

# **SCG**

# **CORPORATE GOVERNANCE**

**Approved by SCG Board of Directors**

**in December 2017**

## Contents

### Message from the Board of Directors

#### Part 1 Introduction

- Four Core Values of SCG
- SCG Code of Conduct

#### Part 2 Corporate Governance Structure, Policies and Guidelines

- Corporate Governance Structure
- Corporate Governance Policy
- Guidelines on SCG Corporate Governance
  1. The Rights of Shareholders
  2. The Equitable Treatment of Shareholders
  3. Roles of Stakeholders
  4. Disclosure and Transparency
  5. Responsibilities of the Board of Directors
- Internal Control and Internal Audit
- Risk Management
- Connected Transactions

#### Part 3 Policies related to Compliance with SCG's Principles on Corporate Governance

##### 3.1 Policies on Compliance, Anti-corruption, and Whistleblowing

- SCG Corporate Compliance Policy
- Anti-corruption Policy
- Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with Laws, Rules and Regulations, the Company's Articles of Association, and SCG Code of Conduct (Whistleblowing Policy)

##### 3.2 Policies on Stakeholder Engagement

- Stakeholder Engagement Policy
- SCG Antitrust Policy
- SCG Supplier Code of Conduct
- SCG Procurement and Vendor Selection Policies and Guidelines
- Dividend Policy

##### 3.3 Policies on Information Disclosure and Transparency

- SCG Disclosure Policy
- Investor Relations Code of Conduct
- Insider Trading Policy

- SCG Blackout Periods

#### 3.4 Policies on the Responsibilities of the Board of Directors

- Policy on Limitation of the Number of Listed Companies Where Directors May Hold Directorship
- Policy on the Target Share of the Independent Directors on the Board
- Policy on Attendance at the Board of Directors Meetings

#### Part 4 Appendix

- Definitions
- Qualifications of Independent Directors of SCC

## Message from the Board of Directors

SCG has continuously carried on its business for over 100 years under the thorough supervision of the Board of Directors to fulfill its commitment to just and responsible business conduct toward every stakeholder and adherence to the long-standing principles observed and practiced since the Company's establishment. All of this is achieved under the Code of Conduct, which is constantly reviewed and adjusted to reflect economic and social changes on the basis of balanced and sustainable growth.

The Board of Directors has deemed that the principle of Corporate Governance is a universally-accepted organizational management guideline that closely corresponds with SCG's core values and Code of Conduct. As such, the Company has compiled and employed various bodies of knowledge and practices relevant to organizational management in its business conduct, which is rooted in ethics, integrity, and social responsibility, as consistently practiced and passed down from generation to generation insofar as it is evident and accepted that such guidelines truly correspond with and achieve the same objectives as the principles prescribed by the SCG Corporate Governance. Therefore, these guidelines have been compiled in SCG Corporate Governance, first published in 2003.

Given the shifting social and economic landscape as well as the global climate of attempts to define guidelines and principles for organizational management that are in line with international corporate governance standards so as to create confidence in stakeholders and promote sustainable growth, the Board of Directors has approved a revision of the content of SCG Corporate Governance to keep it aligned with current changes. The revision is carried out in adherence to The Principles of Good Corporate Governance for Listed Companies 2012 stipulated by the Stock Exchange of Thailand, Corporate Governance Code for Listed Company 2017 stipulated by The Securities and Exchange Commission, and The Thai Institute of Directors Association as well as the ASEAN Corporate Governance Scorecard, which aims to elevate corporate governance of listed companies in ASEAN nations to international standards.

SCG aims to develop the organization as a model in Corporate Governance and has declared such a commitment in SCG visions because of its conviction that SCG Corporate Governance is a management system that will create fairness, transparency, return, and added values for shareholders in the long run as well as create confidence in every stakeholder and promote the Company's competitive capability for sustainable growth.

October 2014

As an individual prospers in life through moral conduct,  
so does a company through ethical practices.

## Part 1 Introduction

### Four Core Values of the Siam Cement Group (SCG)

The present prosperity, success, and stability of SCG are the result of conducting business according to its ethical core values – the ideals that have been held in high regard and put into practice by the Board of Directors, by management, and by staff at all levels. They are:

- Adherence to fairness
- Dedication to excellence
- Belief in the value of the individual
- Concern for social responsibility

#### **Adherence to Fairness**

It is the responsibility of SCG to ensure that all who come in contact with us are treated with equal fairness. For example:

- Customers who use our goods and services will obtain maximum benefit in terms of quality and cost.
- Shareholders will receive a proper rate of return on their investment.
- Employees will enjoy both appropriate compensation and a good standard of living.
- All groups of stakeholders will be fairly treated.

#### **Dedication to Excellence**

SCG is dedicated to right conduct and achieving the best results in all we undertake.

All employees and persons who come into contact with SCG recognize the total effort, knowledge, and skill we devote to constantly improving what we do. We strive to learn and pursue whatever we can to help us overcome obstacles and advance in the path of growth and sustainability. This dedication will generate the best results for both SCG and all stakeholders

#### **Belief in the Value of the Individual**

SCG is convinced that each of our staff constitutes our most valuable assets. SCG has managed to prosper through the efforts of our good and knowledgeable people, who have chosen to spend their careers with us. We select the most ethical and capable individuals we can find, and then enrich them to cope with challenges of our changing times. In return, we provide all our employees with security and a sense of belonging. With such care and concern between the Company and staff, little wonder that our personnel work so hard and skillfully for the progress of SCG.

## Concern for Social Responsibility

SCG behaves as a good corporate citizen in all communities and countries where we operate. We diligently perform our social duties and responsibilities while engaging in activities to preserve natural resources and sustainability of the environment.

## SCG Code of Conduct

### Implementing the Code of Conduct

#### 1. **Persons Obligated to Observe the Code of Conduct**

All employees of SCG are obliged to observe principles and guidelines stipulated in SCG Code of Conduct, and Directors shall serve as role models of such conduct.

#### 2. **Advice Concerning the Code of Conduct**

- 1) Study principles and guidelines stipulated in SCG Code of Conduct, particularly in areas relevant to your roles and responsibilities.
- 2) Consult your supervisors or refer to the Code of Conduct consultation system if you are not certain whether an action is in line with SCG Code of Conduct.
- 3) Communicate with colleagues and relevant parties to establish an understanding of practices prescribed in SCG Code of Conduct
- 4) Notify the Company upon encountering violations of SCG Code of Conduct via provided channels and cooperate in the fact-finding process.

#### 3. **Non-compliance with SCG Code of Conduct**

- Non-compliance with the principles and practices stipulated in SCG Code of Conduct may result in disciplinary or legal actions, to be reviewed on a case by case basis, and may be liable to penalties as prescribed.
- In addition to non-compliance with SCG Code of Conduct mentioned above, any promotion of non-compliance, failure to report non-compliance, obstruction of fact-finding processes, and unfair treatment of informants also constitutes non-compliance with SCG Code of Conduct.

#### 4. **Responding to non-compliance with SCG Code of Conduct**

SCG has put in place a whistleblowing system in accordance with international standards. If you are aware or encounter a case of non-compliance or if you have been affected by corruption or violations of laws, regulations, the company's articles of association, or its Code of Conduct, you may provide relevant information by following these steps:

- File a complaint via channels provided and ensure that the information is neither false nor submitted with malice intent, both of which will constitute a violation of human resources regulations.
- The Company has a procedure for handling complaints and providing protection to whistleblowers and informants.

## 5. Whistleblower protection policy

SCG has put in place a whistleblower protection policy to ensure fair treatment of whistleblowers, informants, fact-finding committees, and investigation committees related to a case of corruption or violations of laws, regulations, the company's articles of association, or its Code of Conduct. The details are as follows.

1. If the whistleblower or informant reveals their name, the company will be able to notify them of progress and mitigate impact with greater ease and convenience.
2. SCG considers all relevant information confidential and will reveal only as much as necessary, taking into consideration the safety and possible consequences to the whistleblower, information sources, or parties related to SCG.
3. If the whistleblower feels that their safety is threatened or that they may be affected, they may request appropriate protection measures from the company. The Company may prescribe protection measures without such a request if it appears that the whistleblower is likely to be affected or put in danger.
4. Those affected will receive compensation through an appropriate and fair process.

## Guidelines of SCG Code of Conduct

### **1. Human and Labor Rights**

SCG is aware of respecting human rights of every individual so it treats everyone fairly without discrimination. It promotes and supports human rights and avoids human rights violation. Moreover, SCG has realized importance of labour so it treats the employees in compliance with labour laws and relevant regulations on a fair basis.

### **2. Environment, Health, and Safety**

#### **2.1 Environment**

SCG is determined to take care of the environment through all its value chain starting from environment impact assessment before investing in any business, design of, production process, machine and equipment and adoption of appropriate technology to prevent possible impacts on the environment and raise awareness of these issues among employees and parties relevant to business operation to comply with the guidelines.

#### **2.2 Health and Safety**

SCG has paid great attention to health and safety of employees, contractors, customers, communities and stakeholders throughout our business value chain. Health and safety impact assessment must be carried out before investment or joint-venture is made. Place of business, production process, technology, machines, equipment and raw materials must be taken care of to ensure safety to health. Moreover, employees and relevant parties must be raised awareness in safety consciousness to comply with the health and safety regulations.

#### **2.3 Safety of Products and Services**

SCG has ensured that all the products and services' safety complies with or is higher than those stipulated by laws, has standard compatible with industrial and international standards and as agreed with the customers. This covers design and production process, provides information or warnings about the products and services and appropriate use for the whole life cycle. In addition, SCG pays attention to safety of products SCG hires others to produce, import and uses for sale promotion activities.

### 3. Anti-Corruption

SCG's business should be conducted with stakeholders in correct, transparent, honest and traceable ways with no corruption. The business must comply with relevant laws and SCG's Anti-Corruption Policy ensuring it shall not cause condemnation or loss of reputation.

### 4. Gifts and Entertainment

Receiving and giving benefits including items of value, services, facilitating or entertainment with persons involved in business must be made in accordance with the customs of each locality or country and relevant laws, provided that the value of such is appropriate and it will not motivate an unfair decision making.

### 5. Conflicts of Interest

SCG is determined to do right things with an aim for excellence. Therefore, employees must aim to maximize SCG's benefits, comply with the laws and ethics, and avoid action creating conflicts of interest that may affect any decision.

### 6. Political Activities

SCG remains politically neutral, and does not give financial support or support any particular political party, political group, or candidates of any kind in local, regional or national levels or person with political influence. Nonetheless, SCG recognizes and respects the freedom of employees to exercise their political rights, such as voting or being members of any political party.

### 7. Handling of Information and Assets

#### 7.1 Personal Information

SCG respects privacy of relevant person, therefore, personal information of employees and relevant business parties such as status, biographical, career-related, financial record contact information, health-related or other kinds of data must be protected not to use, disclose or transfer to other parties which shall be deemed an infringement.

#### 7.2 Recording, Reporting, and Storing Information

SCG has realized the importance of internal information management. Recording and storing of information must comply with SCG's standard and be complete as prescribed by law. For storing, all employees are obligated to ensure that the information involved with their work remains safe and available for reference or use by SCG whenever needed.

### **7.3 Buying and Selling Securities and Use of Inside Information**

Use of inside information which is material must be appropriately done considering impacts on all stakeholders and legitimacy. The information must not be used for personal or other people's benefits.

### **7.4 Use and protection of the Company's assets**

SCG has made efficient and full use of its assets and promoted the employees to protect them from damage, loss or personal use for themselves and other people.

### **7.5 Use and Protection of Information Technology System**

SCG desires that information technologies are used efficiently and safely according to SCG e-Policy to protect and preserve them from infringement or use without permission.

### **7.6 Use and Protection of Intellectual Property**

SCG regards intellectual property as valuable assets to SCG. Employees must strictly follow established 'SCG Intellectual Property (IP) Policy' and protect SCG's intellectual property from unauthorized use or disclosure and must respect and not infringe other people's intellectual properties.

## **8. Information Disclosure and Communication**

### **8.1 Information Disclosure**

SCG's disclosure of information is based on fairness, transparency and traceability. It must be ensured that the information is correct, clear, compliant with law on fair basis regardless of format as written and verbal, press conference or any other manner.

### **8.2 Communication**

SCG's communication including SCG brand communication to internal and external target, marketing communication of brands in SCG, use of SCG logo and communication via social media must be properly and accurately done considering fairness to every stakeholder and must not lead to damages to SCG. The Brand Communication Guidelines and SCG Social Media Policy should be strictly observed.

## 9. SCG's Transactions

### 9.1 Transactions between Companies in SCG

Doing business or performing work which incur related transaction between SCG group of companies must abide by the laws and regulations issued by State agencies, the regulations and delegation of authority of SCG, as well as the principles and conditions prescribed in each locality.

### 9.2 Transaction between SCG and External Parties

Transactions with external parties must strictly comply with guidelines and procedure as specified by laws and regulations issued by state agencies as well as SCG's policy and delegation of authority. Moreover, it must comply with the conditions agreed upon straightforwardly, transparently and traceably. Avoid transactions that may cause trouble or damage to SCG or external parties.

## 10. Doing Business Abroad and International Trading

### 10.1 Doing Business Abroad

All of SCG business operation abroad including establishing a company, plant, office, branch, agent; trading with dealer; or doing acquisition overseas must comply with the laws and rules applicable in that country which SCG has invested and perform as good citizen in each locality. Moreover, such business operation must also take into account the circumstances, customs, traditions, and culture of each locality.

### 10.2 International Trading

Import and export of products or any transactions of SCG relating to foreign countries must strictly comply with relevant laws such as laws on import and export, customs act, product safety and consumer protection laws including relevant SCG's regulations and guidelines.

## 11. Business Competition

SCG is committed to fair competition to both SCG's customers and vendors by considering code of business ethics and competition laws in every country where SCG conducts its business and conduct its business in accordance with relevant SCG's guidelines.

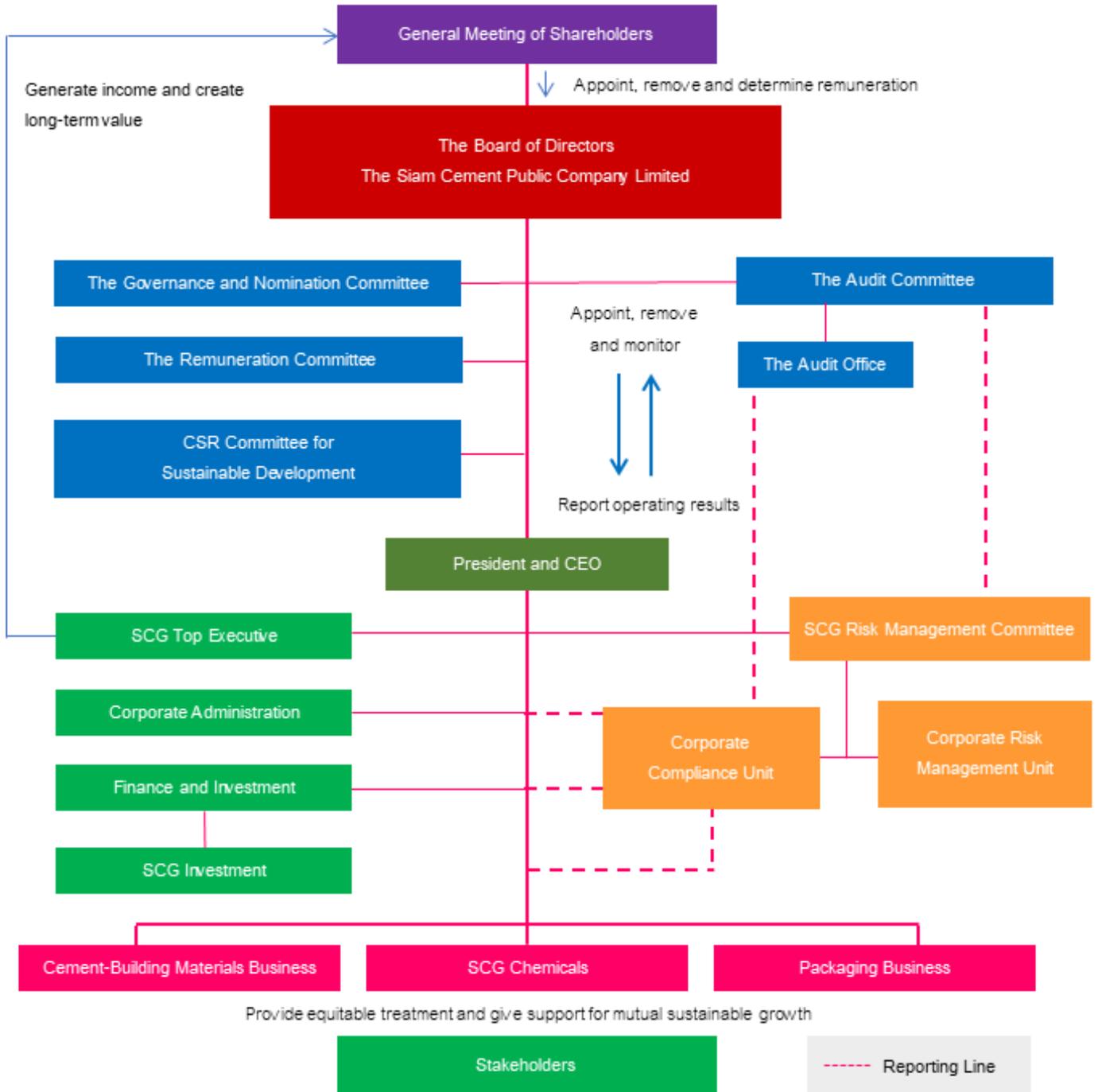
## 12. Anti-Laundering Measures

SCG complies with all guidelines and laws pertaining to the suppression of money laundering. SCG will not accept transfers or conversions of assets or support such actions insofar as they are

related to criminal activities, and will prevent anyone using SCG as a channel or instrument for the dispersion or concealment of illegally obtained assets.

## Part 2 Corporate Governance Structure, Policies and Guidelines

### SCG Corporate Governance Structure



## **Corporate Governance Policy**

SCG operates its business with responsibility, transparency and fairness, observes the principles that have been practiced through generations and are outlined in SCG Code of Conduct, as well as operates on the basis of balanced and sustainable success, with the Company's Board and top executives serving as role models in adhering to SCG Code of Conduct and Corporate Governance principles.

SCG's corporate governance is considered an integral part of its business policy. The Governance and Nomination Committee is entrusted with overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates the corporate governance practices as well as regularly reviews the guidelines to ensure their alignment with business operations and corporate governance practices on national and international levels. Moreover, corporate governance is specified as one of the main items on the agenda at the Board of Directors' meeting.

### **Guidelines on SCG's Corporate Governance**

#### **(1) The Rights of Shareholders**

SCG has the policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors and determination of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc. Each shareholder has the right to vote at meetings according to the number of shares owned whereby one share is entitled to one vote, and no particular shareholder allows privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

- 1.1 Prior to the date of the Meeting, SCG provides clarifications and rationales for each agenda item to ensure that all shareholders have significant and sufficiently detailed information for studying well in advance. Such information, both in Thai and English, will be posted on SCG's website around two months before the date of the Meeting and the related documents are submitted to shareholders more than 20 days prior to the Meeting. This allows the shareholders to be informed of clear and sufficient information prior to the meeting. The company avoids additional items which are not placed in the agenda prior to the meeting.
- 1.2 Any shareholder who is unable to attend a Meeting is entitled to appoint a representative, e.g., an independent director or other person, to act as proxy at the meeting.
- 1.3 The Company provides opportunities for the shareholders to submit related questions to the agenda or other information prior to the Meeting to the email address: corporate@scg.com or to the Company's address.
- 1.4 The Company sets aside a period of time for shareholders and encourages them to voice their opinions and submit inquiries to the Board of Directors on matters relevant to the Company in the Annual General Meeting of Shareholders. In addition, key inquiries and explanations in the meeting are recorded for reference in the minutes for shareholders not attending the meeting.
- 1.5 In voting in the Annual General Meeting of Shareholders, the Company has implemented voting cards for every agenda and employed a barcode system in vote counting for convenience and expedition. In addition, representatives from the Company's auditors also bear witness to the vote counting, and the votes are clearly declared in the minutes of the Annual General Meeting of Shareholders, detailing approval, disapproval, and abstained votes for each agenda requiring voting.
- 1.6 Resolutions reached at the Annual General Meeting of Shareholders as well as votes for each agenda are disclosed via SET Portal of the Stock Exchange of Thailand and published on the Company's website after the Annual General Meeting.
- 1.7 The Company prepared the Minutes of the Annual General Meeting of Shareholders, both in Thai and English, and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the date of the meeting as stipulated by law. They were also disseminated on the Company's website.

## **(2) Equitable Treatment of Shareholders**

SCG is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as foreign investors. It is the company's attempt to create tools to truly ensure equality and fair treatment.

### **2.1 Treatment of Minority Shareholders**

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company three months prior to the end of the Company's accounting period to be screened by the Governance and Nomination Committee and then presented to the Board of Director for consideration. If the nomination constitutes an agenda, the Company will declare it in the notification letter as a shareholder-proposed agenda. In the event that the Board of Directors disapproves including the nomination in the agenda, the Company will declare its rationale at the Annual General Meeting of Shareholders.

Furthermore, at the same time, the Company also provides the opportunity of every shareholder to nominate candidates to be elected as a director beforehand. The nominated candidates will be considered by the Governance and Nomination Committee along with other candidates as per director candidate selection criteria. Afterwards, the list of appropriate candidates for directorship will then be presented to the Board of Directors for consideration before being presented to the Annual General Meeting of Shareholders for approval.

SCG provides channels for minor shareholders to give suggestions, express opinions or file complaints to the independent directors directly via e-mail at [ind\\_dir@scg.com](mailto:ind_dir@scg.com). The independent directors are responsible for handling each matter appropriately such as investigating and seeking a proper solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors' meeting for consideration and include it in the agenda of the Shareholders' Meeting.

### **2.2 Preventing Misuse of Internal Information**

The Board of Directors has formulated Insider Trading Policy to serve as guidelines for appropriate management of internal information and prevent information leaks, as they could be exploited and give rise to unfair advantage, which is not only illegal but may also negatively impact the reputation of SCG. In addition, SCG has also put in place a blackout period, during which trading in SCG securities is prohibited as follows:

- The Company's Directors, executives, and employees related to insider information (including their spouses or de facto partners) shall not trade in the securities of SCG's listed

companies or other listed companies related to the insider information for a period of one month prior to the publication of quarterly and annual financial statements and within a period of 24 hours following the publication.

- In addition, if the Company's Directors, executives, and employees are aware of undisclosed information that may affect the price of any securities of SCG's listed companies or other listed companies related to the insider information, they must not trade in such securities until after a period of 24 hours following the public disclosure has elapsed.
- Any person engaging in insider trading, regardless of whether it takes place during a blackout period, shall be liable to penalties in accordance with the Securities and Exchange Act B.E. 2535 by the Office of the Securities Exchange Commission (SEC).

In addition, the Board of Directors will monitor all required actions in accordance with the related measures. Any changes in the shareholding of a director or top executive must be reported in every Board of Directors' meeting and disclosed in the Company's annual report.

### **2.3 Preventing Conflicts of Interest**

The Board of Directors has established policies and measures regarding conflicts of interests as follows:

- The Shareholder structure shall be clear, transparent and shall not have cross-holding among major shareholders, thereby preventing any conflict of interests with any party. Also, the shareholder structure of the company and its subsidiaries shall be disclosed in the Annual report.
- Directors and top executives must file a report stating their own and their related persons' interests in the management of the Company or subsidiaries to the company secretary. The company secretary shall deliver a copy of such a report to the Chairman and Chairman of the Audit Committee within seven days upon the receipt of the report.
- In case any director or executive has a vested interest in any agenda item under consideration, such a person must not attend the meeting or must abstain from voting on such an agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- Compliance and internal information use policies are prescribed and written in Approval Authority, SCG Code of Conduct, and Regulations for Employees, along with clear

disciplinary action if the management or employees disclose internal information to the public or use it for their own advantage.

### (3) Roles of Stakeholders

#### 3.1 Policies and Practices Toward Stakeholders

The Company upholds its commitment to being a good citizen in society, especially in communities where its operations are located, by doing business with a sense of respect for the rights of stakeholders and ensuring that they are given fair treatment. The Company listens to opinions and concerns, promotes understanding among stakeholders, supports creative cooperation on matters of interest to stakeholders, and assists in the development of society and the environment.

SCG categorizes stakeholders into 12 groups and the guidelines on practices toward stakeholders can be summarized as follows:

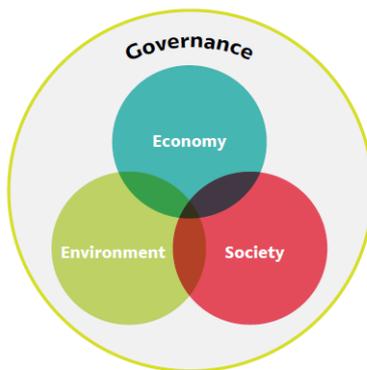
- **Shareholders:** SCG has policy to ensure equitable treatment of all shareholders and recognizes the fundamental rights of shareholders such as rights stipulated by laws and Articles of Association of the Company, the rights to attend and vote at the Annual General Meeting of Shareholders, voice opinions independently, as well as receive fair remunerations. Moreover, the shareholders also have rights, as the owners of the company, to give suggestions on the Company's business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.
- **Employees:** With the conviction that its employees are the most valuable assets and a success factor of the Company, SCG ensures fair treatment of its employees in accordance with the human rights principles stipulated in its human rights policy and is determined to ensure that every employee is proud of and confident in the organization. The Company organizes activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work both in Thailand and abroad. Furthermore, SCG focuses on treating employees and workers fairly as well as promoting employees' health and safety, excellent working conditions, and competitive remuneration.
- **Customers:** SCG puts great importance on providing customers with maximum benefits in terms of the quality and price of its products and services. Likewise, the Company is determined to develop and maintain sustainable relationships with customers. It has set up a support office to provide product information, solve problems and receive complaints in order to ensure customers' total satisfaction with SCG's products and services.

- **Suppliers:** SCG operates its business within a competitive context by strictly upholding its promises, SCG Code of Conduct, and commitments to suppliers. In addition, the Company also provides support and encourages its suppliers to adopt the principle of sustainable development through social and environmental responsibility in their business operations, in accordance with SCG Supplier Code of Conduct.
- **Business Partners:** SCG assists its business partners with respect to human right standards, environment, work safety and remuneration. Furthermore, the Company is resolved to develop the capabilities and knowledge of its business partners both related to work and beyond to enable them to operate more efficiently. In addition, the Company also provides support and encourages its business partners to adopt the principle of sustainable development through social and environmental responsibility in their business operations, in accordance with SCG Supplier Code of Conduct
- **Joint Venture Partners:** SCG respects the rights of joint venture partners and treats every partner equitably and fairly. It also promotes fair treatment of relevant parties in accordance with the Company human rights policy. In addition, the Company works collaboratively with joint venture partners to ensure that the joint ventures achieve the shared goals.
- **Creditors:** SCG complies with the terms of loans and obligations to its creditors such as business creditors and depositors. The Company, moreover, organizes various projects in order to keep good relations with creditors such as activities for debenture holders.
- **Community:** SCG respects human rights, treats all parties involved equitably, and conducts business with fairness to all related parties and with concern for social responsibility. The Company supports activities that promote quality of life and create happiness for communities and the public wherever it operates, both in Thailand and in other ASEAN countries. Such activities are in different fields, namely, science, technology, sports, and the arts. In addition, the Group provides emergency relief in times of disaster.
- **Government Agencies:** SCG attaches significance to government agencies as stakeholders of the Company. Guidelines for engaging in transactions with government agencies are defined in the SCG Code of Conduct and the Anti-corruption Policy to allow employees to proceed accurately and appropriately. The Company also cooperates with government agencies, providing technical assistance and support for various activities.
- **The Media:** SCG stresses the importance of disclosing information to the media so that they can communicate the information to the public accurately and rapidly. To establish good

relationships with the media, the Company organizes various activities such as plant visits, CSR activities, and meetings to exchange views.

- **Competitors:** SCG operates its business within a competitive context by being fair and strictly following the law and SCG Code of Conduct. In addition, the Company has formulated policies and guidelines relating to trade competition for its employees to adhere to in order to ensure appropriate practices.
- **Civil Society Sector, Academia, and Opinion Leader:** SCG carries out business with concern for social responsibility and all stakeholders. The Company is committed to disclosure of transparent and verifiable information as well as to welcoming comments and suggestions from all involved parties to find an approach for collaboration to ensure that sustainable business operations take place alongside social and community development.

### 3.2 SCG Framework for Development toward Sustainability



It is SCG's conviction to conduct business with fairness and responsibility towards each stakeholder for sustainable mutual benefits. As such, the Company has formulated SCG Framework for Development toward Sustainability, based on international guidelines encompassing economic, social, and environmental aspects, under the principle of Corporate Governance to bring about aligned operation across the Company's businesses.

SCG is committed to continuously creating values for society through its fully environmentally-friendly business conduct and is ready to transfer its existing bodies of knowledge, experience, and success to every party through participation, be it businesses related to SCG, either upstream or downstream, business organizations, as well as various institutions and social and community institutions in every area where SCG operates its business, so as to propel society toward prosperity with strength and sustainability.

#### (4) Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making of investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial as stipulated by laws. Information disclosed via the SET Portal of the Stock Exchange of Thailand and SCG's website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English.

SCG is committed to obeying the law, and the regulations and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure that SCG is up-to-date in its adherence to laws, regulations and obligations, and to guarantee shareholders that SCG conducts its business in a transparent, rightful and honest manner.

The Board of Directors also upholds information disclosure guidelines related to SCG so as to systematize the Company's information disclosure and avert any damage caused by improper disclosure. This reassures shareholders, investors, the general public and all stakeholders that SCG is committed to disclosing information clearly, accurately, in compliance with the law and equitably according to the Disclosure Policy. In addition, the Board of Directors has also formulated Investor Relations Code of Conduct to ensure that SCG's investor relations officers fulfill their duties appropriately and fairly to all stakeholders.

## **(5) Responsibility of the Board**

### **5.1 The Board of Directors**

#### ***1) Composition of the Board of Directors***

The Board of Directors comprises nationally respected, knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, both short-term and long-term, including financial policy, risk management policy, and organizational overview. The Board plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

The Articles of Association of the Company prescribe that there must be no fewer than nine but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The Board of Directors shall comprise executive directors, non-executive directors and independent directors. (Please find Qualifications of Independent Directors of SCC in the appendix)

#### ***2) Scope of Authority of the Board of Directors***

The Board of Directors has the following authorities:

2.1 Acting in the best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

2.1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

2.1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).

- 2.1.3 Performing its duties in compliance with laws, objectives, the Company's Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).
- 2.1.4 Disclosing information to shareholders accurately, completely, and transparently with verifiability and timeliness. (Duty of Disclosure)
- 2.2 Defining and reviewing the structure of the Board of Directors, number of directors and proportion of independent directors as well as Board diversity and director qualifications to align with SCG's business operations.
- 2.3 Directing SCG's visions, missions, and business strategies, with an annual revision and approval.
- 2.4 Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.
- 2.5 Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring each business unit's and SCG's overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility, and development of SCG's employees.
- 2.6 Directing the Company's operation in compliance with the laws, objectives, the Company's Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith, with responsibility and care to preserve the maximum interests of the Company and fairness to all involved parties.
- 2.7 Overseeing and supporting the creation of innovations that create value to SCG as well as benefit all stakeholders.
- 2.8 Overseeing and monitoring IT management and the implementation of the IT security system.
- 2.9 Specifying risk management policies and overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.
- 2.10 Overseeing and developing SCG's corporate governance to keep it consistent with international standard to provide guidelines for business operations while monitoring compliance and being a role model in complying with the principles of good corporate governance and SCG Code of Conduct.

- 2.11 Encouraging staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, SCG Code of Conduct and the Anti-corruption Policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.
- 2.12 Overseeing and monitoring the Company's liquidity and debt service coverage together with emergency plans and mechanisms in case of when problems arising.
- 2.13 Overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient and timely, and are in compliance with the relevant regulations and guidelines.
- 2.14 Overseeing to ascertain shareholders' involvement in the decision making of SCG's important matters, respecting the rights of shareholders, ensuring the equitable and transparent treatment of all shareholders and stakeholders, conducting the business transparently, disclosing information accurately and adequately, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.
- 2.15 Reviewing top executive development plans and the succession plan for the President & CEO 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.
- 2.16 Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-committees as a whole, that of each individual director as a self-assessment, and that of the chairman together with monitoring the assessment results of the Board and its Sub-committees, which will be jointly deliberated by the Board of Directors.
- 2.17 Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately.
- 2.18 Devoting sufficient time to perform their duties, attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

2.19 Monitoring and managing any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as overseeing to prevent misuse of SCG's assets and the entering into inappropriate transactions with persons connected with SCG.

2.20 Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge.

In performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

### **3) *Scope of Authority of the Chairman of the Board of Directors***

The Chairman of the Board of Directors has the following authority:

3.1 Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

3.2 Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

3.2.1 Conducts a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.

3.2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

3.2.3 Sums up the Board meeting resolutions and the actions to take clearly.

3.2.4 Sets up a Board meeting without the presence of the Executive Director.

3.3 Chairs meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

3.4 Supports and be a role model in compliance with the principles of good corporate governance and SCG Code of Conduct.

3.5 Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.

3.6 Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.

3.7 Oversees to ensure the Board of Directors has appropriate structure and composition.

3.8 Oversees that the Board of Directors as a whole, members of sub-committees, and each individual director perform their duties effectively and efficiently.

#### **4) *The Board of Directors' Authorization***

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board of Directors charter, and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, missions, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

#### **5) *Directors' Term of Service on the Board***

##### **Duration of Each Term**

The Company's Articles of Association stipulates the Directors' Term of Service on Board in accordance with the provision of the Public Limited Companies Act B.E. 2535. At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. In choosing those directors who retire, the length of service on the board should be considered, so that those who have served longest are most eligible to retire. Currently, the Board of Directors consists of 12 members, whose term of office is three years. Nevertheless, a retiring director is eligible for re-election

##### **Consecutive Terms of a Director**

Independent directors may serve no more than three consecutive terms, with the first term starting in 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be considered independent.

#### **6) *Board of Directors' Meetings***

It is the duty of each member of the Board to consistently attend the Board's meetings to stay informed of SCG's operations and make decisions regarding them. The Board holds at least eight scheduled meetings per year, making sure that the agendas are set forth clearly prior to each meeting. In addition, the Board may organize special meetings to consider and decide on urgent

matters. In accordance with the attendance policy approved by the Board of Directors, members of the Board must have no less than 80 percent of attendance combined, with each member attending at least 75 percent of all the meetings convened.

When considering the matters presented to the Board, the Chairman of the Board presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible for one vote. A director with a vested interest in the issue under consideration or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

SCG executives are allowed to attend the Board's meetings to provide useful information to the Board, and to learn directly about the Board's initiatives and policies for effective implementation. However, the executives are not allowed to attend the meeting for certain agenda items which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of consideration.

In addition, for the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the directors relevant documents, together with information about any significant developments that occurred during the month, in order to keep them informed.

**7) *Limitation on the Number of Listed Companies in Which a Director May Hold Directorship***

The Board of Directors has set a policy to limit the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests because it helps ensure that directors have sufficient time to handle their duties efficiently. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of four other listed companies. In addition, SCG has a guideline in case the President & CEO is appointed as director of another company. The matter will be proposed to the Board of Directors for approval.

**8) *Separation of the Roles of the Board of Directors and the Management***

The Company defines clear roles and responsibilities regarding the Board of Directors and the management. The Board shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their

appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

The Chairman shall not be a member of the management and shall not participate in the management of SCG's business; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company's overall policy, and management of the business.

#### **9) *Nomination of Board Members***

The Governance and Nomination Committee is responsible for selecting qualified candidates to replace the directors who are retiring on rotation at the end of their terms, or whatever the case may be, and proposing a list of nominees to the Board for resolution at the Shareholders' Meeting. The Governance and Nomination Committee selects the candidates with credentials in a wide range of professions, excellent leadership, breadth of vision, a proven record of ethics and integrity, and who are able to share their opinions independently. The board skill Matrix is used as a supporting information to identify the qualifications of the candidates and necessary skills that the Board of Directors is still lacking in, so that the Board can formulate strategies and policies and oversee implementation of the strategies effectively.

#### **10) *Performance Appraisal and Knowledge Enhancement of the Board***

SCG has stipulated the performance assessment of the Board of Directors as a whole and the self-assessment as well as the performance assessment of the Chairman of the Board of Directors. The directors are required to assess the Chairman's performance on an annual basis since his role in defining policy and ensuring good corporate governance is essential to the Company. Moreover, a performance assessment for the Sub-committees is also undertaken at least once a year. The Board of Directors then analyzes and summarizes the results of the assessment to formulate measures to further enhance the efficiency of the Board of Directors. In addition, the Board of Directors has approved an additional performance assessment of the Board by an independent external consultant at least every three years in order to evaluate its capacity and identify opportunities for enhancing the structure, performance, and self-development of the Board of Directors in comparison to corporate governance standards and practices.

#### **11) *Remuneration for the Board and the Sub-committees***

SCG sets appropriate remuneration for members of the Board of Directors and the Sub-committees at rates comparable to those of leading companies listed in the SET and other top companies in the same industries. Remuneration for the Board and the Sub-committees is also

considered based on SCG's operating results, before being proposed for approval in the Shareholders' Meeting.

#### **12) *The Secretary to the Board of Directors and the Company Secretary***

##### **The Secretary to the Board of Directors**

The secretary to the Board of Directors is responsible for providing advice to the Board regarding the performance of duties in compliance with the law, regulations and principle of corporate governance related to responsibilities of the Board. The secretary to the Board is also in charge of preparing the minutes of the Board's meetings, and attending every Board meeting.

##### **The Company Secretary**

The company secretary is responsible for organizing the meetings of the Board, Sub-committees, and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of shareholders' meetings, and Annual Report as well as filing documents as stipulated by law. The company secretary serves as a director of the Corporate Secretary Office, which supports the corporate secretarial work involving compliance with laws, rules, regulations and SCG Corporate Governance Policy.

## **5.2 Sub-committees**

The Board has established Sub-committees, namely the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference. In this regard, SCG has put in place the Charter of the Board of Directors and the Charter of the Sub-committees specifying rights and duties, which are published on the Company's website.

#### **1) *The Audit Committee***

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently.

The Internal Audit Office acts as an operation unit reporting directly to the Audit Committee and also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditor, which exclude the management, at least once a year in order to hear their comments.

### **2) *The Governance and Nomination Committee***

The Governance and Nomination Committee comprises five of the Company's directors, all of whom are non-executive directors. The chairman of the Governance and Nomination Committee is an independent director. The Committee is responsible for proposing, revising, and supervising the Company's corporate governance matters to ensure their alignment with business operation and corporate governance practices on the international levels. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retiring by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and other committees, as well as the succession plan for the position of the President & CEO.

### **3) *The Remuneration Committee***

The Remuneration Committee comprises three of the Company's directors. The Committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies. Moreover, the Committee is also in charge of performance assessment of the President & CEO and SCG top executives to determine their remuneration before proposing the Board of Directors for approval on an annual basis. Such remuneration shall be considered in comparison with the remuneration offered by other listed companies operating in the same business in order to motivate these executives to lead the Company toward success as well as to retain smart and ethical employees within the organization.

### **4) *The CSR Committee for Sustainable Development***

The CSR Committee for Sustainable Development comprises six of the Company's directors and three top executives. The Committee is responsible for establishing policies and guidelines on CSR activities for sustainable development, proposing the setting of annual CSR budget as well as monitoring the Committee's performance and reporting to the Board of Directors.

## **5.3 SCG top executives**

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation. Their duties also encompass

controlling and keeping expenses and capital expenditures within the limits approved by the Board in the annual operating plan; managing human resources in line with the prescribed policy; resolving problems or conflicts that affect the Company; and maintaining effective communication with related parties.

**1) *Top Executive Structure***

The Management comprises SCG top executives namely the President & CEO and Vice Presidents in each Business Unit. The President & CEO is the Chairman of Top Executive Committee.

**2) *Policy on Top Executives Holding Directorship in Organizations outside SCG***

The Board of Directors has established a policy allowing the President & CEO and the Company's management to hold a directorship in companies that are not SCG subsidiaries or associates or to spend the Company work hours carrying out directorships for external institutes for the three following organizations:

1. Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.
2. Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.
3. Private organizations that are established for trading purposes but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous for the Company.

**3) *Nomination and Succession Plan for Top Executive Positions at SCG***

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of the top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the President & CEO and top executives is carried out by the Governance and Nomination Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified high potential employees will undergo an assessment and pursue development courses following individual career development plans. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round

knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff members are ready to fill any positions that become vacant.

#### ***4) The Assessment of SCG President & CEO and SCG Top Executives***

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration in the short term and long term for the President & CEO and top executives of SCG and propose such amounts to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on the percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both local and international.
3. The executive's capability to develop the business unit and improve operational efficiency for each business unit each year.

In addition, a survey on manager-level employees' opinions regarding the President & CEO and the top executives is included in the Remuneration Committee's consideration each year.

#### **Top Executives Remuneration**

The total remuneration for top executives are in the form of salaries, bonuses, variable pay and others pay such as the provident fund.

#### **Internal Control and Internal Audit**

SCG's vision is to be recognized as an innovative workplace and a role model in corporate governance and sustainable development in ASEAN. The Management believes that to become the leading organization, SCG must have the efficient and effective corporate governance, risk management and internal control systems that comply with the international standards in terms of best practices and information technology. This is in line with the policy of the Audit Committee, which has approved the elevation of internal control and internal auditing to reach international operation standards.

The Board of Directors recognizes the importance of internal control and audit systems and has put in place an effective organization-wide internal control and audit system while maintaining

the flexibility of operation. This system allows employees to control, direct, assess, and verify their own operation to decrease corruption risks and power abuse as well as prevent unlawful actions. In addition, counseling, complaint lodging, and fact verification systems for employees and stakeholders have been put in place to serve as channels for inquiries or reports on inappropriate conducts. Furthermore, protective mechanisms for those involved in complaint lodging have also been established to create confidence and ensure fairness for employees and every stakeholder as per guidelines prescribed by the Whistleblowing Policy.

SCG's Internal Audit Office directly reports to and operates under the supervision of the Audit Committee, which oversees the operation of the Internal Audit Office to ensure independence, justness, integrity, and internationally-accepted standards of internal audit professionalism as per international internal audit standards and information technology inspection standards. To this end, the Charter of the Audit Committee and the Internal Audit Office clearly defines missions, operation scopes, roles and responsibilities, as well as the auditing guidelines, and is reviewed on a yearly basis. Furthermore, the Charter also prescribes the approval of the appointment, removal, transfer, or employment termination of the Director of the Internal Audit Office.

## **Risk Management**

Risk management is a key process contributing to the attainment of the Group's objectives and goals, leading to value added for the Group, shareholders, and stakeholders while contributing to the SCG's sustainable growth.

The Board of Directors is well aware of the importance of risk management, and has thus established risk management methods consistent with international standards throughout the organization. The Audit Committee has been assigned a leading role in directing, controlling, and evaluating risk management within the Company. Warning signals have been set up, effective assessment tools have been adopted, and regular reports are made to the Board of Directors.

Furthermore, the Board of Directors has entrusted to the management the task of overseeing risk management on three levels, namely general (SCG-wide), group-specific, and company-specific. Reports are regularly passed upwards from level to level, and ultimately to the Audit Committee and the Board of Directors.

## **Related-Party Transactions and Connected Transactions**

The Board of Directors emphasizes the need for careful review and consideration before granting approval for related-party transactions, connected transactions, or transactions that may

cause conflict of interest. SCG Code of Conduct has set forth a policy regarding such transactions as follows:

**1. Transactions between the Company and Its Subsidiaries**

SCG comprises a large number of companies whose businesses are bound to conduct transactions with one another in such ways as providing services, trading raw materials and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties that constitute related-party transactions between SCG's companies, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, the rules and scope of authority set forth by SCG, as well as to any criteria or conditions prescribed by local communities.

**2. Transactions with Outside Entities or Other Companies**

All transactions with external entities must be conducted in strict compliance with the criteria and procedure prescribed by the law, regulations issued by governmental agencies, and relevant policies of SCG, and must be approved in accordance the scope of authority prescribed by SCG. In addition, such transactions must be conducted in compliance with the terms and conditions as agreed upon in a straightforward, transparent, and accountable manner. Any transactions that may cause damage to SCG or an external party must be avoided.

The Company has formulated Stakeholder Engagement Policy and guidelines for treatment of stakeholders, under which the Company must comply with frameworks for honest trade competition, determine appropriate and fair purchase prices, consider the appropriateness of the prices, quality, and services obtained, as well as be able to provide reasonable explanations upon being audited.

In addition, the Company has formulated guidelines and procedures for approving related-party transactions, connected transactions, and transactions that may cause conflicts of interest. Executives shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest, and the Company, in turn, shall review relevant transactions. If the transactions require approval, the management shall propose the matter to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. The directors or management with conflict of interest shall not be allowed to participate in the process of considering the approval.

### 3. Policy and Trends Regarding Future Related-Party Transactions

Future related-party transactions of the Company will be regular trade transactions. In accordance with the Company's policy, the price mechanism of the market will be used in trading and negotiation, and there will be no transfer of interest between the Companies and its subsidiaries or related parties.

### 4. Connected Transactions

The Company strictly follows a policy to comply with the Notification of Capital Market Supervisory Board Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning connected transactions, as well as laws, regulations, notifications or orders relating to the execution of related party transactions.

## Part 3 Policies related to Compliance with SCG's Principles on Corporate Governance

### 3.1 Policies on corporate compliance, anti-corruption, and whistleblowing

#### Compliance Policy

The Board of Directors has approved the formulation of this compliance policy as guidance for SCG's compliance in the operation and proper decision making. Every SCG employee is expected to fulfill their duties with honesty, integrity and reliability, and in their operation to follow the company's four Core Values, namely "Adherence to Fairness, Dedication to Excellence, Belief in the Value of the Individual and Concern for Social Responsibility", as well as to strictly adhere to best practices in accordance with SCG Code of Conduct. Furthermore, they are also expected to strive to be good citizens of every country where SCG operates to prevent risks that may arise and affect SCG, its directors, executives and employees or undermine the confidence of all stakeholders. Therefore, SCG has issued the following compliance policy.

1) Each SCG director, executive and employee shall strive for full compliance with the laws, regulations, orders, articles of association, contractual obligations, business ethics, policies, operational standards, best practices and public commitments in every country where SCG operates.

2) Compliance with domestic and international laws is of paramount importance that every SCG director, executive and employee shall respect and comply. Any illegal transactions are thus unacceptable.

3) Regulatory compliance constitutes part of the duties that each SCG director, executive, and employee shall fulfill actively, by initiating communications and fostering correct understanding, issuing compliance guidelines and ensuring correct implementation, as well as raising awareness and further fortifying SCG's culture of honesty, integrity and strengthening compliance.

4) SCG focuses on the implementation of a compliance management system in the operation to ensure compliance with the laws and key public commitments as prescribed by SCG Risk Management Committee or each business unit, by managing efficient compliance procedures in the operation and constantly improving such procedures to correspond with both internal and external business environment and any changes that may occur.

5) Any SCG employee who reports or provides information on an act that is or may constitute a violation of any law or key public commitment will be protected in accordance with SCG Whistleblowing Policy.

## Anti-corruption Policy

SCG conducts its business with fairness based on a philosophy that the Company shall demonstrate a keen sense to social responsibility and the best interests of its stakeholders in alignment with the principle of Corporate Governance, SCG code of conduct, and Stakeholders' Guidelines. In 2012, SCG participated "Collective Action Coalition in Anti-corruption Policy enacted by Thai Private Sector" in order to corroborate the Company's standpoint and emphasize on every Anti-corruption case.

To ensure that SCG has a proper policy determining responsibility, guideline, and regulation as a tool to prevent corruption from all business transactions, SCG has arranged a written guideline called 'Anti-corruption Policy' in order to prudently make a decision on any course of action that could possibly lead to corruption and to serve as an apparent guideline in performing business and effectively developing to sustainability organization.

### **Anti-corruption Definition**

Corruption means any types of bribery; an offering, agreement to give, giving, promising to give, soliciting, or receiving of money, asset, or other inappropriate benefits from the government officers, government sectors, private sectors, or responsible person either in direct or indirect action so that such person could proceed or disregard his/her function in order to acquire, retain the business, recommend specific company to the entity, or achieve any improper benefits in business transaction. Exception shall be applied in case of laws, regulation, statement, standard, custom, or business traditions enable to do so.

### **Anti-corruption Policy**

**Director, Management Team, and SCG staffs are prohibited from operating or accepting every type** of corruption both in direct or indirect manner covering every business and related department in every country. The Anti-corruption Policy is needed to be reviewed regularly, including with a possible revision of such policy and implementation provision in order to accord with business changes, regulation, standard, and laws.

### **Roles and Responsibilities**

1. The Board of Directors is responsible for determining the policy, monitoring, and forming an effective system supporting Anti-corruption act in order to affirm that the Management Team intensively concerns, emphasizes, and cultivates Anti-corruption mindset as the company's culture.

2. The Audit Committee is responsible for revision of financial and accounting reports, internal control, internal audit function, and risk management so that such operations are concise, appropriate, effective, and conformed to global standard.

3. Presidents & CEO, SCG Top Executives, and the Management are responsible for determining Anti-corruption system, promoting, and encouraging Anti-corruption manner conveyed to all staff and related parties. This also includes reconsideration on system or regulation in order to best adjust with business changes, regulation, standard, and laws.

4. Internal Audit Director is responsible for auditing, assessment, and evaluations in business transactions whether they are accurate and complied with guidelines, Approval Authority, standard, laws, and policy in such monitored department in order to assure that the internal controls are sufficient and suitable for probable risk in corruption. This shall be directly reported to the Audit Committee.

#### **Anti-corruption Guidelines**

1. The Board of Directors, the Management Team, and SCG staff in every level must follow with Anti-corruption Policy and the SCG Code of Conduct by avoiding involving with any course of corruption in direct or indirect manner.

2. SCG staff shall not be negligent in any corruption conditions involved directly with SCG. All staff must notify such act to supervisors or responsible person, including collaborate with investigation. Any queries or questions are needed to be consulted by the supervisor or a responsible person who monitors the SCG Code of Conduct compliance provided in particular channels.

3. SCG shall provide fairness and safeguard staff who denies or informs corruption cases relating to SCG by applying Protection Policy for appellant or persons who incorporate with Anti-corruption information as stated in the Whistleblowing Policy.

4. A person who commits the corruption is equivalent to misconduct in the SCG Code of Conduct. This means such person is needed to consider discipline followed by SCG standard. Conviction on laws may be applied in case such act violates the laws.

5. SCG concerns the importance of dissemination, knowledge sharing, and communications with other people who involve or affect SCG so that those parties shall conform effectively to the Anti-corruption guideline.

6. SCG strives to create and sustain organization's culture representing that corruption is unacceptable in every business transaction dealing with both public and private sectors.

## Provision in Implementation

1. This Anti-corruption Policy covers to Human Resource Management process starting from recruitment, promotion, training, evaluation, and benefits provided to staff. Every supervisor in every level must communicate to staff in order to apply in business transaction under their responsibility and to monitor such implementation effectively.

2. Implementation on Anti-corruption Policy should follow the guidelines in the SCG Code of Conduct, Corporate Governance guidelines, Stakeholders' Guidelines, standard, every SCG related operation manual, and additional guidelines which will be formulated afterward.

3. To stress the attention on processes which incur a high risk in corruption, the Board of Directors, the Management Team, and the SCG staff must conform carefully in the following course of action.

### 3.1 Gifts, Entertainment and Hospitality

Offering gifts or entertainment and hospitality activities must be complied with the SCG Code of Conduct.

### 3.2 Charitable Contribution or Aid

Granting contribution or receiving the aid must be transparent and in accordance with stipulated laws by confirming that such transaction shall not be claimed as a bribery act.

### 3.3 Business Relation and Procurement Process with the Public Sector

All types of bribery or illegal payments are prohibited in all business transactions. SCG operation and connection with the government must be preceded transparently and in alignment with related laws and regulation.

Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with Laws, Rules and Regulations, the Company's Articles of Association, and SCG Code of Conduct (Whistleblowing Policy)

Persons Entitled to Complain

1. An employee who discovers an action that violates laws rules and regulations, the Company's Articles of Association, or the SCG Code of Conduct;
2. An employee who is abused, threatened, or disciplinary penalized, such as by a reduction in salary, being laid off, being fired, or targeted for treatment that is unfair and related to conditions of employment, due to that employee having complained, informed, or been about to inform, assist in an investigation, or gather facts for a person handling the complaint, including processing legal action, being a witness, giving testimony, or providing any co-operation to a court or governmental agency.

Persons Handling Complaints

1. An employee's supervisor, at any level, whom you trust
2. The Director of the Corporate Human Resources Office
3. The Director of the Office of Internal Audits
4. The Secretary to the Board of Directors
5. Any member of the Company's Board of Directors

Procedure for Complaints

Complain to any person handling complaints as follows:

1. Complain directly, verbally or in writing.
2. Contact a person handling complaints by his/her e-mail address.
3. Send a letter to a person handling complaints.
4. If the complainant chooses not to disclose his/her name, he/she must provide sufficient factual details or clear evidence to show that there are grounds to believe that a violation of laws, rules and regulations, the Company's Articles of Association, or the ethical code occurred in the business practices of SCG.

The complaint shall be deemed top secret. The complainant may complain through several channels, and does not need to disclose his/her identity. However, if he/she does disclose his/her identity, this would allow SCG to report him/her the outcome of the investigation or additional particulars concerning the matter of complaint.

### Procedure for Investigating Facts

1. The person handling complaints will be the one to investigate and collect facts, or may authorize a trusted person or agency to investigate the facts.
2. The person handling complaints or the one authorized by that person may ask any employee to provide information or deliver any related document for the investigation of facts.
3. If the investigation reveals that a violation did occur, SCG will act as follows:
  - If the complaint is one in which SCG committed a breach of laws, rules and regulations, the Company's Articles of Association, or the SCG Code of Conduct, the person handling complaints or the one authorized by that person will submit the matter, opinion, and the appropriate course of action, to the person having authorities in SCG to consider courses of action. If the matter is important, such as one that affects the reputation and image or financial status of the Company, or conflicts with the Company's policies for conducting business, or involves a senior executive, it will be submitted to the Audit Committee or the Board of Directors for consideration.
  - If the complaint has a detrimental impact on any person, an appropriate and fair method of mitigating that impact will be suggested to the person so affected.

### Protection and Defence of the Informant or Whistleblower

1. The complainant may choose not to disclose his/her identity if he/she believes that disclosure may harm him/herself, but he/she must provide sufficient factual details or clear evidence to show that there are grounds to believe that a violation of laws, rules and regulations, the Company's Articles of Association, or the SCG Code of Conduct occurred in the business practices of SCG. Nonetheless, if he/she does disclose his/her identity, this would enable the person handling the complaint to act more quickly.
2. SCG regards the information related to SCG as secret, and will disclose only so much of it as necessary to ensure the safety of and prevent harm to those who report, their sources, and other individuals involved. The persons responsible at each stage must guard the information obtained with the utmost secrecy and not reveal it to anyone. A breach would be considered a violation of discipline.
3. If the complainant believes that he / she will not be safe or incur harm, he / she may ask the Company to provide appropriate protection, or the Company may provide such protection without the complainant's request if it is believed that danger or harm is likely to occur.

4. If an employee is unfair to, mistreats, or harms other person due to that person having complained or informed about or disclose of wrongful conduct or non-compliance with laws, rules and regulations, the Company's Articles of Association, or the SCG Code of Conduct in the business practices of SCG including processing legal action, being a witness, giving testimony, or providing any co-operation to a court or governmental agency, such action is regarded as a breach of discipline that must be penalized. He/she may be penalized as the law stipulates if such action is deemed an illegal offence.
5. Those who incur harm will be compensated in a fair and appropriate manner.

## 3.2 Stakeholder Engagement Policy

### Stakeholder Engagement Policy

SCG has always paid close attention to the engagement of stakeholders. This is evident from the corporate philosophy of engaging in business based on morality and responsibility to society as well as being a good citizen, implementing the code of conduct as a basis of work of all employees, employing the good corporate governance as a principle of management and exercising the sustainable development of SCG.

Along with the changing of the society, environment, and business conditions, groups of stakeholders are more complicated and carry higher expectations of fair treatment and demand participation in the expression of opinions, process of decision-making, and governance of affected issues. The engagement of stakeholders is thus more important than ever. SCG, therefore, provides “SCG Stakeholder Engagement Policy” in writing as a clear guideline for SCG employees in conducting business so as to offer shareholders long-term value added and more concerns to the impact over SCG stakeholders.

#### Definition of Stakeholders

Stakeholders are persons or groups of persons who are directly or indirectly affected by a business operation of SCG, as well as those who may have interests in a business operation of SCG, or abilities to influence over the outcomes of a business operation of SCG such as customers, employees, communities, shareholders, business partners, government agencies, intellectual leaders, etc.

#### Stakeholder Engagement Policy

SCG is committed to acting as a good citizen of society, especially in every community where SCG has business operations. It honours the rights of stakeholders and treats them fairly, listens to their opinions and concerns, builds understanding with stakeholders, encourages co-operation constructively in matters that interest stakeholders, and takes part in developing society and environment so that SCG continues developing its business sustainably.

## Guidelines for the Engagement of Stakeholders

### 1. Determining, Identifying, and Analyzing Stakeholders

Clearly determine, identify and categorize stakeholders taking into consideration the connection with each business unit in order to be able to analyze the risks and impacts, direct or indirect, incurred to each group of stakeholders comprehensively and clearly by bearing in mind that each group of stakeholders has its own set of perspectives and expectations. Different strategies and priorities of implementation thus need to be formulated for each respective group.

Determine material sustainable development issues that affect decision making, operations, and operational effectiveness of SCG or stakeholders. In the formulation of business strategy formulation, identify the relationships and materiality of issues to SCG and stakeholders.

Develop stakeholder maps to identify stakeholders and relevant parties in SCG and to understand the perspective of stakeholders, potential impacts, and expectations of each stakeholder group. These stakeholder maps will be used in designing means of responding to the needs of stakeholders as well as appropriate strategies and communication methods that will sustainably influence the operation of SCG.

Good relations with stakeholders should be initiated from the very beginning, that is, from the planning stage, so that plans can be adjusted or work procedures can be revised on time.

### 2. Adopting Communication Strategies

Closely communicate and persistently build understanding with stakeholders in order to gain correct perception and lead to good relationship with and trust from stakeholders by adopting particular communication strategies, methods, formats, and procedures suitable to each group of stakeholders, situation, duration, and local culture. This may be determined by the degree of damage or the possible impact incurred from negligence or inaction.

### 3. Disclosing Information

Disclose information accurately, explicitly, transparently, and comprehensively in order to assure that the stakeholders received sufficient, consistent, and timely information. For example, the disclosure of useful information should be done at the appropriate time, stated the real purpose of information and assured that there is a transparent process of reporting information to stakeholders.

However, in disclosing information, one should consider a factor of appropriateness and follow SCG Disclosure Policy.

#### 4. Encouraging Participation

Encourage stakeholders to participate in matters that affect them; provide channels for receiving suggestions, problems, and complaints from stakeholders; give priority; welcome opinion and exchange views (Stakeholder Dialogue) constructively in order to perceive ideas, expectations, and needs of stakeholders. In doing the Stakeholder Dialogue, one must recognize that differences of stakeholders may affect the opinions, e.g. age, gender, education, experience, attitudes, etc. Moreover, one should provide preliminary information prior to discussion, report outcomes of the discussion, disseminate reports to participants, and collect information systematically. SCG should also consider participating in giving opinions and identifying problems or obstacles to those having roles in regulating rules and orders which could have a widespread economic, social, and environmental impact.

#### 5. Managing risks related to stakeholder engagement

Anticipate, identify, and prioritize risks related to stakeholder engagement in order to prepare plans to ensure a creative exchange of opinion with stakeholders. Risks that should be considered include reluctance to participate, fatigue, dissatisfaction with SCG's responses, presence of reserved stakeholders among those who prefer to share their opinion, presence stakeholders who intentionally obstruct an exchange of opinion, presence of stakeholders who have not received information, presence of stakeholders who do not have leverage, technical problems, and conflict among stakeholder groups.

#### 6. Reviewing and reporting

Inspect and assess stakeholder engagement systematically to continuously enhance stakeholder engagement; develop action plans; foster cooperation between stakeholders and related parties in SCG, track the cooperation development process, and report to stakeholders. In addition, SCG must also disclose the overall results of its stakeholder engagement to the public, including obtained results, impact, and operation scopes, as well as demonstrate the relations between benefits from stakeholder engagement and SCG's operations.

## The Duty of the Management

The duty of the management is to ensure efficient and effective stakeholder engagement operations in accordance with the policy by providing suitable resources, such as budgets and sufficient knowledgeable and skilled responsible individuals, and by putting in place systems of taking suggestions from stakeholders, compiling information, monitor progress, and conducting assessment. Information on stakeholder engagement will be integrated into the Company's corporate governance, strategies, and management at every level to create acceptance and develop sustainable business practices across the organization.

## SCG's Policies and Practices Toward Stakeholders

SCG has established policies and practices for 12 groups of stakeholders as guidelines for its business operations, added value creation, and sustainable development, as detailed below.

### Policies and Practices Toward Stakeholders

SCG places great importance on its shareholders, who are owners of the business. Accordingly, the executives and employees as well as the Board of Directors, which itself represents shareholders, are committed to carrying out business in line with the principles of good corporate governance and SCG's own business philosophy to ensure maximum benefits and long-term economic value for shareholders. To ensure proper treatment of shareholders, the company has set forth the following guidelines, pledging:

1. To operate in accordance with SCG's corporate vision and corporate governance principles with honesty and prudence, and without conflict of interest, while creating good returns for every shareholder in a sustainable manner.
2. To respect the rights of shareholders and provide equitable and fair treatment to every one of them. Accordingly, to not perform any act that might violate or restrict the rights of shareholders.
3. To provide shareholders the right to propose the agenda of the Annual General Meeting of Shareholders and to nominate any qualified person to be a director with sufficient time in advance.
4. To provide shareholders with all significant details concerning the Shareholders' Meeting and the Meeting agenda items to be considered by the shareholders with sufficient time in advance.
5. To prevent the directors, executives, and employees in the involved departments as well as their spouses and children from making use of inside information for their own benefit or that of others before disclosure to the public.
6. To assign independent directors to take care of minor shareholders and to receive complaints or suggestions from shareholders through easily accessible channels established by the Company.
7. To establish efficient measures for internal control, internal audit, and risk management.
8. To disclose the Company's significant information, financial reports, and operating results on an accurate, complete, timely, transparent, and reliable basis through easily

accessible channels to consistently keep shareholders abreast of the Company's operating performance.

### **Policies and Practices Toward Employees**

SCG firmly believes that employees are its most valuable assets and a vital contributing factor to the Company's success. As a consequence, the Company treats employees fairly with respect to human rights in accordance with SCG's human rights policy and with concern for their needs. The goals are to foster a good relationship between the Company and employees, to promote ongoing development of employees' skills and potential, and to provide job security and career advancement. The guidelines for practice toward employees are as follows:

1. To recruit employees through a fair and efficient selection system and employment conditions to find "smart and ethical" employees having strong qualifications and integrity to join the Company.
2. To treat employees with sensitivity and fairness while paying due respect to their personal rights, protecting these rights from being violated. Likewise, to support and respect the right of employees to express their opinions independently.
3. To provide channels for employees to file grievances and report any act of impropriety in violation of the SCG Code of Conduct as well as to protect the complainant from retribution or penalty related to filing a complaint (Whistleblowing Policy).
4. To provide employees in every field of work and at all levels sufficient and continuous professional development appropriate for their duties and responsibilities and to instill ethical awareness into every employee.
5. To promote and encourage working as a team to create unity and to raise employees' awareness about work discipline.
6. To evaluate employees' performance and provide fair remuneration on the basis of the suitability, capability, and competence of each individual. The Company is also committed to providing fair and appropriate benefits to employees. The benefits will be constantly improved to keep them on a par with those of leading companies in the same industry.
7. To raise awareness and promote employees' occupational health and safety while maintaining a congenial work environment that enables employees to feel like being part of a family.

8. To operate in compliance with internationally accepted occupational health and safety standards as well as environmental management standards.
9. To encourage employees to find a balance between family life and work.
10. To provide channels where important information can be disclosed to employees to keep them informed of the operations and operating results of all SCG business units.

#### **Policies and Practices Toward Customers**

SCG pledges to ensure that customers for SCG products and services receive maximum benefits and complete satisfaction in terms of quality and fair price. Likewise the company pledges to develop and maintain a sustainable relationship with customers. The practice guidelines are as follows:

1. To deliver products and services that address the needs of consumers and the general public and to play a part in contributing to better quality of life and the sustainable development of society.
2. To constantly drive innovation and research & development to generate high quality, high value-added products and services that meet the needs of customers in multiple ways.
3. To develop environmentally-friendly products and services with a focus on resource-efficiency, energy-efficiency, recyclability, and long life of service.
4. To produce safe, reliable products and services as well as to give accurate and adequate information about them to customers.
5. To store customers' information safely and systematically and refrain from abusing the information.
6. To set the prices of products and services at reasonable rates.
7. To implement a quality management system that matches international standards.
8. To set up a customer support office to provide product information, advice, and solutions to problems, while also handling complaints, to ensure customers' highest satisfaction.

#### **Policies and Practices Toward Suppliers**

SCG always obeys fair competition standards and strictly complies with all contractual obligations, the SCG Code of Conduct, and all promises to suppliers. The guidelines are as follows:

1. To determine and establish fair and reasonable prices by taking into account the reasonableness of the offered prices, quality, and service levels and to be able to provide appropriate reasons during any audit.
2. To pay suppliers accurately and on time.

3. To establish clear procurement regulations.
4. To operate business sustainably and transparently by complying with all the terms and conditions agreed upon in a transaction and treating all involved parties equitably and fairly.
5. To refrain from demanding or accepting any improper benefits from its suppliers.
6. To pay regular visits to suppliers to exchange ideas and listen to their suggestions or advice on improvement.
7. To support procurement of eco-friendly and community products.
8. To refrain from purchasing products from suppliers that violate human rights or intellectual property law.
9. To refrain from disclosing information of suppliers to others without their prior consent.
10. To refrain from dealing in any business with any supplier that carries out illegal acts or acts against public order and good morals.
11. To provide support and encourage suppliers to adopt the principle of sustainable development through social and environmental responsibility in their business operations, in accordance with SCG Supplier Code of Conduct.

#### **Policies and Practices Toward Business Contractors**

SCG assists its contractors with respect to human right standards, environment, work safety, and remuneration. Furthermore, the Company is resolved to develop the capabilities and knowledge of contractors both related to work and beyond to enable them to work more efficiently. The guidelines are as follows:

1. To determine appropriate and fair remuneration and ensure that the amount of remuneration paid by the contractors to their workers shall not be less than the wage rate stipulated by law.
2. To promote safety awareness among contractors and oversee a safe work environment in their operations.
3. To open up opportunities for contractors to meet with SCG executives to listen to their opinions and concerns so they can work more efficiently to achieve goals.
4. To encourage contractors to develop their knowledge to ensure maximum work efficiency.

5. To provide support and encourage contractors to adopt the principle of sustainable development through social and environmental responsibility in their business operations, in accordance with SCG Supplier Code of Conduct.

#### **Policies and Practices Toward Joint Venture Partners**

SCG respects the rights of joint venture partners and treats every partner equitably and fairly. It also promotes fair treatment of relevant parties in accordance with the Company human rights policy. In addition, the Company works collaboratively with joint venture partners to ensure that the joint ventures achieve the shared goals. The relevant guidelines are as follows:

1. To collaborate with joint venture partners in supporting and strengthening the joint venture operations.
2. To encourage the exchange of ideas and suggestions with the joint venture partners and to jointly define the business plans to ensure the sustainable growth and development of the joint ventures.
3. To monitor the operations of the joint ventures in order to ascertain that they comply with the law and the sustainable development approach.
4. To work with the joint venture partners in allocating profits from the joint ventures in a fair and transparent manner.
5. To refrain from taking advantage of the joint venture partners in any way.

#### **Policies and Practices Toward Creditors**

SCG has a policy to treat its creditors equitably, fairly, and transparently with commitment to strictly comply with all terms and conditions agreed upon. The guidelines are as follows:

1. To enter into contract with all types of creditors legally, equitably, fairly, and transparently without taking advantage of the contract party.
2. To refrain from resorting to dishonest means or concealment of any information that might harm the Company's creditors.
3. To strictly abide by any term or condition stated in any contract entered into with all types of creditors accurately and straightforwardly.
4. To repay loans and interest in full to all types of creditors on time as agreed upon.

## Policies and Practices Toward the Community

SCG conducts business with respect to human rights, commitment to fairness to all stakeholders, and concern for social responsibility. The Company provides constant support to activities that contribute to improving the quality of life and development of the communities and societies in which SCG operates both in Thailand and the ASEAN countries. The Company encourages its employees and other concerned parties to be good citizens contributing to communities and society. The guidelines are as follows:

1. To support and provide needed assistance to society and communities, especially the communities surrounding SCG's plants.
2. To preserve the environment nearby the communities and to control and manage waste from the production process and general consumption as well as contamination released into the atmosphere through the use of efficient technology and close monitoring.
3. To promote and support the carrying out of activities/projects designed to develop the potential and capabilities of youths in the areas of education, science, technology, sports, and art as well as instilling ethics and morals into young people so they are both smart and ethical individuals.
4. To support activities/projects dedicated to providing immediate assistance to those affected by disasters and to improve the potential and quality of life of people in society through various efforts such as career development, and building strong communities to enable people to become self-reliant sustainably.
5. To support medical and public welfare activities/projects to enable people in local communities and society at large to have better health and better quality of life.
6. To promote and support activities in the areas of art, cultural heritage preservation, and sustaining religion as appropriate.
7. To provide support to foundations and charitable organizations to help and provide opportunities to the disenfranchised in society, empowering them to lead better lives. This support also extends to organizations carrying out activities beneficial to human resources development.
8. To open up opportunities for communities and other stakeholders to take part in the activities/projects, to voice their opinions and suggestions, or to file complaints as a result of SCG's operations, with the goal of allowing industry and the community to coexist sustainably.

### Policies and Practices Toward Government Agencies

SCG places great importance on government agencies as stakeholders of the Company. Guidelines for engaging in transactions with government agencies are defined in SCG Code of Conduct to allow employees to proceed appropriately and in compliance. The Company also cooperates with government agencies, providing technical assistance and support for various activities. The guidelines are as follows:

1. To strictly abide by applicable laws and regulations and keep in mind that laws, regulations, cultures, and traditions in each locale may have different conditions, procedures, or practices.
2. To refrain from influencing government officers to abet and collude in improper acts.
3. To build a body of knowledge in community development for government agencies such as local administration organizations.
4. To provide support to activities undertaken by government agencies.
5. To participate in meetings to share ideas, and to provide technical assistance on a continuous basis.
6. To receive visits from government agencies.
7. To receive comments, suggestions, or complaints from government agencies.

### Policies and Practices Toward the Media

SCG stresses the importance of disclosing information to the media so they can communicate the information to the public accurately and rapidly. The guidelines are as follows:

1. To disclose information to the media equitably. The information must be accurate, clear, and right to the point.
2. To communicate information on a quick and timely basis.
3. To provide opportunities for the media to meet and talk with high-ranking executives.
4. To facilitate the media to get in contact with the Company.
5. To establish good relationships with the media through various activities such as plant visits to allow the media to observe the production process and plant management as well as obtain accurate first-hand information.

### Policies and Practices Toward the Civil Society Sector, Academia, and Opinion Leaders

SCG conducts business with concern for social responsibility and all stakeholders. In addition to full and accurate disclosure of information, the Company is open to comments and

suggestions from every part of the civil society sector to ensure a shared approach to operating business sustainably alongside social and community development. The guidelines are as follows:

1. To disclose information regarding business operations transparently and verifiably.
2. To disclose information in the annual report, sustainability report, articles and news releases, as well as in the form of electronic documents and information.
3. To carry out business with concern for impact on the environment and the community and to encourage involved persons to take part in protecting the environment.
4. To collaborate with the agencies concerned to foster a relationship with the community and promote community involvement.
5. To receive comments, suggestions, or complaints from the concerned parties to find means for collaboration and to meet the needs of all stakeholders.

#### **Policies and Practices toward Competitors**

SCG has a policy to treat competitors fairly within the framework of honest competition. The Company is committed to carrying out business fairly in compliance with the law and SCG Code of Conduct and with concern for trade ethics and antitrust laws. The guidelines are as follows:

1. To operate under a fair competition framework and applicable laws ethically and transparently and to refrain from taking advantage of competitors unlawfully.
2. To refrain from obtaining confidential information through fraudulent or improper means.
3. To refrain from violating the intellectual property rights of competitors.
4. To refrain from attacking and destroying competitors' reputations by defaming them with any false statement.
5. To promote and support free trade and avoid entering into any agreement with competitors that may reduce or restrict competition.

## Antitrust Policy

Antitrust laws are vital economic laws directly related to all business operations. The government has enacted antitrust laws to ensure all businesses compete with fairness, to prevent trade distortion, and to control abusive market power which may cause damages to other businesses. Antitrust laws impose severe civil and criminal penalties on company and its executives, the result of which may seriously tarnish SCG's business reputation worldwide in case of non-compliance.

Adhering to fair competition and taking into consideration trade ethics together with interest of its customers and suppliers, Antitrust Policy has long been included as a part of SCG Code of Conduct. Recently, the government has enacted the new Trade Competition Act 2017 (B.E. 2560) which came into effect on October 5, 2017. The new Antitrust laws have introduced some important changes; therefore, the Board of Directors deemed it appropriate for SCG to review, recheck, compile, and publish guidelines on antitrust in writing, which SCG employees are required to study and strictly comply with.

### Policy

1. SCG shall always engage its business to adhere to fairness and ethics, respect rules and regulations, and strictly comply with antitrust laws. SCG shall not engage or involve in any practice that may result in unfair competition, distortion of free trade, or undermining or causing damages, obstruction, or restriction to business operations of others.
2. In case SCG is a dominant position in the market according to the law, SCG shall not unfairly or unreasonably abuse such market dominance which may distort free and fair competition.
3. SCG shall not directly or indirectly engage in any practice that may cease competition with its competitors, including not to exchange business information or enter into agreements with its competitors, suppliers, or customers in order to reduce or limit competition in the market.
4. All units involved, domestic and overseas, shall be required to study and comply with applicable antitrust laws, regulations and policies, including trade practices of the countries where SCG has business operations, including regulations on merger control.
5. SCG employees shall be aware at all times that compliance with antitrust laws is of paramount importance and shall exercise utmost caution in carrying out operations to

ensure that SCG respects antitrust laws and trade ethics. SCG employees shall also inform SCG's suppliers of the significance of compliance with antitrust laws.

6. All units involved in transactions and investment activities shall establish control and audit system to ensure full compliance with antitrust laws.
7. To ensure compliance with this Antitrust Policy, SCG Code of Ethics, SCG Code of Conduct, and the Company's antitrust guidelines shall also be applied to the operations.
8. Non-compliance with this Antitrust Policy is considered a violation of SCG Code of Conduct.

## SCG Supplier Code of Conduct

SCG has developed SCG Supplier Code of Conduct in order to develop correct understanding among SCG suppliers and to serve as a mutual business standard to be adopted. SCG Supplier Code of Conduct comprises the five following principles.

- 1) **Business ethics**: Conduct business with honesty; uphold fairness for all stakeholders; disclose correct and complete information; protect confidentiality; and respect intellectual properties of others.
- 2) **Labor and human rights**: Do not discriminate; attach importance to labor protection, especially child labor, women's labor, and alien labor; do not use or exploit forced labor; and ensure correct and fair remuneration, benefits, and work periods.
- 3) **Occupational health and safety**: Keep the work environment hygienic and safe; control risks of accidents and potential health impacts while on duty; and provide sufficient and ready personal protective equipment.
- 4) **Environment**: Conduct business with consideration to impacts on natural resources and the environment as per the principles of 3Rs: namely reduce, reuse/recycle, and replenish.
- 5) **Laws and regulations**: Abide by all applicable laws, rules and regulations.

## SCG Procurement and Vendor Selection Policies and Guidelines

The Board of Directors of The Siam Cement Public Company Limited, in its meeting held on Wednesday 29 October 2014, approved the setting up and disclosure of SCG Procurement and Vendor Selection Policies and Guidelines to ensure that the selection process of SCG will be systematic, fair and transparent. SCG endorses vendors who are committed to ethical business practices and responsibilities toward society and environment and will not conduct transactions with any person who is involved in illegal or fraudulent activities or is suspected to do as such.

### Definitions

**Procurement** means the purchase, hire of work, outsource service, transportation service, lease and hire purchase.

**Vendor** means a seller/supplier, contractor, service provider, lessor or hire purchase provider who delivers goods or services to SCG.

**Vendor List** means a list of Vendors who conduct transactions with SCG and whose names are listed in the SCG system.

**Approved Vendor List** means Vendors listed in the Vendor List who have undergone SCG's selection and performance evaluation processes for the relevant goods and service categories.

### SCG Procurement and Vendor Selection Policies

SCG will conduct its Procurement in a systematic manner according to the strict controlled procurement regulations of SCG, taken into account the needs of SCG in terms of quality, price, quantity, time, service, delivery, after-sale service, warranty, and other requirements. SCG will not conduct transactions with any person who is involved in illegal or fraudulent activities or is suspected to do as such.

SCG Vendor Selection shall be systematic, fair and transparent. SCG endorses Vendors who are committed to ethical business practices and responsibilities toward society and environment.

### Qualifications of SCG Vendors

1. The Vendor shall have verifiable business facilities.
2. The Vendor shall have reliable staff, machinery and equipment, products, services, warehouses, financial status and performance records.
3. The Vendor shall agree to comply with SCG Supplier Code of Conduct.

4. The Vendor shall have satisfactory performance records, which will be evaluated by SCG on the basis of the quality of goods and services, including the delivery, after-sale services, warranty or other transactional requirements.
5. The Vendor shall have no conflict of interest with SCG's business.
6. The Vendor shall never been banned from doing business due to fraudulent conducts.

#### **Application**

1. Prospective vendors can submit an application form provided by SCG together with detailed information and supporting documents, which include a registration certificate or identity certificate, other certificates issued by government authorities, power of attorney documents, bank account numbers and copies of registration certificates issued by the Department of Revenue such as a copy of the Certificate of Value Added Tax (Por Por 20). The application form and supporting documents shall be submitted to SCG's procurement unit.
2. SCG's Vendor shall sign its agreement to comply with SCG Supplier Code of Conduct.

#### **Business Transaction Procedures**

1. SCG only deals business with Vendors listed in the Vendor List, except for the cases of a price quotation or a tender where the non-listed Vendors may be invited to submit a quotation or tender and can apply for a Vendor status thereafter if selected. SCG may ask its Vendors to agree to electronic transactions in accordance with the applicable electronic transactions laws for convenience and speed of the transactions.
2. A written purchase order or an agreement between a Vendor and SCG will be considered constituting the transactional obligations between both parties.
3. For submitting a price quotation or entering into an agreement, SCG may request in writing a performance bond, from the Vendor which will be returned after all transactional obligations are completed.
4. Upon the completion of their obligations under an agreement, contract or purchase order, Vendors shall submit the relevant tax invoices, receipts and/or other necessary supporting documents to SCG for payment at the time and place specified by SCG. This is to provide convenience and speed of operation for all work units. SCG will pay the Vendors for the prices of the delivered goods/services after deducting the withholding tax required by laws, and other expenses incurred under the agreement such as a performance bond. The payment will be transferred into the bank account notified by the Vendors unless a cheque payment is requested. SCG reserves the right to issue only account payee cheques.

5. Vendors may request an amendment of their data in the SCG system by contacting SCG's procurement unit and submitting supporting documents certified by the Vendors' authorized person.
6. Vendors may file a complaint on unfair treatment under the SCG Corporate Governance Principles through the specified channel at SCG Whistleblowing System, <https://whistleblowing.scg.com>

### SCG Dividend Policy

The Company has a policy to distribute dividends at the rate of 40 - 50% of net profit as specified on the consolidated financial statements. The Company may consider changing the dividend distribution in case of necessity or extraordinary circumstances.

For dividend policy of most subsidiaries which are 100% owned by the company, the company takes into consideration their operating results, financial structure, financial position and investment plan, with no policy of transferring the interests.

### 3.3 Policies on disclosure and transparency

#### Disclosure Policy

SCG's information disclosure has been consistently guided by fairness, transparency, and accountability, in accordance with the principle of corporate governance. As the Board of Directors deemed it appropriate, relevant guidelines were compiled, and SCG's disclosure policy was formulated in written form for the first time on October 21, 2008 to assure its shareholders, investors, stakeholders, and the general public that SCG's disclosure of information is clear, accurate, compliant with the law, and equitable.

As there have been amendments to laws relevant to disclosure, the Board of Directors has approved the revision of SCG's disclosure policy to keep it aligned with these developments.

#### Policy

1. SCG is committed to complying with laws relevant to disclosure in every country SCG operates or plans to conduct business.
2. SCG must disclose material non-public information accurately, completely, and with utmost caution so as not to distort its essence, in accordance with relevant laws, criteria, standards, and practices of agencies concerned. The disclosure must also be timely and fair to make certain that shareholders and investors receive sufficient information for decision making equitably and can easily access the information. To this end, the information may be disclosed through SCG's official channels or other channels defined by related agencies as deemed appropriate. Caution must be exercised with regard to the time of disclosure.

In addition, SCG must clearly define persons authorized to disclose material non-public information and their scope of authority, so that material information of the Company is disclosed through one channel to ensure consistency and prevent potential confusion. SCG employees are prohibited from disclosing material non-public information under all circumstances unless assigned by the President and CEO, Executive Vice President, or Vice Presidents, or Presidents of the Business Groups of SCG.

3. Disclosure of material public information must be clear and complete to prevent potential confusion. Furthermore, any related additional information that will be provided must be clear and consistent with the disclosed information to prevent any misunderstanding about the latter.
4. Disclosure of forward-looking information must be conducted with utmost care to prevent any misunderstanding of the essence of the information, and the conditions or assumptions that

inform the prediction must be set forth clearly. The source and accuracy of the information must be verified before it can be used in analyses and forecasts.

5. Non-material information must be disclosed on the basis of truthfulness and without an intent to mislead others with regard to facts about financial statements, operating results, and security prices. In addition, it must not be disclosed in such a manner that leads others to conceive that security prices are increasing or decreasing.
6. Disclosure of material information or other related information requires utmost caution. SCG must not disclose such information before the date of disclosure to the Stock Exchange of Thailand and the general public.
7. SCG must put in place information disclosure systems to ensure transparency, clarity, accuracy, timeliness, and sufficiency of information for investment-related decisions.
8. To ensure compliance with this policy, SCG Code of Ethics, SCG Code of Conduct, and the Company's antitrust guidelines shall also be applied.
9. Non-compliance with this policy is considered a violation of SCG Code of Conduct.

## Investor Relations Code of Conduct

The Siam Cement Public Company Limited has compiled this Investor Relations Code of Conduct to establish guidelines for correct and proper practices to which investor relations officers (IROs) can adhere. The Code of Conduct details fundamental principles regarding information disclosure, inside information protection, fair and equitable treatment of stakeholders, and integrity, all of which are consistent with SCG Corporate Governance and form a basis on which added value can be created and the Company can inspire confidence in its shareholders, investors, the general public, and every stakeholder.

The Investor Relations Code of Conduct comprises four main principles as follows:

1. Disclosing information material to investment decisions accurately sufficiently and timely
2. Handling and protecting inside information
3. Disclosing information fairly and equitably
4. Performing duties with integrity

### 1. Disclosing information material to investment decisions accurately, sufficiently and timely

- 1.1 Disclose information material to investment decisions accurately, sufficiently, and in a timely fashion in accordance with the rules and regulations of the authorities concerned such as the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).
- 1.2 Exercise their discretion and caution in disclosing information and refuse to divulge trade secrets or information that may compromise the Company's competitiveness.
- 1.3 Disclose information in a regular and clear manner and exercise caution to prevent misunderstanding or misinterpretation. In addition, they must provide both positive and negative facts, ensure sufficient details for a clear understanding, and recognize that a disclosure of complete information will enable information receivers to better approximate and predict the Company's current and future performance.
- 1.4 Clarify facts to the general public in a timely manner in accordance with the rules and regulations of the SET and relevant authorities upon the surfacing of rumors, news leaks, inaccurate understanding among stakeholders, or any information about the company that may significantly influence investment decisions or the price or value of the Company's securities.
- 1.5 Do not disclose inaccurate information or information that is conjectural or predictive in nature, either verbally or in written forms, prior to public disclosure with the intention to manipulate the purchasing of the Company's shares.

- 1.6 Do not provide negative or slanderous information about the Company's competitors or stakeholders.
- 1.7 Establish information dissemination channels or sources to ensure equitable disclosure of information.

## **2. Handling and protecting inside information**

- 2.1 Do not use inside information which is material and not yet to be publicly disclosed for IROs' own interest or the interest of others and must not disclose such information until it has been publicly disclosed in accordance with relevant rules and regulations.
- 2.2 Comply with laws, rules, regulations, and the Company's policies related to handling of inside information. Material information that may affect performance should be disclosed through channels provided by the SET before it is relayed to any specific investor group.
- 2.3 Adopt a "Quiet Period" of at least two weeks prior to the disclosure of the Company's financial statements, during which IROs will not host a meeting or provide analysts and investors with information or answer questions related to the Company's short-term performance.

## **3. Disclosing information fairly and equitably**

- 3.1 Host activities for different stakeholder groups as deemed appropriate to offer opportunity to each group for equal and fair access to information and ensure that no group is placed in a disadvantageous position or has their investment opportunities compromised.
- 3.2 Provide channel with equal opportunity for all stakeholders to contact and make enquiries and must not extend special privileges to any particular group of stakeholders.
- 3.3 Disclose promptly the information presented in exclusive meetings such as roadshow and analyst presentations on the Company's websites and channels provided by the SET after such meetings so that it becomes publicly available.
- 3.4 Treat each stakeholder group as the following guidelines:
  - (1) Investors
    - Treat all investors, retail or institutional, equally.
    - Provide opportunity to retail investors for the same level of access to data as analysts and institutional investors.
    - Do not discriminate in accepting one-on-one meetings with institutional investors or investor groups.
  - (2) Analysts
    - Offer analysts from every securities company equal opportunities to attend analyst meetings arranged by the Company.

- Do not give any gift or reward to analysts with the intention to influence them to write analysis for the Company or write reports on the Company solely in a positive light.
- Respect the report and opinion of analysts. Should such a report of opinion includes or provides inaccurate information, IROs may offer clarifications.

(3) Media

- Give opportunity to the media for equal access to accurate, clear, and pertinent information.
- Do not disclose information that is about to be publicly disclosed in the media to any specific media outlet in advance.
- Do not give any gift or reward to analysts with the intention to influence them to write groundless news or articles for the Company.

(4) Regulators

- Cooperate in providing vital and appropriate information when requested by regulators.
- Do not give any gift or reward to regulators with the expectation of special treatment in return.

(5) Internal parties

- Host activities occasionally so that the executives of the Company can meet different stakeholder groups as deemed appropriate.
- Report to the Board of Directors and the executives all useful information that helps add value to the Company such as results of investor relations activities, opinions of analysts and investors, and capital market sentiment.
- Communicate the Company's Investor Relations Code of Conduct to employees with responsibilities relating to investor relations so as to establish a uniform practice consistent with that of IROs.

(6) Other stakeholders

- Disclose information to other stakeholders accurately, sufficiently, timely, and equitably. Should a disclosure be necessitated for certain business operations, utmost caution must be exercised to safeguard confidentiality.

**4. Performing duties with integrity**

- 4.1 Do not receive gifts or reward that may be construed as personal incentives or gain.
- 4.2 Avoid actions that constitute conflicts of interest with the Company such as the use of the Company's assets or information for personal gain.
- 4.3 Do not exploit their relationship or information obtained as IROs to seek personal gain.

4.4 Comply with SCG policies and Code of Conduct and report to supervisors should noncompliance of the Investor Relations Code of Conduct arise.

## Insider Trading Policy

In the operation of SCG, the Company's directors, executives, employees, and related parties must review and be informed of information that may affect securities prices and cannot be disclosed to shareholders, investors, or the general public. Therefore the use of insider information requires utmost management to prevent any leakage, misuse, or unfair advantage, which is not only illegal but may also affect the reputation of SCG.

As SCG has several guidelines on insider information management across various documents, such as SCG Code of Ethics, SCG Code of Conduct, SCG Employee Regulations, and other compliance measures, and as amendments and additions were made to the criteria related to insider information in the revised Securities and Exchange laws in 2016, the Board of Directors has approved the compilation of relevant practices and guidelines and the formulation of this insider trading policy in writing for every SCG director, executive, and employee to adopt and communicate accurately.

### Policy

1. SCG is committed to complying with laws relevant to insider trading in every country SCG operates or plans to conduct business.
2. Any SCG director, executive, employee, or any external party who is privy to or is in possession of insider information through their duties:
  - 2.1 shall safeguard SCG's insider information with utmost caution to prevent any possible leakage; and
  - 2.2 shall not disclose such information to another party not related to the operation to prevent the use of insider information for private interests or personal interests of others.This is because such actions may affect the prices or value of the securities of SCG's listed companies or other listed companies related to the insider information or may influence investment-related decisions.
3. Any SCG director, executive, employee, or any external party who is privy to or is in possession of insider information through their duties must not purchase or sale securities related to insider information that has not been publicly disclosed, which would create an unfair advantage over other traders who are not aware of such information.
4. SCG must impose a blackout period\* to prevent risks of misuse of insider information.

5. SCG must put in place an internal information management system to prevent any possible leakage and the use of insider information in purchasing or selling securities for private interests or personal interests of others
6. To ensure compliance with this policy, SCG Code of Ethics, SCG Code of Conduct, and the Company's antitrust guidelines shall also be applied.
7. Non-compliance with this policy is considered a violation of SCG Code of Conduct.

### Prohibition from Trading SCG Securities

The Board of Directors, top executives, employees responsible for related functions (as well as their spouses or cohabiting couples) are prohibited from trading the securities of SCG or other listed companies related to insider information for one month prior to the public disclosure of quarterly and annual financial statements and for 24 hours after the disclosure of the information.

The Company's Directors, executives, and employees related to insider information (including their spouses or de facto partners) who are privy to undisclosed information that may affect the prices of securities of SCG's listed companies or other listed companies related to the insider information shall not trade in the securities of such companies until 24 hours following the public disclosure has elapsed

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Remarks: Any person engaging in insider trading, regardless of whether it takes place during a blackout period, shall be liable to penalties in accordance with the Securities and Exchange Act B.E. 2535 by the Office of the Securities Exchange Commission (SEC), as follows:

1. Criminal punishment

Imprisonment for a term not exceeding two years or a fine of 500,000-2,000,000 baht, or both

2. Civil penalties

- A fine not exceeding two times the benefit received or which should have been received but not less than 500,000 baht; or a fine of 500,000-2,000,000 baht if the benefit cannot be evaluated.
- A compensation to the amount of the benefit received or which should have been received
- A ban period of no more than five years during which the person is prohibited from trading in securities in the Stock Exchange of Thailand
- A period of no more than ten years during which the person is prohibited from holding a directorial or managerial office in the company issuing the securities.
- A compensation to the Office of the Securities and Exchange Commission for the investigation of the misconduct.

### 3.4 Policy on the responsibilities of the Board of Directors

#### Policy on Limitation of the Number of Listed Companies

##### Where Directors May Hold Directorship

To encourage the Company's directors to dedicate their time to fulfilling their duties efficiently, the Board of Directors has stipulated that each director shall hold directorship in no more than a total of four other listed companies.

### Policy on the Target Share of the Independent Directors on the Board

To strengthen the board composition on the principles of transparency, diversity and sufficient number of independent directors in order to ensure the Board capacity in overseeing the interest of the Company and every shareholder equitably, the Board of Directors has determined that the proportion of independent directors shall not be less than half of total number of the board members.

### Policy on Attendance at the Board of Directors Meetings

To encourage regular board meeting attendance, the Board of Directors has stipulated that each year's board meetings shall be attended by no less than 80 percent of the directors on average and each director shall attend at least 75 percent of the meetings held each year.

Should there arise any circumstances that cause a director to be unable to attend a board meeting, the said director shall inform the chairman of such necessity for absence at the first opportunity and prior to that meeting.

Board meeting attendance under this policy includes meetings via electronic media provided to enable directors who are in different locations to discuss and express their opinions.

## Part 4 Appendix

### Definitions

“SCG” shall mean

- 1) The Siam Cement Public Company Limited and
- 2) Subsidiaries of The Siam Cement Public Company Limited.

**Company** shall mean The Siam Cement Public Company Limited.

**Subsidiaries** shall mean

- 1) Any corporation or legal entity of which more than 50 percent of the voting stock is directly or indirectly owned or controlled by The Siam Cement Public Company Limited or
- 2) Any corporation or legal entity in which The Siam Cement Public Company Limited has the authority to introduce or implement its operating and financial policies to benefit from their activities.

**Board** shall mean the Board of Directors of The Siam Cement Public Company Limited.

**Employee** shall mean an individual signing an employment contract or a special employment contract with SCG.

**Stakeholders** shall mean those involved with SCG including the Board of Directors, employees, shareholders, parties to the contract, contractors, business associates, creditors, debtors, society, and surrounding communities.

## Qualifications of Independent Directors of SCC

SCC's qualifications for independent directors are as follows:

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such an independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.

The term 'business relationship' in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness incurred during the period of 1 year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant

shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 million baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall be able to attend meetings of the Board of Directors and make independent judgment.
10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
11. Shall be able to look after the interests of all shareholders equally.
12. Shall be able to prevent conflicts of interest.
13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud, or corruption.
14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

Remarks: Parent companies, subsidiaries, associates, same-tier subsidiary companies, major shareholders, controlling persons, and significant shareholders are defined in accordance with the

Notification of the Office of the Securities and Exchange Commission No. Kor Jor 17/2551, Re: The Definitions in Notifications related to Securities Issuance and Offerings.