



by **Heart** : Anyone Can Do It



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SAM Gold Class-Outstanding Sustainability Results  
in the Sector of Building Materials & Fixtures  
for the 3<sup>rd</sup> consecutive year from  
Dow Jones Sustainability Indexes (DJSI) (2008-2010)



SET Award of Honor in Best Corporate Social  
Responsibility for the 3<sup>rd</sup> consecutive year from  
the Stock Exchange of Thailand (2008-2010)



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# **CSR by Heart : Anyone Can Do It**

This book has been translated from Thai version

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# Preface

Recent years have witnessed the increasing importance of Corporate Social Responsibility (CSR) in the business world as corporations have come to realize that to achieve sustainable growth and success, a business should not focus on maximizing profit alone. Rather, it is vital for them to give back to society in many ways as possible.

Since its founding, SCG has attached enormous significance to CSR in line with one of SCG's philosophies of "Concern for Social Responsibility". This philosophy has been faithfully upheld and instilled into the minds and hearts of all employees, passing down from one generation to another. Endeavor empowers them to apply the principle to their work and daily life, committing themselves to enhancing the company's CSR efforts.

SCG has pledged to conduct business responsibly in all areas from the design and selection of production processes that pose no harm to the environment and community, the commitment to surpassing mere compliance with rules and regulations and meeting international standards to the development of community and society, allowing them to grow alongside each other in a sustainable manner. Demonstrated commitment has resulted in SCG having gained wide acceptance and receiving scores of awards and recognition both domestically and internationally. This has brought great pride to all SCG employees and propelled them to stride forward toward expanding the company's CSR activities to ensure maximum benefit for the community and society as a whole.

Further, SCG strives to build a network of organizations with concern for social responsibility, encouraging other businesses as well as all involved parties including business partners, customers, suppliers, the community, the press, and NGOs to take active participation in the CSR activities. It is hoped that the synergistic efforts can help drive Thailand toward sustainable development.

I am convinced that “CSR by Heart : Anyone Can Do It” can provide insights into SCG’s CSR efforts for those interested, allowing them to apply our successful paradigm for CSR to suit their various needs. The objective is to build a network of organizations that focus on CSR activities and commit themselves to conducting business in tune with the good corporate governance principle to help develop society and the nation as well as conserving the natural surroundings to achieve environmental sustainability.



Kan Trakulhoon  
President & CEO, SCG

# Foreword

The World Business Council for Sustainable Development (WBCSD) defines Corporate Social Responsibility (CSR) as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as that of the local community and society at large.”

With sustainable development playing a key role in global business, companies have come to embrace the notion that business success is not always the operational performance. To sustain success, it is essential for companies to address the needs of all who have a stake in their operations. CSR, therefore, has become a vital part of corporate activity upon which the companies build their businesses to create mutual trust, allowing the businesses as well as the communities and society to exist and grow together in a sustainable manner. Nevertheless, the success of a company’s CSR goes beyond its legal obligations to serve the public interest. It is contingent on the company’s strong determination, commitment, and full awareness of social responsibility.

SCG is one of the large corporations with a long-standing commitment to conducting business with social responsibility. SCG is among the first corporations in Thailand who have established a foundation dedicated to carrying out various socially-beneficial

activities and providing constant support to activities and projects beneficial to communities, society, and the environment for nearly 100 years.

“CSR by Heart: Anyone Can Do It” published by SCG to share the experiences and lessons learned from its almost century-long CSR efforts is a valuable and useful book for government and business organizations and those interested in implementing CSR. The book is also designed to inspire all concerned parties to pull together to develop the environment, community, society, and the country to grow alongside each other especially in the wake of social conflicts which call for collaboration of all to pull the nation out of the crisis, enabling it to thrive sustainably.



Anand Panyarachun

Chairman of the Board

The Siam Commercial Bank Public Company Limited

# Foreword

In today's business environment, CSR is accepted as a major component of business growth and sustainability. While the fundamentals of CSR remain the same, each company may be different in their beliefs, viewpoints, and practices. Some may view CSR as giving back to society as a good corporate citizen while others see CSR as a strategic management tool that can contribute to a sustainable development.

SCG has upheld the philosophy of "Concern for Social Responsibility" in conducting business for almost 100 years. Despite constantly adjusting itself to reflect the changing circumstances, SCG commits itself to operating with concern for the environment and community in accordance with the sufficiency economy philosophy rather than maximum profitability. This endeavor is in tune with sustainable development which values natural resources and is committed to minimizing impacts on the environment, community, and society. Further, SCG encourages its employees to do volunteer work in various areas and creates awareness and participation in CSR among all involved parties. The objective is to build a network of collaboration to take care of the environment together with improving the quality of life of people in the community and society not only in Thailand but also in every community where SCG operates.

The demonstrated commitment has resulted in SCG being accepted by agencies and organizations in both government and business sectors as a role model in CSR and sustainable development. “CSR by Heart: Anyone Can Do It” is thus a very useful book as it gathers valuable experiences and lessons learned from SCG’s nearly a century-long CSR efforts which can be applied to developing oneself, organizations as well as community, society, and the country to thrive sustainably based on the sufficiency economy concept.



Dr. Sumet Tantivejkul  
Secretary General of  
the Chaipattana Foundation

# Foreword

Corporate Social Responsibility (CSR) has been given increasingly attention by the business sector which needs to incorporate the expectations and needs of all stakeholders within their operations. The stakeholders include shareholders, customers, business partners, employees, the government and civil sectors and, in particular, “society”.

For nearly 100 years, SCG has conducted business with a demonstrated commitment to the principle of “Concern for Social Responsibility” to enhance and develop the quality of life for Thais and society. SCG strives to create a balance between economic, environmental and social dimensions in line with the principles of good corporate governance and sustainable development. SCG’s commitment also extends to developing a generation of “Smart and Ethical” individuals who will be a major driving force in the nation’s sustainable development in the years to come.

As a member of the Board of Directors, I have participated in various CSR activities carried out by SCG including check dam building and soil salinity research projects. These philanthropic activities are dedicated to intellectual development to solve the problems at their roots. The lessons learned during the community projects have been captured and transferred to other communities for enhancement and expansion, creating a network of sustainable

development. In addition, each year SCG provides financial support to numerous foundations and charitable organizations dedicated to contributing to society with the aim of improving the quality of life for people together with building long-term strength for communities and society as a whole.

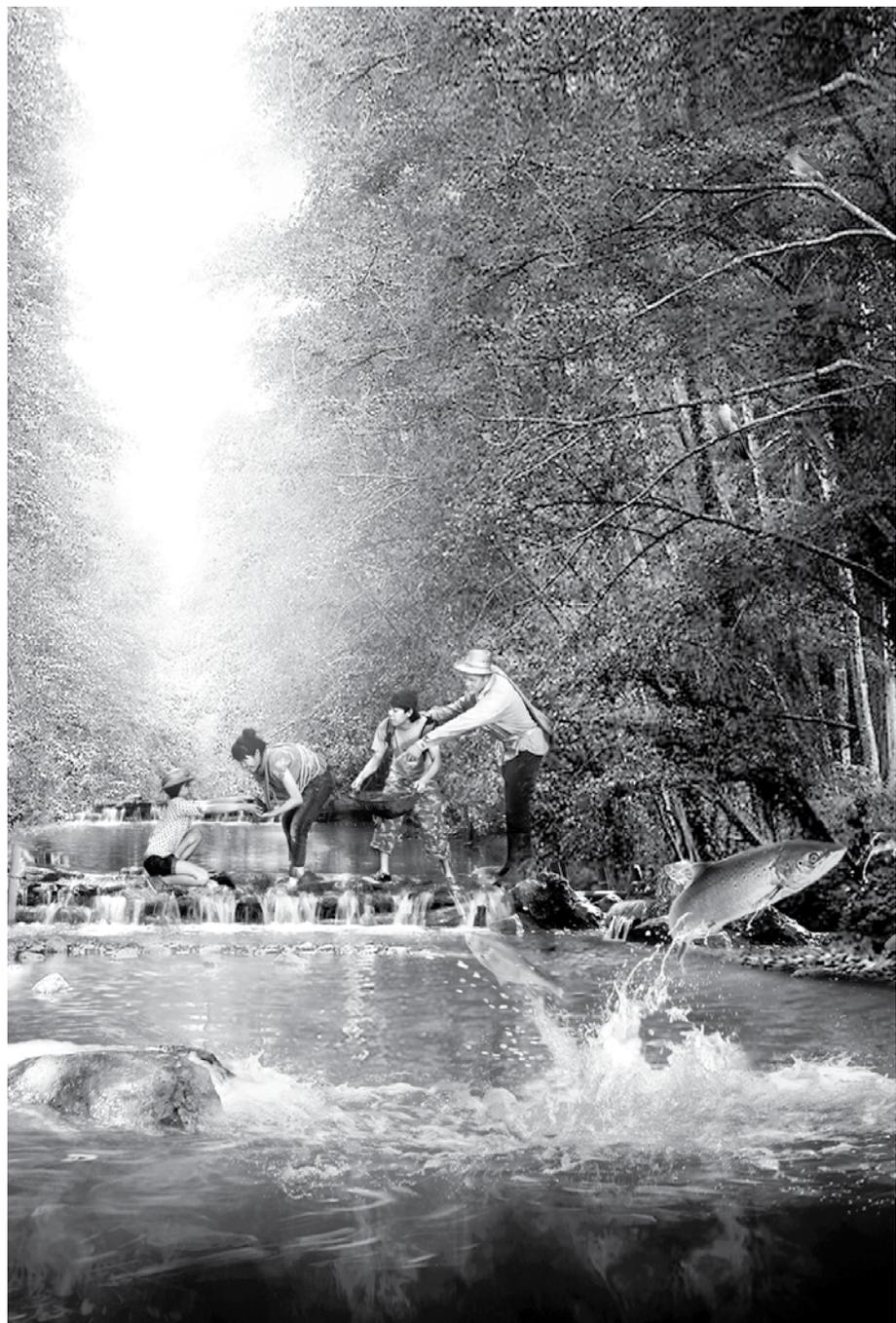
I am convinced that “CSR by Heart: Anyone Can Do It” which features ideas, experiences, and major case studies culminating from SCG’s CSR efforts for nearly 100 years will be of great benefit to organizations and those interested in applying them in developing organizations, communities, society, and the nation to achieve sustainable growth. The book will also help inspire people to transfer and enhance awareness about CSR, expanding it to a larger scale so as to build a caring society and a network of sustainable development.



Dr. Snoh Unakul

Chairman of Donation Committee

SCG



# Get to Know CSR

## CSR and today's business world

The term Corporate Social Responsibility (CSR) has increasingly become familiar among the public over recent years as it is common to see or hear news about the CSR practices of many corporations. If we browse through the book shelves at a bookstore within the management and marketing sections, we will find a myriad of titles related to CSR, corporate governance or white business. You or your relatives may even have taken part in CSR activities carried out by various businesses. For instance, you may find a press release in the newspaper inviting volunteers to teach children in the desolate remote areas. In a movie theater, there may be an ad urging viewers to help construct check dams. Or simply by deposit money into a bank account, you may get to make contribution to a charity fund.

Today, CSR or the socially-beneficial activities of businesses as good corporate citizens go above and beyond making money donations to charitable organizations to encompassing practices dedicated to addressing the needs of community or solving social problems through the use of corporations' body of knowledge or expertise. These activities are carefully designed to encourage the involvement of the employees together with the community and the public. These efforts can help create a favorable brand image or popularity of businesses among consumers, positively affecting their buying decisions and attracting people to join the companies' activities. Corporations that fail to keep up with the CSR trend may

lose their sales opportunities despite having products and services with comparable quality and pricing as their rivals. Further, they may also fail to attract smart and ethical people to join them.

In the light of this, it is no surprise to see more and more businesses jumping on the CSR. Some have established a dedicated CSR function to oversee their CSR activities, highlighting key social issues and identifying individual cases that deserve immediate assistance. Apart from the systematically designed activities, CSR functions will work closely with those in need of help and other involved parties such as academician, the government and private agencies to ensure sustainability and the development of the potential of those in need for long-term self-reliance. Any efforts taken will be in accordance with academic conventions and inflict no harmful effects on society and the environment.

SCG has committed itself to carrying out CSR activities since its founding. We have engaged all concerned parties in sharing ideas along with providing support and guidelines to ensure our CSR efforts contribute to society and the environment in a sustainable manner. Our endeavors will move forward to meet the emerging challenges especially expectations of stakeholders, the depleting natural resources, and long-standing environmental problems like the Map Ta Phut case.

Today, we have gained wide acceptance from many concerned parties both locally and internationally for our demonstrated commitment to developing CSR activities to achieve

sustainable development. And we would like to share our near-century experience culminated from our long journey through the changing society over time and refined by many of our true friends, making our CSR activities truly beneficial to society. This book consists of the successful stories and lessons learned with the hope of sparking collaboration and the cooperation of all concerned parties in contributing to a better society and the environment.

## **Why should CSR schemes be carried out?**

“How will CSR benefit the company?”

The most frequently asked questions which come up when speakers from SCG join in talks or discussions regarding CSR are “Why do we do CSR?” and “How will CSR benefit the company?”

The answer closest to our heart will be “He that sows good seed shall reap good corn”. Although this answer may sound blunt, we believe that to do CSR is to do good deeds, and it will bring many good things in return. These good things come in different levels as follows:

### **1. Happiness to see our good deeds come into fruition**

The first thing is to see a better quality of life of those in need. Since people are not created equal with some having more opportunities than others, SCG firmly believes that to provide opportunity to the less fortunate is to provide them with a better future. The least we can expect for them is to be able to stand on their own feet. However, it would be even better if they can share these

opportunities with others and capitalize on their opportunities and capabilities to develop the communities, society, and the nation to achieve sustainable development.

Some groups of people are physically, financially, or socially disadvantaged. Nevertheless, it is fortunate that many organizations have provided assistance to these disadvantaged groups. For its part, SCG has carried out various philanthropic activities to 'provide opportunities' for those in need in many areas. Chief among them is the provision of non-binding scholarships to needy children and youths who display good conduct and strong determination in pursuance of their studies. These efforts, which have continued for more than 25 years offer the grantees opportunities to engage in studies leading to a bachelor degree. At present, there are some 4,500 students under the care of SCG. Apart from the scholarships, SCG also pledges to enhance the students' knowledge and potential to maximize their opportunities to pursue higher education. It is hoped that these endeavors will enable them to bring more happiness and a better future for themselves and their families.

Overseas, SCG helped restore a school for the disabled in Vietnam, providing the disenfranchised students with better equipped classrooms, playgrounds, and dormitories. The eyes of the children, some of whom are deaf-mute, some visually challenged and some mentally challenged, looked at SCG staff with great appreciation while they were playing games accompanied by the staff during the handover of the newly restored school. Their innocence and laughter will always be in our hearts.

In addition, SCG provides financial support of 100 million Baht a year to more than 100 foundations and charitable organizations to fund numerous benevolent activities. Examples include Breast Foundation under the Patronage of Her Royal Highness the Princess Mother dedicated to preventing women from developing breast cancer, Rajvithi Home for Girls that provides shelters for the socially disadvantaged girls from poor families and broken homes as well as those displaced or abused. The support also extends to Cardiac Children Foundation of Thailand dedicated to treating children with congenital heart disease and the Saengthian Buddhist Foundation that provides care and education to children in the slum areas. Our continued financial, physical, intellectual, and moral support gives those in need opportunities to have better health or career, allowing them to stand on their own feet and grow strongly and sustainably.

At the other end, there is another group of people with high potential including talented students, athletes, scientists, and artists out there who may not have the stage for them to exhibit their talents and skills, inhibiting their opportunities to shine or have their latent genius fully developed as well as inspiring others.



SCG stresses the importance of recognizing smart and ethical individuals together with providing them with a stage to showcase their abilities through various activities. For instance, first introduced in 2004, SCG Thailand Rescue Robot Championship is organized annually to find a winning team to attend the World RoboCup Rescue. SCG has taken great pride in the successes of the Thai teams which have won the World RoboCup Rescue for five consecutive years. This attests to the abilities of Thai youth in innovation and technology development that can rival any of their foreign counterparts.

For sports, SCG has provided constant support for badminton at all levels from national junior to international events. SCG Badminton Academy was established to nurture young budding badminton players to achieve sporting excellence on par with international standards. Further, SCG in cooperation with Mae Fah Luang Foundation, organized Sustainable Design Camp to develop the potential of the new generation of young designers along with building consciousness about designing for sustainable development. Added to these is SCG Excellent Internship program which has been carried out for eight consecutive years during summer to open up opportunities for university students with excellent academic performance to gain first-hand experience of a work environment and be instilled with the awareness of good corporate governance and social responsibility. These activities are designed to inspire youths to continue to develop themselves and to show them how to spend leisure time fruitfully to benefit themselves and society.

In addition to CSR, another issue that has been given increasingly more attention by business organizations is environmental conservation, building upon the belief that environmental protection will bring about many good things. Examples include the caring of global warming, protection of water resources, prevention of drought and flooding, safeguarding of fresh clean air, and the defence against the loss of biodiversity. To illustrate, over 20,000 check dams constructed by SCG in cooperation with the communities not only help slow the flow of surface run off, they also restore forests to good health, attracting native birds, butterflies, insects, and other wildlife to return to their natural habitats. The restored forests also nurture plant species vital to human subsistence and nature's balance, resulting in the locals comparing the healthy forests to having a 'supermarket' in the neighborhood.

## 2. Opportunities to initiate, participate in, and contribute to the network of making good deeds

It is believed that people who have similar interests or beliefs will somehow be drawn to each other and use their synergy for a higher power. This holds true for SCG's philanthropic efforts that have received consultation and advice from experts in their respective fields, both directly and indirectly, which help shape our CSR activities, making them more beneficial to the community, society, and the nation as they stride toward sustainability.

Some of these true friends were approached for advice prior to the development of our initiatives to ensure maximum effectiveness

and avoid any unexpected negative impacts. Others including academics and experts whom we know through our associates have offered useful advice for the improvement of our CSR efforts. Also, there are many complete strangers who, out of their concern for society and the world, have voiced their opinions and given advice through various media especially the Internet which allows for the fast exchange of ideas from every corner of the world. Added to these are communities and the public across Thailand who has actively joined in our activities with a shared belief and common cause. They include:

- Organizations and foundations that allow us to take part in their activities, providing support and exchanging useful ideas.
- Academics, experts, and NGOs in various fields that offer knowledge and suggestions on how to execute the activities effectively. For example, our first TV commercials on “SCG Conserving Water for Tomorrow” elicited a lot of comments on the websites. Many of the constructive comments were used in developing our subsequent activities and communications with the public.



- The press that help publicize SCG's CSR activities, stimulating public interest in the issues raised by SCG such as environmental conservation, youth potential development and provision of assistance to those affected by disasters.
- Communities and the public who are the driving force behind the success of our activities. For instance, it would be impossible to construct more than 20,000 check dams throughout the country and maintain them in good conditions without the collaborative efforts of some 38,000 people who share concerns about water conservation.

The spark that enlightens people to do good deeds has gained wide public attention, resulting in a larger network of people with deep concerns for society. As part of this network, SCG has been successful in attracting various groups of people including:

- Quality investors who stress the importance of sustainable development that strikes a balance among economic, social, and environmental dimensions rather than short-term profits.
- 'Smart and ethical' employees who are committed to carrying on the good work and who take pride in being part of a corporation that has gained wide acceptance within society.
- Consumers who want to contribute to better surroundings through the use of environmentally-friendly products and services along with supporting organizations dedicated to social responsibility.

- Business partners who adopt a sustainable development approach and are keen to support each other for social benefits.
- Young people who have a strong sense of community. Over the years, it has been quite rewarding that SCG's CSR activities have been attended by a large group of young people with a volunteer mindset. It was found that given opportunities, these young minds are ready to express their strong determination to contribute to society.

### 3. Providing immunity in accordance with Sufficiency Economy Philosophy

Establishing a strong immunity is one of the three elements of the sufficiency economy philosophy in addition to moderation and rationality. To create an effective immunity system means to put in place an operational plan that can guard against inevitable adversaries brought about by internal and external changes. This requires knowledge and morality, the dual foundations of the philosophy. Knowledge means being well-informed, prudent, and careful in leading life and work whilst morality means virtues such as honesty, integrity, patience, perseverance, social contribution, and sharing.

Based on the aforementioned definition and SCG's experience, it has been found that CSR activities can help create a strong immunity in accordance with the sufficiency economy philosophy. The following examples further illustrate the point:

- **CSR-In Process**

is involved with developing strategies, technologies, and processes to enhance SCG's operations in every phase from the manufacturing of products to providing services and building employee awareness and concern toward impacts from the company's operations on society and the environment. This, in turn, will benefit SCG's business, allowing the company to cope with the emerging challenges in seeking raw materials and energy. Further, the efforts also ready the company for new rules and regulations concerning health and the environment as well as increasing revenues, market shares, and brand awareness as a result of the drive for innovations that better address the needs of consumers. More importantly, they enable the company and people in society especially the communities surrounding the plants to coexist harmoniously and grow alongside each other sustainably.

- **Eco Process**

Examples include reduction of greenhouse gases and air pollution with the goal of reducing greenhouse gas emissions by 10% by 2020 compared to 2007 and effective management of resources and energy to ensure maximum benefits. Added to this is the adoption of new technologies and alternative energies as well as managing water and waste with the goal of eliminating waste to landfills by 2012. This can be achieved through the 3R concept which includes Reduce, Reuse/Recycle, and Replenish.

- **Waste Heat Power Generator (WHG)**

SCG Cement has installed waste heat power generators at every cement plant in Thailand and overseas. Waste heat from the cement production process is recovered and used to generate electricity for the plants. All installations were completed in 2009, resulting in a reduction of greenhouse gas emissions of 300,000 tons annually and also save 25% on electricity expenses.

- **SCG eco value**

With a demonstrated commitment to developing eco-friendly products and services, SCG has developed the SCG eco value label to keep consumers informed of the choice of products and services that pose no harm to the environment. SCG is the first business conglomerate in Thailand to develop the label for environmentally-friendly products and services.

- **Energy-efficient Homes and Buildings**

They are developed to provide greater comfort and a better quality of life for residents along with being friendly to the environment. SCG is committed to R&D to enhance resource efficiency in the buildings. Chief among the efforts are developing energy-efficient home solution that pose no adverse harm to the environment and offer health benefits to residents.

- **Green Procurement**

SCG is the first organization in Thailand which have implemented the green procurement policy since 2004. Constantly revised to reflect the changing circumstances, the policy encompasses the entire supply chain from the procurement of raw materials to the procurement of supporting materials, spare parts and other supplies apart from those designated by the Green Label scheme.

- **CSR-Out Process or CSR-After Process**

SCG extends its activities outside the company's mainstream business operations such as donating relief supplies, and carrying out socially-beneficial activities.

Most CSR activities carried out by SCG as perceived by the public are not involved with its business operations, for example, construction of check dams as part of SCG Conserving Water for Tomorrow project, organising of Thailand Rescue Robot Championship and support for badminton at all levels, details of which will be subsequently discussed. These activities allow SCG to stay closer to consumers and society than the CSR-in process activities as they attract more public interest.

These benevolent activities help create immunity, gaining SCG trust and support from consumers and society for its future efforts. At the same time, they contribute to the promotion of the nation's resources, society, the environment and economy as a whole.



# SCG's Experience in CSR

## When did SCG first start its CSR efforts?

This is one of the questions frequently raised that provides a basis for discussions between SCG staff and outsiders.

Although it would be difficult to clearly state what SCG's first CSR activity was and when it was rolled out, the empirical evidence including interviews and document reviews suggests the following:

In accordance with one of SCG's business philosophy "Concern for Social Responsibility", SCG first compiled and published "SCG Code of Conduct" which consisted of a code of conduct and practices in 1987, meaning that SCG's CSR efforts had been carried out long before this. Like many other business corporations, SCG started its philanthropic efforts by making donations from time to time upon request. The efforts later developed into a more systematic and on-going project dedicated to providing scholarships to students throughout the country with clearly established criteria. However, the carrying out of the project was more through good and quiet means, without much public relations activities.

## From financial contributions to systematic philanthropy

SCG established Public Relations Office in 1979 to communicate with various target groups and embark on initiating activities benefitting society. The act of making financial contributions to charity was developed into CSR activities that better addressed social expectations and corporate objectives. Backed by well-laid plans and budgets, the activities were conducted systematically in terms of execution and communication to the public. And rather than making contributions from time to time, the activities were designed to be ongoing and establish a link among the giver, recipients, and society to benefit the economy, society, and the environment in a tangible manner.

The early systematic CSR efforts were involved with activities beneficial to society. Based on the community needs survey results that were taken into account together with the characteristics of the company's products and services as well as the employees' skills, the first project was dedicated to building shelters at bus stops and police booths. These structures were necessary for people's daily lives back then and matched SCG's corporate image as the expert in construction materials. Other initiatives were also taken to use SCG's products for social benefits. For instance, during severe droughts, locals were taught to build large cement jars for collecting rainwater for consumption as an effective means to relieve droughts. Locals also learned to construct ponds using curved roof tiles for rainwater collection. Later, villagers developed these ponds into fish ponds, increasing income for the households.



These two activities, which were carried out over a long period of time and were very well-received, prompted SCG to set up a mobile unit traveling to teach villagers countrywide all year round.

In the early days when Public Relations Office was first established, the prevailing tension along the Thai border prompted SCG to channel its CSR efforts into building constructions along the border provinces such as school buildings, water storage tanks, medical facilities, and child development centers. Moreover, SCG joined forces with the Royal Thai Army to build concrete military bunkers. These activities fully matched the company's skills and expertise. On the other end, SCG initiated activities that promoted employees' participatory involvement. Every year, employee volunteers traveled to visit the troops at the border and veterans to boost their morale. The activity opened up opportunities for employees to demonstrate their concern for society.

## **Adapting to changing economic and social circumstances**

With the country's changing circumstances, SCG geared its CSR efforts toward developing the communities, enabling them to stand firmly on their own feet in the long run. To that effect, SCG joined hands with the communities to carry out beneficial activities that better addressed their needs. Rather than having the activities designed by the headquarters office, SCG employees in the areas, who were closer to the communities, worked with the surrounding communities to design activities that matched their needs in the areas of occupation, health, society, culture, and the environment. The efforts also included providing both emergency and long-term assistance to those affected by natural disasters. For instance, the project to assist people in the tsunami-hit areas focused on restoring people's livelihoods and natural resources along the coastal areas by involving the affected villagers in managing the project. This promoted self-governance, allowing them to stand on their own feet in a sustainable manner. The details of which will be discussed in the next chapter. Meanwhile, rather than carrying out benevolent activities all by itself, SCG has turned to seeking strategic alliance partners to gain complementary and synergistic expertise, allowing for faster, more comprehensive, and transparent delivery of assistance.

Education-wise, in place of the temporary grant of scholarships, SCG foresaw that knowledge in science and mathematics was fundamental to the development of Thai youths to accommodate the country's future growth. As a consequence, 180 IQ, a TV quiz

show designed to offer mathematic and scientific knowledge to the audience was initiated in 1982, hosted by Dr. Chainarong Monthienvichienchai. Later, in 2002, the program was reformatted and renamed IT Genius, a quiz show on information technology in response to the prevailing needs at that time. The show was hosted by Mr. Pongsuk Hiranprueck. In addition to these events, other activities were dedicated to developing the knowledge and capabilities of Thai youths that catered to the changing circumstances in society and provided a stage for young people to showcase their talents. Chief among them were Thailand Robot Rescue Championship, Early Child Development through Books, and SCG Excellent Internship.

The educational activities ran parallel to numerous initiatives dedicated to promoting Buddhism and culture. The first documented activity was providing funding support for the restoration of the Temple of the Emerald Buddha for the Bangkok Bicentennial Celebration in 1982. SCG also funded the restorations of the Vice-regal Puppet Collection by Mr. Chakrabhand Posayakrit, Maruekhathaiyawan Palace, and Thuriang Kiln at the Sri Satchanalai Historical Park. In addition, the group underwrote the printing of books entitled, Ten Divisions of Traditional Thai Crafts as well as providing constant support to various activities dedicated to promoting the Buddhism and the culture both at corporate and local levels where SCG plants throughout the country worked closely with their surrounding communities. More recently, SCG provided the work force and financial support for the restoration of Trimitwitthayaram Temple. As part of the project, SCG joined forces with the government agencies, companies, and the Yaowarat

community to build a new hall, Phra Maha Mondop, to house the Golden Buddha Image Phra Buddha Maha Suwanna Patimakorn, the world's largest solid gold Buddha statue. Completed in 2008, the project helped promote Buddhism as well as boasting cultural and artistic value.

At present, SCG pledges to promote youths' artistic talents and open up opportunities for young and senior artists to meet and exchange ideas, which can help raise art standards in Thailand to new heights. Examples include SCG Art Camp, an art camp to foster the artistic skills of high school students and art teachers; Young Thai Artist award, the young artist competition in various categories that has gained wide acceptance in the art society; and Sustainable Design Camp, a design camp organized by SCG Foundation in conjunction with Mae Fah Luang Foundation and COTTO, to develop the capabilities of young budding designers and instill consciousness about sustainable design in young minds.

A distinctive image of SCG's CSR activities in the minds of general public is that the group has provided on-going support to badminton at all levels from national junior to international events since 1981. From the start, it was viewed that badminton is a sport that does not favor tall, muscular athletes, but it is a fast-paced game that demands quick reflexes, agility, and precision, making it possible for Thai players to win the world championship. Moreover, SCG wanted to encourage Thai youths to play badminton as it is easy to find a place to play the sport and the equipment is not expensive. This allows the youth to spend their time fruitfully and keep them away from the temptation of drugs. Since then, SCG has



organized SCG Junior Badminton Championships every year. The company is proud to say that every Thai national badminton player has joined a SCG badminton tournament. SCG's determination to develop Thai badminton players into world-class athletes is not limited to providing arenas for young talented players, yet it also encompasses SCG All Thailand Badminton Championships, a national competition, and SCG Thailand open Badminton Championships, an international badminton tournament. On top of that, "SCG Badminton Academy" was established as Thailand's fully integrated academy to provide an ideal setting for nurturing upcoming badminton players through world-class infrastructure and training to develop them into future national players.

## **Achieving sustainable development through the collaborative efforts of all concerned parties**

Evidently, as a large conglomerate, SCG has been involved in a diverse range of CSR activities. Moreover, the corporate image research and community surveys regularly conducted by SCG spawned many new types of activities in response to the changing needs in society. From a handful of projects in the early days, SCG's CSR efforts diversified into many activities. Back then, it was said that SCG might well be perceived as being a good corporate citizen, yet it was difficult for the public to name any distinctive activity out of a myriad of socially-beneficial activities carried out by SCG. It was not until during the financial crisis in 1997 when the company started to categorize these activities so as to establish a roadmap for CSR efforts that matched the corporate vision and expertise, reflected the changing economic conditions, and best addressed social demands and expectations. The categories are Human Development, Environmental Conservations, and Public Benefits.

From the start, SCG has never considered CSR a sole responsibility of any one particular function. Rather, guidelines have been provided, allowing each business unit and plant to carry out their CSR activities independently in response to the needs of the business and surrounding communities. As well, SCG strives to encourage the concerned parties, especially its employees to take part in the CSR activities in the hopes of building in the minds of all participants social consciousness, inspiring them to always want to make contributions to society and the environment. Today,

awareness on sustainable development as well as social and environmental contribution has become part of SCG's corporate culture.



SCG management once joined in a trip to construct check dams at The Siam Cement (Lampang) Co., Ltd. which was one of the plants that boasted a remarkably pleasant natural environment. After the meeting, the management waited for a pick-up to travel to the checks dams construction site. It happened that the van arrived a bit late. On board the van, the driver reported that on the way to the plant, he saw a large wild turtle moving slowly and laboriously on the road. He decided to pull over, take the turtle, and release it into the forest nearby the plant out of the concern that a rare wild turtle like this should be protected. Similar consciousness was found among locals at Sa Sop Hok village in Lampang Province, who joined hands with SCG to build check dams,

bringing back healthy forest and rare bird species. While some might think of making easy money by catching these rare birds and selling them, the locals thought it would be a better idea to leave these birds in their natural surroundings where tourists could come to observe and study them. In return, the locals could make money through homestay business. Although earning less and having to put in greater effort, the villagers at Sa Sop Hok village were proud to adopt a more sustainable approach.

## **SCG Foundation - A tangible concern for society**



SCG's long-standing commitment to CSR prompted the company to set up an organization dedicated to handling CSR activities. In 1963, SCG established a fund from which the investment proceeds could be used to benefit society on the occasion of the 50<sup>th</sup> anniversary of SCG.

The fund was registered as a foundation in 1967 and in 1992 was officially proclaimed a public charitable organization according to the declaration of the Ministry of Finance on Income Tax and VAT. SCG donated additional funds and stocks to the Foundation so that the investment proceeds could be used to fund the benevolent activities. It was also made a general practice for SCG to top up funds for the Foundation should the investment proceeds in any certain year below. This facilitated the continuous operation of the Foundation because providing assistance and contributing to society are commitments that must be ongoing.

In 2004, SCG Foundation restructured the organization and work processes to expand its scope of philanthropic efforts. Its activities and operations were streamlined to reflect the changing socio-economic circumstances. The Foundation is managed by SCG Committee, which comprises SCG top management. This attests to SCG's unwavering commitment to "Concern for Social Responsibility".

*Backed by SCG's proven experience and valuable advice from its true friends, the company's CSR endeavors have been developed over the years and can serve as guidelines for others to follow suit as discussed in the following chapters.*



# SCG's Way of CSR

## Based on business philosophy and good corporate governance principles

SCG's achievements in driving the company toward becoming a leader in the ASEAN region, developing the company into an innovative organization, conducting business in line with the sufficiency economy principles, and many other initiatives can be largely attributed to the total commitment, dedication and hard work of all employees who worked collaboratively to achieve the shared goals. And their commitment has also extended to contributing to society.

Many outsiders were surprised by the full cooperation of SCG's employees in implementing any policy, approach, or initiative rolled out by the company. They have worked collaboratively with good coordination among employees at all levels from the Board members to the management and employees at Corporate Headquarters and SCG's plants across the country, contributing to society as a whole. For SCG, the effective implementation of the policies results from the following three factors which can be acquired by any organization.

- **Good employees** : SCG adopts a fair, transparent recruitment process in recruiting smart and ethical individuals to join the company. Following employment, the company employs an effective personnel management system, encompassing professional development, generous remuneration, pro-active health care, and comprehensive welfare that cover the employees' family members to give them reassurance and build strong bonds of loyalty so that they are committed to contributing to the company's sustainable growth. More

importantly, the Board members, the management, and line supervisors all lead by example. This culture has been passed down on from one generation to another.

- **Good system** : SCG embraces an effective, transparent, and careful monitoring system backed by SCG's business philosophy and Code of Conduct. Having been passed down on for many generations, SCG Code of Conduct has been revised periodically to reflect the changing economic, social, and environmental circumstances. It provides guidelines for behaviors and decision making for employees at all levels. When introducing a new initiative or policy, the company will communicate with all employees through various channels to ensure a good understanding and to listen to their ideas and suggestions systematically.
- **Good supporters** : With earnest support from the authorities and management, an initiative is more likely to be successful and become a policy that gains much attention, eventually developing into a corporate culture. Mr. Kan Trakulhoon, SCG President & CEO, has cultivated the commitment passed down from previous management and The Board of Directors, announcing SCG Vision of SCG's striving to achieve balanced economic, social, and environmental growth and to be a good corporate citizen in every country where SCG operates. Moreover, the Donation Committee, which comprises 5 Directors and 2 top executives, was established. Chaired by Dr. Snoh Unakul, the Committee is responsible for overseeing and establishing policies and guidelines on making donations to foundations and charitable projects/activities.



## SCG Code of Conduct

Since the early days, SCG's Board of Directors and Management have been widely recognized for their high caliber and flawless backgrounds. Their virtue and excellent conduct have been passed onto generations after generations of employees. As SCG diversified into various businesses, the company formulated and published SCG Code of Conduct which compiled the business practices of each business unit within SCG. The Code underwent many major revisions to keep up with the changing socio-economic situations but remained in line with the company's core value of "Quality and Fairness".

SCG Code of Conduct underwent the latest 4<sup>th</sup> revision in 2007. The guidelines contained herein were arranged into groups and complemented by examples for easy understanding and practice. Further, the company established the Whistle Blower Policy which clearly provided a mechanism to facilitate complaint filing and measures to protect the complainants.

SCG Code of Conduct, which has been constantly revised to reflect the changing socio-economic circumstances, is based on SCG's business philosophy that have served as the compass giving direction to employees at all levels in their work.

### 1. Adherence to Fairness

SCG is committed to the concept of fair practice to all parties concerned by providing customers the best quality products and services at fair prices, providing shareholders good returns on investment at appropriate rates, providing employees with good remuneration and quality of life, and being fair to all parties in business relationships with SCG.

### 2. Dedication to Excellence

SCG strives to achieve excellence in everything it does. Employees at all levels and all concerned parties are well aware that everyone must consistently put in extra effort, encouragement, knowledge and competence in order to overcome difficulties and to move steadily forward for the best interests of SCG and all parties concerned.

### 3. Belief in the Value of the Individuals

SCG believes that employees are the most valuable assets. SCG owes its growth and prosperity to the contribution of its employees who are highly capable with good knowledge and virtue. As a result, the company adheres to the practice of careful selection and continuously developing employee competence, enabling them to confront ever-changing situations. At the same time, SCG has been building strong bonds of loyalty and treats its employees in such a way that they feel secure in their jobs so they are committed to their assignments and perform with confidence for future success.

### 4. Concern for Social Responsibility

SCG fully performs its duty as a good corporate citizen in every community and country where it conducts business with concern for social responsibility. The company also stresses the importance of sustainable natural resource management and environmental stewardship.

By incorporating social responsibility as one of SCG's business philosophy, SCG commits itself to carrying out business along with contributing to society and a better environment. In 2007, the SCG Vision was officially announced in which social responsibility is given equal importance to sustainable business development.

"By the year 2015, SCG will be a regional market leader committed to conducting business alongside contributing a sustainable growth to the ASEAN region and the communities in which SCG carries out business ..."

To achieve such vision, it is necessary that SCG expand its CSR efforts, which are viewed as critical mission, along with its business operations to other ASEAN countries to enable SCG as well as the communities and society to coexist in a harmonious and caring manner.

## **SCG Corporate Governance**

Some ten years ago, many large corporations in the West especially in the U.S. were mired in financial crisis as a result of the lack of fair, efficient regulations as well as transparency in the accounting and integrity of the audit process. Added to this was the corrupt behavior of some top executives who placed their financial gains above all else and the absence of effective mechanisms and controls. This brought renewed interest in good corporate governance practices which are pretty much in line with the SCG Code of Conduct and SCG's business philosophy.

As corporate governance practices have become more fashionable, SCG has become widely accepted by society at large as one of the organizations which has successfully materialized the principles. With its proven track record, SCG's commitment to disseminating the principles of good corporate governance

practices has enabled the company's CSR efforts to achieve excellence with transparency and verification, gaining trust and acceptance from all concerned parties.

*It is the earnest, creative collaboration of employees at all levels in accordance with the Code of Conduct and principles of good corporate governance passed down on from one generation to another as well as the development direction in line with SCG Vision that have empowered each and every generation of SCG employees to create higher value for all stakeholders including customers, trading partners, community, and society. These are the contributing factors that help make SCG's CSR efforts transparent, verifiable, and sustainable.*

## **SCG's Approaches to CSR**

At present, more and more corporations are adopting CSR. SCG takes pride in having been invited by organizations in both government and the private sector as well as NGOs to share ideas about CSR while, at the same time, been given suggestions, knowledge, and practices, allowing SCG's CSR endeavors to thrive sustainably.

The knowledge and experience together with valuable advice from our friends have contributed to SCG's unique CSR approaches which we would like to share with the readers so the approaches can be applied to enhance their CSR efforts. SCG approaches to CSR can be summarized as follows:

### **1. Providing what is needed by society and recipients and in accordance with the organizational values**

SCG has been relentless in studying the needs of each group of the stakeholder in order to best address their

demands. To that effect, various activities were carried out including meetings with the stakeholders, opening up for complaints and suggestion, and surveys of their needs and satisfaction. The CSR activities have been developed, based on the needs of society and recipients together with the corporate values or what are considered the “right things to do”. In other words, the activities are in accordance with SCG brand positioning as well as the principle of “rationality”, one of the key components of the sufficiency economy philosophy.

For instance, prior to the introduction of the SCG eco value label, the study revealed that consumers tend to have a growing preference to buying eco-friendly products. This corresponds to SCG Vision that stresses the importance of creating innovative high value added products and services as well as environmental conservation. All these factors have contributed to SCG committing itself to developing manufacturing processes to produce excellent quality products and services that best address customer needs. The roll-out of the SCG eco value label is part of SCG’s endeavors to encourage consumers to use products and services that contribute to a better environment.

Another example is the provision of immediate and long term assistance to those affected by the tsunami in 2005. Right after learning of the disastrous tsunami that hit people hard in the southern provinces, in addition to providing immediate relief through a donation of 10 million Baht to the government as well as in-kind donations such as relief supplies, SCG worked collaboratively with those affected and the involved parties to help restore their lives and livelihoods in a sustainable manner. A survey of the needs of the tsunami-hit communities revealed that those impacted

wanted their lives and livelihood to be restored as their fishing equipments and fishing boats were largely destroyed. SCG thereby provided financial resources in the form of revolving funds and other relevant support to establish community boatyards for repairing fishing boats and equipment. The boatyards are managed by the communities themselves. To ensure ongoing assistance, SCG commissioned a working committee to keep track of the progress in the establishment of boatyards for repairing fishing boats and equipment periodically while, at the same time, joining forces with the communities and concerned agencies to develop the communities to achieve sustainable growth.

## 2. Studying information carefully in all aspects to ensure effective and accurate project implementation

Prior to the inception of SCG Conserving Water for Tomorrow project, the brainstorming sessions generated lots of ideas and solutions in response to the company's initiative to carry out a project dedicated to conserving water out of the concern that both the shortage or excess of water will have a strong impact on the world. The objectives of the program are to conserve water, mitigate global warming, put balance back into nature, and sustainably restore health to the communities and the environment. The generated ideas were then selected based on the possibility, priority of problems and solutions, and most importantly, academic accuracy.

SCG has gained cooperation from experts from various agencies including Huai Hongkrai Royal Development Study Center, Department of National Park, Wildlife and Plant Conservation under Ministry of Natural Resources and Environment, and Hidro and Agro Informatics Institute. The

collaborative efforts culminated in the well-known check dam construction project.

Despite various techniques for building check dams, SCG has chosen the most environmentally-friendly technique, using locally available natural materials such as rocks, and branches. Further, the site selection is based on the experts' recommendations to ensure maximum efficiency in water conservation.

Following the expansion of check dam construction activity to a larger scale, SCG has received suggestions from many academics and those concerned with water and environmental conservation through media. These suggestions have been taken into consideration in improving the activity, making it more academically accurate and beneficial to the environment.

### **3. Focusing on integrated development to allow for sustainable expansion**

SCG has built its CSR activities around the integrated and continuous development to allow for long-term expansion. After the check dam construction project has been carried out for a fair period of time, SCG is resolved to inculcate water conservation consciousness into the youths and people in the communities through the "Building Check Dams in People's Minds" or "Creating environmental conservation awareness in People's Minds" approach in the hope of expanding its water conservation efforts sustainably. The approach is dedicated to educating the targets as well as providing them with easy access to the outside body of knowledge so they can apply the acquired knowledge to solving the problems in their communities. This allows for an

exchange and transfer of knowledge, opening up opportunities for the company and the communities to be actively engaged in learning together from each other. The proven knowledge will then be transferred to other communities where it can be further developed, resulting in a learning community in which the factories, employees, and communities learn to coexist in a caring manner.

Moreover, all SCG business units have jointly organized many water-conserving activities to solve problems with the shortage or excess of water as well as polluted water. Chief among them are the Kaem Ling Project (Monkey Cheek Project), the water quality improvement using natural biological methods, the Bueng Jode Reservoir Conservation Project, and the use of the 3R (Reuse, Reduce/Recycle, Replenish) principle in water management for the production processes at SCG plants.

As for youth potential development, SCG is relentless in providing youth with ongoing opportunities to develop their potential to the fullest. For instance, the Thailand Rescue Robot Championships sponsors the winning team to enter the international rescue robot competition abroad. Aside from providing financial support for fine-tuning robots for overseas competition, SCG has worked with government agencies and concerned parties to further develop the robot for use in real life rescue work.

#### 4. Participatory involvement of the recipients and other stakeholders

In conducting business with commitment to contributing to the sustainability of the community and society, SCG commits itself to addressing the needs of all stakeholders on a fair and equitable

basis. In addition to those directly affected by the company's activities, SCG is also accountable for all other stakeholders, both in terms of positive and negative impacts, so as to create reliability and foster good relationships among the group and its stakeholders. This will be achieved through welcoming comments and promoting their participatory involvement.

Regardless of its appeal, a CSR activity is less likely to achieve success or sustainable development if it falls short of public acceptance and participatory involvement. This is best evidence in the case of check dam construction. The enormous success of this activity rests not only with SCG and its employees but it can also be attributed to the support and cooperation from the communities in building and maintaining the check dams. Further, the project has received useful comments and information from experts in various fields. And thanks to the media, the activity has been widely publicized, enhancing the body of knowledge and consciousness among the public.

Apart from the four approaches to CSR, other indispensable components are establishing goals with clear indicators and carrying out constant evaluation for further improvement and development. SCG's achievements are based on the ideas of giving with respect to the recipients and doing with sincerity. We will never offer anything to the recipients simply because we have it in hand or because we have expertise in that area without concern for their needs as well as their different social and cultural backgrounds. To SCG, the communities and those receiving support are always viewed as givers for SCG, supporting our products and services, being our good neighbors, providing us smart and ethical employees, and above all, opening up opportunities for SCG staff to contribute to society.



# SCG's Case Studies in CSR

Over the past 90 years, SCG has learned and developed formats and approaches to CSR activities in response to the prevailing socio-economic circumstances during a certain period of time to best address the needs of people in the communities and society.

SCG's case studies in CSR presented in this chapter focus on the backgrounds, objectives, operating procedures together with contributing factors to successful implementation and lessons from developing CSR activities. It is hoped that readers and those interested can apply them to benefit the society, making it a better place to live.

## **“SCG Conserving Water for Tomorrow” Project – An example of sustainable environmental conservation**

The global warming issue which is becoming more severe has sparked great interest in environmental conservation in the global community. Corporations that conduct business without serious concern for environmental conservation cannot thrive nor develop the quality of life of people in communities and society in the long term.

Realizing that the heart of sustainable business operations is that the industry and the community coexist supportively and grow alongside each other, SCG has long adopted guidelines for environmental conservation from the start. The 3R concept encompassing Reduce, Reuse/Recycle, and Replenish has been employed to enhance production efficiency. Examples include resource reduction, waste reduction at its source, recapture of waste for reuse, and restoration of natural resources to minimize environmental impacts and restore equilibrium to the environment.

Additionally, SCG is relentless in improving and developing its operations to minimize its impacts on the environment and the community. This runs concurrent with encouraging employees to take part in community activities to foster a good relationship, leading to sustainable mutual growth.

## **The Start of SCG Conserving Water for Tomorrow Project**

In the early days, despite SCG's long-standing commitment and adherence to guidelines for environmental conservation, its corporate image concerning environmental stewardship was not quite outstanding. It was not until after the launch of SCG Conserving Water for Tomorrow project that SCG's corporate image regarding environmental conservation became widely known. The achievement was attributable to all concerned parties including the company, employees, local communities and a network of contributing experts. At the same time, it also helped raised environmental awareness among the public.

When the project was first introduced, one frequent question was why SCG has opted to conserve water. According to numerous studies and research, "water" is vital to the human races, which are very much dependent on the valuable resource for consumption as well as agricultural and industrial purposes. Therefore, the management of water resources is one of the utmost importances in the wake of today's increasingly difficult challenges regarding both water quality and quantity. Unfortunately, no business organization has ever come to grips with these issues, leaving water resources at greater risk.

Realizing the significance of water-related issues, SCG commits itself to conserving water to set an example for other corporations

to follow. It is believed that together we can contribute to a better environment and quality of life if we join forces to raise public environmental awareness about water conservation. Such endeavors can help restore balance to nature, resulting in harmonious and peaceful living.

His Majesty the King's remark that "Water is life" gave birth to the "SCG Conserving Water for Tomorrow" project in which SCG joined hands with the communities to build check dams since 2003. The project kick-started at The Siam Cement (Lampang) Co., Ltd. a subsidiary of SCG Cement. With the business concept "Where there's our factories, there's lush green forest", the company believes that the industry as well as nature and the environment can coexist sustainably. To help restore the degraded forests surrounding the plant to health, The Company planted trees in over 900-rai plot of forest nearby and took efforts to maintain them in good condition. Unfortunately, the forest was periodically ravaged by forest fires.

Later in 2003, the company visited Huai Honghrai Royal Development Study Center to observe watershed management efforts. The Center is dedicated to constructing check dams in accordance with H.M. the King's initiative, using locally available materials such as rocks, logs, branches, and soil to build small dams in mountain streams to increase soil moisture for forest areas. These small, simple check dams are designed to slow down water flow, thus allowing more time for soil to absorb water. This helps restore watershed forest, prevent forest fires, reduce runoff speed which can cause soil erosion, and restore ecological balance. The construction can be easily done by the communities. The company had built many experimental check dams nearby the plant to prevent forest fires. As of 2006, some 1,200 check dams were constructed, resulting in a reduction in the number of forest fires and more healthy forest landscapes.

The success inspired SCG to join in the construction of check dams surrounding the plant of the company as well as Mae Sai Kham Forest Reserve in Chae Hom and Mae Tha District, Lampang Province. Moreover, SCG also encouraged communities around the plant to build check dams in their communities as they were affected by forest fires which could spread to their villages and were also faced with major problems associated with drought and lack of water for agriculture. Currently, SCG has expanded the initiative to all its Business Units and provided support for communities in many provinces including Chiang Mai, Nan, Phrae, Saraburi, Rayong, Kanchanaburi, Nakhon Si Thammarat, Ratchaburi, and Khon Kaen Provinces in building check dams.

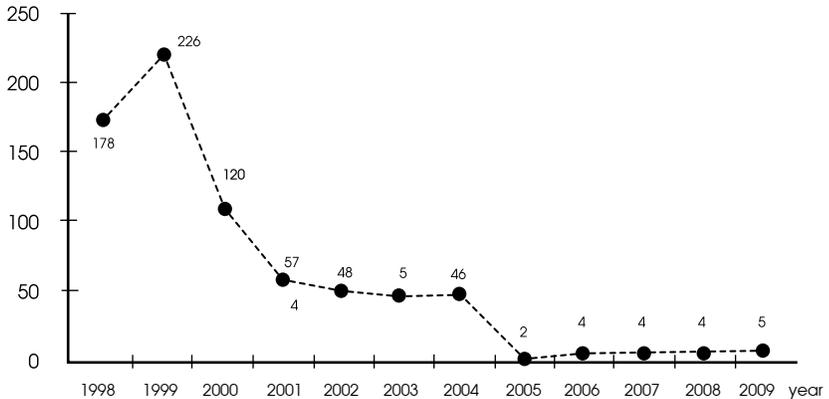
It was found that the forest areas have gradually regenerated and soil moisture has been retained, resulting in the number of forest fires down from 200-300 times a year to only 2-5 times. Further, the efforts have brought back biodiversity and an increase in the kinds and species of rare wildlife and insects in the rejuvenated areas.

In 2010, many provincial areas across the country were hit hard by severe floods, especially the North. However, it was evident that the villages in Lampang Province with check dams were less affected as the ecological system naturally balanced itself.



## Graph showing the declining number of forest fires occurrence following the construction of check dams between 1998-2009

Number of forest fires



Based on the accumulated knowledge and experience in check dam construction that the company has gained from working collaboratively with the communities since 2003, SCG is confident building check dams is an effective and simple water-conserving solution in line with H.M. the King's initiative that can bring back ecological balance and can be easily carried out by the local communities. Hence, in late 2006, SCG set its sights on supporting communities in the construction of 10,000 check dams in honor of H.M. the King. The project was initially planned to span 3 years from 2007 to 2009. However, thanks to the massive cooperation among SCG, locals, and a network of friends including government officers, private organizations, college students, the media, NGOs, SCG's dealers and trading partners as well as persons interested in taking part in this noble cause, SCG and the local communities managed to complete the construction of over 13,000 check dams by 2008,

which was well ahead of schedule. SCG also used GIS (Geographic Information System) to map the location of each check dam for easy maintenance and repair work.

To expand the sustainable water conservation efforts, SCG in 2009 organized a SCG Conserving Water for Tomorrow activity under the theme of "Hello! Check Dams... How Are You?" As part of the activity, SCG's directors, executives, employees, volunteers, and some 500 Lampang locals worked side-by-side to maintain, and repair check dams, keeping them in such conditions that they can fulfill their functions of retaining soil moisture for forest areas and restore nature balance in a sustainable manner. This ran parallel to the ongoing transfer of knowledge and approaches to water conservation via check dam construction to other communities in the watershed areas, enabling them to coexist with nature symbiotically in accordance with H.M. the King's Sufficiency Economy Principle. The focus of the check dam construction activity is not limited to the number of check dams built or repaired, but it also extends to "Building Check Dams in People's Minds" or raising consciousness about water and environmental conservation among the participants especially the younger generation and expanding the activity to a larger scale. By year end 2009, SCG supported the communities and those involved to build over 16,000 check dams and increased the number to 20,000 by end of 2010 in tribute to H.M. the King and in celebration of SCG's 96<sup>th</sup> Anniversary.

Moreover, all SCG's business units have organized various water-conserving activities to solve problems with shortage or excess of water as well as polluted water. Examples include the Kaem Ling Project, improving water resources using natural biological methods and the use of the 3R principle for water management for the production processes at SCG plants to achieve environmental sustainability.

## “Learning Together with the Community” - A Solution to Check Dam Construction

The success of check dam construction project started with the empowerment of people through “Building Check Dams in People’s Minds” approach. To that effect, SCG carried out the project in line with the Sufficiency Economy Philosophy to strengthen the participating communities through the “Development of People’s Thinking” by providing them with knowledge and access to outside bodies of knowledge which can be applied to solving the community problems. The communities were responsible for running and managing the project, trying out their ideas to see if they worked while SCG functioned only as mentor or supporter. The implementation of the project was never designed or thought out for the communities nor were the communities dictated by SCG to do what the company desired. Rather, the project would be “Guided by Wisdom not by Funds” with the focus on empowering people in the communities to fully develop their ideas and understanding by first promoting and raising their awareness about conserving water in their own communities. The communities then adapted the transferred know-how to their way of life, developing it into their own body of knowledge and approach to sustainable water conservation which could be transferred to other communities.



It is evident that in the process, the knowledge was gradually transferred to the communities, empowering them to solve their own problems holistically and generating the homegrown know-how which could be applied to resolve other issues or be a model for other communities to follow suit.

The achievements in driving community development has prompted SCG to expand its efforts to other communities where SCG operates, resulting in over 16 strong communities in accordance with the Sufficiency Economy Principle. They have formed a network of strong communities in which they exchange knowledge and serve as models for others to study and learn together from each other. They are also prototype learning centers for the communities and SCG in their endeavors to help restore the watershed ecological balance in line with the Royal Initiative.

## **“Ban Sa Sop Hok Community” – The Prototype Community for Sustainable Water Conservation**

Among the many communities taking part in the project, some were more active than others. Ban Sa Sop Hok Community showed itself to be one of the most active communities with serious concern and demonstrated commitment to water conservation.

### **Benefits of Check Dam Construction**

1. Check dams help slow down runoff speed in the streams which reduce soil erosion.
2. Check dams prevent forest fires. For example, the number of forest fires in forest areas surrounding The Siam Cement (Lampang) Co., Ltd. plant was reduced from 200-300 times to only 2-5 times a year.
3. Check dams increase soil moisture, resulting in more diversified plant species in the ecosystem. For instance, plant species in the conserved forest areas at the company have changed from those found in dry

Located in Ban Sa District, Amphoe Chae Hom in Lampang Province, Ban Sa Sop Hok Community joined the check dam construction project in 2007. In the past, Ban Sa Sop Hok community was faced with severe drought as a result of deforestation. The village lost its forest from illegal logging by the villagers, businessmen, and outsiders from nearby communities. With the degraded forest areas, the community could not retain enough water for consumption in the dry season despite the existing reservoir. In the rainy season, on the other hand, there were floods due to the lack of forest to absorb water and the reservoir was filled with sediment coming down from the deteriorating forest, making water unfit for consumption. The villagers, who were mostly farmers, were deep in debt. Worse still, the water shortage caused conflict among the villagers fighting for water.

With a strong determination and commitment to changing their lifestyles for a better quality of life, the villagers joined forces to build more than 1,300 check dams in the surrounding forest areas in two years (2007-2008). Throughout the execution period, the project was under the support and guidance of the company, local wise men, and the community leader of Ban Samkha, Mae Ta District, Lampang Province. The successful efforts enabled Ban Sa Sop Hok to tackle the problems about drought and forest fires. The community also succeeded in nurturing the forest back to health

dipterocarp forest with teak to mixed deciduous forest with thicker and denser trees.

4. More wildlife species have returned to the rehabilitated forests such as birds, butterflies, and insects.
5. The check dam construction activity fosters a strong relationship among people in society and local communities, creating unity and cooperation in developing society to achieve sustainable growth.
6. The activity allows for the transfer of knowledge from one community to another.

and retaining water for agricultural use all year round. Not only was their livelihood restored, they were striding toward becoming a self-reliant community.

In 2008, besides check dam construction, the Ban Sa Sop Hok community cooperated with the Research Institute of Rajamangala University of Technology Lanna Lampang to carry out organic agriculture, using organic fertilizer and insecticide. Six farmers joined in this pilot project to change their farming practice to a more environmentally-friendly method which is safe for consumers. The community has hoped to adopt organic agriculture on a full scale in the foreseeable future. The enormous success of Ban Sa Sop Hok prompted SCG to expand and promote their tried-and-tested approaches and implementation, inviting SCG employees, educational institutions, government agencies, private organizations, and NGOs to study and observe the implementation of Ban Sa Sop Hok, which is regarded as an important prototype community for sustainable water conservation.

## **Nature Nurtured Back to Health - The Consequences of Check Dam Construction**

Three years after the construction of check dams at the forest areas nearby its plant, the company conducted a survey on

### **Check Dam Construction Methods In Accordance with the Royal Initiative**

The construction of check dams differs with the topography of the area. Factors that should be taken into consideration are as follows:

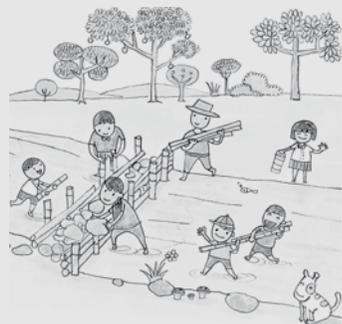
1. Channel: Choose a gully channel for a dam site location.
2. Stream channel sinuosity: A check dam should be constructed across the straight section of the stream to ensure its longer service life.
3. Size and width of the stream and the amount of water runoff: This allows for an estimate of the proper size of a check dam that can accommodate the runoff.

biodiversity in 2006. The company sponsored researchers from Chiang Mai University to survey the biodiversity of plant and bird species and researchers from Rajamangala University of Technology Lanna Lampang to survey the biodiversity of butterfly and insect species in terms of kinds and number. The survey areas spanning the conserved forest areas at the center of the plant, the forest along the edge of the mine which is the property of the company and the forest outside the plant were divided into 600-rai plots of land. Data was collected once a month for 2-5 days both during the day and the night.

It was found that following the construction of check dams in the conserved forest areas of the factory, soil moisture increased, resulting in more diversified factory species in the ecosystem. For instance, plant species in the conserved forest areas at the company have changed from those found in dry dipterocarp forest with teak to the ones native to mixed deciduous forest with thicker and denser trees.

The number of bird species has been found to increase from 78 (surveyed prior to the set-up of the plant in 1992) to 127 (2007) including 95 types of native birds and 32 types of migrant birds. Rare bird species found included Blue-winged Pitta, Sooty-headed Bulbul, Golden-fronted Leafbird, Spotted Munia, and Crested Tree Swift.

4. Slope of the gully channel: A gully with high slopes may require more check dams to be built at smaller intervals.
5. Natural materials: Most check dams are constructed using locally available materials such as rocks, logs (naturally felled logs) with consideration for strength and durability of the structures.



As for butterflies and insect species, 3,045 butterflies were found in the conserved forest areas and 1,393 in natural forest while 816 moths were found in the conserved forest and 467 in natural forest. On the other hand, 1,991 insects were found in the conserved forest compared to 1,506 in natural forest. Chief among them were Giant Firefly, Leaf Mantis, Golden-Birdwing Butterfly, and Broad-winged Damselflies which could be found all year round.



Moreover, wildlife which lies at the top of the food chain such as the King Cobra was also found, signifying a healthy natural environment and ecosystem.

## **The Center for Learning and Transferring Sustainable Water Conservation Concept**

During the course of the implementation of SCG Conserving Water for Tomorrow Project, there were constant exchanges and transfers of knowledge with the communities together with publicizing the benefits of check dams to the public. This allowed for joint learning and the expansion of check dam construction to other communities. At the same time, the activity enabled the communities to help themselves and each other, benefiting both the locals and society at large. The real fruit of success was "Peace

of Minds". In addition, in learning from each other, all of us have learned many things.

- Accomplishments included the prevention of sediments depositing in reservoirs; the increase of soil moisture in the forest which helped nurture the forest back to health to serve as sources of food and water; and improvement in agricultural productivity which reduced costs whilst increasing income, thereby enhancing self-reliance and strengthening the communities.
- Learning points included the destruction of the built check dams; inappropriate types of check dams for the geography; improper site locations; and inappropriate use of materials for geo-social contexts, causing garbage and concern for water users

Learning opened up opportunities for the company's staff and the locals to exchange knowledge and experience, constantly expanding the body of knowledge. This created a learning organization and a learning community in which the company learned alongside the communities and society, allowing the factory, employees, and the communities to coexist symbiotically.

#### **Procedure In Check Dam Construction**

1. Select a check dam site which is preferably a dry gully channel and use locally available materials such as bamboo, naturally felled logs, and rocks in the construction.
2. Use logs or bamboos to form the structure of a check dam by nailing or tying them to wooden posts with wire. Then use strips made of bamboo stems as interlink material woven between the wooden posts for extra strength.
3. Fill the structure with soil or rocks to the top. The check dam is now complete.

SCG has functioned as a learning center for check dams that provides first-hand experience and is a prototype in check dam construction for organizations and communities interested in building check dams in their areas. A discussion on "Water is life" was held to provide a venue for communities to discuss problems and find solutions to the issues by themselves. Added to this was an activity to raise youth awareness about the significance and benefits of check dam construction in accordance with the Royal Initiative. Interested persons were given opportunities to take part in building check dams in Lampang Province and other participating communities. The program was supported by Department of National Parks, Wildlife and Plant Conservation which provided information as an expert in check dam construction and approved of the check dam site locations as proposed by outside organizations. In the course of three years, more than 30,000 people have joined in activities to learn about check dams. Further, SCG also invited NGOs at the community, regional, and national levels to join in check dam construction and the survey of biodiversity in Lampang Province. It was hoped that all the participants would gain knowledge and understanding about the accurate construction of check dams and realize their benefits so they could further expand and transfer the knowledge to people in their own and nearby communities to a larger scale. The endeavors could help restore nature to abundant good health.

## Key Success Factors

In addition to the enormous success of the project as witnessed by the complete construction of a larger number of check dams than expected before schedule, SCG also achieved its goal of increasing public awareness on water conservation or “Building Check Dams in People’s Minds”. This was best evidenced by the overwhelming participation of employees from all SCG’s business units, the locals and other involved parties, culminating in the power of volunteer-minded people who contributed to the community, society, and the nation as a whole.

A key factor contributing to such immense collaboration was the development of an integrated communication process to reach and address the needs of each and every target group. Central to these was taking the press, spiritual leaders, and NGOs to learn and witness the local way of life, to learn the construction procedure and benefits of check dams, and to actually join in the construction. The hands-on experience impressed the participants, allowing them to see the resultant benefits conferred to the community and the environment. The impression along with knowledge and experience gained from the program was widely publicized to the public.

At the same time, SCG launched a campaign designed to raise public awareness about water conservation. The campaign consisted of TV and radio commercials, articles, and print ads as well as a practical, reader-friendly cartoon-styled guide book on check dam construction. Additionally, Workpoint Entertainment Public Company Limited has collaborated with SCG to produce a music documentary entitled “Water is life” in tribute to H.M. the King’s genius. The documentary highlighted an integrated water conservation project in accordance with the Royal Initiative through

a 4-episode music documentary featuring songs by famous bands like Chalieng, Carabao, and Modern Dog with Tik Jesadaporn Pholdee as a narrator. The documentary was very well-received by the public and was made into a video by SCG for distribution to educational institutions and interested agencies.

SCG also cooperated with FM 106.5 MHz Green Wave, a radio station dedicated to environmental conservation, Major Cineplex, TV 360 Ongsa program of Channel 3 to involve a new generation of young eco-conscious people in the construction of check dams and in learning the local community way of life. The activities were well attended by scores of participants.

It was a strong determination coupled with serious, ongoing operations through involving all concerned parties in the efforts that successfully enhanced public awareness about water conservation and promoted volunteerism, inspiring people to contribute to society. Above all, it created a new form of learning process that could be used as a model for successful CSR efforts and served as an example for all SCG's business units as well as other agencies and organizations to study and apply to benefit the community, society, and the country at large.

## **SCG eco value : Innovations for Sustainable Environment**

In line with SCG Vision, the company is dedicated to the development of High Value Added Products and Services (HVA) to address the ever-changing needs and lifestyles of consumers with the goal of increasing sales of HVA to 50% of the total sales by 2015. The strategy has prompted all business units to commit themselves to creating and developing innovative products, services, technology, processes, work procedures, and business

models to add value for customers. Examples include improvement of machinery and technology to reduce energy and resource consumption as well as researching and developing products that meet specific application needs such as SCG Marine Cement, and CPAC Agricultural Drying-Yard Concrete. The efforts also extend to changing sales distribution models from selling each product separately to providing product solutions and services that better accommodate customer needs.

Over recent years, environmentally-friendly products have gained wide consumer attention and acceptance in the market. This is particularly so in more developed countries, where many eco-labeling schemes have been developed by national agencies or institutions. Chief among them are EU Flower (European Union), Green Seal (U.S.), and Eco Mark (Japan). Likewise, Thailand has also introduced Green Label under which several SCG products have been certified. In addition, a number of world-class manufacturers have developed their own private eco-labeling scheme.

To answer the evolving demands of customers both today and tomorrow and to make a positive statement about SCG's demonstrated commitment to conserving the environment alongside conducting business in line with sustainable development, SCG strives to develop and create world-class quality products to meet customers' needs, based on a customer-centric approach. The goals are achieved through R&D efforts to drive high value-added products and services, to differentiate SCG's products and services from those of its competitors and to communicate the company's concern for the environment. All are encapsulated under the "SCG eco value" label.



## Meaning of SCG eco value

'eco' stands for ecology + economy, signifying the interconnectedness of economy, society, and the environment in a balanced manner that will result in sustainable growth together.

'value' refers to the extra benefits consumers, society, and the environment receive from the innovations in products and services.



SCG eco value label has been developed by SCG to warrant SCG's eco-friendly products and services and to provide a guide for consumers to choose products and services that contribute to environmental conservation. Introduced in 2009, the label complies with the ISO 14021: Environmental Labels and Declarations - Self Declared Environmental Claims (Type II Environmental Labeling).

SCG is the first organization in Thailand to have developed the Self Declaration Claims type of eco-labeling program.

To be awarded the SCG eco value label, the products and services must be manufactured by a special production process which minimizes environmental impact and must have better quality than other products within the same category, taking into consideration the demands of customers and stakeholders. The products and services will be considered and verified by a technical team based on two criteria:

1. Products that are manufactured using the eco-friendly process (Eco Process)
2. Products that pose minimal harm to the environment (Eco Use)

The strategy to drive eco-friendly products and services focuses on R&D across the supply chain from green procurement to environmentally-friendly management and production process, logistics, utilization, and waste management. Since its inception in 2009, over 80 products and services have been certified under SCG eco value and development efforts still continue relentlessly. Chief among SCG's products and services that embody environmental leadership and added value for customers are Idea Green, innovative printing & writing paper which reduces consumption of trees by 30% with the use of EcoFiber derived from bagasse, rice straw or recycled paper. CPAC Agricultural Drying Yard Concrete accelerates the drying of agro products on concrete floor, thereby shortening the drying period. This drying method can be used instead of a rice-drying machine to save up to 15% in energy costs. SmartWOOD is a wood substitute product which not only helps save the environment but can also be used to manufacture a wide range of products for various applications such as shades to reduce the conduction of heat into the house.

In addition to the development of eco-friendly products and services, SCG also rolled out an advertising campaign designed to create awareness about the SCG eco value label and to make consumers aware that environmental issues are everyone's business. Also, purchasing eco-friendly products and services is one way to help save the world and maintain a good environment. The campaign was run through various media. In 2009, the first TV commercial titled "Leaf" was launched to communicate the concept of eco products. The objectives were to build consumer consciousness about using eco-friendly products and services which allowed them to enjoy excellent quality products and contribute to better surroundings at the same time. The success of the commercial in raising public environmental concern spawned the second TV commercial titled "Concerning Number" in 2010, highlighting the concept of eco process, or environmentally-friendly manufacturing process. The commercial was built around a sustainable development report, comparing resource savings achieved from each of SCG's manufacturing processes. Examples are as follows:

**Heat insulation production process** The use of glass recycle bottles instead of 100% silica sand to produce heat insulation recued waste from 46,000,000 bottles, equivalent to seven times the height of Baiyok - the tallest building in Thailand.

**Paper production process** The use of EcoFiber derived from recycled paper to produce paper was reduced by more than 2,500,000 trees which otherwise would have been cut down. The number of trees was equal to twice the population of trees that filled the island Koh Samet.



The fruits of success of the SCG eco value label are not limited to the increased sales of eco-friendly products and services or the consumer acceptance for SCG as an eco-concerned corporation. They also help make everyone realize their responsibility toward the environment, caring and making the world a better place to live.

## **Promoting Good Corporate Governance to Empower Thai Businesses to Achieve Sustainable Growth**

Over the past 90 years, SCG has conducted business with responsibility and fairness to all stakeholders. All its employees have faithfully upheld SCG's business philosophy in doing business. They include adherence to fairness, dedication to excellence, belief in the value of the individual, and concern for social responsibility. On top of these, employees adhere to SCG Code of Conduct which serves as guidelines on ethical behavior for employees.

SCG's operations with virtue and fairness and its commitment to being a good corporate citizen can be attributable to the role of the Board of Directors. The Board determines the strategies regarding operations, human resources management, and social responsibility. It also implements effective monitoring and controlling systems to accomplish the objectives through means that have been approved by the shareholders and which comply with the law of the land and SCG's regulations with the Board and Management leading by example.

In recent years, business practices in accordance with the principles of good corporate governance have become internationally accepted as a means to provide a good immune system against problems associated with the collapse of

corporations that fail to operate with transparency, fairness, and social responsibility. These good business practices are very much in line with the way SCG has operated. As a consequence, they can be perfectly applied to the company's operations. SCG is the first public company in Thailand to win The Best Practice on Corporate Governance Award for the Major Public Company category organized by the Institute of Internal Auditors of Thailand to stimulate more corporations to practice corporate governance.

## **Adherence to Principles of Corporate Governance**

SCG is committed to carrying out business fairly and responsibly in line with the business philosophy which has long been upheld under the ethical framework of SCG Code of Conduct that has been constantly updated to keep up with changes in socio-economic circumstances.

The corporate governance policy, which is part of the company's overall corporate policies, requires constant monitoring and evaluation as well as improvement, revision and updates to reflect the ever-changing socio-economic environment.

SCG Corporate Governance policy and guidelines are as follows:

### **Shareholders Right**

SCG facilitates and provides for all the basic rights of shareholders both as investors and owners of the company through reliable, accepted standards and practices.

### Equitable Treatment of Shareholders

To ensure all shareholders are treated equitably, several mechanisms have been put in place. They include designation of independent directors to protect the rights of minor shareholders and protection of the use of internal information by imposing a blackout period during which directors and employees are prohibited from trading the company's shares before the release of financial information.

### Role of Stakeholders

The Board oversees the establishment of a reliable management system to ensure SCG is accountable and fair to all stakeholders regarding their rights as prescribed by laws and by the guidelines clearly stated in SCG Corporate Governance and Code of Conduct. The Board also oversees and ensures that all their rights are protected and that they are treated fairly.

### Information Disclosure and Transparency

The company controls and establishes measures concerning the disclosure of information which shall be complete, adequate, reliable, and timely both in Thai and English versions in strict conformance with the law, rules, and regulations of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and other government agencies.

### Structure of the Board of Directors

The company works to ensure that the Board performs its duties efficiently in accordance with the corporate vision and to support the coordination among the directors and with the management executives to ensure smooth operations. There is a clear division of responsibilities between the Board and the Management.

SCG believes that an effective monitoring system by the Board of Directors in tune with good corporate governance principles will enhance the company's competitiveness both in the short and long-term. For this will create confidence for investors, financial institutions, and partners in business dealings, leading to increased value for shareholders, and the mutual benefits of all stakeholders together with society and the environment.

SCG commits itself to conducting business in accordance with the concept of good corporate governance in a strict and concrete manner to set an example for others to follow and to encourage other corporations in Thailand to practice corporate governance to benefit society and the nation as a whole. To that effect, SCG has channeled its efforts into disseminating knowledge and creating better understanding about good corporate governance along with encouraging organizations and agencies to adopt the practice on a wider scale. The efforts started with the dissemination of knowledge about the corporate governance concept through radio documentaries in the year 2000 followed by other media such as TV commercials, radio spots, and a short drama documentary-style TV program. They were made into VCDs for distribution to agencies and organizations, allowing them to see the concept put into operation.

Moreover, the corporate governance practices were publicized to employees at all levels through SCG's broad spectrum of media such as newsletter, annual report, internal press release, PR board, exhibition, moving sign board, internal radio, intranet, briefing, seminar, and so on. The objective was to stimulate and encourage the employees to comply with the corporate governance principles. In 2006, SCG Corporate Governance Handbook was first published, which consisted of structure, composition, scope of responsibilities, and performance of duties of the Board of Directors.

The Handbook featured detailed guidelines for SCG Board and the Management to uphold, setting examples for the employees and other organizations to follow. Later in 2010, the Handbook was revised and updated to keep up with current social and economic circumstances.



The efforts resulting in SCG being approached by a large number of agencies and organizations both in the government and private sectors to ask for information and promotional materials about SCG Corporate Governance and to visit SCG where they were briefed on the company's business operations in accordance with the concept of corporate governance. Apart from this, SCG regularly sent its experts to give lectures on this topic at various government and business organizations and educational institutions. The lectures sparked great interest in good corporate governance among thinkers, executives, employees, government officers, instructors, college students, and interested persons. The efforts could help develop corporate governance in Thailand, bringing it up to par with international standards while creating confidence in investment and economic stability.

## **Promoting and Developing Young People to be the Country's Major Driving Force**

Children and youth are major driving forces, who can help shape our country's future to achieve sustainable development. As a consequence, SCG stresses the importance of the development of the quality of life and preparedness as well as the potential enhancement of children and youth. To accomplish these objectives, SCG carries out numerous programs and activities dedicating to promote and support the development of youth of all age groups in the areas of education, science, technology, sports, and arts.

### **Early Child Development through Books**

Research shows that early child development (under age 6) is the best period for promoting child development and the period which a child's brain can best develop given the best stimulants. Not only do tale-telling and reading to children provide physical, mental, and intellectual preparedness for children, the activities give parents and children the opportunities to spend time together, helping to build loving relationships. They also help enhance a child's imagination, creativity, and concentration. Tale-telling and reading at an early age are, therefore, the most powerful and cost-effective approaches to child development.

SCG Foundation has carried out various programs to create understanding about the importance of early child development through books among parents and concerned parties. It is hoped that they will adopt the approach of sharing a book with children, fostering a culture of reading to children in Thai society. The Tales in the Garden Festival Program was first introduced in 2004 to educate parents about the techniques of reading and sharing stories with



children as a means to promote child development. In cooperation with Books for Children Foundation and Bangkok Metropolitan Administration, The Tales in the Garden Festival was held every Saturday evening during September through February every year at two main city parks, at Lumpini in Pathumwan and Vachirabenjatas (Railway Park) in Chatuchak area. The event featured a wide variety of activities suitable for every family member. The activities aimed at providing knowledge and understanding about early child development through books for parents and included talks by psychiatrists and early child development expert consultancy on problems associated with child reading and tips on storytelling and the use of children's picture books. Other activities designed to enhance early child development were plays based on tales, which helped develop children's imagination and creativity and an invention station in which kids got to create toys out of waste materials. The program also featured a mobile library equipped with scores of selected picture books to familiarize children with good books and volunteers to offer advice on storytelling and reading to children for interested parents.

The Tales in the Garden Festival Program has achieved enormous success over the years as evidenced by a growing number of attendees every year. Many families learned about the concept of early child development through books for the first time whilst others frequently attended the program and regularly practice tale telling and reading books to children. Both groups of parents said in addition to sparking a love of reading and learning for their children, participating in this program helped strengthen their family ties. Over 95% of the survey respondents said they would use the techniques of tale telling, reading, and using picture books with their children.

During 2005-2006, SCG Foundation supported Books for Children Foundation in conducting research on "The Introduction of Bookstart in the Thai Context". Based on the successful Bookstart scheme in England, the research was aimed at studying the processes appropriate to Thai society. The research looked to find out a means to effectively introduce the bookstart scheme to the target groups and to make parents and other involved parties including community healthcare officers, caregivers in child development centers, hospital officers, and kindergarten teachers aware of the importance of storytelling and reading to children at an early age. It was found that children whose parents or surrounding persons read to them or used books as an extension to other activities such as folding paper or drawing pictures of characters in the tales on a regular basis would be familiar with books, which was a path toward fostering a passion for reading.

However, having carried out the Early Child Development through Books Program for three years, the Foundation found that although more parents and those concerned parties were increasingly aware of the importance of early child development through books, they were limited to the areas where the program

was introduced. Thus, it was necessary to educate and promote reading to children in Thai society on a broader scale. This gave rise to the "Hold Your Child Close, Share Love Through books" TV Documentary for Early Child Development program which featured 38 episodes of a 3-minute documentary broadcast during the Health Me program on Channel 5. The documentary focused on educating people that storytelling and reading to children were the easiest and most powerful and cost-effective means to develop young children. Each episode featured a pediatrician, child expert, storyteller, or illustrator, talking about various topics such as how to select books for early children, tale-telling techniques, reading techniques, reading extension activities, etc. The 38 episodes were subsequently compiled into a DVD. In 2008, 1000 copies of the DVD were given to the Ministry of Public Health for distributing to pregnant women and families taking their children to the maternal & child care centers, primary healthcare centers, and hospitals throughout the country. Copies of the DVD were also distributed to parents, schools, interested person as well as government and business organizations for social benefits.

The "Power of Readers" TV Documentary for Early Child Development program consisted of 60 episodes of a 1-minute documentary dedicated to publicizing the concept of early child development through Channel 7. They featured a pediatrician, child expert, storyteller or illustrator giving knowledge on child development. Some episodes featured interviews with actors or actresses about their experience in reading to their children, allowing the documentary to appeal to every age group in the family.

Both documentaries on TV were well received by the audience. They were successful in stimulating and raising the awareness of parents and concerned parties especially those working in child

care centers, schools, and community healthcare facilities about the importance of early child development through books and encouraging them to practice storytelling and reading to children. There were numerous inquiries from parents and involved parties about the techniques and methods used in early child development through books. They also requested copies of the DVDs for promoting the concept. It is hoped that this will help drive a culture of reading to children in Thai society.

The achievements resulted in SCG Foundation being selected by the Books for Children Foundation to represent Thailand in the Astrind Lindgren Memorial Award (ALMA), which is an international literature award. The prize is awarded to children's book writers, narrators as well as individuals or organizations that promote reading among children and young people. There were participants from 60 countries around the world. Books for Children Foundation were also one of the organizations that urged the government to make "Building a Culture of Reading" a national priority.



## **Providing Scholarships: Providing Tangible Opportunities**

Education is an essential tool for developing the knowledge, ideas, and virtues of children and youths, making them good quality citizens and eventually leading to self-reliance. Bearing in mind the importance of education, SCG Foundation has provided scholarships for children and youths with the goals of enhancing their potential and offering them greater opportunities to obtain higher education. It is believed that providing scholarships especially to disenfranchised children and youths in remote, desolate areas is to give them tangible opportunities.

Since 1981, SCG Foundation offered non-binding scholarships to needy children and youths who display good conduct and strong determination in pursuance of their studies. Later in 2002, the scholarships were expanded to offer the grantees opportunities to engage in studies leading to a bachelor degree, assuring them of long-term financial support. Feeling financially secure, the students can plan their studies.

In 2004, SCG Foundation introduced the "SCG Foundation Scholarship Mentor Program", which allows SCG employees to participate in taking care of scholarship grantees. To be part of the program, employees submit the names of children whose parents do not have stable income or are in financial need to the Foundation. If the student is granted the scholarship, the employee submitting the name will serve as his/her mentor, providing advice and consultation on education. As of 2009, there were a total of 796 mentors, supervising 576 students.

At present, SCG grant some 4,500 students annually from primary school up to university level. The scholarship amounts were increased to match the grantees' education level and reflect the changing socio-economic circumstances, amounting to a total financial grant of 30 million Baht annually. Since the beginning of the project, SCG Foundation has spent over 200 million Baht in support of education. In addition, the Foundation carried out several activities dedicated to enhancing the scholarship recipients' potential in various areas. Examples included the Academic Counseling Camp for Grade 9 Students and School Counselors Program and Basic Agricultural Machinery Skill Development Program. The objective was to empower the students to grow into well-rounded adults who would be a vital force in the country's development.

SCG Foundation's promotion and support of education in the past 25 years have opened up opportunities for a large number of children to attain higher education, enabling them to pursue a career to feed themselves and their families. It was found that 90% of students under the care of the Foundation pursued higher education.



On the other end, SCG Foundation has since 1994 provided SCG Talent Scholarships to university students with excellent academic achievements to encourage and support them in their studies. And since 2007, a camp designed to inculcate virtue and ethics into the young minds along with enhancing their knowledge and capabilities has also been held with the objective of developing these young people into smart and ethical individuals. As of 2009, 1,340 students have been granted this non-binding scholarship.

Further, SCG Foundation is committed to expanding educational opportunities to the ASEAN countries in the hope of helping to develop their human resources so they can contribute to the development of their own countries. At the same time, it helps promote the educational institutions in Thailand that offer international programs, making Thailand a regional hub of international education. To that effect, SCG Foundation provides scholarships for government officers and the general public in Vietnam, Cambodia, Laos, and Indonesia to pursue their studies at the bachelor, master, or doctoral level at the leading educational institutions in Thailand. The leading educational institutions involved in this program included Sirindhorn International Institute of Technology, Thammasat University, Chulalongkorn University, and Asian Institute of Technology (AIT).

Overall, the scholarship recipients have a better understanding and attitude toward Thailand. For those still working for their degrees, their overall academic performance is exceptional. Moreover, the number of participating educational institutions oversea has increased significantly.

## Promoting Youths' Special Talents

SCG realizes that young people have differing abilities and that they should be given the support and opportunities to develop their inherent abilities and talents to achieve their fullest potential. The company is, therefore, resolved to initiating a wide variety of programs dedicated to promoting youths' talents in the areas of education, science, technology, sports, and art. Chief among them are:

### SCG Excellent Internship Program

Introduced in 2002, the summer internship program provides third-year university students majoring in engineering, marketing, accounting, and human resources management with hands-on experience and a broad range of professional skills in their respective fields. Also instilled is a good sense of corporate governance and social responsibility which can benefit them in their future career.

For the latest internship program, apprentices learned about basic business concepts spanning marketing, production, finance, accounting, law, personnel, and sustainable development (SD) in the first week to lay the foundations for their apprenticeships before embarking on on-the-job training. They were inculcated with the principles of corporate governance, code of conduct, and social responsibility, empowering them to be both "smart and ethical" individuals who would be a major driving force in the country's future development. Other activities included Team Synergy designed to build a closer relationship among the apprentices, observation of production processes at the plants of SCG's business units, and travel to join in check dam construction to learn about the local way of life after which they separately trained at the divisions of their interest.

For the actual internship in their respective fields, each apprentice was assigned a mentor who provided them with a one-on-one guidance and training throughout their internship. This gave the apprentices the opportunities to learn by doing in a real working environment. The program also incorporated a business game and offered the Innovative Suggestion Award to allow the apprentices to apply the knowledge, skills, and experience gained from the internship fruitfully. Also, SCG regularly organizes activities to foster good relationships among the participants so as to build up a strong network.

The intensive and practical component of the SCG Excellent Internship Program attracts an increasing number of applicants each and every year. To accommodate the growing demands, SCG increased the applicants' areas of study and number of apprentices in 2010.

The success of the program is also best evidenced by a steady rise in the number of former apprentices who joined SCG after their graduation.



## Thailand Rescue Robot Championship

In line with the vision to be an innovative organization, SCG set its sights on organizing an activity dedicated to providing opportunities for Thai youths to develop their potential in creating innovations that benefit society and the country. In 2004 SCG, in conjunction with Thai Robotics Society, introduced the Thailand Rescue Robot Championship to provide a venue for university students to create technological innovations beneficial for the country, designing and developing rescue robots to compete in fields which simulated real disaster scenarios. In addition, SCG has sponsored the winning teams to enter the World RoboCup Rescue every year. For 2006 - the first year that a winning team from Thailand entered World RoboCup Rescue in Japan - the team made it through to the semi-final. This was the first step toward success in a world-class competition and showed clearly that with continuing support, the Thai youths were as capable as their foreign counterparts when it came down to creativity and knowledge in the field of robotics.

During 2006-2010, the winning rescue robotics teams from King Mongkut's Institute of Technology North Bangkok and Chulalongkorn

### Thailand Rescue Robot Championship

Thailand Rescue Robot Championship is a competition with rescue robots in disaster simulation environments such as collapsed buildings, earthquakes, fires, etc. The robots are charged with locating survivors trapped under the collapsed building - an area of high risk and difficult access. The robot must detect a person's presence, identify their location, indicate whether they are alive, and identify the color of their clothes. Then it must send signals to the robot controller outside the ruins for use as information for human rescuers to provide actual rescue. The competition will pave the way for building rescue robots for real rescue efforts in the future.

University showed off the potential of Thai youths, winning World RoboCup Recue for five consecutive years. These achievements brought fame and pride to Thailand. SCG gave financial support to the winning teams to offer them encouragement and to sponsor the further development of the rescue robots so they could be used in real-life situations.

The success prompted SCG to bring the competition to an international level in 2008, inviting teams from different countries to join in the tournaments. For 2009, there were eight teams from six countries participating including Japan, Iran, Australia, Germany, Austria, and Pakistan with teams from the U.S., China, and Singapore as observers. The competition featured judges from the World RoboCup Rescue Committee. Over the past six years there has been a rise in the number of participating teams. At the same time, the concerned government agencies have shown interest in adopting the rescue strategies and robotics systems of the winning rescue robots to further develop highly efficient rescue robots for real-life applications. This was considered one of the most successful programs initiated by SCG.

## **SCG Badminton**

Promoting badminton is one CSR activity which SCG has shown continuous and full involvement towards for over 29 years. This is because badminton is a sport suitable for the physical condition of Thai people, the equipment is inexpensive, and it can be readily played anywhere. Also, Thailand is now nurturing many potential young players who are achieving the skill level required to play at international standard and is tipped to bring glory to the nation. Above all, it is one way to promote the desirable physical and moral qualities of young people in order for them to be a future

driving force of the country. To achieve the goals, SCG has supported The Badminton Association of Thailand under The Royal Patronage of His Majesty the King to organize badminton tournaments at all levels.

- **Junior Tournament: SCG Junior Badminton Championship**  
Having started in 1981, SCG Junior Badminton Championship is organized annually to encourage young people in every region to spend their free time fruitfully and to provide opportunities for young potential players to boost up their athletic skills and gain experience. It is considered a major tournament for young athletes looking to join the national team to test their standards.
- **National Tournament: SCG All Thailand Badminton Championship**  
SCG All Thailand Badminton Championship, which has been held since 2004, is the country's most major tournament with the trophies of H.M. the King and H.M. the Queen to be won. The event is also where Thai players can qualify for a National Ranking.
- **International Tournament: SCG Thailand Open Badminton Championship**  
SCG Thailand Open Badminton Championship is a Grand Prix Gold tournament with a cash prize of US\$120,000 and a trophy of HRH Princess Maha Chakri Sirindhorn to be won. Introduced in 2003, the event is approved by the International Badminton Federation (IBF).

SCG's efforts have achieved enormous success, producing many successful badminton players who have brought fame and glory to the nation. Chief among them are Sompol Kukasemkit, Pramote

Theerawiwat, Sakrapee Thongsari, Thessana Phanvissawat, Ladawan Mulasartsatorn, Siripong Siripool, Boonsak Polsana, Sudket Prapakamol, Saralee Thungthongkham, and Kunchala Voravichitchaikul.

## **SCG Badminton Academy**

Building upon the successful support of badminton, SCG established SCG Badminton Academy in 2007 to promote and develop the skills and capabilities of young players from differing badminton clubs to international standards on an extensive scale for the first time in Thailand. Male or female athletes aged between 14-19 gifted with potential, good physical attributes and outstanding performance from any national tournament who have passed the badminton skill test and physical examination are selected to join the program. At the Academy, they are developed and trained according to a scientific system encompassing physiology, sports nutrition, and sports psychology - the fundamentals for potential development. This runs parallel to systematic training programs by world-renowned trainers with the focus on techniques and skills in professional badminton to groom the young talented players to achieve international sporting excellence. On top of these, the Academy prepares the education plans for the participants that do not conflict with their training and practicing and encourages them to join major badminton competitions, both locally and internationally.

In 2009, 33 players participated in the program comprising 18 male players aged between 12-19, and 15 female players aged between 12-18. Their major achievements in 2009 included winning the Women's Single title at the Malaysia International Challenge, the Gold medal in the Mixed Double category at the World Junior

Championship in Malaysia as well as winners in the Boy's Under 13, Under 15, and Under 17 class and the Girls' Doubles Under 15 group in the Singapore Youth International.



In 2010, Subsiri Taeratanachai won Gold Medal Prize in Woman's Singles from the Youth Olympic Games 2010 in Singapore. She was also selected for the National Team roster to compete in the 16<sup>th</sup> Asian Games.

## Young Thai Artist Award

To promote the artistic talents of Thai youths, Young Thai Artist Award is designed to inspire the next generation of artists, providing stages through which young people can exhibit their talents and rise to international acclaim. At the same time, it is intended to spur interest and appreciation in the value of art in Thai society and to provide an opportunity for the general public to foster and admire the work of budding artists. SCG Foundation has joined forces with many leading educational institutions to organize the Young Thai Artist Award, which is Thailand's largest young artist competition since 2004. The objective is to recognize young Thai artists for artistic excellence in six categories: Two-Dimensional Art,

Three-Dimensional Art, photography, film, literature, and music composition. Submission instructions for each award category are different each year to cover more areas of art.

There is one Best Award and no more than five Outstanding Awards in each category. The recipient of the Best Award and the Outstanding Award in each category receives a cash prize of 150,000 Baht and 50,000 Baht, respectively. On top of that, they receive scholarship support to complete their studies in a bachelor's degree under SCG Foundation's regulations. Ten additional scholarships are also granted to the owners of quality art works in all six categories to encourage the young artists.

In addition to organizing the young artist competition, SCG Foundation has been relentless in exploring more opportunities for the prize-winning artists to showcase their work. For example, the Foundation has joined forces with Nanmee Books Publication Company Limited to publish the literary works of the Grand Prize and Distinguished Prize winners for four years. Moreover, the works of the award recipients in Two-Dimensional category are displayed at Thai embassies overseas whereas the award-winning films have been shown at the World Film Festival of Bangkok, providing the budding artists channels to exhibit their artistic talents.

Young Thai Artist Award received an excellent response with an increasing number of submitted entries. Moreover, the pieces were lauded by the panel of judges as high quality work as evidenced by the fact that a number of Young Thai Artist Award winners received awards from many other art competitions for young or general artists, both locally and internationally. This reflects Thai youth's artistic creativity and talent in creating works of art that should be fully supported in their development.

SCG Foundation plans to provide further support for these award recipients so they can achieve their artistic excellence and to open up opportunities for young artists to compete and showcase their work on an international level.



## Sustainable Design Camp

Launched in 2008, Sustainable Design Camp is a training camp for designers organized by SCG Foundation in cooperation with Mae Fah Luang Foundation and COTTO to promote and support youths with design and artistic excellence, providing them a venue to showcase their works to the public. A number of university student teams are selected from their submitted works to join the camp where they learn and gain hands-on experience under the theme of Sustainable Development (SD). The theme focuses on creating works that are energy efficient and environmentally-friendly with concern for manufacturers and consumers. The end products must be sellable on the market with decent profits. The efforts are designed to instill consciousness about sustainable design and to publicize the knowledge in this area to a broader scale. Moreover, the new fresh ideas can be further developed and drive innovation for the organizations.

The participating university students learn sustainable design concepts from the country's top leading instructors and designers and observe the operations and production process of COTTO products. Besides, they will gain hands-on experience in designing and selecting materials for developing Doi Tung products and work

at Mae Fah Luang Foundation in Doi Tung District, Chiang Rai Province. They then apply the knowledge gained to producing products to compete for the winner in each category. All the design works are displayed to publicize the concept of sustainable design and to inspire a new generation of designers to explore this concept in depth. Some works are further developed into products for sale on the market.



## SCG Tsunami Relief Fund for the Sustainable Self-reliance of the Communities

After the disastrous tsunami on December 26, 2004, SCG together with its employees and suppliers established “SCG Tsunami Relief Fund” to assist those in the affected communities along the Andaman Coast. Further, the Fund is aimed at promoting self-governance and strengthening the communities through the development of management knowledge and skills for community members and ensuring their participatory involvement. The objectives also extend to supporting community participation in problem solving as a means to developing leadership, which is vital to sustainable community development. This ensures that the community can effectively handle any emergency by themselves. The operational approaches were as follows:

- **The Immediate Relief Phase**

SCG was among the first organizations to provide immediate relief through a donation of 10 million Baht to the government as well as in-kind donations such as relief supplies. SCG also dispatched its employees from the offices nearby the tsunami-hit areas to help assemble coffins and construct two multi-purpose community buildings in Phang-nga Province.

- **The Rebuilding Phase**

A survey of the needs of the tsunami-hit communities conducted by SCG Tsunami Relief Fund, managed by SCG Foundation, revealed that those impacted were mostly fisher folks along the Andaman Coast who wanted their lives and livelihoods to be restored as their fishing gear and fishing boats were largely destroyed. SCG Tsunami Relief Fund

provided financial resources and other relevant support to establish community boatyards for repairing fishing boats and equipment. The boatyards are managed by the communities under the supervision of the Relief Fund Committee and Save Andaman Network (SAN).



- **The Long-term Development Phase (From 2006 onward)**  
 After the affected community members resumed their careers, SCG Tsunami Relief Fund Committee visited the areas in early 2006 to keep track of the progress of the boatyard and fishing gear construction project, also established in 2006, as part of the efforts in the rebuilding phase. The committee also considered a rebuilding plan proposed by Save Andaman Network for funding during the long-term development phase in cooperation with the villagers.

Throughout 2006, SCG Tsunami Relief Fund Committee worked hand in hand with Save Andaman Network and the villagers to adjust the rebuilding plan in response to the needs.

Following a meeting with Save Andaman Network, the Committee established the "Community Potential Index". Based on the ability to manage the community revolving

funds, the Index is divided into four levels: Good, Average, Poor, and No Potential. Later in 2007, SCG Tsunami Relief Fund initially provided assistance to the community revolving funds with effective management focusing on the following four areas:

1. Developing permanent community boatyards
2. Developing fishing-related careers and community saving groups
3. Encouraging the communities to preserve sea and coastal resources
4. Developing and providing support to activities as deemed appropriate

The funds used in this phase came from the repayment to the community revolving funds topped up with funding allocated by the Relief Fund Committee. This gave encouragement to the members of the revolving funds who operated the funds efficiently in terms of management, allowing for the repayments. They would serve as an example for other less efficient revolving funds in improving the management.

In addition to providing assistance to the community revolving funds with effective management, SCG Tsunami Relief Fund agreed to provide assistance to other communities that never benefited from the Relief Fund. The conditions are that they must have potential and preparedness both in terms of operation and the community involvement.

## Results

According to Save Andaman Network and the villagers, it was found that the establishment of SCG Tsunami Relief Fund resulted in

collaboration on two levels: the collaboration among the communities or villagers and the collaboration between business organizations and NGOs.

- **Results from the collaboration between the communities or villagers**

The collaboration among the villagers resulted in the participatory involvement of the villagers, which is in line with basic democratic principles, as well as the exchange of ideas and reciprocal monitoring among group members. The villagers have learned to manage funds supported by external funds, to carry out community business, and to do effective account bookkeeping. They have agreed to allocate part of the profits from operating various funds to provide community welfare. They have learned to take care of each other and lead a happy life in the community. It is evident that the villagers are more self-reliant. Above all, the collaboration led to collaborative efforts to take care of and properly manage the coastal resources. The disastrous tsunami of 26 December 2004 made people realize their dependency on the sea for their livelihoods. If they continued to exploit the resources, there would be nothing left for the younger generations. Therefore, many communities have joined forces within or with other communities to take care of and properly manage the coastal resources, building upon the previous experience from setting up saving groups, boatyards, and boat engine repair facilities. They agreed to help preserve and maximize the utilization of resources. Moreover, they would abandon the use of destructive, albeit legal, fishing gears that have a devastating impact on fishery resources, leading to a dramatic decline in fish stocks. The villagers also worked to manage the mangrove forest by dividing them into areas for preservation and for utilization.

When one tree is cut down, two replacement trees must be planted. At the same time, measures to monitor and preserve the sea and coastal resources have been implemented.

- Results from the collaboration between the business sector and NGOs

After the devastating tsunami in 2004, there has been close collaboration between NGOs and business organizations, which have provided financial support as well as skills and knowledge related to the business organizations' areas of expertise.

The disaster also brought together NGOs. They worked collaboratively with the business sector, enabling them to learn new management skills and to share experience with the business sector. The joint efforts did not involve a relationship of that of giver and taker of financial support. Instead, they worked side by side, sharing ideas, doing fieldwork, and setting out plans. This was a new dimension of working for society after the disaster.

## **Employees and Participatory Involvement in Taking Good Care of the Communities, Societies, and the Environment**

Based on SCG's belief that the employees need to be both "smart" and "ethical" to create sustainable growth among them, organizations, and the country, SCG Foundation involves the highly capable SCG employees in its activities beneficial to society. Chief among them are:

## SCG Volunteer Camp

For more than 30 years, a group of SCG employees have voluntarily spent their vacations each year constructing one much-needed school building for a chosen remote rural school. This volunteer activity is a useful act in tune with SCG's philosophy of "Concern for Social Responsibility", and it allows the employees to help in the philanthropic efforts of SCG Foundation.



In the early days of SCG Volunteer Camp, the emphasis was placed on building public facilities such as medical facilities and water storage tanks for remote schools. Yet the focus was later shifted to the construction of school buildings for the educational benefits of the youths.

In selecting a school for school building construction, SCG Foundation will select a primary school under the Office of the Basic Education Commission with at least 250 students. The school must be situated in a desolate and remote area and lack proper physical facilities. Moreover, it is not receiving funding for the construction of a school building.

Once a school is chosen, SCG Foundation along with the SCG Volunteer Club and the locals proceed to build a one-storey building measuring 7 X 36 meters, which contains six classrooms with support from SCG Foundation that provides funds and materials as well as SCG products. The construction period is approximately nine days. Upon its completion, SCG Foundation hands over the building to the Ministry of Education for educational use by the students. In 2009, SCG Volunteer Club members jointly constructed a six-classroom building with six toilet rooms at Ban Thung Nam Tok School at Nong Hua Wua District, Prankratai District, Kamphaeng Phet Province. In 2010, a school building with toilet rooms was constructed at Ban None Hua Bueng at Kabinburi District, Prachinburi Province.

In the past 32 years, SCG Volunteer Club, funded by SCG Foundation, has constructed 26 and repaired 2 school buildings, repaired two water storage tanks, and built two medical facilities.

These efforts not only benefit the society but also enable the employees to work efficiently in teams. Each year, there is a steady increase in the number of employees joining in the activity.

## **Sharing Opportunities...Drawing the Future Program**

Despite the success of SCG Volunteer Camp that has benefited community and society, thanks to the collaborative efforts of the volunteering employees, there is still a large number of employees who would like to have an opportunity to carry out activities beneficial to society. In response, SCG Foundation introduced Sharing Opportunities...Drawing the Future Program in 2007. As part of the program, SCG Foundation invites employees to form groups

of three and submit benevolent project proposals to the Foundation. If the proposal is approved, the Foundation will provide support to enable the implementation of the project. The efforts help inculcate volunteerism and social responsibility within the employees.

For the approval criteria, SCG Foundation considers the projects in which employees are fully involved in its operation. The projects with a creative idea and the participatory involvement of the community are at an advantage in consideration. In the past three years, over 6,000 SCG employees have spent their time doing voluntary work in more than 400 projects in various areas across the country. The employees invited their friends and families to carry out socially-beneficial activities with the communities and also donated money to help in the projects. This clearly reflects the volunteerism and social-consciousness deep-rooted in the minds of every SCG employees.

The socially-beneficial activities under Sharing Opportunities ...Drawing the Future Program include wide-ranging examples like improving school buildings and constructing libraries and toilet rooms for schools, providing occupational training for housewife groups, producing audio books for the visually-impaired at the National Library for the Blind, treating polluted water at Klong Premprachakorn in Bangkok, providing occupational training for youths at the Observation and Protection Center of Saraburi Province, and donating traditional musical instruments and providing training on local cultures to the community in Hang Chat District, Lampang Province.

## **Contracted Moral Market: CSR as Part of Everyday Life**

SCG is resolved to increasing the participatory involvement of SCG employees in contributing to society and the environment, not limiting it to voluntary social work. Rather, they need to take care of, preserve, and care for society and the environment, raising their social awareness and being fully involved in social activities so they become an integral part of their work and personal lives. To achieve these objectives, SCG Foundation initiated Contracted Moral Market to encourage SCG employees to be responsible consumers, taking a two-level approach.

- **Employee Level**

SCG Foundation strives to educate employees and build their awareness about avoiding irresponsible consumption that degrades nature, creates environmental pollution, and destroys traditional production processes. The employees are also informed of the benefits of buying organic products produced by the communities. Interested employees can enter into a contract with farmers for a short period of 3-12 months to purchase organic rice and vegetables from them. Not only do the employees enjoy safe and healthy food, the practice also helps support the farmers and create a strong relationship between both parties.

- **Corporate Level**

SCG Foundation works with various departments in SCG to prepare a list of everyday consumer products such as fruit juice, dishwashing liquid, etc. which will be purchased directly from the communities under a 3-5 year contract to give assurance and security to the producers. The Foundation also helps develop and market viable products with good

potential. At the same time, small producers of organic goods are given opportunities to sell their products at SCG Corporate Headquarters.

SCG hopes that the Contracted Moral Market Program can help support producers of good quality organic products to survive the fast-growing trends in agro-industries and encourage more farmers to adopt organic farming - a production system that is friendly to consumers, the environment, and the world. It is also hoped that the program can spark interest among the public, inspiring them to implement the program in their organizations.

## **Sustainable Community Development**

SCG realizes that to achieve business sustainability, SCG must grow alongside its social responsibility, nurturing and giving back to the communities where SCG operates.

Fully aware of the importance of understanding about the community needs especially public hearings on projects that may have severe impacts on the communities, SCG has carried out community relations activities since the inception of each project, taking good care of and developing the communities nearby the plants / companies to ensure a better quality of life and happiness for people in the communities. Its wide-ranging, socially-beneficial activities include the support and promotion of education, religion, public welfare, and the environment. The efforts also extend to providing mobile medical units to service villagers surrounding the plants, the ongoing monitoring of pollution, and providing knowledge and guidance on supplementary occupation. All the activities and projects focus on the participatory involvement of the company, employees, and the communities to strengthen the communities, empowering them to be self-reliant in the long term. Major projects are as follows:

## One Cell One Project : OCOP

Initiated by The Siam Cement (Kaeng Khoi) Co., Ltd. in SCG Cement, the project opens up opportunities for employees and the company's business partners to learn and develop themselves together with the communities to contribute to the sustainable prosperity of the communities. For their part, the employees will be fully involved in the project by finding out the needs of the community and studying the problems to find solutions to solving the problems with the community. The early projects were geared toward improving the educational system of the community schools and repairing school buildings. OCOP was later expanded to all companies in SCG Cement.

To date, over 200 projects have been carried out, for example, occupational training for housewife groups project, the organic farming project, the school and educational development project, the library construction project, the waste-free school project, and the biogas production from food waste project. Other projects include the project to maintain and repair community religious places and public properties such as bus shelters, village water supply treatment plants, news transmission towers, etc. as well as the reforestation project and the check dam construction project.

Apart from the benefits for each community, SCG's employees and business partners learn to coexist with the communities and to listen to their opinions which can then be used to prevent and solve problems or their complaints. The endeavors also contribute to promoting unity and a better quality of life for people sustainably in line with SCG's mission to create sustainable prosperity for the communities where SCG operates business.

## **Ruk Bueng Jode Project (Caring of Jode Swamp) for Sustainable Water Source Development**

Bueng Jode (Jode swamp) is a 300-rai public wetland east of Phoenix Pulp and Paper plant of SCG Paper in Khon Kaen Province. It was once covered with water hyacinths and other aquatic weeds which blocked sunlight and oxygen from entering the water, thus rendering the waterbodies inhabitable for marine life. Worst yet, the areas surrounding Bueng Jode were filled with grasses and weeds that blocked the traffic, and the passage to the wetland was a dirt road bogged in mud.

To restore the natural resources and environment around Bueng Jode to a beautiful pond with clear water and ecological balance, SCG Paper rolled out Ruk Bueng Jode Project in 2005. With cooperation from villagers from Ban Huay Bueng Jode, water hyacinths and weeds were removed. Later, Ruk Nam Pong weed boats were invented modeling as the boats used at Prapimol Water Provision and Maintenance Project at Lard Tak Fah, Nakornchaisri District, Nakhon Pathom Province. The boats efficiently speed up the removal of hyacinths, keeping the water bodies clear. Further, the surrounding areas were beautifully landscaped and turned into a public park to provide space for relaxation. The park is maintained by the locals for all to enjoy.

SCG Paper also sent Ruk Nam Pong weed boats to assist the local government agencies in removing water hyacinths in many wetlands in Khon Kaen Province to maintain good surroundings.

## **“Community Partnership Initiative” for Rayong’s Sustainability**

The initiative is the first cooperation of a number of leading companies at Map Ta Phut under the name “Community Partnership Initiative” consisting of SCG, PTT Public Company Limited, BCP Power Co., Ltd., Glow Group, and Dow Chemical Thailand Ltd., They entered into an agreement to jointly develop prototype eco-friendly plants that exceed the standards prescribed by law with cross-monitoring among themselves. Their focus also extended to improving the quality of life for people regarding health and education resolutely and sincerely along with solving problems together through the sharing of knowledge and experience and cross-monitoring.

Aside from the cooperation within “Community Partnership Initiative”, the group plans to expand the joint efforts to include other manufacturers as well as the government and civil sectors. In early September 2010, Community Partnership Initiative Center was established at Map Ta Phut to function as a communication liaison between the industry and the community in an open and transparent manner. It also serves as a community information center and a complaint center where complaints and problems will be promptly addressed. All these are to give the community assurance that the industry is sincerely open to the opinions of the locals to make Rayong Province a good place to live and to enable the industry and the community to coexist and grow alongside one another sustainably.

## **Stakeholders’ Participatory Involvement Project**

The project is designed to allow the stakeholders to express their opinions and to take part in the decision making in the involved activities in order that the information can be used in designing

implementation plans and improving the ongoing projects to better address the needs and expectations of every sector. More importantly, the project is dedicated to creating understanding and jointly developing the company and the communities where SCG operates to have a better quality of life and achieve a sustainable growth. Major activities include the following:

- SCG Chemicals established a joint committee consisting of a 40-strong group of community leaders and representatives from six communities surrounding the plant and representatives from SCG Chemicals. The committee met every month to listen to opinions and complaints as well as finding solutions to preventing and solving any arising impact during the construction of the petrochemical plant at the RIL Industrial Estate. The efforts created a good understanding and relationship between the communities and SCG Chemicals.
- SCG Cement in cooperation with Thailand Environment Institute (TEI) organized "SCG Welcomes Every Opinion and is Ready to React" in April 2007, inviting representatives from the surrounding communities, employees, trading partners, government officers, independent organization officials, and academics to listen to the company's sustainable development direction. The stakeholders from every sector were given opportunities to express their opinions freely regarding the company's operations and to offer comments or suggestions for improvement or development in response to the needs of the involved parties. Based on the useful information, SCG Cement formulated operation plans and made improvements to various projects to meet the demands and expectations of all sectors. Central to these were a survey on biodiversity around the limestone mines at the Thung Song and Lampang plants, a change in the

provision of scholarships from focusing on the number of scholarships to offering the scholarship grantees opportunities to engage in studies leading to a bachelor degree. Added to these were the organization of an open house to welcome communities and schools nearby the plants and the production of various media to promote a better understanding between the communities and the plants.

Further, SCG has a policy of promoting sustainable economic growth and improving the quality of life for the communities where the company conducts business. SCG thus makes local procurement and employment a top priority, thereby creating more employment opportunities and reducing migration flows to cities to find jobs. This runs concurrent with supporting various activities to help increase household income for the locals including:

- SCG Chemicals encouraged the community to make local snacks and desserts and herbal drinks which the company purchased for catering at the meetings, seminars, and plant visits. Not only did the efforts create employment and household income for the surrounding communities, they also helped preserve traditional Thai cooking culture.
- Phoenix Pulp and Paper Public Company Limited in SCG Paper supported farmers in growing eucalyptus trees on the dikes of the paddy fields and selling them to the plant for use as raw materials for pulp production. The endeavors increased household income, reduced the risks associated with sole reliance on rice farming, and increased raw material supply source for the company.
- SCG Cement carried out the quarry rehabilitation by growing native trees. This provided job opportunities for the surrounding communities in producing seedlings of

indigenous trees to sell to the company for use in its rehabilitation activities.

- Thai Ceramic Industry Co., Ltd. in SCG Building Materials encouraged farmers in the community to raise fish and chicken and grow vegetables which were bought and used by the company for catering at community banquets and the company's activities. The products also provided an inexpensive food supply for the locals. Moreover, the company joined forces with the community learning center to provide training on installing ceramic tiles to create jobs for the locals.

The achievements gave rise to SCG Stakeholder Dialogue Project which adopted the two-way communication process in 2009. The project was spearheaded by SCG Paper and SCG Cement which carried out a systematic multi-stakeholder dialogue. In the process, a group of major stakeholders were selected to join a group discussion and dialogue with a facilitator in attendance to listen to the comments and prepare a report for the implementation plan in each area. Both positive and negative comments from the dialogues were used to improve the corporate plans in line with an ongoing development and improvement approach to achieve sustainable development. The lessons learned from the project were compiled into a SCG Stakeholder Dialogue Handbook for use with other business units in SCG to prevent any potential risks.



Today, the carrying out of SCG's and SCG Foundation's philanthropic activities focuses on promoting the participatory involvement of the locals and communities to instill a sense of ownership on a project. The focus also extends to promoting learning together from each other among the locals and communities to encourage a transfer of local wisdom, leading to further development of the ideas and application of the knowledge to match the needs of their own communities. This will empower the communities to be self-reliant and sustainable in the long run.

## **The Successful Establishment of The Siam Cement (Lampang) Co., Ltd.**

In 1984, Thailand witnessed steady economic growth, especially in the construction sector, leading to a significant rise in the demand on cement. Lampang was one of the most promising provinces for the establishment of a cement plant as it was abundant in limestone quarries, the major raw material for cement production. At the same time, the province was the center of upper northern Thailand in finance, government agencies, education, and transportation and was in the investment promotion zone in accordance with the government policy to decentralize Thailand's industrial base. What's more, the province could accommodate the future expansion of Economic Quadrangle Cooperation (Myanmar, Laos, China, and Thailand) and above all, there was no cement plant in Lampang.

SCG subsequently founded a cement plant at Ban Sa Sub-District, Chae Hom District in Lampang Province, which was then the most advanced cement plant in Thailand. The plant employed cutting-edge production technology, which posed no harm to the environment to manufacture high quality cement to answer the existing market needs as well as the emerging demands in the markets, both locally and internationally.

## Knowing and Understanding

To get to know and fully understand the thinking of people in Lampang Province, SCG established a PR working committee to publicize information and promote good understanding among the target group step by step in compliance with the implementation plan. The committee and the employees in the northern office who were familiar with the areas were assigned to gather information and key local issues along with information about the target groups and the locals for formulating communication strategies to effectively reach each group and nail the problems. An attitude survey of people in Lampang and other major northern provinces was conducted, targeting spiritual leaders, government officers, school administrators, businesspersons, construction material dealers, NGOs, university students, and the press.

The survey results could be classified into two parts. For the first part about general information, it was found that Lampang Province had the highest deforestation of natural forests in the North despite a campaign to build people's awareness in protecting the forests at all levels. Topography-wise, Lampang is nestled in a valley surrounded by mountain ranges with a slight wind blowing through, so dust from the factories would directly impact the communities.

Another concern for the locals was the loss of Lampang's rich cultural heritage. As a result, the early PR and community relations' efforts of The Siam Cement (Lampang) Co., Ltd. were centered around these two issues.

At the same time, the working committee developed a communication plan to create understanding, based on the concept "Creating employment opportunities, creating prosperity,

conserving the environment, and being Lampang's good corporate citizen". The objectives of the plan were to promote accurate understanding about the establishment of The Siam Cement (Lampang) Co., Ltd.; to create acceptance and support for the establishment; and to publicize SCG's strong determination to create job opportunities, to bring prosperity, to conserve the environment and to be Lampang's good corporate citizen. The plan also aimed to foster a good long-term relationship with the target group.

## **Sincerity is Everything**

One important factor contributing to SCG being accepted as part of the community was to show sincerity that the company did not plan to exploit the local resources by creating a sense of ownership among the locals, giving them the impression that the plant was part of Lampang Province. The Siam Cement (Lampang) Co., Ltd. was hence locally incorporated, making it the first time in SCG's history that a SCG cement plant was incorporated under a different name to be a tax resident in Lampang Province. This brought more tax revenues to the province which could be used for local development.

Presenting factual information regarding the company's transparent and overt operations showed the sincerity of the company. The working committee organized a press conference at Lampang Viengthong Hotel to introduce the project. The event was built around a theme combining local Lampang culture and modern technology to show that the plant would be a good corporate citizen of Lampang and bring prosperity and a good life for the locals. All parties were given opportunities to meet the executives and ask questions.

In addition to the constant dissemination of information, the press and spiritual leaders were taken to visit SCG's cement plant in Saraburi Province and the plants of other business units nearby to see for themselves the operations of SCG that focused on environmental conservation, job creation, and the utilization of advanced production technology. Also priorities were given to employing the local employees and contractors, helping to make people aware of the benefits and importance of the plants as well as be in line with SCG's commitment to "creating jobs".

To foster a good relationship with the Lampang community, SCG dispatched staff to the fields regularly to present factual information about the project through various media such as user-friendly videos, brochures, and models. The locals were invited to be involved in the project since its introduction. In addition, there were constant meeting and exchanges of views with the press. They were also taken to visit the plant location as well as many SCG's plants with good environmental management to show SCG's unwavering commitment to environmental stewardship and concern for the communities surrounding SCG's plants.

## **Commitment to Contributing to People in Lampang Province**

As concrete proof of SCG's commitment to contributing to people in Lampang Province, SCG provided continuing support to numerous activities in Lampang Province. Examples included providing scholarships, donating medical equipment to hospitals, organizing mobile medical units, restoring a monument at Chae Hom District, donating trash cans and traffic cones, donating cement and construction materials, and sponsoring merit-making activities, Children's Day activities, and sports competitions with various agencies.



Environmental stewardship was another contribution that SCG made for people in Lampang Province as environmental issues were of great concern for the community. Chief among its efforts was maintaining the scenic beauty and environment by adopting the semi-open cut mining technology. In semi-open cut mining, the central surface of the mountain is cut and excavated in layers, creating a series of steps into a deeper pit with the external part remaining intact. The technology minimizes noise pollution and prevents dust from spreading outside. Once the mining in one area is completed, a reclamation effort is initiated in which the mined mountain is securely maintained and a reforestation is carried out, keeping the mining areas green. From outside, the mountain looks virtually intact and it will subsequently serve as a large water reservoir for Lampang when the mining is finally completed. This mining technology was adopted in Thailand for the first time at Lampang plant. Moreover, the plant, the buildings, and employees' dormitories were designed to be low-rise to blend harmoniously with the natural surroundings while trees were cut down only if needed. The committed efforts to preserve the environment both within and outside the plant allowed The Siam Cement (Lampang) Co., Ltd. to later develop the wild sunflower fields inside the plant into a tourist attraction in Lampang Province.

SCG committed itself to supporting activities contributing to a good environment in Lampang. The company joined hands with Lampang District Forest Office and Lampang Provincial Forest Office to organize the Forest Resource Conservation Project at Mae Sai Khum forest in Ban Sa Sub-District, Chae Hom District spanning an area of 15,000 around the plant. The objectives were to pay tribute to the 50<sup>th</sup> Anniversary Celebration of His Majesty's Accession to the Throne and to reaffirm SCG's announced mission "To create employment opportunities, to create prosperity, to conserve the environment, and to be Lampang's good corporate citizen". This integrated forest conservation project encompassed reforestation, maintenance of natural forest, forest research, and forest resource conservation with academic accuracy. The project achieved enormous success in restoring the forest to health and served as prototype project for other provinces. SCG also rolled out SCG Conserving Water for Tomorrow Project dedicated to constructing check dams around the plant and Mae Sai Khum Conserved Forest. The communities were constantly provided with knowledge and know-how on check dam construction to strengthen the communities around watershed forests, empowering them to coexist with nature caringly and symbiotically in accordance with H.M. the King's sufficiency economy principle. The emphasis was placed on raising awareness about water and environmental conservation among the participants especially the young generation and expanding it to a broader scale.

SCG also provided support and took part in many traditional fairs and festivals in Lampang Province, for example, the winter fair, the Red Cross Fair, Luang Wiang Lakhon Fair, Phaya Kam Lue Worship Ceremony, the Salung Luang Parade, and Worship Ceremony to the City Pillar to Make Merit for the City. Added to this

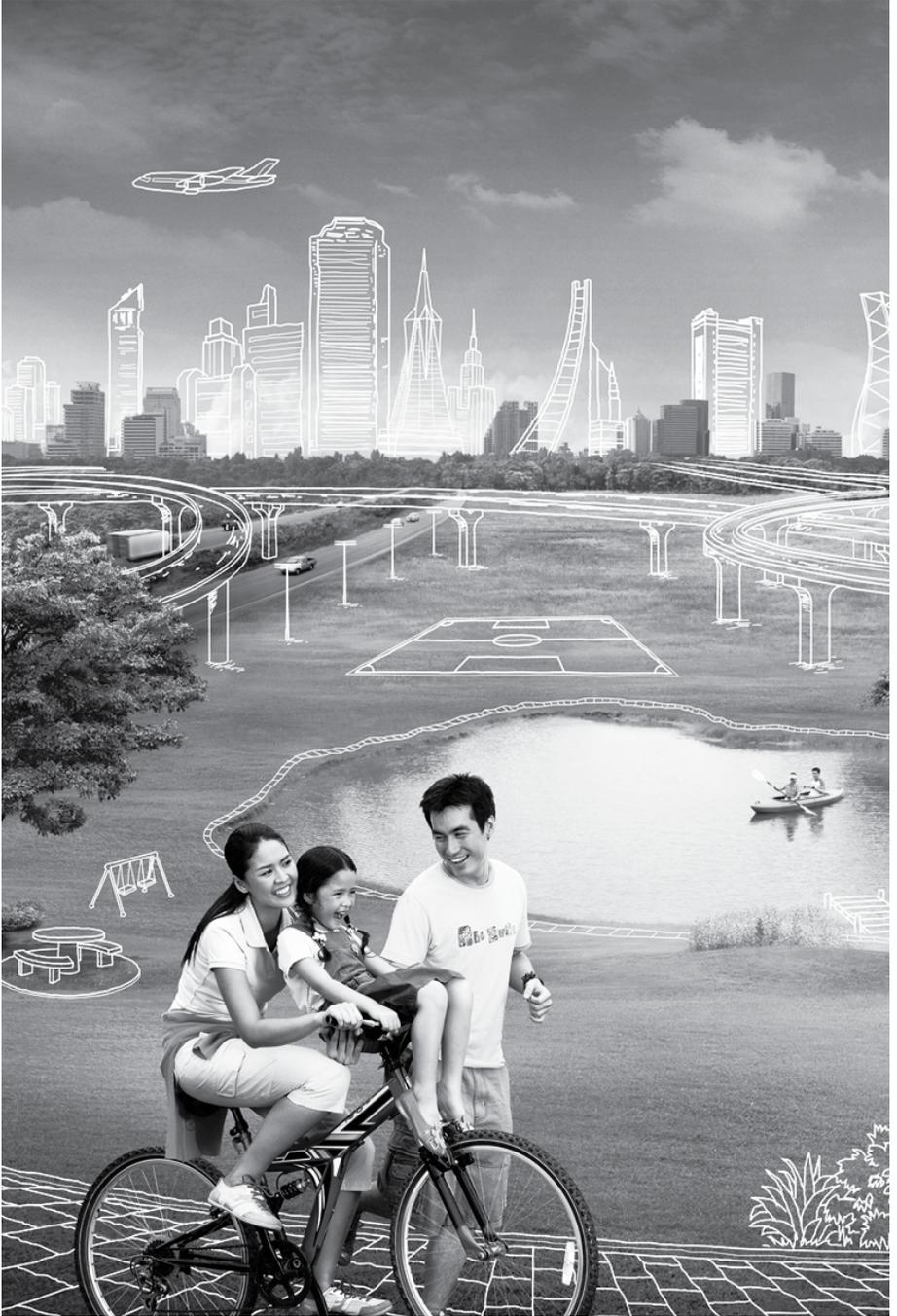
was support for the communities in local development such as constructing a school building at Ban Sa Pae School at Ban Sa Sub-District, Chae Hom District and serving as members of committees for organizations in Lampang Province.

## Contributing Success Factors

The Siam Cement (Lampang) Co., Ltd. has gained huge support and cooperation from the communities over the past several years as evidenced by the results of the reputation surveys of the communities surrounding SCG's plants which showed that the community around the Lampang plant had the best attitudes toward SCG. Factors contributing to this enormous success are:

- Constant support and participatory involvement of the executives
- Systematic operation with close monitoring and regular improvement throughout the project
- Efficient, determined, and committed working teams
- Friendliness and sincerity of heart
- Reliable data and research backup support
- Ongoing publicizing of information
- SCG's long-established image and reputation

The successful establishment of The Siam Cement (Lampang) Co., Ltd. has provided a prototype for CSR efforts that can be carried out when introducing new SCG projects both at home and abroad as well as other similar operations.



# Striding Forward Toward Achieving Sustainability

## Building a CSR Network

SCG has joined hands with several outside organizations to expand CSR activities to fully benefit society and the environment on a broader scale. The company has joined many national and international organizations along with exchanging views with the communities and interest groups in various areas. The objective is to bring sustainable development to every community, society, and country where SCG operates in the areas of the environment, human development and public well-being under good corporate governance framework.

**The environment** through “SCG Conserving Water for Tomorrow” Project, SCG is committed to expanding water conservation efforts to communities in differing provinces across the nation including Chiang Mai, Saraburi, Rayong, Kanchanaburi, Nakhon Si Thammarat, Ratchburi, Khon Kaen, and Pathum Thani Provinces following the successful launch of the project in Lampang Province in 2003. The efforts are designed to promote the preservation of water from upstream to downstream areas. The company plans to expand the project to other communities in the future.

In 2008, SCG organized the “Upstream to Downstream Water Conservation” Project initiative to build a cooperation network on environmental conservation comprising some 150 SCG employees, academics, interested persons, and volunteers. They were taken to observe and learn about the restoration and conservation of water

resources at Sa Sop Hok community, Chae Hom District, Lampang Province along with constructing check dams in the preserved forest of The Siam Cement (Lampang) Co., Ltd. The activity was dedicated to conserving water from upstream areas. More recently in 2009, the “Restoration of check dams” activity was introduced to build consciousness about water conservation among the participants especially young people who will be a future major driving force in water conservation.

Additionally, SCG collaborated with Bang Prok community in Muang District, Pathum Thani Province as a downstream community and other relevant government agencies in the province to treat polluted water in the community by building household grease traps and using Effective Microorganisms (EM) to treat the polluted water in the canal before discharging it into the Chao Phraya River. The activity has spurred the efforts to conserve water from upstream to downstream areas.

To comply with the corporate green procurement guidelines, SCG rolled out the Greening the Supply Chain program to raise environmental awareness of its business partners through improving their manufacturing processes to minimize environmental impacts

### **Bang Prok Community**

Located in Muang District, Pathum Thani Province, Bang Prok is a community whose people’s way of life has long been tied to Klong (Canal) Bang Prok. However, the canal became polluted as a result of wastewater being discharged from households and markets and the re-circulation of cleaner water from the river to the canal failed to reduce the pollution, adversely affecting the community. This prompted the community to come together to solve the problem.

As a community leader, Ms. Chaluy Kavownark started to campaign against dumping garbage into the canal and recruited volunteers to collect garbage from every household. To treat wastewater, she promoted the use of Effective Microorganisms (EM) which can be done domestically and the installation of grease traps in every household to treat wastewater before discharging it into the canal. The collaborative efforts have contributed to a better quality of water in Klong Bang Prok today.

and providing eco-friendly products. For its part, SCG is keen to provide assistance and advice, enabling the business partners to adjust themselves and to play a part in environmental stewardship which can contribute to society as a whole.

**Youth Potential Development** SCG has allied itself with several organizations to develop the potential of youth in the areas of science, technology, sports, art, and the development of learning skills. One of its key strategic allies is the press which have joined SCG in many activities. Examples included the “Sparking Intellectual” program in cooperation with the Matichon newspaper, the “Extending Innovation” program in cooperation with the Daily News newspaper, the “Little Smart, Happy Millionaire Camp” program in conjunction with the Krungthep Turakij newspaper, and the “Feature Writer Camp” program in cooperation with Sarakadee Magazine.

To expand the opportunities for youth potential to a broader scale, SCG donates 100 million baht to some 100 foundations and charitable organizations annually so they can provide assistance to the disenfranchised youth throughout the country. In addition to providing financial support, SCG keeps track of the operations of each organization closely.

#### **Friends Help Friends Project**

SCG in cooperation with the Department of Industrial Works, Ministry of Industry carried out an environmental management development project for small-and medium-sized factories to ensure they have effective environmental management systems. Most of the 65 participating factories passed the preliminary evaluation criteria of the Department of Industrial Works. Twenty-six companies employed value engineering to improve their operations, resulting in a significant decrease in the consumption of fuels, electricity, water, and materials as well as a reduction in waste. The project helped reduce environmental impact and enable the Thai industrial sector to achieve sustainable development.

Aside from environmental stewardship and youth potential development, SCG attaches significance to social responsibility, joining forces with the press and agencies to organize a wide range of projects and activities beneficial to society. Examples include:

The “SCG - BBTV Channel 7” project has been carried out since 2000 in conjunction with Bangkok Broadcasting & Television Company Limited Channel 7 to provide relief supplies to those affected by floods, storms, droughts, and coldness in desolate, remote areas.

The “Toilets for Children” project in conjunction with Ruam Duay Chuay Kan radio station is dedicated to building toilets for students in the rural areas to promote better hygiene, using high quality construction materials from SCG. The project was introduced in 2009.

The “San Jai Thai Suu Jai Tai” (Combining Thai People’s Hearts for the South) project donated one million Baht to Premtinsulanonda Foundation in 2009 to fund the organization of activities beneficial to youths in the three southern provinces to promote unity in society.

### **Sparking Intellectual Program**

In conjunction with Matichon newspaper, SCG has organized Young Writer Camp for five consecutive years to promote the skills development of Thai youths in thinking, reading, and professional writing. The camp also opens up opportunities for young writers to exchange views and experience with professional writers, giving them inspiration and empowering them to apply the knowledge gained to develop the quality of their writing. To join the camp, interested persons must submit an article on an assigned topic to the committee. The selected participants will join the camp where they practice writing features, short stories, and news scoops with professional writers and journalists to develop their writing skills and become the next generation of skilled writers.

SCG Cement regularly donates cement to volunteer development camps of educational institutions nationwide, government agencies, and charitable organizations for use in the construction of school buildings, libraries, toilets, reading pavilions, and multi-purpose grounds for schools, temples, and communities in desolate, remote areas.

In 2009, SCG joined Jimmy & Rosalynn Carter Work Project: Mekong Build 2009 to help families in need of decent affordable housing in Thailand, Vietnam, Laos, and Cambodia.



Apart from this, SCG has joined many networks involved in social responsibility and environmental conservation to share its CSR experience with other organizations and initiated a number of collaboration projects with leading local and international corporations as well as adopting international sustainable development practices. The major networks are as follows:

#### **Little Smart, Happy Millionaire Camp Program**

SCG and Krungthep Turakij newspaper jointly organized the first Little Smart, Happy Millionaire Camp in 2009 to provide knowledge about money management to children. The focus was on creating life skills on personal money management for children through a wide range of fun-filled games and activities, allowing them to learn about integrated money skills and learn how to earn and use money wisely. It was hoped that these skills would then lay solid foundations for the development of children well into the future.

- **CSR Club:**

Backed by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), CSR Club was established by the Thai Listed Companies Association (TLCA) in cooperation with 26 members of TLCA in 2009. The key objective is to build networking among CSR practitioners in the listed companies to disseminate knowledge in CSR and provide training. SCG serves as a working group on Knowledge Sharing & Training. ([www.thailca.com/csclub](http://www.thailca.com/csclub))

- **Thailand Business Council for Sustainable Development (TBCSD)**

Founded by Thailand Environment Institute, Thailand Business Council for Sustainable Development comprises business leaders from more than 30 companies. The objective is to promote environmental awareness within the business sector under the concept of "Sustainable Development" in which companies operate with commitment to conserving natural resources and the environment. SCG was a member of TBCSD in 1993. ([www.tei.or.th./tbcسد](http://www.tei.or.th./tbcسد))

### **Extending Innovation Program**

SCG joined hands with Daily News newspaper to select school children, university students and the general public from their submitted entries of innovations or innovative ideas to join a camp to extend their knowledge on creating innovations and enhance understanding about intellectual properties and the management of intellectual properties to fully benefit society. Meanwhile, the selected entries were publicized on Daily News newspaper and would be further developed for use in real life.

- **World Business Council for Sustainable Development (WBCSD)**  
SCG has been a WBCSD member company since the year 2000. Under WBCSD, member companies in the same industries jointly organize a variety of projects dedicated to promoting sustainable development in their respective industries. For its part, SCG Cement has joined in the Cement Sustainability Initiative (CSI) to forge a more sustainable cement industry whereas SCG paper has participated in the Sustainable Forest Products Industry (SFPI) project to find ways to sustainably manage forest and to build consumer and stakeholder confidence in the sustainable forest products industry. ([www.wbcSD.org](http://www.wbcSD.org))
- **Dow Jones Sustainability Indexes (DJSI)**  
Dow Jones Sustainability Indexes are the global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. The indexes are used by asset managers of mutual funds across the world as benchmarks for making investment decisions with the confidence that companies in the DJSI can create better and sustainable economic value for investors. ([www.sustainability-index.com](http://www.sustainability-index.com))

### **Feature Writer Camp Program**

In 2009, SCG and Sarakadee Magazine organized Feature Writer Camp to develop the writing skills of university students interested in feature writing and wanting to play a role in solving social problems so they can become future highly capable feature writers. After learning basic writing and data collection skills, each of the 50 participants was to come up with a topic related to a social issue, submit an outline, gather information in the field, and write a feature. The outstanding features would be selected for publishing in Sarakadee Magazine.

SCG has been ranked as a sustainability leader in DJSI for seven consecutive years. SCG was also ranked as SAM Gold Class Outstanding Sustainability Results in the Sector of Building Materials & Fixtures for the 3<sup>rd</sup> consecutive year from DJSI (2008-2010).

Other SCG's networks include:

1. The Federation of Thai Industries
2. The Thai Chamber of Commerce
3. The Safety and Health at Work Promotion Association (Thailand)
4. The Environmental Engineering Association of Thailand (EEAT)
5. Thailand Management Association
6. Thai Industrial Standards Institute
7. Thailand Productivity Institute

#### **Jimmy & Rosalyn Carter Work Project: Mekong Build 2009**

On the occasion of the 82<sup>nd</sup> Birthday Anniversary of His Majesty the King, SCG provided support by way of construction materials such as COTTO sanitary ware and faucets, the SCG Brand roof tiles, and CPAC ready-mixed concrete for the construction of 84 houses to help families in need of housing in Chiang Mai as part of Jimmy & Rosalyn Carter Work Project: Mekong Build 2009 organized by Habitat for Humanity Thailand. SCG's senior executives and employees also worked as volunteers in this construction project.

Moreover, COTTO donated sanitary ware and faucets worth over 400,000 Baht together with sending a group of 20 employee volunteers to help build housing in three other countries on Mekong basin including Vietnam, Laos, and Cambodia.

## CSR Reporting

SCG stresses the significance of carrying out its CSR efforts with disclosure, transparency, and accountability. Since 2001, CSR Reporting has been prepared annually as part of its Sustainability Report in accordance with the Global Reporting Initiative (GRI) Guidelines, which are one of the world's most prevalent frameworks for sustainability reporting to ensure the most comprehensive reporting for all stakeholders.

The key objective is to communicate to the stakeholders SCG's commitment, operating approaches and sustainability performance in all areas. The report content is defined by the important sustainability issues SCG has obtained from workshops with relevant departments within SCG and the participatory involvement of stakeholders in various forms.



CSR Reporting shows SCG's performance in three areas: economy, environment, and social responsibility according to the Global Reporting Initiatives G3 Sustainability Reporting Guidelines by taking into consideration GRI's core indicators. However, the reporting encompasses only the performance of SCG's subsidiaries in Thailand. The establishment of a system to manage information on the sustainability development of all SCG's affiliated companies overseas is in the pipeline and is slated for completion in 2012.

To ensure the completeness and transparency of the CSR Reporting, SCG in 2009 had its CSR Reporting audited by PriceWaterhouseCoopers FAS Ltd. and it was certified an A level. The Reporting was also certified an 'A+' level in GRI Application Level Check under the Global Reporting Initiatives G3 Sustainability Reporting Guidelines.

SCG attaches significance to preparing media to publicize its CSR concepts and activities to disseminate knowledge and create better understanding among stakeholders, concerned parties, and interested persons. Chief among them are the following:

- Sustainability Report
- Sustainable Development Guidelines
- Green Procurement
- Check Dam Construction Handbook
- Check Dam Construction VCD
- Grease Trap Construction Handbook
- "Water is Life" Musical Documentary
- SCG Code of Conduct

- SCG Corporate Governance
- SCG and Operating Business in Accordance with the Principles of Sufficiency Economy



On top of these, SCG holds numerous activities designed to promote SCG's CSR concepts and efforts among different target groups such as Open House to allow communities, government agencies, and the press to witness SCG's business operations with social and environmental concern. Press tours are held periodically to take the press to visit SCG's plants in differing locations. This runs concurrent with other PR efforts to publicize relevant information to the public on a regular basis.

## **CSR Activities in Accordance with the Principles of Sufficiency Economy and Prevailing Economic Circumstances**

SCG believes that in addition to carrying out activities with rationality to match the brand and the needs of recipients and to using budgets cost-effectively to create immunity for business, one key objective of the sufficiency economy approach is to share opportunities with others. SCG thus has a policy of contributing to sustainable growth in every country where SCG operates. Even in the wake of economic crisis, SCG's commitment to sharing opportunities still continues.

One good example was during the financial crisis in 2008 which started in the United States and the impact of which carried over to other regions across the world, resulting in a recession in the global economy with large corporations in several countries closing down operations. Meanwhile, many corporations restructured themselves, cutting down on their CSR budget to survive the crisis. Nevertheless, SCG continued its CSR efforts with a firm belief that CSR can help create economic and social immunity for the business in the long term.

### **Expanding CSR Practices Overseas**

To support business operations in line with SCG's Vision to become a regional leader committed to conducting business alongside creating sustainable growth for ASEAN and the communities where SCG operates by 2015, SCG has implemented CSR approaches used in Thailand with the countries in which SCG has invested. CSR efforts have been carried out well before the investment projects start to generate income in order to play a part in sustainable social development in those countries and to lay foundations for brand building and accommodating SCG's future business expansion.

SCG studied the feasibility and the needs of the communities in each country together with the organizations both within and beyond SCG to make sure the CSR activities best suited the communities. It was found that the education and youth potential development projects were most needed as they could help develop young people, empowering them to be a major driving force in the development of their countries and the ASEAN region as a whole. A diverse range of projects were initiated as follows:

## SCG Sharing the Dream

SCG commits itself to carrying out socially beneficial activities in many ASEAN nations with focus on giving knowledge and developing the education of youths in the region. In 2007, SCG Sharing the Dream project was rolled out in Vietnam in collaboration with Tuoi Tre Newspaper and in 2008 in the Philippines. The project provided scholarships for needy high school students with good academic achievements, good conduct, and motivation to pursue higher education. A youth camp was organized to enhance knowledge and instill virtues into the scholarship recipients so they could be both a "smart and ethical" young generation who could contribute to sustainable development in their countries.



As of 2010, SCG Sharing the Dream project has provided scholarships to a total of 1,350 students. Moreover, it was the third consecutive year that SCG offered additional grants for the scholarship recipients who passed the university entrance examinations. SCG sets its sights on expanding the projects to other ASEAN countries to develop youths so they can be a major driving force in their countries and have a strong bond with SCG. The project has achieved huge success, being widely publicized by the local press and being well-received by government agencies, educational institutions, young people, and parents of the participating students. SCG Sharing the Dream is regarded as a prototype overseas CSR activity of SCG.

## **Regional Scholarships by SCG Foundation**

Since 2007, SCG Foundation has offered scholarships for university students and government officers from many ASEAN nations to pursue their studies at the bachelor's and the master's degree in Thailand. The full scholarships which cover tuition fees, lodging, meals, travel expenses and other expenditures amount to 10 million Baht per year. From 2009, SCG Foundation has joined forces with ASEAN Foundation to provide scholarships to students under the "SCG Foundation's Overseas Scholarship Program". Seven students received the scholarship in the first year. Currently, there are a total of 30 scholarship recipients.



In 2007, SCG donated 2 million Baht to procure fresh milk for 15,000 pre-school children in Ba Ria-Vung Tau Province, Vietnam. Each child would be provided with 16 glasses of milk (200 milliliters each) per month to promote good health so they can grow suitably according to their age.

Apart from this, SCG has provided assistance to those affected by natural disasters in every country where SCG conducts business. For instance, in 2007 SCG donated US\$100,000 to the Vietnamese government to help those impacted by Typhoon Lekima. Environment-wise, SCG takes aim at adopting the 3R concept (Reduce, Reuse & Recycle, Replenish) in the production processes at the plants in every country to contribute to environmental conservation and full utilization of natural resources. This runs parallel to organizing activities to promote public awareness about the importance of environmental issues.

The CSR efforts have resulted in SCG being accepted by business partners, government agencies, the press, the communities, customers, students, and all concerned parties as a corporation that attaches utmost importance to sustainable development. This will play a vital role in supporting SCG's business operations to thrive further in the future.



# Conclusion

At this point, many may already have a clear picture that CSR activities are nothing new. They are not difficult to implement nor require a huge budget. Most importantly, they are the duty of everyone in the organization and not limited to the responsibility of any one single department.

The telling of all these stories is meant to share SCG's experience in CSR that has developed from making occasional financial contributions to charity to systematic CSR efforts with careful planning, established goals and systematic evaluations. The activities made use of the company's know-how and expertise combined with advice from the experts, leading to an expansion of the projects and participatory engagement of people on a broad scale. The committed efforts have won SCG scores of awards, recognitions, and standards certification from various institutions.

A key factor contributing to SCG's clear CSR approach is that SCG has operated in accordance with the long-held Code of Conduct. This combined with good corporate governance and the application of the sufficiency economy principles has made SCG employees fully adhere to the philosophy of "Concern for Social Responsibility" and work collaboratively to enable the company to achieve sustainable success alongside social development and environmental balance. The practice has been passed down on from one generation to another and become a strong corporate culture.

Should the business success and profits of business organizations be properly allocated to share and create opportunities for all involved parties, businesses and society can coexist and grow in a caring and friendly way. This will help bridge the gap of misunderstanding and build confidence in each other, thereby contributing to social and economic conditions as a whole.

The past achievements are simply the groundwork for SCG to build upon to achieve its vision of becoming the leading business conglomerate in ASEAN that strives to create prosperity and sustainable growth in every community in which it operates. There are still many things to learn and to develop with the goal of expanding the company's business to the ASEAN region. These include different cultures, constantly-changing social expectations, the roles of the networks of making good deeds involved in both the operating process and special activities that are non-operating processes as well as the utilization of technologies.

Finally, SCG believes that the support from all concerned parties and a better understanding about CSR on a broader scale will contribute to the growth of CSR efforts carried out by SCG or other organizations, attracting more organizations in sharing the common goal. Above all, the efforts will benefit the community, society, and the world in a sustainable manner.

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