

Principle 4 Ensure Effective CEO and People Management

To ensure that a proper mechanism is in place for the nomination and development of top executives and executive officers, the duties of the Board of Directors are as follows:

1. Reviewing top executive development plans and the succession plan for the President & CEO and the top executives while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.
2. Encouraging the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the executives of different organizations.

Nomination and Succession Plan for Top Executive Positions at SCG

SCG has implemented a structured and transparent nomination process for key management positions at all levels to ensure that all top executives perform their duties independently from major shareholders and other stakeholders. The succession plan for the President & CEO and top executives is overseen by the Remuneration Committee and reviewed by the Board of Directors. The progress of the succession plan is assessed and reported on a regular basis, specifically in March and August each year. SCG's nomination process evaluates candidates based on their attributes, knowledge, and capabilities to manage operations effectively in alignment with the organization's long-term strategic direction (Organizational Capability). Key selection criteria include integrity, a proven track record, and leadership potential. Additionally, SCG establishes a Future Leader Pool and designates at least two potential successors for each key position. These individuals receive tailored development plans, which include mentorship, high-impact assignments, job rotations, and opportunities to participate in executive programs from world-class institutions. This comprehensive process is designed to cultivate leadership competencies across multiple management dimensions, ensuring that successors are well-prepared to take on critical roles within the company in accordance with the planned timeline.