



- Translation -

Charter of the Board of Directors

The Board of Directors shall select a candidate with proper qualifications, avoiding the qualifications and characteristics prohibited by law. Then, this shall be proposed to the Board of Directors' meeting and/or shareholders' meeting (as the case may be) in order to consider such appointment to serve as a company director for the best interest of the Company and compliance with the good corporate governance principles.

● Board Composition

- 1) The Board of Directors must comprise at least five (5) directors and not less than half of the total number of directors must be resident in the Kingdom of Thailand including the composition of independent directors must not be less than one-third (1/3) of the entire board but not less than 3 persons.
- 2) The Chairman and Chief Executive Officer are not the same individuals. The separation of their roles and responsibilities is clearly defined.
- 3) In case the Chairman is not an independent director, the Board of Directors shall appoint a designated independent director to participate in setting the board meeting agenda in compliance with good corporate governance. In case approval of an agenda that a non-independent director may lead to the conflict of interests, there must be at least two (2) independent directors to present and vote at the meeting.
- 4) The Board of Directors appoints a company secretary for performing his/her duties including coordination in compliance with the board resolution. Moreover, the company secretary should receive ongoing training and education relevant to performing his/her duties or laws and accounting.
- 5) The board composition must consist of directors with diversified backgrounds: gender, age experience, professional skill, , and specific capability such as accounting and finance, organization management and human resources, risk management, crisis management, Company's business model, international marketing, defining vision and strategies and necessary knowledge towards the Company in three to five (3-5) years ahead, for performing duties in order to ensure that the Company runs the business to achieve the objectives and creates sustainable growth. Thus, there must be at least three (3) directors who know the Company's industry or nature, and at least one (1) director or one-third (1/3) of such number must be a non-executive director including at least one (1) director who possesses knowledge of accounting and finance.

● Qualifications of Directors

- 1) The Board of Directors must be qualified and must not have prohibited characteristics under the requirements by the Limited Public Company Act B.E. 2535 (as amended), the Securities and



Exchange Act B.E. 2535 (as amended) as well as notifications, Articles of Association, and/or relevant regulations or criteria prescribed by Securities and Exchange Commission.

- 2) The Board of Directors comprises qualified directors with knowledge and experience from diversified professions which are beneficial to business operation as well as determination and morality.
- 3) The Board of Directors is able to consider and exercise independent judgment towards the management and any group with interest. Thus, all directors must submit a report of conducting business or being a director or an executive in other companies to the Chairman and Chairman of the Audit Committee. (except Company's subsidiaries and Sherwood Chemicals Public Company Limited, which operates the business of manufacturing and distributing of decorative paint and coating products, construction chemicals products and general woodworking tools and industrial products for general customers with the competitive trait against the Company ("Paint and coating products for general customers business") (whether directly or indirectly) and if so, the Board of Directors will take actions as it deems appropriate to manage such interests.
- 4) The Board of Directors can distribute sufficient time to discharge its duties and responsibilities effectively.
- 5) The directors should hold positions not more than in five (5) listed companies for them to perform their duties effectively and can dedicate sufficient time to perform duties as a director.

● **Qualifications of Independent Directors**

- 1) All of the independent directors of the Company are qualified in line with 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 (including the amendments), and regulations of the Securities and Exchange Commission, and the Stock Exchange of Thailand:
 - Holding no more than one (1) percent of the total voting shares of the Company, parent company, subsidiary, associate company, major shareholder or controlling person of the Company, including shares held by the connected persons of such independent director;
 - Not being or having been an executive director, employee, staff, advisor earning a regular monthly salary or the controlling person of the Company, its parent company, subsidiary, associate company, same-level subsidiary, major shareholder or controlling person, unless the foregoing status has ended for at least two (2) years.
 - Not being a person who is related by blood or legal registration as father, mother, spouse, sibling, and child, including a spouse of the child, other directors, management, major shareholders, controlling person or person to be nominated as director, executive or controlling person of the Company or its subsidiary;
 - Not having or having had a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder, or controlling person in a manner that may

interfere with independent discretion, which includes not being or having been a significant shareholder or the controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate company, major shareholder or controlling person, unless such foregoing relationships have ended for at least two (2) years.

The business relationship shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, providing assets as collateral, and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the Company or from twenty million baht or more, whichever amount is lower. In this regard, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, mutatis mutandis. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year to the date of establishing the business relationship with the related person;

- Not being or having been an auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of the audit firm which employs the auditor of the Company, its parent company, subsidiary, associate company, majority shareholder, or controlling person, unless the foregoing relationship has ended for not less than two (2) years;
- Not being or having been a provider of professional services, which includes serving as a legal advisor or financial advisor being paid with a service fee of more than two million (2,000,000) baht per year by the Company, its parent company, subsidiary, associated company, majority shareholder, or controlling person, and not being a significant shareholder, controlling person, or partner of such provider of professional services, unless the foregoing relationship has ended for not less than two (2) years;
- Not being a director who is appointed as the representative of directors of the Company, major shareholder, or shareholder who is a connected person of a majority shareholder;
- Not undertaking any business of the same nature and in significant competition with the business of the Company or its subsidiary, or not being a significant partner in a partnership, or BOD Charter (2022 Revision) 4 an executive director, employee, staff, advisor earning a regular monthly salary, or holding more than one percent of the voting shares of another company that undertakes a business of the same nature and in significant competition with the business of the Company or its subsidiary;
- Not having any other characteristics that cause the inability to express independent opinions on the business operation of the Company;

- Do not be a director delegated from the Board of Directors to make a decision of the Company, its parent company, subsidiary, associated company, same-level subsidiary, majority shareholder, or controlling person and;
 - Do not be a director of the parent company, subsidiary, or same-level subsidiary of a listed company.
- 2) Be independent apart from the management and major shareholders of the Company, and there is no independent director holding positions of more than five (5) listed companies.
 - 3) Independent directors should have tenure not exceeding a cumulative term of nine (9) years from the first day of such appointment. In the event that independent directors are to be appointed to continue their positions, the Board of Directors should reasonably consider such a necessity.
- **Scope of Duties and Responsibilities**

The Board of Directors' scope of duties and responsibilities is as follows:

- 1) Perform duties in compliance with laws, objectives, the Company's Articles of Association, and Board of Directors' and shareholders' resolutions with accountability, prudence, and integrity.
- 2) Consider providing details and endorse vision, mission, business strategy, business direction, business policy, goal, guideline, operating plan, and budget of the Company and its subsidiary companies as prepared by the Executive Committee and the management.
- 3) Supervision of management and performance of the Executive Committee, Chief Executive Officer, the management, or any persons assigned to perform such duties in order to comply with the vision, mission, business strategy, business direction, business policy, goals, approaches, operational plans and budget formulated by the Board of Directors.
- 4) Monitor the operating results of the Company and its subsidiary companies regularly in order to meet with the operating plan and budget of the Company.
- 5) Ensure that the Company and its subsidiary companies apply an appropriate and efficient accounting system, as well as establish the internal control system and the internal audit system can be evaluated efficiently and sufficiently, and provide a proper assessment process of the Company of the internal control system and subsidiaries regularly.
- 6) Ensure that the balance sheet and profit and loss statement are made available at the end of the fiscal year of the Company, and sign to certify the said financial statements for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders.
- 7) Consider and endorse the selection and nomination of the auditor, as well as consider appropriate remuneration as proposed by the Audit Committee for further proposal to shareholders for consideration and approval in the Annual General Meeting of Shareholders.

- 8) Establish the written corporate governance policy in line with the good corporate governance principles by the Stock Exchange of Thailand, the Securities and Exchange Commission and grant approval of as well as foster such policy into practice efficiently for retaining and keeping the high standards of the Company's good corporate governance, including to ensure that the Company is accountable to all concerned parties equally, by reviewing such policy at least one (1) time a year.
- 9) Establish business ethics based on honesty, trustworthiness, transparency, good corporate governance principles, and good social ethics, which is approved by the Board of Directors. Thus, the directors, management, and employees must comply with such business ethics strictly as well as communicate it for well understanding via email and notice board. The standard operating procedures are also defined to control the operation, organizational implementation including monitoring such compliance.
- 10) The Board of Directors supervises the implementation of the risk management covering the organization and assigns the Risk Management Committee to determine the risk management policy and propose to the Audit Committee and the Board of Directors respectively for acknowledgment. The Risk Management Committee is responsible for the compliance and reports to the Audit Committee on a regular basis, and reports on the committee's performance is presented to the Audit Committee and the Board of Directors at least once a year. Moreover, the risk system or assessment of risk management should be reviewed at least once a year and disclosed on the annual report as well as whenever a risk level changes together with prioritization of the early warning signs and irregularity.
- 11) The Board of Directors determines the whistleblowing policy for whistleblowers or stakeholders via the Company's website or directly to the Audit Committee and the Board of Directors. This may appoint designated persons; that is, the head of internal audit and/or the secretary to the Audit Committee to further report such matter to the Company's independent directors or the Audit Committee in order to investigate a whistleblowing issue in line with the procedures and have explicit actions taken when a whistleblowing issue is received, and then report to the Board of Directors.
- 12) Consider and appoint persons possessing desirable qualifications and having no prohibited characteristics as stipulated in the Public Limited Company Act B.E. 2535 (including the amendments), the Securities and Exchange Act B.E. 2535 (including the amendments), as well as the announcements, rules, and/or related regulations to take up the directorship in case of vacancy in the Board of Directors for other reasons than retirement by rotation. Consider and endorse the appointment of directors to replace those who retire by rotation, as well as determine the directors' remuneration for further proposal in the shareholders' meeting for consideration and approval.
- 13) Establish sub-committees as well as Audit Committee, Executive Committee, or any other sub-committees, and formulate the roles and responsibilities of such committees in order to assist and support the Board of Directors in the discharge of its responsibilities including determining the remuneration of the sub-committees subject to the budget proposed by the management (not exceed the total amount approved by the shareholders).



- 14) Consider and appoint the Chief Executive Officer and Company Secretary, as well as determine the remuneration for the Chief Executive Officer, including set the aggregate amount for the annual bonus of employees and the management of the Company.
- 15) Consider and approve the financial expenditure in investment, other operations, loans or credits from a financial institution, as well as serving as a guarantor, for business-as-usual operations of the Company or subsidiaries, including companies in the Group; without financial limit, under the Company's regulations or rules with relevance to the Stock Exchange of Thailand and the Capital Market Supervisory Board.
- 16) Consider and related transactions between the Company, its subsidiaries, and associate companies with a related person as specified by the Securities and Exchange Act B.E. 2535 (including the amendments) as well as regulations pertaining to the Stock Exchange of Thailand and Capital Market Supervisory Board, and approve the criteria about trade agreement under the general commercial terms to enter into a transaction between the Company and its subsidiaries with a related director, management, or relevant party. In order to determine the scope of authority to enter into the transaction, it is subject to the applicable laws and relevant regulations. Such transaction shall be considered and screened by the Audit Committee prior to a further proposal at a meeting of the Board of Directors and/or shareholders depending on the transaction nature and size in line with the notification of the Capital Market Supervisory Board. Thus, directors or management of the Company who may cause conflicts of interest or be involved shall not participate in making decisions in such transaction.
- 17) Provide appropriate channels of communication for each group of shareholders, and supervise the disclosure of information in order to ensure correctness, clearness, transparency, and credibility in line with the Company's disclosure of information and relevant regulations.
- 18) Appoint an individual to serve as a director of the subsidiaries, or associate companies at least in proportion to shareholding. Scope, authority, and responsibilities of the appointed directors and management are clearly set as well as determine the scope of authority for exercising discretion to vote in the subsidiaries' board meeting or associate companies upon important matters which require prior approval of the Company's Board of Directors in order to exercise the management control in accordance with the Company's policy, and ensure that all transactions are conducted legally, including disclosure of information upon financial status, performance, related transactions, as well as significant acquisition or disposition of assets accurately.
- 19) Consider and approve the interim dividend payment.
- 20) Determine and/or change the authorized signatories of the Company's directors.
- 21) Seek professional opinions from external organizations if necessary so as to contribute to making proper decisions.



- 22) Monitor the Company's corporate performance to run efficiently, and protect any interests related to all stakeholders.
- 23) Arrange the annual general meeting of shareholders (AGM) every year within four (4) months after the end of the Company's fiscal year.
- 24) Hold the Board of Directors' meeting at least once every three (3) months.
- 25) Prepare the Board of Directors' annual report and be responsible for preparing and disclosing the financial statements of the Company and its subsidiaries to demonstrate the financial status and performance of the Company, and subsidiaries in the previous year and further proposal at a shareholders' meeting for consideration and approval.
- 26) Assess the overall performance of the Board of Directors, including individual performance assessment to consider and review the performance, problems, and obstacles in each year to ensure future application of the assessment result for development and improvement in various aspects of operations.
- 27) Monitor and oversee the management and operation of the Company and subsidiaries in alignment with the Company's policy, securities, and exchange laws, including announcement, regulations, and other criteria related to the Capital Market Supervisory Board, the Securities and Exchange Commission, and the Stock Exchange of Thailand such as a related transaction, a significant acquisition or disposition of assets, as long as there is no infringement with other laws. Moreover, there must be an appropriate and sufficient internal control system, and an internal audit system.

The Board of Directors can authorize and/or assign other persons to perform specific tasks on their behalf by authorization or sub-delegation. Such action shall be within the scope of authorization according to the power of attorney provided and/or and following the rules, regulations, or orders of the Board of Director and/or the Company. The assignment of authority and responsibility of the Board of Directors is not characterized as authorization or sub-delegation that the Board of Directors or an authorized person can approve transactions that they or persons may have conflicts of interest, (according to the definition announced by the Securities and Exchange Commission and/or the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or relevant authorities), be stakeholders, benefit in any manner, or have any other conflicts of interest with the Company or of the Company's subsidiaries. Except that it is an approval of transactions that complies with the policy and criteria approved by the shareholders' meeting, or the Board of Directors and it was the approval of a transaction that was in line with normal business and normal trade conditions. Furthermore, it must be in accordance with the announcement of the Securities and Exchange Commission and/or the announcement of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

- 28) Review the Board of Directors' charter at least one (1) time a year.



- **Tenure**

At the general shareholders' meeting, one-third (1/3) of the directors, or, if the number of directors cannot be divided exactly into three (3) parts, the number of directors nearest to one-third (1/3) shall vacate office. A vacating director may be eligible for re-election.

Apart from vacating at the end of his/her office term, a director shall vacate office upon

- 1) death,
- 2) resignation; (effective on the date when the resignation letter reaches the Company),
- 3) lack of qualifications or disqualifications under the laws, regulations, notification pertaining to applicable laws or the Company's Articles of Association,
- 4) removal prior to the resolution passed at the shareholders' meeting
- 5) removal pursuant to a court order.

- **Meeting**

- 1) **Number of Meeting**

- According to the Company's Articles of Association, the Board of Directors shall convene meetings at least once every three (3) months, either being present in the same place or via electronic meeting, at the province where the head office of the Company is located or nearby province or other location. The meeting day, time, and venue are considered by the Chairman, and the special meeting shall be held if necessary. In order to ensure the board meeting is held in a consistent manner, and the large numbers of directors' meeting attendance, the Company shall send its directors the whole-year schedule of the Board of Directors' meetings for the next year prior to the year-end of each year. The board meetings are determined at least six (6) meetings a year.
- The Company shall hold a meeting where the non-executive directors have the opportunity to discuss the managerial affair, as necessary, in the absence of the management, and shall report such results to the Chief Executive Officer.

- 2) **Meeting Agenda**

At every meeting, the company secretary, and the Chief Executive Officer discuss proposing a meeting agenda to the Chairman and the lead independent director to participate in setting such agenda in order to set the meeting agenda in advance. Thus, the notice with relevant document shall be sent to the directors at least three (3) days prior to the meeting date to the directors for sufficient time to consider the content of the meeting agenda, or able to request more information or document. However, in case of an urgent issue considered to protect the right and benefit of

the Company, there may be other ways to call for a meeting and send the meeting document to the directors less than three (3) days.

Thus, in the event that a notice and documents related to the meeting are sent through electronic means (whether the meeting is held in the same place or via electronic means), a copy of the notice and related documents must be kept as evidence, which may be stored in the form of electronic data.

3) Summon of the Board of Directors' Meeting

In summoning a meeting of the Board of Directors, the Chairman of the Board shall summon the meeting of the board of directors. The Chairman or a person assigned by the Chairman must send the meeting notice to the directors at least three (3) days prior to the meeting date. Except in case of urgent necessity to preserve the rights or benefits of the Company, the meeting can be notified by electronic means according to the laws.

When there is a reasonable cause or to protect the rights or benefits of the company, two (2) or more directors may jointly request the Chairman of the Board to summon a meeting of the Board of Directors. The subject and reason to be proposed to the meeting must also be specified. In such case, the Chairman of the Board shall summon and schedule the meeting within fourteen (14) days from the date of request. However, if the Chairman of the Board directors has not proceeded in such matter, the requesting directors may jointly summon and schedule a meeting of the Board of Directors to consider the requested matter within fourteen (14) days from the expiration of the first fourteen (14) day period.

In the event that the Chairman is absent for any reason, the Vice-Chairman shall be the person to summon the meeting of the Board of Directors. In the absence of the Vice Chairman for any reason, two (2) or more directors may jointly summon a meeting of the Board of Directors.

In case the Chairman is not an independent director, the Board of Directors will appoint the lead independent director to jointly determine the agenda of the Board of Directors' meeting to comply with the principles of good corporate governance for listed companies.

4) Attendance, Quorum, and Voting

- According to the Company's Articles of Association pertaining to a board meeting either being present in the same place or via electronic meeting, not less than one-half of the total number of directors must be present to constitute a quorum. However, in order to encourage the directors to participate in considering and voting at the meeting, the Company determines not less than two-thirds (2/3) of the total number of the entire directors (the numbers of directors who are present and attend the meeting are counted; however, a director who is involved with an agenda that may cause a conflict of interest has no right to vote on such agenda).



- The Chairman presides at the Board of Directors' meeting. In case the Chairman is not present at the meeting, or cannot perform his or her duties, the Vice-Chairman shall be the chairperson of the meeting. If the Vice-Chairman is not present or cannot perform his or her duties, the directors present at the meeting shall elect one of the directors to be the chairperson of the meeting.
- The decisions at the meeting shall be made by a majority vote of the directors attending the meeting. Any director having an interest in any matter shall not be entitled to vote on such matter. In the event of a tie vote, the Chairman of the meeting shall have a casting vote.
- The Chairman allocates sufficient time for the management to propose topics and discuss the significant matter thoroughly and encourages all directors to place importance on the issue at the meeting, as well as the corporate governance.
- The Board of Directors should encourage the top management to propose the inclusion of relevant items and to attend the meeting to present details on the agenda items related to matters that they are directly responsible for, and to allow the directors to gain familiarity with the top management and assist succession planning in the future.
- The Board of Directors is able to have access to necessary information required for their respective roles from the management and company secretary. If necessary to discharge their responsibilities, the Board of Directors may seek independent professional advice at the Company's expense.

5) Reporting

The company secretary or a person designated by the Board of Directors shall record the meeting, and send it to the Board of Directors within fourteen (14) days from the meeting date.

● Sub-Committees

The Board of Directors may establish one or many sub-committees in order to focus on a particular task or area which supports the Board of Directors' performance. Such sub-committees have responsibilities for screening and reviewing other particular matters. The Board of Directors considers and appoints the members of sub-committees or determines the scope of duties, authority, and responsibilities including other issues relating to the sub-committees as deemed appropriate by the Board of Directors. On a yearly basis, the Board of Directors considers and reviews the charter of sub-committees.



- **Remuneration**

The Board of Directors has defined the remuneration policy subject to both financial and non-financial criteria with transparency and proper consideration according to the responsibilities and comparable with peer industries. Thus, the remuneration for directors shall be approved by the shareholders' meeting.

This charter comes into effect on January 24, 2023.

-Prachak Tangkaravakoon-

(Mr. Prachak Tangkaravakoon)

Chairman of the Board of Directors

TOA Paint (Thailand) Public Company Limited