

<i>APPLIED DB PUBLIC COMPANY LIMITED</i>		Version No. :	00
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-Translation-

Guidelines

The Succession Planning

(IA-HR-05)

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Revision History

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1. Objectives

- 1.1 To assess the readiness of personnel with sufficient qualifications and competencies.
- 1.2 To proactively plan for mid-term to long-term recruitment and selection of personnel in advance by planning the recruitment and development of potential internal candidates and/or external candidates.
- 1.3 To plan for the replacement and succession of positions for those retiring, positions difficult to replace, or positions with high market competition.
- 1.4 To reduce the attrition rate of personnel with knowledge, skills, and experience.
- 1.5 To incentivize and retain talented and high-potential employees by including them in succession planning and providing opportunities for development and promotion to higher positions.
- 1.6 To ensure that the selection of personnel to be responsible for important positions at all levels is standardized appropriately and transparently.

2. Scope

Covers management-level positions from Manager up to Chief Executive Officer, including critical specialist positions.

3. Definitions

- 3.1 **Chief Executive officer** refers to the highest executive of the Company.
- 3.2 **Managing Director** refers to a senior executive who reports to the highest executive of the Company.
- 3.3 **Executive** refers to middle to senior management levels, comprising the following positions:

Senior Management:

- 3.3.1 Division Director
- 3.3.2 Assistant Division Director

Middle Management:

- 3.3.3 Senior Department Manager
- 3.3.4 Department Manager

- 3.4 **Critical Specialist Position** refers to positions that are crucial to the Company's business nature, require significant investment in development, or are difficult to replace, such as Research and Development Officer, etc.

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4. Guidelines

To ensure that the Company obtains executives with the required qualifications, skills, experience, and professional capabilities, through consideration by an appointed recruitment/selection committee and succession planning:

4.1 Planning

The Company considers identifying successors based on the following importance:

- 4.1.1 Senior Management Positions: Succession planning should commence when the incumbent reaches the age of 50 to allow sufficient time for developing personnel before the executive's retirement.
- 4.1.2 Specialized Positions: Succession planning should commence when the incumbent reaches the age of 48 to allow sufficient time for developing personnel before the executive's retirement.
- 4.1.3 Exceptions: In certain situations where the aforementioned age or timeframe for identifying successors cannot be strictly adhered to, the authorized decision-maker shall consider environmental factors and the necessity of each situation accordingly.

4.2 Key Succession Principles

4.2.1 General Provisions

- 4.2.1.1 Executives may inform targeted individuals in advance about the key succession plan. This can boost morale and work engagement, as well as foster loyalty to the organization among the selected employees.

Executives may choose not to inform the successor in advance to mitigate the risk of failure if the selected employee cannot perform as expected and to maintain flexibility in finding a new replacement in a timely manner. Succession planning is a crucial strategy for ensuring business continuity in human resource planning.

- 4.2.1.2 If executives choose to inform the successor, a proposal for promotion and advancement must be presented. This may involve an acting position, assigning actual work responsibilities of the anticipated role, creating a specific job description, communicating goals and the trial period (which may include testing, depending on the case). The appointment to each position shall be in accordance with the Company's regulations.

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4.2.1.3 In cases where management chooses not to inform the targeted individual, it should involve positions where there is more than one potential internal candidate, or where there isn't a suitable internal candidate yet, and there might be an opportunity for external recruitment as well.

4.2.2 Important Position Qualifications

When an executive position becomes vacant or the incumbent is unable to perform the duties of the position, the Company will assign an executive at a similar or subordinate level to act in the position until a qualified individual is recruited and selected according to the Company's criteria and/or the incumbent is ready to resume duties. The Human Resources Department will consider and propose candidates to the Board of Directors or authorized personnel for approval and appointment to fill the position permanently. For the positions of Chief Executive Officer (CEO) or Managing Director, the progress of the succession plan will be reported to the Board of Directors periodically, at least once a year, for their information.

4.2.2.1 Chief Executive Officer

- Must be an individual with knowledge, skills, and experience in company management and business operations relevant to the Company's business.
- Must have at least 10 years of management experience in a CEO or senior executive position.
- Must possess specialized expertise that benefits the Company's business and aligns with its business strategy.
- Must possess leadership qualities and a broad vision, capable of analyzing the Company's business situation.
- Must have the ability to communicate and network effectively with others.
- Must possess the vision, knowledge, skills, experience, and suitability for the organizational culture.
- Must have the ability to plan and mobilize various resources effectively for the Company's business operations.
- No discrimination based on gender, age, or nationality.

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4.2.2.2 Managing Director

- Must have at least 10 years of management experience in a Managing Director or senior executive position.
- Must be able to develop business plans, define strategies, and set organizational operational goals in alignment with the policies set by the Chief Executive Officer.
- Must manage and control all departments to operate in accordance with the established policies and operational goals.
- Must allocate various resources adequately for business operations.
- Must control and manage the budget at an appropriate level.
- Must act as a representative in coordinating with the Board of Directors and external entities, both government and private sectors, on the Company's business matters.
- Must provide advice and consultation to subordinates to ensure that their duties are performed in a way that achieves the organization's goals and objectives.
- Must enhance customer satisfaction and simultaneously improve profitability.

4.2.2.3 Middle to Senior Management

- Analyze the Company's business situation (policies, direction, expansion or downsizing plans) to enable HR to accurately analyze and assess the required workforce in terms of both quantity and quality.
- Assess the readiness of the workforce, both in terms of quantity and qualifications, and the urgency of manpower needs in alignment with the Company's short-term and long-term strategies.
- Develop recruitment plans and employee training and development plans in advance, before employees retire or leave their positions prematurely.
- Define the required qualifications and competencies (knowledge, skills, personality, and desired attitudes) for employees in those positions and create individual development plans.
- Select, evaluate performance, and assess the potential of employees to determine their suitability and the extent of their development for future succession of vacant positions.
- Utilize personnel testing and assessment tools to analyze employee potential and identify successors based on the evaluation and analysis of employee potential and performance.

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Employees should be informed at least one year in advance to prepare for handover and learn the job, and backup successors should be identified.

- Develop and evaluate potential successors to determine if they can progress and perform as expected. If expectations are not met, the following actions should be taken:

- Proceed with the selection and planning for a new successor, or
- Develop the backup successor (if available), or
- Recruit and select from external candidates.

4.2.3 Selecting Suitable Candidates

Suitable individuals will be selected from within the Company, including within the same unit, department, division, or across different functions, to assess the best fit for the succession plan.

To find the right person, the Company will first look at individuals in subordinate roles to the target position. This will be based on a review of past performance evaluations using a mixed model approach, measuring performance against Key Performance Indicators (KPIs) as well as competencies. Furthermore, an assessment of work potential, organizational capabilities, educational background, and work experience will also be considered.

4.2.4 Development Process

Define the required qualifications and competencies (knowledge, skills, personality, and desired attitudes) for employees in those positions and create individual development plans (Individual Development Plan).

4.2.5 Follow-up

4.2.5.1 Utilize assessment tools.

4.2.5.2 Evaluate performance and assess employee potential appropriately based on the level of the employee's development.

4.2.5.3 Develop and evaluate potential successors to ensure they progress and perform as expected. If expectations are not met, the following actions should be taken:

- Proceed with the selection and planning for a new successor, or
- Develop the backup successor (if available), or
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4.2.6 Report

4.2.6.1 Summarize the evaluation results.

4.2.6.2 Inform the supervisor and obtain their signature for approval, then proceed with the next steps.

4.2.6.3 Inform the employee who is the candidate of the results.

4.2.6.4 Keep records for audit and reference purposes.