevant notifications, regulations, and rules of the Capital Market Supervisory Board, the Office of Securities and Exchange Commission, and the Stock Exchange of Thailand. They must also ensure that it has a clear work system that can prove that the subsidiary has sufficient information disclosure systems, and a channel for the Company's directors to efficiently follow up on the subsidiary's disclosure of its information regarding the financial position, operating results, connected transactions, the acquisition and disposition of assets, transactions that may cause conflicts of interest, and/or other transactions significant to the subsidiary. In addition, the company must have mechanisms to examine these work systems by allowing the Company's internal auditors and directors to have direct access to data and reporting the results of the examination of these work systems to the Company's directors and executives to ensure that the subsidiary always complies with the arranged work systems.

5. Use of the subsidiary's internal information

No director, executive, officer, employee, worker of, or person designated by the subsidiary, as well as their spouses and minor children, is allowed to use the internal information of the Company or the subsidiary obtained through their performance of duty or otherwise that has or might have significant effects on Parent Company's securities price, for the benefits of themselves or others, directly or indirectly, regardless of whether any return is received.

6. Transactions by a director, an executive, or a related party of the subsidiary

The directors, executives, or related parties of the subsidiary can enter a transaction with it only after the transaction has been approved by the board of directors of the subsidiary and/or the Company, and/or the shareholders meeting of the subsidiary and/or the Company (as the case may be), based on the transaction size calculated (the criteria of transaction calculation as prescribed in the notifications of the Capital Market Supervisory Board, and the Notification of the Board of Governors of the Stock Exchange of Thailand relating to Connected Transactions and/ or amended notifications being enforced at the time shall be applied mutatis mutandis), unless the transaction is a commercial agreement that a reasonable person would enter into with any contract party in general under the same situation, by the exercise of commercial bargaining power without influence from the position of director, executive or related person, as the case may be, and being approved by the Company's board of directors, or in accordance with the principles approved by the Company's board of directors.

Part 2: Supervision and management of subsidiaries that conduct core businesses under the focal company and the size of the said subsidiary is not significant to the Company.

1. Definitions

1.1 “Subsidiary” means a subsidiary company operating core businesses and whose size is not significant to the Company according to the definition and characteristic as 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. The appointment or nomination of directors in a subsidiary

The provisions of Section 2 of Part 1 shall apply mutatis mutandis. The focal company assigns the Chief Executive Officer and President of the company to appoint or nominate persons to be directors in subsidiaries from the nomination list approved by the Board of Directors, which has been determined by the Board of Directors at least once a year, and report to the Board of Directors of the focal company at least once a year.

2. **Matters that need approval or agreement from the focal company's Board of Directors or Board of Directors Meetings before they take effect**

The provisions of Section 3 of Part 1 shall apply mutatis mutandis. The subsidiary must receive approval from the focal company's Board of Directors Meeting or the shareholder meeting before taking action on the specified matter. The focal company or the focal company's Board of Directors (As the case may be) may proceed to seek approval from the Company's Board of Directors meeting or the Company's shareholder meeting as deemed necessary or appropriate.

3. **Disclosure of the subsidiary's information**

The provisions of Section 4 of Part 1 shall apply mutatis mutandis. Subsidiaries must disclose, notify, report, clarify, or submit information (as the case may be) to the focal company or the committee of the focal company (as the case may be) and allow the focal company or the Board of Directors of the focal company (As the case may be) to disclose, inform, report, clarify, or submit information (as the case may be) to the Company as deemed appropriate.

4. **Use of the subsidiary's internal information**

The provisions of Section 5 of Part 1 shall apply.

5. **Transactions by a director, an executive, or a related party of the subsidiary**

The provisions of Section 6 of Part 1 shall apply mutatis mutandis. The subsidiary must receive approval from the focal company's Board of Directors Meeting or the shareholder meeting before taking action on the specified matter. The focal company or the focal company's Board of Directors (As the case may be) may proceed to seek approval from the Company's Board of Directors meeting or the Company's shareholder meeting as deemed necessary or appropriate.

It has considered and agreed that the supervision mechanism specified in Part 2 allows the central company to control the management and manage important matters of the subsidiaries conducting main business under the focal company sufficiently and appropriately. The company will establish measures in place to consider the adequacy and appropriateness of the said mechanism annually.

This policy shall be effective from June 9, 2023.