

## **CHARTER OF THE NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE SCG CERAMICS PUBLIC COMPANY LIMITED**

The Nomination, Remuneration, and Corporate Governance Committee is a part of good corporate governance. The duties of the Nomination, Remuneration and Corporate Governance Committee are to identify qualified candidates to replace directors retiring at the end of their terms, or for other cases, and also to recommend remunerations of the Board of Directors and its subcommittees, propose them to the Board of Directors for approval at the general meeting of shareholders, and recommend practices and procedures concerning corporate governance of the company to the Board of Directors. The Board of Directors has thus resolved to adopt this Charter of the Nomination, Remuneration, and Corporate Governance Committee so that every member of the Nomination, Remuneration, and Corporate Governance Committee is aware of his/her duties and responsibilities and performs them correctly and completely.

### **1. Scope of Duties**

The duties of the Nomination, Remuneration, and Corporate Governance Committee are as follows:

#### **Nomination**

- 1.1 Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.
- 1.2 Review the appropriateness of retaining the directorship should there be any change in a director's qualifications
- 1.3 Report progress and performance results to the Board of Directors after every meeting of the Committee regularly.
- 1.4 Define qualification and selection procedures and guidelines to replace a director retiring at the end of their terms, with the diversity of the board regarding expertise, experience, and specializations.
- 1.5 Nominate qualified candidates for directorship to replace a director retiring at the end of their terms, or whatever the case may be, and submit a list of candidates to the Board of Directors and/or Shareholders' Meeting for approval.
- 1.6 Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Nomination Committee in keeping it applicable and up-to-date.
- 1.7 Perform other duties as assigned by the Board of Directors

#### **Remuneration**

- 1.1 Propose guidelines and methods for remuneration to be paid to the Board of Directors and the subcommittees appointed by the Board of Directors, including bonus and attendance fee
- 1.2 Recommend the policy on the Management Incentives including salary and annual bonus, in line with the company operating results and the performance of each top executive. Whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.
- 1.3 Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing to the Board of Directors for approval.
- 1.4 Consider the annual budget for the salary increase, changes in wage and compensation, and bonuses of top executives before proposing to the Board of Directors.
- 1.5 Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and top executives in order to propose for the approval of the Board of Directors.

- 1.6 Consider the remuneration of the Board of Directors and top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that the company retains its leadership in that industry and to motivate them to foster the company's continuing development.
- 1.7 Report progress and performance results to the Board of Directors after every meeting of the Committee.
- 1.8 The performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgment.
- 1.9 Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up-to-date.
- 1.10 Perform other duties as assigned by the Board of Directors.

### **Corporate Governance**

- 1.1 Define the scope and policy of the company's corporate governance and propose to the Board of Directors.
- 1.2 Make recommendations on the practice of the company's corporate governance and give advice on corporate governance to the Board of Directors. Also, oversee and monitor the performance of the company's Board of Directors and the Management to ensure their compliance with the company's corporate governance policy
- 1.3 Review the practice of corporate governance within the company to ensure it is appropriate for the company's business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.
- 1.4 Recommend and review methods for performance assessment of the Board of Directors and subcommittees on an annual basis as well as follow up and report the assessment results to the Board of Directors, allowing them to enhance their performance of duties and improve the directors' competency
- 1.5 Report progress and performance results to the Board of Directors after every meeting of the Committee.
- 1.6 Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the subcommittees. Also, review and recommendations to the Board of Directors and the subcommittees on any changes regarding the Charter annually.
- 1.7 Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as a self-assessment.
- 1.8 Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Nomination, Remuneration, and Corporate Governance Committee is authorized to call for and order the management, heads of offices, or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the company's expense

### **2. Composition of the Nomination, Remuneration, and Corporate Governance Committee**

The compositions of the Nomination, Remuneration, and Corporate Governance Committee are as follows:

- 2.1 The Nomination, Remuneration, and Corporate Governance Committee consists of not less than 3 members.

- 2.2 The members of the committee must be appointed by the Board of Directors.
- 2.3 The Chairman of the Nomination, Remuneration, and Corporate Governance Committee may be appointed by either the Board of Directors or the Nomination, Remuneration, and Corporate Governance Committee.

### **3. Qualifications of the Nomination, Remuneration, and Corporate Governance Committee**

- 3.1 Shall be the company's directors.
- 3.2 Shall have a wide-ranging vision, and keep updated continuously with changes of appropriate qualifications from the notifications of related organizations and the company's operation for further improvement of the company's nomination and remuneration policies.
- 3.3 Must be neutral in looking for and selecting of persons qualified for nomination to hold the position of Company directors, replacing those whose terms of office expired or for other cases, and in preparation of sufficient biographical data of such persons for the consideration of the Board of Directors.
- 3.4 Shall possess the knowledge and good understanding of corporate governance and keep updated continuously with changes in corporate governance internationally for further improvement of the company's corporate governance policies.
- 3.5 The members of the Nomination, Remuneration, and Corporate Governance Committee shall be able to independently perform his/her duties, express opinions, report on the performance of the assigned duties, and devote sufficient time to perform his/her duties

### **4. Terms of Office**

The terms of office of the members of the Nomination, Remuneration, and Corporate Governance Committee is 3 years each. A retiring member is eligible for re-appointment.

Apart from the vacancy upon the expiration as aforementioned, a member of the Nomination, Remuneration, and Corporate Governance Committee shall vacate office when:

- 4.1 He/she resigns;
- 4.2 He/she is no longer qualified for the office of the Nomination, Remuneration, and Corporate Governance Committee, as specified in this charter;
- 4.3 The Board of Directors passed a resolution removing him/her from office.

If a member of the Nomination, Remuneration, and Corporate Governance Committee wishes to resign, he/she shall give notice of resignation to the Chairman of the Company's Board of Directors. The resignation shall be effective from the date on which the Chairman of the Company's Board of Directors receives the resignation letter.

In case of vacancies of all members in the Nomination, Remuneration and Corporate Governance Committee, the said Nomination, Remuneration, and Corporate Governance Committee may perform any act in the name of the Nomination, Remuneration and Corporate Governance Committee only in matters necessary until a new the Nomination, Remuneration, and Corporate Governance Committee takes over the duties.

In case of a vacancy occurring in the Nomination, Remuneration, and Corporate Governance Committee for reason other than the natural expiration of the term of office, the Board of Directors shall have the responsibility of electing a fully qualified individual as a substitute member of the Nomination, Remuneration and Corporate Governance Committee so that the number of members of the Nomination, Remuneration and Corporate Governance Committee remains in full as the Board of Directors had stipulated. The substitute member shall hold office only for the remaining term of office of the member whom he/she replaces.

## **5. Meetings**

Meetings of the Nomination, Remuneration, and Corporate Governance Committee are to be called whenever the Committee or the Chairman of the Committee sees fit. There must be at least two meetings per year.

In case of calling a meeting of the committee, the Chairman or the Secretary of the Nomination, Remuneration and Corporate Governance Committee, by order of the Chairman, shall serve a written notice calling for such meeting to members of the Nomination, Remuneration and Corporate Governance Committee not less than 7 days prior to the date of the meeting. Where it is necessary or urgent, the meeting may be called by other methods and an earlier meeting date may be chosen. In a meeting of the Nomination, Remuneration, and Corporate Governance Committee, the Chairman of the committee or the chairman of the meeting may choose to conduct the meeting electronically according to defined criteria and methods to enable discussions and exchange of opinions among attendees who may not be in the same location.

The Nomination, Remuneration, and Corporate Governance Committee should hold meetings to discuss matters within its scope of duties.

## **6. Quorum**

At a meeting of the Nomination, Remuneration, and Corporate Governance Committee, at least half the number of the members of the Nomination, Remuneration, and Corporate Governance Committee must attend to constitute a quorum. In case the Chairman is absent or unable to perform his/her duty, the Nomination, Remuneration, and Corporate Governance Committee shall appoint a member who is attending the meeting to perform the duty on behalf of the Chairman. Decisions in the meeting shall be by a simple majority vote. Each member of the Nomination, Remuneration, and Corporate Governance Committee is entitled to one vote. In the event of a tie vote, the Chairman of the meeting shall have a casting vote. The member of the Nomination, Remuneration, and Corporate Governance Committee who has an interest in any matter, he/she shall not be entitled to vote on such matter.

Resolutions of the Nomination, Remuneration and Corporate Governance Committee may be made without a meeting, and shall be deemed valid as if they were made at the meeting, when all members of the Nomination, Remuneration and Corporate Governance Committee have adopted it by their signatures

## **7. Remuneration**

The Nomination, Remuneration, and Corporate Governance Committee shall be paid remuneration, the amount of which shall be approved by the shareholders' meeting