

## Directorship Policy

### SCG Chemicals Public Company Limited

The Board of Directors Meeting of SCG Chemicals Public Company Limited (“the Company”) No. 282 (3/2022) held on March 30, 2022 resolved to approve the first Directorship Policy and endorsed the continuous enforcement of this Policy upon the conversion of the Company into a public limited company.

To ensure that the Company has established sufficient and appropriate scopes and mechanisms to oversee the appointment and transfer of the Company’s representatives to be directors and executives of subsidiaries and associates operating core business following the main objectives of the Policy on Governance and Management of Subsidiaries and Associated Companies operating Core Business, the Board of Directors Meeting, thus, adopted this Directorship Policy taking into account types, sizes and complexity of business including suitable number of company for directorship and sufficient time devoting to the assignments while performing effective director duty.

#### **1. Definitions**

- 1.1 "Subsidiary operating core business" means a subsidiary that is (a) the Central Subsidiary; (b) the Independent Subsidiary; and (c) the Subsidiary that is under the supervision of the Central Subsidiary, but is of a significant size (if any), according to the definition and description provided in the relevant notifications of the Capital Market Supervisory Board and the Securities and Exchange Commission.
- 1.2 "Central Subsidiary" means a subsidiary that operates the core business, in which the Company has in place a governance mechanism to enable that central subsidiary to sufficiently and appropriately control the administration and management of significant matters of the subsidiaries that operate the core businesses in its group, according to the definition and description provided in the relevant notifications of the Capital Market Supervisory Board and the Securities and Exchange Commission.
- 1.3 "Independent Subsidiary" means a subsidiary that operates the core business and is not in the group of the Central Subsidiary, and is not under the supervision of the Central Subsidiary.
- 1.4 "Subsidiary that is under the supervision of the Central Subsidiary but is of a significant size" means a subsidiary that operates the core business and is under the supervision of the Central Subsidiary, but has a size that is substantial relative to the size of the Company.
- 1.5 "Associated Company operating core business" means an associated company according to the definition and description provided in the relevant notifications of the Capital Market Supervisory Board and the Securities and Exchange Commission.
- 1.6 "Other Subsidiary or Other Associated Company" means a subsidiary or an associated company that is not Subsidiary operating core business nor Associated Company operating core business.

#### **2. Rationale**

The appointment of directors and executives of subsidiaries and associates operating core business to be in charge of supervising and managing their operations is a key governance mechanism to ensure that they efficiently comply with the Company’s policies, goals, vision, medium-term business plans, and strategic growth plans. As such, the Company’s Board of Directors approved the formulation of this Directorship Policy accordingly.

#### **3. The policy for the appointment of directors and executives to subsidiaries and associates operating core business**

The appointment of directors and executives to subsidiaries and associates operating core business shall be carried out in a prudent manner to ensure that the appointed person is qualified, knowledgeable and competent with ethics conscious, a sense of responsibility, and leadership, all

of which will enable them to manage subsidiaries and associates operating core business efficiently, create and add long-term returns and value for shareholders, inspire confidence in all stakeholders, promote proper auditing and the system of checks and balances in subsidiaries and associates operating core business, as well as support the sustainable implementation of the Company's policies.

**4. The authority to appoint directors and executives to subsidiaries and associates operating core business**

The Board of Directors will consider the potential candidates list at least once a year and assign the Chief Executive Officer and President of SCG Chemicals to consider the appointment and transfer of persons from the candidates list approved by the board to represent the Company as directors and executives in subsidiaries and associates operating core business as deemed appropriate, in compliance with relevant laws of each country and conceptual frameworks of this policy. Such transaction shall be reported to the Board of Directors at least once a year.

For other subsidiaries or other associated companies, the Chief Executive Officer and President of SCG Chemicals shall consider the appointment and transfer of persons to represent the Company as directors and executives as deemed appropriate, in compliance with relevant laws of each country and conceptual frameworks of this policy. For subsidiary that is under the supervision of the Central Subsidiary but is of a significant size, the Central Subsidiary shall assign the appointment and transfer of persons and the subsidiary under its supervision shall report to the Central Subsidiary at least once a year.

**5. The qualification of the persons to be appointed as directors or executives in subsidiaries and associates operating core business**

- (1) being fully qualified, and having no prohibited characteristics, as specified in the applicable laws or requirements;
- (2) having knowledge, competency, and experience beneficial for business operations and suitable for their duties and responsibilities;
- (3) demonstrating leadership, and being able to offer extensive viewpoints and ideas necessary for driving and fulfilling the objectives of that subsidiaries and associates operating core business; and
- (4) being able to make justifiable decisions in accordance with the corporate governance guidelines and code of conduct of SCG Chemicals

**6. The selection of the persons to be appointed as directors or executives in subsidiaries and associates operating core business**

The selection of persons to be appointed as directors or executives in subsidiaries and associates operating core business should take into consideration their business size and complexity according to the following criteria:

- (1) For a subsidiary and an associate operating core business which is a Holding Company with assets worth over 10,000 million Baht:

An appropriate number of members of SCG Chemicals's Management shall be selected for directorship in subsidiaries and associates operating core business, taking into consideration diversity as well as checks and balances for decision making. The list should at the very least include the Chief Financial Officer of SCG Chemicals and may also include no more than one (1) executive officer in Management Level 4 and/or the Management in charge of such business or the designated person in capacity of certain position, i.e. Planning & Investment Director or equivalent.

- (2) For a subsidiary and an associate operating core business which is a Holding Company with assets worth under 10,000 million Baht:

The Chief Executive Officer and President and/or the Chief Officers and Executive Vice President of the business unit holding shares in subsidiaries and associates operating core business shall be selected for directorship in such companies.

The list may also include no more than two (2) executive officers in Management Level 4 and/or the Management in charge of such business or the designated person in capacity of certain position, i.e. Planning & Investment Director or equivalent.

- (3) For a subsidiary and an associate operating core business which is an Operating Company with assets worth over 10,000 million Baht:

Members of SCG Chemicals's Management shall be selected for directorship in subsidiaries and associates operating core business. The list should at the very least include SCG Chemicals's Chief Financial Officer, along with the Chief Executive Officer and President and/or the Chief Officers and Executive Vice President of the business unit holding shares in subsidiaries and associates operating core business. Executive officers in Management Level 4 upwards from the aforementioned business unit and/or the Management in charge of such business or the designated person in capacity of certain position, i.e. Planning & Investment Director or equivalent may also be appointed to subsidiaries and associates operating core business as directors.

- (4) For a subsidiary and an associate operating core business which is an Operating Company with assets worth 1,000-10,000 million Baht:

The Chief Executive Officer and President and/or the Chief Officers and Executive Vice President of the business unit holding shares in subsidiaries and associates operating core business shall be selected for directorship in such companies.

The list may also include executive officers in Management Level 3 upwards from the aforementioned business unit and/or the Management in charge of such business or the designated person in capacity of certain position, i.e. Planning & Investment Director or equivalent.

- (5) For a subsidiary and an associate operating core business which is an Operating Company with assets worth under 1,000 million Baht:

The Chief Executive Officer and President and/or the Chief Officers and Executive Vice President of the business unit holding shares in subsidiaries and associates operating core business shall be selected for directorship in such companies.

The list may also include executive officers in Management Level 2 upwards from the aforementioned business unit and/or the Management in charge of such business or the designated person in capacity of certain position, i.e. Planning & Investment Director or equivalent.

In addition to the foregoing criteria, the specific characteristics or any other conditions of each subsidiary and associated company operating core business must also be taken into consideration, for example:

- (1) its existence as a public company listed on domestic or foreign securities markets;
- (2) a subsidiary and an associate operating core business subject to requirements on number or proportion of directors specified in the joint venture agreement among its shareholders;
- (3) compliance with the statutory provisions of the country in which a subsidiary and an associate operating core business operates its business or is incorporated, such as Thailand's Direct Sales and Direct Marketing Act, or conditions for obtaining privileges from the government, civil service, or other agencies of a country to which a subsidiary and an associate operating core business is bound (such as research funding);

- (4) a subsidiary and an associate operating core business whose business nature requires personnel with specialized knowledge or expertise in, for example, digital technology; retail, including e-commerce; start-ups; and research and development (R&D) involving studies that are characterized by uncertainty or are under trial;
- (5) a non-active company pending restructuring or other appropriate actions

Only when falling into at least one of the abovementioned categories in (1)-(5) can the appointment of directors to a subsidiary and an associate operating core business deviate from the primary requirements as necessary and appropriate for each company. The selection of persons to be appointed in accordance with the specific characteristics defined above shall be considered on an individual basis and shall be carried out according to given authority or approved by the Chief Executive Officer and President of SCG Chemicals.

#### **7. The roles and responsibilities of the persons appointed as directors or executives in subsidiaries and associates operating core business**

- (1) To ensure that a subsidiary and an associate operating core business complies with the applicable laws, articles of association, rules, and regulations; has good management; complies with corporate governance principles, code of conduct, and anti-corruption policy, as well as other policies of SCG Chemicals or that are consistent with the Company's policies.
- (2) To provide the guidelines on determining the direction of strategies, policies, and business plans of a subsidiary and an associate operating core business, which must be consistent with the Company's direction; and to promote innovations and the use of technologies to improve their competitiveness.
- (3) To report a subsidiary and an associate operating core business's operating results and performance, and to accurately and completely disclose its information to the Company in a timely manner, especially material transactions that may affect their financial standing and operating results and any transactions other than its ordinary business transactions with significant impact on them.
- (4) To ensure efficient business operations by a subsidiary and an associate operating core business, and to appropriately manage the Company's returns on the investment in that subsidiary and associated company operating core business.

This Policy shall be effective from August 20, 2022 onwards.

**Announced on August 20, 2022**

*-signed by-*

**(Mr. Chumpol NaLamlieng)  
Chairman of the Board of Directors**

Note:

The first amendment to this Directorship Policy was made pursuant to the resolution of the Board of Directors Meeting No. 5 (5/2022) on August 20, 2022.