



**SCG**

**Sustainable Development Guidelines**







## Message from the President

With the rapid changes in global economic system, all activities along the supply chain have become more complex and interrelated, and with this interrelated complexity, more challenges emerged for businesses to overcome. Not only the scarcity of natural resources that induces costly operation but also the increasing stakeholder's awareness that necessitates corporations to take more responsibility for the socioeconomic and environmental consequences. Nullifying and minimizing unfavorable impacts from their operations and even profits alone have now been perceived as lateral standard. Instead, businesses are expected to contribute more to the sustainability of the society and environment. Consequently, for merely a decade, these responsible business practices have been known among world-class corporations as "Sustainable Development - SD".

Ever since its inception in 1913, SCG has eventually gained trust from all its stakeholders for its total commitment to ethical business conducts constituting to sustainable mutual benefits. Taking the pride of being a good business citizen until its upcoming centennial, SCG has embraced this practicality well before the term sustainable development became a global agenda. The Group's adherence to the ethical code of conducts is aligned with SCG's vision of becoming a regional market leader who contributes to the sustainable progress of the ASEAN region and local communities where it operates. SCG believes that financial profits are not its business ultimatum, SCG views profits as paths to mutual benefits that reflect through the quality of life and the harmony of the society and its enclosure.

From its initial philosophy and gradual implications, SCG sustainable practices have been elaborately updated to anticipate the changing circumstances. To enhance the overall practicality, SCG SD practices have been extended to encompass broader areas under different business functions where practices and activities are often audience-and-time specific. A clear understanding for all concerned topics will lead to efficient performance for all employees the Group therefore has published "SCG Sustainable Development Guidelines" for the purpose. I hope that supervisors at all levels study and understand the guidelines and communicate them to every employee, encouraging our SCG people to put these guidelines into action to achieve the established goals.

Finally, I would hope that these guidelines would help instill within all of us self-governance which will provide us broader incentives to do the right thing, by then; SCG would take the pride of being regional upfront in sustainable development.



Kan Trakulhun  
President and CEO of SCG





# Table of Contents

 Introduction	06
 SCG Philosophy	07
 SCG Sustainable Development Framework	08
 Management Approach	10
 Management Structure	10
 Working Plan	10
 Policy and Guidelines	11
1. Governance	11
1.1 Good Corporate Governance	11
1.2 Integrated Risk Management	12
1.3 Disclosure & Reporting	13
2. Economy	13
3. Society	14
3.1 Community Investment & Donation	14
3.2 Labour Standards & Practices	15
3.3 Human Rights	15
3.4 HR/Human Capital Development	16
3.5 Occupational Health & Safety	17
3.6 Stakeholder Engagement	17
4. Environment	18
4.1 Energy Conservation	18
4.2 Climate Change	18
4.3 Water Management	19
4.4 Waste Management	19
4.5 Ecosystem & Biodiversity	20
4.6 Eco-product	20
 Definitions	21
 References	22



# Introduction



SCG has long been committed to social responsibility and environmental conservation. They have become rooted as our organization culture. Nowadays, the number of our employees has grown in accordance with the growth of our businesses. As society and environment have been changing continually, to keep our leading status and business role model, we need to hold fast to our organization culture and insure that it is instilled from generation to generation. We must also adjust our guidelines accordingly to create understanding and clarity to insure their implementation. Our guidelines have been adjusted periodically as follows:

**Environmental Conservation Policy, 1991.**

**Environmental Conservation Guidelines, 1995.**

Both provided an environmental policy, focusing on controlling pollution discharged from manufacturing.

**Guidlines for Environmental Conservation and Safety, 2002**

This guideline provided a policy with a wider scope covering environmental conservation and natural resources conservation, as well as coverage of health and safety related to products and practices for employees and related parties. Moreover, significant performance indicators were specified for the first time.

**Environment and Safety Guidelines, 2005.**

Social responsibility policy has been directed at four issues: compliance with all related work standards and international agreements, support to communities through public participation, promotion of dialogue with stakeholders to learn their issues and concerns, and regular dissemination of information to the public.

The latest guidelines, **the SCG Sustainable Development Guidelines**, define a framework for sustainable development, covering economic, social, and environmental aspects subject to the principles of good corporate governance. Many of these things have long been done by SCG, although perhaps by various responsible working units. It is necessary to compile all of them within these guidelines in order to perceive the whole and to see the linkages among issues. Additionally, our policy on each important issue has been defined and improved to increase implementation.





# SCG Philosophy



SCG operates an increasingly prosperous business, thanks to its four guiding principles which the Board of Directors, top executives and employees at all levels have always abided by and followed throughout the years. They are **Adherence to Fairness**, **Dedication to Excellence**, **Belief in the Value of the Individual**, **Concern for Social Responsibility**.

## **Adherence to Fairness**

SCG is committed to the concept of fair practice in regard to all parties concerned by:

- Providing customers with the best quality products and services at appropriate and fair prices,
- Providing shareholders of the company good returns on investment at appropriate rates,
- Providing employees with good remuneration, fringe benefits and good quality of life,
- Being fair to all stakeholders

## **Dedication to Excellence**

SCG earnestly focuses on excellence. Employees and all parties concerned are well aware that everyone must consistently contribute extra effort, encouragement, knowledge and competence in order to overcome difficulties and to move steadily forward in the best interest of SCG and all parties concerned.

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

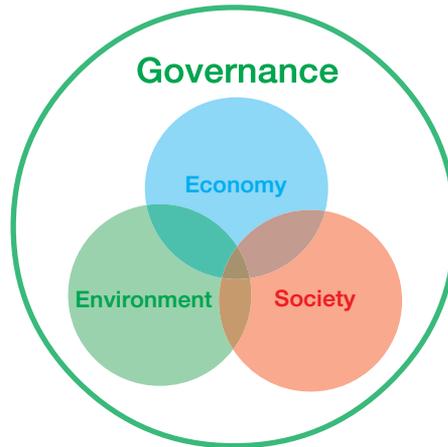
SCG believes that employees are the most valuable assets. SCG owes its growth and prosperity to the contribution of its employees their competence, virtues and integrity. As a result, SCG adheres to the practice of careful selection and continuous development of our employee's competence and integrity, thus enabling them to confront ever-changing situations. At the same time, SCG has been building a strong bond of loyalty and treating its employees in such a way that they feel secure in their jobs so as to be committed to their assignments and perform with confidence of future success.

## **Concern for Social Responsibility**

SCG fully performs its duty as a good corporate citizen by contributing to society and the communities where it operates. The sustainable management of natural resources and preservation of environment is of great concern to SCG.

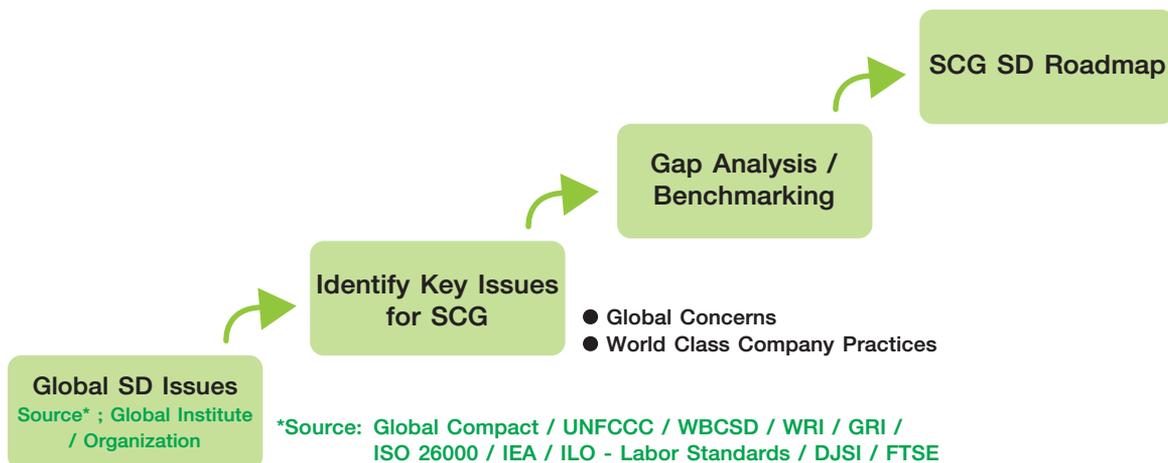
**SCG pledges “Quality and Fairness”.**

# SCG Sustainable Development Framework



**Compliance with regulations and laws is a minimum requirement for all SCG operations.**

SCG has applied this Sustainable Development Framework to a search of the issues that society, international organizations and world business are concerned about and see that they are problems the different organizations should take joint responsibility for action, for instance, the United Nations Global Compact, United Nations Framework Convention on Climate Change (UNFCCC), World Business Council for Sustainable Development (WBCSD), World Resources Institute (WRI), Global Reporting Initiatives (GRI), Guidance Standard on Social Responsibility (ISO 26000), International Energy Agency (IEA), International Labour Organization (ILO), Dow Jones Sustainability Indexes (DJSI) and Financial Times and London Stock Exchange (FTSE).



## SCG SD Development Process

From there, we have made a comparison with the SCG business environment and expectations of its stakeholders to summarize what action SCG needs to take, and we have made a comparison with what action world class companies are taking so as to enable us to make improvements and develop a plan for action. The issues SCG finds significant are the following:

## 1. Governance

- 1.1 Good Corporate Governance
- 1.2 Integrated Risk Management
- 1.3 Disclosure & Reporting

## 2. Economy

- 2.1 Direct Economic Value Generation
- 2.2 Economic Value Distribution

## 3. Society

- 3.1 Community Investment & Donation
- 3.2 Labour Standards & Practices
- 3.3 Human Rights
- 3.4 HR/Human Capital Development
- 3.5 Occupational Health & Safety
- 3.6 Stakeholder Engagement

## 4. Environment

- 4.1 Energy Conservation
- 4.2 Climate Change
- 4.3 Water Management
- 4.4 Waste Management
- 4.5 Ecosystem & Biodiversity
- 4.6 Eco-product





# Management Approach



## Management Structure

Establishment of Sustainable Development Committees at the business level and the company level with structure is as follows:

1. At the business level - the business president is chairman and the managing director of each company is a committee member.
2. At the company level - managing director is chairman of the Committee and divisional and departmental managers are committee members.

## Working Plan

1. At the business level - To formulate a medium term plan with key performance indicators.
2. At the company level - To formulate the company's action plan with key performance indicators.
3. For some divisions that are directly responsible for sustainable development issues, develop division's action plan as well as key performance indicators.
4. Benchmark targets at the same level as the world's leaders in each industry.
5. Establish communication procedures in order to disseminate policy, action plans, as well as significant sustainable development information to employees at all levels.
6. Establish a system for data collection and results of action plans to insure consistency, reliability, transparency and accountability.
7. Carry out a periodic sustainable development performance assessment by external specialists as may be appropriate.





# Policy and Guidelines



## 1. Governance

The SCG vision is to be a role model in business management, conforming to principles of governance and sustainable development.

### 1.1 Good Corporate Governance

*Reference: SCG Corporate Governance, SCG Code of Conduct*

The SCG Board of Directors, representing shareholders, has a significant role in supervising operations management to insure it acts with responsibility and fairness for all stakeholders besides making a profit for the company or value-addition for shareholders in accord with SCG's philosophy and SCG Code of Conduct given the changing economic and social situation. These long-practiced principles now comprise the company's ethical framework, the so called "SCG Corporate Governance".

The Board of Directors has been responsible for improving SCG Corporate Governance in conformity with economic and social condition via the Governance and Nomination Committee that provides governance policy, plans, and strategy, including evaluation and then reports to the Board for consideration. This procedure is to assure that management practice can achieve the predetermined company's targets most effectively.

SCG is committed to the corporate governance guidelines as follows:

#### The Rights of Shareholders

Facilitate the receipt by every shareholder of basic rights as investors in securities and as owners of the company by generally accepted and reliable means and standards.

#### The Equitable Treatment of Shareholders

Provide equitable treatment for every individual shareholder, every group of shareholders, majority or minority shareholders, institutions or foreign investors, creating the tools to insure truly equitable treatment especially for minority shareholders.

#### The Role of Stakeholders in Corporate Governance

Conduct business with the highest responsibility to ensure sustainable and mutual benefit to all interested parties. The Board of Directors exercises supervision to ensure that the company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the SCG Corporate Governance and SCG Code of Conduct. The company also ensures that those rights are protected and shareholders, employees, those who use the products and services and those with a business relationship are treated equally.

#### Disclosure and Transparency

Control and define measures concerning the legal disclosure of information, both financial and non-financial. Information disclosed shall be complete, sufficient, reliable and up-to-date, written in both Thai and English.

Commit to obeying the laws, regulations and obligations mandated by the Securities and Exchange Commission (SEC), SET and other related government departments. Amendments shall be monitored to ensure that the laws, regulations and obligations that SCG abides by are up-to-date and accurate.

## Board Responsibility

Supervise on operating procedure to be conformed to SCG Vision and support that all operations between company committee and SCG top executives are in line. The Board shall oversee and review employees performance conformed to SCG Corporate Governance, and promote awareness of the importance of SCG Code of Conduct as business ethics among employees at all levels. SCG Code of Conduct has been continuously developed to be in line with SCG Corporate Governance, comprises 12 major guidelines as follow:

1. Human rights and freedom based interaction
2. Environment, health and safety
3. The receipt or giving of property on benefits that might influence decision-making
4. Conflicts of interest
5. Procurement
6. Business with the state
7. Management of information and property
8. Marketing communications
9. Transactions of SCG
10. Overseas business operation
11. Trade competition
12. Prevention of money laundering

## 1.2 Integrated Risk Management

*Reference: SCG Risk Management Handbook*

Since 2002, SCG has put into practice a risk management framework that is based on internationally accepted standards. The importance of this activity is highlighted by its integration into SCG's management system. The Board of Directors has delegated the Audit Committee to develop policy and strategy for SCG's risk management activities and to exercise oversight. Management will establish a Risk Management Committee to determine an overall risk management process and ensure compliance with the established policy and strategy by each, depending on the activities of each business unit or company by company. Consideration should start with the business plan of each and in the conduct of business. The implementation stage should include a systematic assessment of risk factors. A starting point is the establishment of a Common Language to align all parties' understanding of the risk factors involved, e.g. economic and social upsets, business operations and environmental issues. Next in the process is the appointment of person responsible for performing the risk assessment function. This will include consideration of significant risk factors, their likelihood of occurring and the corresponding damage that might occur. The results of such assessments are then analyzed using the Risk Map and Control Map as tools. When the analysis has identified the factors that may have a significant risk impact on the business unit or group, the Management and Risk Management Committees will determine an appropriate strategy for managing that risk down to within acceptable levels e.g. by avoidance, reduction, transfer, and acceptance. SCG's policy stipulates that risk management results be monitored on a regular basis, including the annual performance of risk management activities as well as quarterly monitoring functions. Risk assessments are carried out half yearly or whenever changes occur that have a significant impact on the business. Risk management results shall be reported to Management and the Audit Committee at least quarterly.

SCG would like to see continuous development and this has led to the establishment of guidelines for the consideration of Risk Warning Signals, relevant to the respective types of significant risk factors existing in each business unit. This will create a basis for monitoring significant risks as well as help develop strategy and plans to reduce the risks to within acceptable levels.

### 1.3 Disclosure & Reporting

*Reference: SCG Corporate Governance, SCG Code of Conduct, Sustainability Report Guidelines*

SCG earnestly adheres to the SCG Corporate Governance and SCG Code of Conduct that clearly cover disclosure of information, the different channels for disclosure to insure that all stakeholders have easy access.

In addition, SCG gives all stakeholders the opportunity to participate in improving working results by giving their advice by e-mail to SCG Investor Relations. All advice is collected and analyzed for reporting to Management Committee and the SCG Board of Directors.

To conform to international standards, SCG has required there be a Sustainability Report to disclose its operating results to all stakeholders based on the requirement of the Sustainability Report Guidelines of the Global Reporting Initiatives (GRI).

## 2. Economy

SCG pledges to conduct its business to support country's development both directly through Direct Economic Value Generation and indirectly through Economic Value Distribution. The guidelines are as follows:

- Create value for customers, employees, and all stakeholders equitably.
- The highest goal of the organization is not only to make profit but business profit should be linked to a way to insure the well-being of all the parties concerned.



### 3. Society

SCG conducts business with fairness and concern for social responsibility which is one of the SCG's philosophies. It is an important mission for SCG to take part in creating and developing the quality of life in all places where SCG operates. Pursuant to that commitment, SCG has continuously promoted different kinds of social activity.

#### 3.1 Community Investment & Donation

SCG has a policy of sincere and continuous promotion of the well-being of a society and communities not only in Thailand but also in every country where SCG operates. SCG realizes that "the value of success of SCG is growth of communities and society." SCG fully performs its duty as a good corporate citizen and encourages its employees to contribute to socially beneficial activities by raising the awareness of employees and all relevant parties in every business unit of SCG according to defined policy and guidelines.

#### Guidelines

1. Support and contribute appropriately to society and communities, especially near SCG operating areas.
2. Encourage and promote activities/programs related to helping young people realize their potential and capability in education, science, technology, sport and art, and instill ethics and moral sense, thus creating smart and ethical people, who would thereafter use their knowledge to contribute to the progress and development of the country. In this regard, the giving of funds for purchases or constructing permanent structures except in necessary and appropriate cases is to be avoided.
3. Support activities and plans to help those affected by natural disasters, as well as improve the capabilities and quality of life of society's members, for instance, occupational development, and community strengthening, so they may stand firm and help themselves out in the future.
4. Support activities/public health and medical programs, for instance, by providing funds for the purchase of necessary tools and medical equipments, as well as funds for public health and medical research so that members of the community and society will have good health and a better quality of life.
5. Appropriately encourage and promote activities regarding art, culture conservation, and religion that they may endure from generation to generation.
6. Support foundations and charitable organizations for helping and creating better opportunities in society for improving the quality of life of the underprivileged so they can help themselves, and support organization engaged in beneficial activities for human development.
7. Provide opportunities to communities and relevant parties to collaborate in activities and many different programs, as well as opportunities to present their opinions on the results of the operation of SCG.



## 3.2 Labour Standards & Practices

*Reference: SCG Basic Principles of Human Resources Management, Rules and Guidelines for Human Resources Management, Human Resources Management Regulations, Personnel Guidelines, Whistleblower Policy*

SCG has conducted its operations in compliance with the standards and guidelines set out in labour laws and regulations, and global charters. SCG cares for the needs of all its employees, aiming at establishing a good relationship between employees and organizations. This does not only create loyalty but also affects efficiency of employees and organizations as a whole.

### Guidelines

1. Treat all employees equitably based on their performance using a system of committees, consisting of top management who meet regularly.
2. Take care of employees matters appropriately and fairly in accordance with the employee's rank and responsibility without waiting for demand. Regularly organize activities for and communicate information to employees so as to create an understanding of SCG.
3. Provide a grievance system to collect and receive complaints from employees assuring the employee's complaint will be treated confidentially.
4. Follow-up and apply Global Charters related to labour and human rights.
5. Promote working as a team and raise awareness of employee's working discipline.
6. By all means, provide employees with safe and hygienic working conditions as well as create a climate and atmosphere that employees may work comfortably as if in a family.
7. Set up health and satisfaction performance indicators for employees and keep reviewing the results.
8. Have standards, guidelines and requirements on labour recruitment and evaluation of subcontractors and service providers.

## 3.3 Human Rights

*Reference: SCG Code of Conduct*

SCG has always respected human rights and has set its guidelines as follows:

### Guidelines

1. Respect human rights as been shown in "SCG Code of Conduct" and has in place a human rights policy which conform to both legal and global charters on,
  - Non-discrimination. Everyone deserves to be treated fairly with regard to human rights. Do not discriminate on the basis of color, race, gender, religion, society, nationality, political affiliation, opinion, wealth, poverty, disability, ethnic of origin, tribe, sexual orientation, health or illness, etc.
  - Human rights-based approach. Establish policies, programs and operations to ensure that its employees are always treated with dignity and respect.
  - Sensitive Action. Responses to or solutions of conflicts over human rights issue shall be made with caution.
  - Managing human rights violation risk.
  - Avoidance of complicity in wrongdoing.

2. Employees must adhere strictly to “SCG’s Philosophy and the SCG Code of Conduct” in all operations and circumstances.
3. All employees especially managers and executives shall carry out operations professionally, responsibly and ethically based on a system and action plan so as to be a role model.

### 3.4 HR/Human Capital Development

*Reference: SCG Basic Principles of Human Resources Management, Personnel Guidelines*

SCG places importance on human resources and human capital development continuously. For this reason, SCG has set guidelines on human resources management and has put in place an employee development plan as follows:

#### Guidelines

1. Search for employees with an efficient and fair recruitment system, aiming at recruiting people who are “smart and noble” of high quality and honest.
2. Evaluate employee’s performance and state the results regularly and in a straightforward way, aiming at development and self-improvement.
3. Provide fair wages and compensation to its employees based on their job responsibilities and qualifications. Its compensation scheme is amongst the top-rated in the industry.
4. Provide benefits and welfare to employees based on the needs of the majority and the ability of the company with regard to social, economic and business changes.
5. Assign the right man to the right job, and provide a plan for future job transferring, aiming at self-development and progress in one’s career path with regard to reserving specific technology and business know-how.
6. Ensure an appropriately continuous development of the workforce since SCG believes that by investing in employee development, it is creating a competitive edge for itself. SCG has in place an employee development plan that covers employee training in areas like responsibilities of specific jobs, business concepts, and management skills. SCG also conducts awareness training in ethics for all its employees.



### 3.5 Occupational Health & Safety

*Reference: SCG Safety Framework, Safety Performance Assessment Program (SPAP), SCG Contractor Safety Certification System (SCS)*

SCG gives the highest importance to the absence of work-related illness and injury so that its employees, business partners and all stakeholders may work in safety. SCG encourages every unit and function to implement the sound occupational health and safety management system, focusing on proactive prevention of hazards before damage



occurs, and to create total safety culture to fasten sustainable safety in work places.

#### Guidelines

1. Adopt international management standards as one of the management tools in accordance with the guidelines in the SCG Safety Framework, for instance, TIS 18001, OHSAS 18001, or its equivalent.
2. Monitor and perform safety evaluation regularly in accordance with the Safety Performance Assessment Program (SPAP).
3. Apply the SCG Contractor Safety Certification System (SCS), as a guide to contractors in safety management.
4. Develop emergency response plans and mitigation measures for emergency cases.
5. Establish a system for the safe handling of hazardous substances.
6. Establish a safety protection system for equipment, tools, machines, and other facilities.
7. Establish rules, procedures, and working standards consistent with the risks, and use the system of permits for high risk activities.
8. Apply an accident reporting system, procedures for accident investigation and root cause analysis for both accidents and near misses for employees and contractors.

### 3.6 Stakeholder Engagement

The participation of those who have an interest is a factor to which SCG gives importance. Interested parties include those who have an impact on the organization and those who are affected by the organization. In the globalization era, those who have an interest are not only those directly affected by the organization's operations or communities adjacent to its operation sites but to those groups far afield who give importance to the conduct of the organization's business. Thus those who have an interest include, for instance, customers, employees, shareholders, the state, society and communities. Sustainable Development will arise when interested persons are informed, offer advice, declare what they want and participate appropriately in decision-making.

#### Guidelines

1. Appoint a person or unit to take responsibility for the participation of each group of those who have an interest and to liaise with them and be their direct avenue of communication.
2. Identify and arrange stakeholder groups in order of importance and matters of interest.
3. Develop guidelines and methods for identifying stakeholder's needs.

4. Implement mechanisms for reviewing and responding to stakeholder's needs.
5. Communicate relevant information to the stakeholders on a regular basis.

## 4. Environment

SCG is determined to preserve the environment and conserve natural resources to achieve a sustainable balance in the ecosystem covering also its supply chain as follows:

- Design and develop or improve products, processes and technologies to ensure no adverse impact to the environment and to reduce natural resources consumption.
- Develop and implement data inventory system on environmental performance indicators to collect, control, and be made use of information to monitor, analyze, and report for continual improvement.
- Control and reduce the environmental impact from business operations:
  - A. pollutants and contaminants discharged into the environment,
  - B. wastes from the production process and from product utilization.
- Undertake the restoration and replenishment of natural resources to minimize the impact on the ecosystem when SCG uses those natural resources directly in its production.
- Encourage suppliers and service providers of SCG to participate in environmental and natural resources conservation by setting and following Green Procurement Criteria.

### 4.1 Energy Conservation

SCG gives highest importance to energy management in all of its operations, production and office. This is because it is a principal factor affecting the use of resources and the cost of production. Thus the need to promote conservation and most efficient use of energy is paramount. Apart from this, a reduction of energy consumption reduces the emission of greenhouse gas.

#### Guidelines

1. Create an energy conservation plan that addresses the reduction of energy consumption in all operations both production and clerical, as well as undertake energy management based on the 3R concept.
2. Promote and study the use of alternative energy, renewable energy, and clean energy to reduce the consumption of fossil fuel.
3. Set targets for energy consumption reduction as well as the strategies for accomplishing it.

### 4.2 Climate Change

Greenhouse gas affects climate change. Since SCG's businesses are energy intensive manufacturing contributes to the emission of greenhouse gases, SCG puts emphasis on new technology and production process improvement in order to reduce its energy consumption. The use of alternative energy as substitute for energy based on fossil fuel is also included to reduce greenhouse gas emission.

#### Guidelines

1. Prepare a protocol for calculating greenhouse gas emission according to generally accepted international standard.

2. Have a third party verify the data used in calculations for correctness and trustworthiness.
3. Set targets for greenhouse gas emission reduction as well as prescribe achievement strategies.

### 4.3 Water Management

SCG is a business that uses large amounts of water in its operations both surface water and ground water, our country's most important resource. In all its production processes, water is consumed in various amounts. Aiming to reduce the adverse impact on the environment, SCG bases its water management on the 3R concept, Reduce, Reuse/Recycle and Replenish. From its upstream to downstream activities, wastewater discharge is minimized and it is treated by the most efficient wastewater treatment technology to minimize its effect on the environment.

#### Guidelines

1. Improve the water utilization system during the production process by adopting accepted advance technology to achieve highest efficiency.
2. Reuse and recycle wastewater arising from the production process as much as possible without affecting production and product quality.
3. Specify key performance indicators on water management, including targets on water consumption reduction.

### 4.4 Waste Management

Waste management is the way to treat, neutralize, dispose of, distribute, exchange, or reuse/recycle waste in any form, including collection and storage of wastes for treatment. In this regard, wastes included waste from the production process, wastewater with hazardous elements, discarded, expired or off-specification products, and waste from other activities within the organization.

#### Guidelines

1. Manage waste to meet the Zero-Waste to Landfill policy goals.
  - 1.1 Reduce: Wastes shall be reduced at source by improving processes, setting standards and applying alternative technologies.
  - 1.2 Reuse/Recycle: The reuse of wastes and/or recycling of wastes by conversion through processing shall first be done within SCG and then by outside organizations.
  - 1.3 Dispose: The disposal of wastes or neutralization of wastes shall also be done first within SCG and then by outside specialists when there is no feasible option.
  - 1.4 Landfill: SCG has a target for landfill to zero-waste by 2012.
2. Develop and adopt an appropriate technology to reduce waste occurrence to the least amount and to utilize it with highest efficiency.
3. Implement a waste segregation system, prescribing types, categories of waste, storage, transportation and disposal, complying with laws and waste management principles.
4. Implement waste reporting system by types, categories, amounts, and their handling, complying with the regulations and legal requirements.

## 4.5 Ecosystem & Biodiversity

SCG realizes that its manufacturing has an impact on ecology and biodiversity, for instance mining or forestry for the production of paper pulp. SCG has set forth guidelines for all business units to follow, aiming at reduction of adverse impacts.

### Guidelines

1. Prescribe a clear biodiversity policy for all business units to follow in preserving the health of ecosystems in risk areas as well as in preventing possible adverse impacts on biodiversity.
2. Establish programs to study, survey, and collect basic information on biodiversity at all sites likely to be affected like the limestone mines. The programs would be to establish the means and a master plan for rehabilitation of the biodiversity of the mines. Indicators of the health of the ecosystem and biodiversity have to be defined.
3. Create collaboration network with outside organizations, especially biodiversity specialists, aiming at holding discussions to determine an action plan to rehabilitate the areas affected by operations.
4. Follow up and report progress of rehabilitation programs in the areas where biodiversity has been affected.
5. Communicate biodiversity programs and their operation to other relevant organizations and stakeholders.

## 4.6 Eco-product

*Reference: SCG Guidelines for Green Procurement*

An eco-product means an environmentally friendly product which has a very small effect on the environment throughout its life cycle from raw material, production, transportation, use, maintenance and finally disposal after becoming unusable. SCG is determined to develop its products to be environmentally friendly.

### Guidelines

1. Develop and improve production processes, adopt new technology and innovations, and support research and development to invent environmentally friendly products.
2. Set up plans for the future direction of technology development to enforce eco-design as a part of the technology roadmap for the development of SCG products and services.
3. Study and analyze products' life cycles to seek continual improvement opportunities.
4. Follow the "SCG Guidelines for Green Procurement" on purchasing raw materials and production materials.
5. Set annual targets for development of new environmentally friendly goods and products and for receiving more green labeling certifications.



## Definitions



**Sustainable Development** means conducting business in harmony with economy, society and environment.

**Siam Cement Group (SCG)** means

1. The Siam Cement Public Company Limited;
2. SCG's subsidiaries;
3. SCG's associated companies where SCG has significant influence over the operating and financial policies of the company.

**Subsidiary** means

1. A company or juristic person which SCG owns or holds more than 50 percent of the shares directly or indirectly through any other individual or corporation;
2. A company or juristic person where SCG has the ability to direct its financial and operating policies.

**The Board of Directors** means the board of directors of The Siam Cement Public Company Limited.

**Employee** means a person who is hired to provide services to SCG either under an employment contract or special contract of hire.

**Contractor** means a person or business that provides goods or services to SCG within the meaning of the law specified in an agreement. Some SCG business units have called a contractor a "business partner".

**Relevant Party** means a person or legal entity with which SCG has business relations, whether, for example, the government, a governmental office, state enterprise, private organization, or public charity.

**Stakeholder** means a person, group or organization which has a stake or interest in SCG, for instance, a company director, employee, shareholder, contractor, business partner, relevant party, creditor, debtor, society, community surrounding the factory.

**Human Rights** means the basic rights and freedoms to which everyone is entitled equitably regardless of race, color, gender, age, language, religion, physical status, or health that they may live in peace, dignity, freedom, amity, with kindness to one another.

**Climate Change** means a change in weather patterns other than the natural variation of climate over a time period, caused by human activities affecting directly or indirectly the elements of global atmosphere.

**Greenhouse Gas** means a collective term for large molecule gases, for instance, water vapour, carbon dioxide, methane, nitrous oxide, and ozone, which though existing in small amount in the atmosphere can absorb and re-emit infrared radiation, warming the earth's surface contributing to climate change. This includes only greenhouse gases referred to in the Kyoto Protocol, the amount of which is large enough to affect climate. They are carbon dioxide ( $\text{CO}_2$ ), methane ( $\text{CH}_4$ ), nitrous oxide ( $\text{N}_2\text{O}$ ), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride ( $\text{SF}_6$ ).

**Biodiversity** means the variability among living organisms, including the variability within and between species and within and between ecosystems, or the diversity of species, genetics and ecosystems on Earth.

**Green Label** means an environmental label which is attached to products to certify they meet environmental standards in accordance with the guidelines of the Green Label Board. It is voluntary for the manufacturer, vendor or supplier to demonstrate responsibility for the environment. The scheme was launched by the Thailand Environment Institute (TEI) in association with the Ministry of Industry with support from the Thailand Business Council for Sustainable Development (TBCSD).



# References



## Documents that point the way:

- The Greenhouse Gas Protocol for Project Accounting, 2005, WBCSD
- A Corporate Accounting and Reporting Standard, 2004, WBCSD
- Business & Biodiversity (The Handbook for Corporate Action), 2002, WBCSD
- Business & Ecosystems (Ecosystem Challenges & Business Implication), November 2006, WBCSD
- Thailand Environmental Situation 2004 (Biodiversity), November 2004, Office of Natural Resources and Environmental Policy and Planning (ONEP)
- Notification of the Ministry of Industry: Disposal of Wastes or Unusable Materials 2005 (B.E. 2548), Government Gazette, Volume 123, Special Section 11 Ngor, dated 25th January 2006 (B.E. 2549)
- Sustainability Report Guidelines, 2006, Global Reporting Initiatives (GRI)

## Referred documents for practice:

	Access	Responsible Unit
● SCG Corporate Governance	<a href="http://www.scg.co.th">www.scg.co.th</a>	Corporate Secretary Office
● SCG Code of Conduct	<a href="http://scg.cementthai.co.th">scg.cementthai.co.th</a>	Code of Conduct Committee
● SCG Vision	<a href="http://scg.cementthai.co.th">scg.cementthai.co.th</a>	The President's Office
● SCG Risk Management Handbook	<a href="http://sccaudit.cementthai.co.th/auditweb">sccaudit.cementthai.co.th/auditweb</a>	The Internal Audit Office
● SCG Basic Principles of Human Resources Management	manual	Corporate Human Resources Division
● Rules and Guidelines for Human Resources Management	<a href="http://chr/regulations.asp">chr/regulations.asp</a>	Corporate Human Resources Division
● Human Resources Management Regulations	<a href="http://chr/regulations.asp">chr/regulations.asp</a>	Corporate Human Resources Division
● Personnel Guidelines	(Confidential)	Corporate Human Resources Division
● Whistleblower Policy	<a href="http://sccaudit.cementthai.co.th/auditweb">sccaudit.cementthai.co.th/auditweb</a>	The Internal Audit Office
● SCG Guidelines for Green Procurement	<a href="http://tqpc.cementthai.co.th">tqpc.cementthai.co.th</a>	Corporate Total Quality Promotion Center
● SCG Safety Framework	<a href="http://tqpc/safety/tis.asp">tqpc/safety/tis.asp</a>	Corporate Total Quality Promotion Center
● Safety Performance Assessment Program (SPAP)	<a href="http://tqpc/safety/tis.asp">tqpc/safety/tis.asp</a>	Corporate Total Quality Promotion Center
● SCG Contractor Safety Certification System (SCS)	<a href="http://tqpc/safety/tis.asp">tqpc/safety/tis.asp</a>	Corporate Total Quality Promotion Center





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