

# ANNUAL REPORT 2016

THE SIAM CEMENT PUBLIC COMPANY LIMITED

# SUSTAINABLE BUSINESS



Achieve sustainable growth through the principles of Sufficiency Economy.



## From the cover:

### Sustainable Business



Over the year, SCG has long adopted the principles of Sufficiency Economy in its business practice. The balance of economy, society, environment and culture has enable the company to survive challenges and crises and thrive amid constant global economic changes.

“Sufficiency” does not mean “stop”, but rather “working at full potential to achieve sustainable growth”. The principles of Sufficiency Economy is the approach to sustainability which can be adopted by all, not only by the agricultural sector. Therefore, operating business in accordance to the principles of Sufficiency Economy does not mean that one must halt business growth or maximizing short-term profitability, but one must rather use the principles to help achieve business stability and sustainable growth.

With eternal respect and gratitude for H.M. King Bhumibol Adulyadej, SCG pledges to follow the Royal footsteps in sustaining the development of our business and giving knowledge and act as a role model to other organizations to maintain ASEAN sustainable growth and prosperity.



Investors can find further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at [www.sec.or.th](http://www.sec.or.th) or [www.scg.co.th](http://www.scg.co.th)

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## Overview of Business and Vision

SCG is a leading ASEAN business conglomerate with regional focus, and established commitments towards business conducts that are in line with good corporate governance and sustainable development principles. Established in 1913, following the royal decree of His Majesty King Rama VI, SCG's cement products were the essential materials for the construction of Thailand's infrastructure projects during that period, which have contributed greatly towards the country's modernization. Since its inception, SCG has grown continuously and has earned widespread recognition as a role model for other businesses, both locally and internationally. SCG is also a role model company that has adopted the principles of Sufficiency Economy in business operations, resulting in sustainable business achievement.

Today, SCG is comprised of three core business units, namely 1) SCG Cement-Building Materials, 2) SCG Chemicals and 3) SCG Packaging.

Our vision is that, SCG will be a regional market leader, contributing to the sustainable progress of ASEAN and the local communities where we operates. SCG is the first in Thailand to have been included in the prestigious Dow Jones Sustainability Indices (DJSI) by Robeco Sustainable Asset Management (RobecoSAM) and has been ranked the longest; for 13 consecutive years since 2004. Through SCG's world class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technology development and innovation will allow us to provide quality products and services in order to enhance the quality of life for all.



## Message from the Board of Directors



A handwritten signature in black ink, appearing to read 'Chirayu Isarakun Na Ayuthaya'.

**Chirayu Isarakun Na Ayuthaya**  
Chairman

A handwritten signature in black ink, appearing to read 'R. Rangsiyopash'.

**Roongrote Rangsiyopash**  
President & CEO

2016 was the year that all Thais suffered the greatest loss after the announcement of the passing of H.M. King Bhumibol Adulyadej which came in a statement from the Bureau of The Royal Household on October 13, 2016.

With eternal respect and gratitude for H.M. King Bhumibol Adulyadej's dedication and kindness to Thai people, SCG pledges to follow the Royal Footsteps in sustaining the development of our business for many years to come.

The Board of Directors, the Management, and SCG staff humbly offer our utmost respect and best wishes to His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun. Long live His Majesty the King.

2016 marked the year of change for the global economy, triggered by a slew of significant political events and economic factors. Chief among them include Britain's vote to leave the European Union (Brexit), the presidential election results in the U.S., the Philippines and Myanmar, coupled with China's structural economic reform and fluctuating energy, coal and oil prices. Despite the continued change, ASEAN Economic Community (AEC) maintained their steady growth pace, propelled by government infrastructure investment as well as domestic consumption and trade between ASEAN nations.

In Thailand, the draft constitution was approved after the referendum vote in 2016, making the country's political roadmap and timeframe become clearer. As for the economic aspect, numerous economic and industrial reforms have been announced, contributing to enhanced competitiveness and future economic growth of the country.

SCG remained strategically focused on expanding its investment in ASEAN and continuously developing high value-added products and services (HVA) to address the needs of customers while embracing digital technology to streamline business efficiency and operations in order to enhance its business competitiveness and tackle social and economic challenges.

For 2016, SCG reported revenue from sales of 423,442 Million Baht, declining by 4% from the preceding year due largely to lower product prices. Nevertheless, profit for the year increased to 56,084 Million Baht, a sharp rise of 24% year-on-year in the time of upswing in the petrochemical industry and low energy costs, resulting in a higher profit margin. Having taken into the account of the Company's performance, its overall financial status, and global economic conditions, the Board of Directors has resolved to propose to the 2017 Annual General Meeting of Shareholders a dividend of 19.00 Baht per share for 2016, representing 41% of consolidated profit for the year.



The full year dividends was divided into an interim dividend of 8.50 Baht per share and a final dividend of 10.50 Baht per share.

### **Commitment to Growing Firmly alongside ASEAN**

SCG has continued to expand its investment in ASEAN in pursuit of becoming the region's sustainable business leader. Major investment projects include cement plants in Myanmar, integrated greenfield cement plant in the Lao People's Democratic Republic, the capacity expansion project at the kraft paper facilities in Vietnam, and debottleneck project at Chandra Asri petrochemical facilities in Indonesia.

While incorporating sustainable development in its business investment and expansion, SCG also places high importance on the concern for society, and the environment and is determined to uplift the quality of life for the community where it operates. Examples are the SCG Sharing the Dream project that provides scholarships to students in Vietnam, Myanmar, Lao PDR, Cambodia, Indonesia, and the Philippines, and the SCG Sharing a Brighter Vision project in Myanmar that offers free cataract surgery to local community.

The consolidated 2016 revenue from sales of SCG's ASEAN production facilities and Thai exports to ASEAN countries amounted to 97,669 Million Baht, (representing 23% of SCG's total revenue from sales), 2% decrease y-o-y as a result of the strong competition and decreased product prices. As of 31 December 2016, SCG's total assets in ASEAN, excluding Thailand, stands at 126,055 Million Baht or 23% of the company's total assets. The number of employees, excluding Thailand, stands at 17,225 or 32% of the total workforce.

### **Achieving Sustainable Progress through Innovation**

The key contributing factor for SCG's enhanced competitiveness is an ongoing investment in research and development which has brought many competitive advantages. In 2016, sales of HVA totalling to 160,910 Million Baht, accounting for 38% of total revenue from sales, whereas sales of eco value products amounted to 170,501 Million Baht, representing 40% of total revenue from sales. In 2016, the company earmarked over 4,350 Million Baht budget for R&D, representing 1% of total revenue from sales. Currently, SCG's R&D team consists of 1,823 members, 108 of whom hold a doctoral degree.

In 2016, SCG's R&D efforts have driven a flurry of innovations that provide solutions to market demands. Chief among them are as follows:

SCG managed to build temporary public toilets around Sanam Luang to facilitate the needs of large crowds of mourners from across the country, coming to pay homage to His Majesty King Bhumibol Adulyadej at The Grand Palace,

in only three days, employing innovative construction modules such as SCG Heim modular system and Smartboard ceiling & wall systems.

CIERRA™, the world's new functional material, was developed in collaboration with Oxford University. As a high performance material platform, CIERRA™ is used in a wide array of HVA products. Initial applications include flame retardant polymers, barrier packaging and antimicrobial additives for consumer products.

As a total packaging solutions provider, SCG has developed a variety of excellent quality packaging products and services such as flexible packaging, an innovative packaging solution for food and consumer products that has seen a fast-growing demand, and "Fest", food safety packaging produced from clean and safe food grade paper. Added to this is the pop-up corrugated point of purchase display, using corrugated paper as the main material. Easy to assemble, the product allows for various shelf designs that can be reused. It also significantly saves storage space.

### **Following the Royal Footsteps with Regard to "the principles of Sufficiency Economy" and "Sustainable Water Management"**

To ensure sustainable business growth, SCG has long adopted the principles of Sufficiency Economy in its business operations, enabling the company to weather the economic crisis, grow steadily, and become a role model for other companies. SCG's commitment also extends to various water management efforts. Central to these are the organization of Thailand Sustainable Water Management Forum 2016 that engaged all sectors to help define approaches to sustainable water management. The SCG Conserving Water for Tomorrow project in which SCG has joined forces with the communities to construct over 70,000 check dams across Thailand according to the Royal Initiatives. The establishment of "Satanee Rak Nam" - a Community Learning Center that serves as a resource for learning about sustainability and "Sra Puang" - connected small and medium water reservoirs.

SCG is determined to conduct its business with adherence to the code of conduct, upholding the principles of good corporate governance to ensure development and providing sustainable future for all. We are also committed to business practices in accordance with the principles of Sufficiency Economy in order to achieve sustainable growth and contribute to the prosperity of ASEAN along with realizing SCG's Vision of becoming the region's sustainable business leader.

Bangkok, January 25, 2017

# Following the Royal Footsteps of His Majesty King Bhumibol Adulyadej

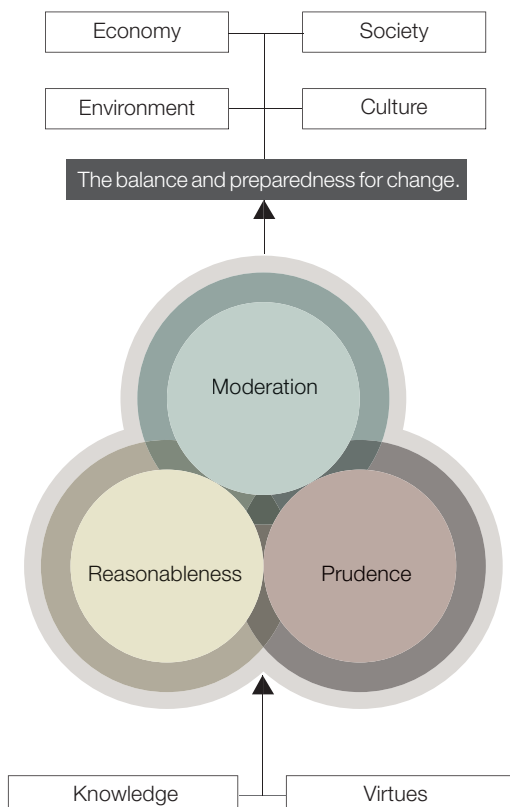
Following the passing of His Majesty King Bhumibol Adulyadej on October 13, 2016, SCG people both in Thailand and ASEAN have united to pay our deepest condolences in remembrance of his boundless and gracious kindness. Moreover, we are determined to continue to follow the Royal Footsteps.

SCG has operated with concerns on responsibility for the society and stakeholders. We have humbly applied the

principles of Sufficiency Economy which helped overcome crises and promote development to this day. SCG has applied His Majesty King Bhumibol Adulyadej's royal aspiration on sustainable water management via the "SCG Conserving Water for Tomorrow" project. This has resolved the complete cycle of the water issues and supported the community in learning to rely on oneself in solving and managing water difficulties.

## The Principles of Sufficiency Economy

The principles of Sufficiency Economy has been a royal initiation by His Majesty King Bhumibol Adulyadej for over 30 years. It is based upon modest practices, conscientiousness and involving appropriateness, reasons and safeguarding oneself amid unstable conditions. Also, it is grounded on knowledge and life virtues along with intelligence, intellect, and perseverance which will bring true happiness in life.



### 2 Conditions

#### Knowledge

Well rounded: Have knowledge and wisdom and be able to integrate them in order to carefully strategize and execute the implementation.

#### Virtues

Ethical: uses honesty, tolerance, determination and intelligence to guide the way of living.

### 3 Principles

#### Moderation

Moderation: the balance of living that will ultimately lead to self sufficiency.

#### Reasonableness

All actions and decisions must be based on reasonableness; ability to consider all related factors and anticipate future impact.

#### Prudence

Prepare for and conduct oneself to be able to accept any impacts and changes through the anticipation of the situations that may happen in the future.

### 4 Domains

#### Economy, Society, Environment and Culture

Gain the ability to deal with changes in any of the 4 domains; economy, society, environment and culture through the practice of the 2 conditions and 3 principles for the sustainable way of living and business operations.

# Business Practice in Accordance to the Principles of Sufficiency Economy

“Sufficiency” does not mean “stop”, but rather “working at full potential to achieve sustainable growth”. The principles of Sufficiency Economy is the approach to sustainability which can be adopted by all, not only by the agricultural sector. Therefore, operating business in accordance to the principles of Sufficiency Economy does not mean that one must halt business growth or maximizing short-term profitability, but one must rather use the principle to help achieve business stability and sustainable growth.

Over the year, SCG has long adopted the principles of Sufficiency Economy in its business practice. The balance of economy, society, environment and culture has enable the company to survive challenges and crises and thrive amid constant global economic changes. SCG is enhancing the quality of life for all and is realizing its vision of becoming the regional's sustainable business leader, through continuous innovative products and services development, strategic business expansion.

With eternal respect and gratitude for H.M. King Bhumibol Adulyadej, SCG pledges to follow the Royal footsteps in sustaining the development of our business and giving knowledge and act as a role model to other organizations to maintain ASEAN sustainable growth and prosperity.

## The Great Alteration Following the Crisis

The Thai government's exchange rate regime on July 2, 1997 greatly impacted SCG as foreign currencies were used in loans and trading. At the time, the net loan was 250,000 Million Baht which doubles the previous amount while domestic demand dropped 50% resulting in a 52,000 Million Baht loss in that year.

This was when SCG humbly applied the principles of Sufficiency Economy. Short term plans included ceasing new investments, decreasing operating cash flow, controlling manufacturing efficiency to reduce costs, promoting exports to replace domestic demands, building confidence among creditors and rolling over short term loans.

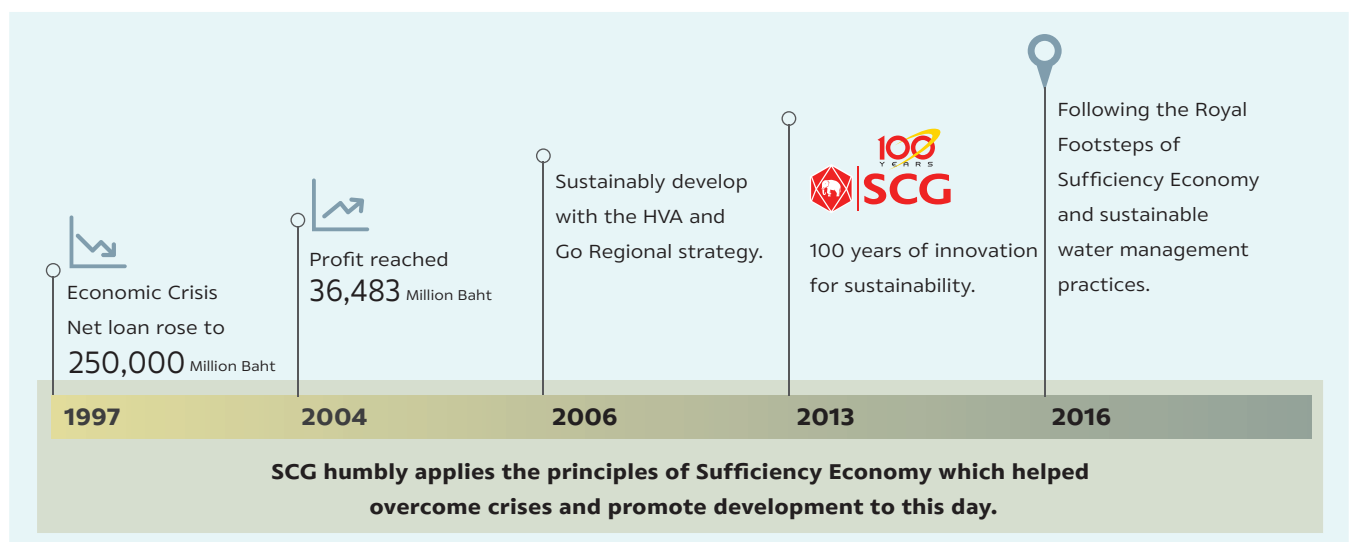
Long term plans involved restructuring the 10 business units to 5, reviewing disclosure systems for investors and creditors, launching debentures in Thailand to replace foreign currency loans and implementing risk management policies.

SCG chose not to dismiss employees but enhanced their potentials to promote best practices in every aspect of work.

The principles of Sufficiency Economy did not only help SCG survive the crisis but made SCG grow even stronger.

From the success, SCG won His Majesty King Bhumibol Adulyadej's royal award for works which pursue the principles of Sufficiency Economy in the large enterprise sector. The award was presented in the commemoration of His Majesty's 80<sup>th</sup> anniversary: “Delighted People” event on November 29, 2007. This marked a significant milestone portraying that the principles of Sufficiency Economy is a practice beneficial for all Thais in every aspect.

Year 2007 



## Growing Firmly and Sustainably amid Instability

After the crisis, SCG announced its two main strategies; Innovation Development and Go Regional.

### Innovation Development

The intense competition, shift in consumer behavior and social conditions such as the aging society, natural resources concerns and environment awareness have brought SCG to humbly combine the Sufficiency Economy principles to enhance competitiveness. Profound research and development of innovation based on core businesses seek to fulfill consumer needs of today and tomorrow whilst becoming less dependent on imports.

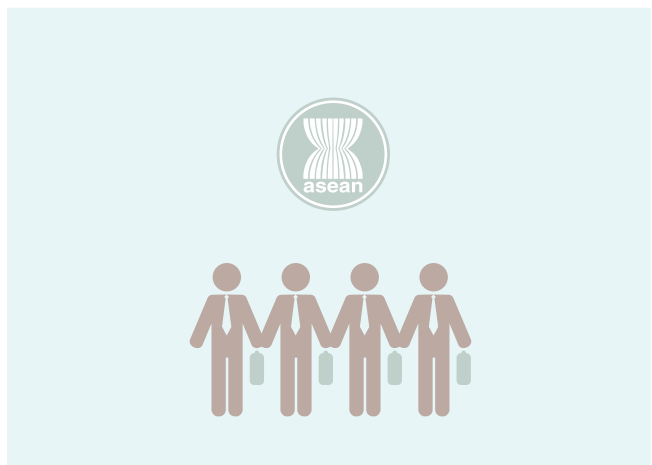
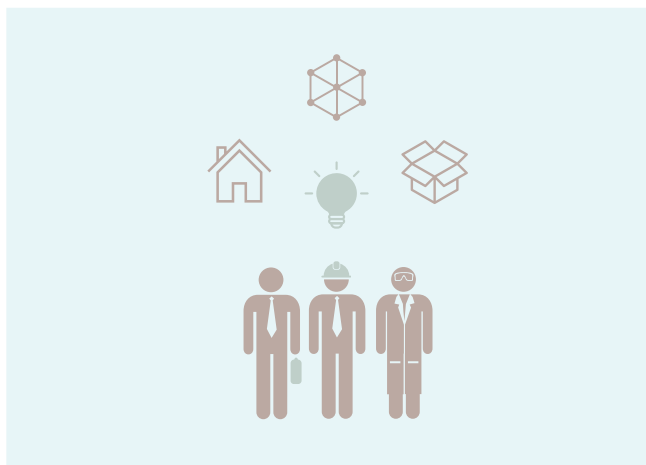
Employees at every level who think out of the box, open to ideas, and challenge risks are key factors that drive innovation. SCG builds on an innovative corporate culture via adjusting mindsets and enriching employee's creative capabilities. Moreover, research and development budget allocation are intensified while research scholars, as well as collaborations with educational institutions and research centers, are encouraged both domestically and internationally.

From the dedication to innovation that fulfills consumer needs, in 2016, SCG has a revenue from sales for High-Value Added (HVA) products and services increased to 160,910 Million Baht, accounting for 38% of the total revenue from sales. This is firmly believed to be the strategy that will enhance SCG's sustainable growth regardless of any competition circumstances.

### Go Regional

Promoting exports during the economic crisis provided SCG with superior knowledge of neighboring markets and created continuous opportunities. Considering the solid financial conditions and internationally renowned management skills, SCG has implemented policies to expand the core businesses into the high-potential ASEAN region.

The "Go Regional" strategy has undergone modest and reasonable considerations. In the beginning, SCG started exporting and creating trade networks such as establishing representative offices, appointing dealers and building factories following each country's specific demand. Risk management was intense with operations and finance abiding by legal terms of each country. The SCG brand was introduced to ASEAN as a leading conglomerate pursuing to develop the region's economy based on balance and sustainability for all stakeholders while sincerely consider responsibility towards the environment, society, culture, and community. This has, to date, offered SCG the chance to securely and sustainably grow in ASEAN, an important market contributing to our revenue from sales. Interestingly, despite the 2016 economic downturn, SCG's revenue from sales from operations and exports in ASEAN is 97,669 Million Baht, accounting for 23% of the total revenue from sales.





## Knowledge and Virtues, the Core Values of Sustainability

For 103 years, the key success factor of SCG is the dedication of the employees. They are knowledgeable and skillful in their field and responsibilities. SCG has a transparent and fair recruitment system to seek “talented and ethical” individuals. Skill development is accountable and is done individually both in the business aspect and excellence in specific fields. Moreover, psychological development and human management skills are also incorporated so that qualified leaders are developed to fulfill the different working phases. Also, we build an innovative corporate culture and prepare individuals for international tasks by embedding cultural differences mindsets in hopes that every company will securely operate while preserving its unique cultural values.

Aside from knowledge, SCG instills morals of good citizenship in where we operate through the SCG 4 core values and good governance. We encourage employees to dedicate themselves for the benefits of the communities’ true needs, honor local cultures and respect differences. Moreover, we extend this ethical network to our partners as we hope to expand to wider peripheries for sustainable businesses, societies, and countries.

## Following the Royal Footsteps

“

SCG believes that the principles of the Sufficiency Economy can be adapted for everyday lives as well as for businesses. It is a framework of balance and reflection on one’s potentiality along with the economy, society, environment, and culture which will lead to sustainability. With it, obstacles can be overcome and one can continue to sustainably develop to benefit others.

SCG humbly inherits His Majesty the Late King’s royal aspirations and will disseminate our application of the principles of Sufficiency Economy. This will serve as good examples for sustainable growth in large conglomerates as opposed to the more acquainted agricultural applications. We sincerely honor His Majesty King Bhumibol Adulyadej’s royal intelligence in exploring and granting us with such valuable gift for both the Thais and the world. It is a principle truly applicable at every level and has proven to bear tangible, sustainable outcomes.

”



## SCG follows the Royal Initiative of H.M. King Bhumibol Adulyadej in “Sustainable Water Management”

SCG has adopted H.M. King Bhumibol Adulyadej’s Royal Initiative in sustainable water management in its CSR endeavors since 2007. The efforts kicked off with the construction of check dams in forest areas around Siam Cement (Lampang) plant as part of the SCG Conserving Water for Tomorrow project and have continuously expanded to other districts in Lampang as well as other provinces such as Chiang Mai, Prae, Nan, Rayong, Kanchanaburi, Ratchaburi, Saraburi, Khon Kaen, and Nakhon Si Thammarat.

In 2016, SCG joined forces with communities in the SCG Conserving Water for Tomorrow network in the six provinces of Kanchanaburi, Lampang, Khon Kaen, Rayong, Saraburi, and Nakhon Si Thammarat to construct additional check dams in line with the Royal Initiative to reach the goal of 70,000 check dams. The objective was to inspire communities and other sectors to build check dams as an approach to solving drought and flooding issues appropriate to their geographic areas. The objective also extended to improving people’s quality of life, enabling the communities to become self-reliant in a sustainable way. Currently, the network consists of 80 communities in 12 provinces across the nation. More than 70,764 check dams have been built so far with over 85,400 people participating in the project.

The check dams built by SCG and the communities have successfully solved the drought and flooding problems as evidenced by the participating communities that are no longer affected by such recurring problems. Moreover, the forests that have been restored to their original state that create new livelihoods such as mountain waterworks, community enterprises i.e. the Rice Seed Group, the Organic Fertilizer Group, the Detox Herb Group, the Organic Vegetable Group.

SCG is resolved to further promote the construction of check dams along with encouraging the communities to learn to tackle the drought and flooding challenges by themselves. Central to its efforts include the establishment of “Water Conserving Station”, a community water management learning center that serves as a model and inspiration for other communities. The water management efforts have expanded beyond the construction of check dams to solve drought and flooding problems to water management for agricultural purposes. To that effect, the concept of building connected reservoirs initiated by the Pid Thong Lang Phra project in Nan Province was adopted and carried out at Ban Sa Phae, Chae Hom District, Lampang Province, allowing the communities at the foot of the mountain to collect water from the check dams for irrigation in their villages.

SCG in conjunction with the Hydro and Agro Informatics Institute and the Utokapat Foundation Under Royal Patronage of H.M. the King followed in H.M. King Bhumibol Adulyadej’s Royal Initiative by supporting the communities in managing water according to their social geography. The efforts also extended to expanding community water management to tackle drought in the Northeast sustainably as well as developing model communities to share their success stories with other communities and to function as water management learning centers. The endeavors are now taking place in Khon Kaen, Chaiyaphum, Trat, Saraburi, and Nakhon Si Thammarat.

In 2016, SCG organized the Thailand Sustainable Water Management Forum 2016, engaging the government, business, and civil-society sectors to learn, share, and suggest solutions on issues relating to water supply, water management, and water demand in pursuit of a complete and sustainable water management approach.



SCG Conserving Water  
for Tomorrow

**70,000** check dams

Constructed across Thailand



SCG has worked collaboratively with  
the communities to help tackle drought  
and flooding issues sustainability



Water Management Learning Center

## Benefits of Check Dam Construction



### On the Environment

- Help slow down runoff speed, increasing soil moisture in the forests
- Provide communities with adequate water for consumption in the dry season
- Prevent flooding in the rainy season
- Restore over 210,000 rai of forest lands to its original state
- Reduce the number of forest fires
- Increase soil moisture, resulting in more diversified plant and wildlife species in the ecosystem



### On the Economy

- Secure sufficient food sources for consumption, thereby saving household expenses
- Provide water for farming, which generates income for the communities all year round
- Increase the amount of underground water for use by fruit plantations
- Enable the communities to expand to other activities such as establishment of waterworks at the foot of the mountain, community enterprises, homestays



### On the Society and the Culture

- Enable the communities to gain higher income in line with the principles of Sufficiency Economy
- Foster collaboration among people in the community
- Create better understanding and collaboration in the community and attract young people home, resulting in the community and society coexisting harmoniously and happily



## Following the Royal Initiative of H.M. King Bhumibol Adulyadej

In 2017, the SCG Conserving Water for Tomorrow project is committed to Following the Royal Initiative of H.M. King Bhumibol Adulyadej in water management in cooperation with the committees by expanding to more communities and enabling them to learn approaches to solving water-related problems on their own. The efforts include:

- Constructing check dams in every province where SCG operates a plant and nearby provinces and supporting the establishment of a “Water Conserving Station”, a community water management learning center that serves as a model and inspiration for other communities.

- Building connected reservoirs to provide water reserves for communities that have appropriate geographic locations as well as are willing to give up land for public benefit and capable of managing water sources on their own.

- Joining forces with the Utokapat Foundation and the Hydro and Agro Informatics Institute

- To expand community water management efforts to the Northeast as a means to solve the drought problem sustainably

- To create a community basin management network and expand it to other areas. For example, the Chi River basin management network has shared its know-how with the Wang River basin network in Lampang, the Mae Klong River basin network in Kanchanaburi, and the Pa Sak River basin network in Saraburi.

SCG firmly believes that the adoption of H.M. the Late King's Royal Initiative in sustainable water management in an earnest and ongoing basis can help overcome the effects of water imbalance in Thailand. The Company pledges its commitment to following H.M. the Late King's Royal Initiative through working with the communities to serve as a model in water management, empowering the communities to become self-reliant in a sustainable way.

## Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2016	2015	2014	2013	2012
<b>Consolidated Income Statement</b>					
(Million Baht)					
Revenue from sales	<b>423,442</b>	439,614	487,545	434,251	407,601
Costs and expenses	<b>375,236</b>	400,248	461,649	411,322	396,535
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	<b>96,227</b>	82,690	66,493	61,265	45,716
Profit for the year <sup>1</sup>	<b>56,084</b>	45,400	33,615	36,522	23,580
<b>Consolidated Statement of Financial Position <sup>2</sup></b>					
(Million Baht)					
Assets	<b>539,688</b>	509,981	465,823	440,689	395,573
Liabilities	<b>258,070</b>	266,975	256,506	253,927	234,450
Shareholders' equity	<b>281,618</b>	243,006	209,317	186,762	161,123
Equity attributable to owners of the parent	<b>240,023</b>	206,161	177,283	161,538	143,186
<b>Financial Ratio</b>					
Total number of shares issued (Million Shares)	<b>1,200</b>	1,200	1,200	1,200	1,200
Book value per share (Baht)	<b>200.0</b>	171.8	147.7	134.6	119.3
Earnings per share (Baht)	<b>46.7</b>	37.8	28.0	30.4	19.7
Dividends per share (Baht)	<b>19.0</b>	16.0	12.5	15.5	11.0
Dividends payout ratio on profit for the year (%)	<b>40.7</b>	42.3	44.6	51.0	56.0
Return on revenue from sales (%)	<b>13.2</b>	10.3	6.9	8.4	5.8
Return on equity (%)	<b>25.1</b>	23.7	19.8	24.0	16.6
Return on assets (%)	<b>10.7</b>	9.3	7.4	8.7	6.1
EBITDA on total assets (%)	<b>18.3</b>	16.9	14.7	14.7	11.9
Debt to equity ratio (Times) <sup>3</sup>	<b>0.9</b>	1.1	1.2	1.4	1.5
Price earnings ratio (Times)	<b>10.6</b>	12.1	15.9	13.1	22.3
Net debt to EBITDA ratio (Times)	<b>1.5</b>	2.0	2.5	2.6	3.0

<sup>1</sup> Represents profit for the year attributable to owners of the parent.

<sup>2</sup> The figures for year 2013 are reclassified.

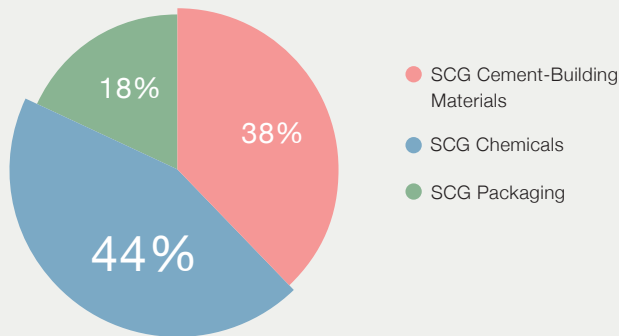
<sup>3</sup> Debt to equity ratio = Liabilities divided by shareholders' equity



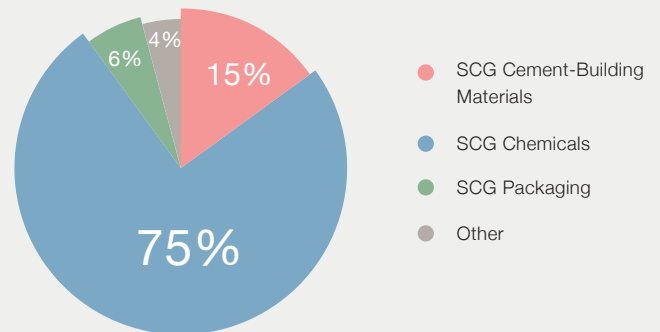
# Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries

## Revenue from sales breakdown 2016

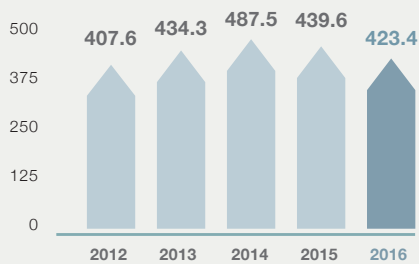


## Profit for the year\* breakdown 2016



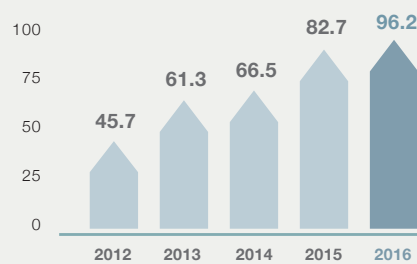
### Revenue from sales

(Billion Baht)



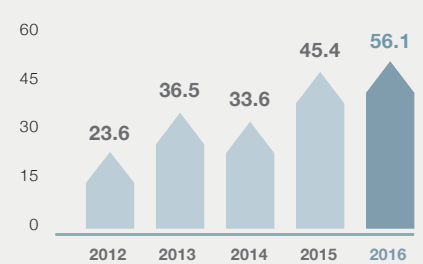
### EBITDA

(Billion Baht)



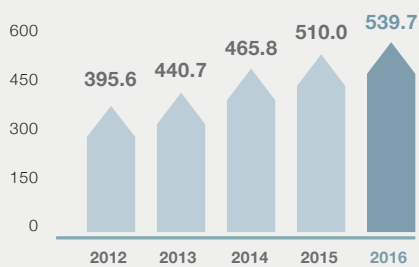
### Profit for the year\*

(Billion Baht)



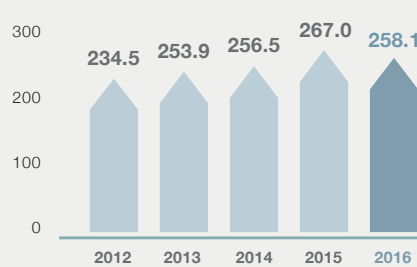
### Assets

(Billion Baht)



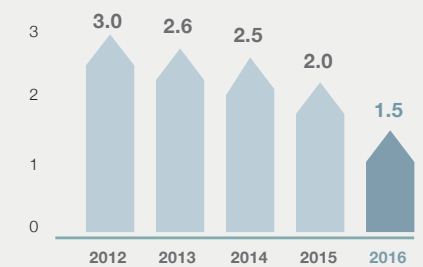
### Liabilities

(Billion Baht)



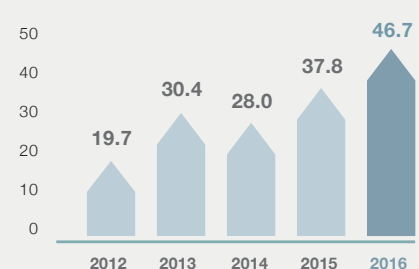
### Net debt to EBITDA ratio

(Times)



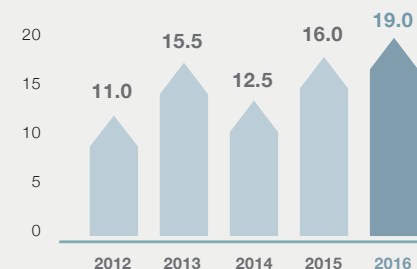
### Earnings per share

(Baht/share)



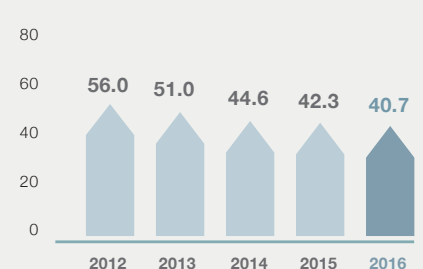
### Dividends per share

(Baht/share)



### Dividends payout ratio on profit for the year\*

(Percent)



\* Profit for the year attributable to owners of the parent.

## Business Highlight

### SCG

Consolidated revenues from sales was 423,442 Million Baht, and consolidated EBITDA was 96,227 Million Baht. Consolidated profit for the year was 56,084 Million Baht, an increase of 24% from the previous year, attributed to the healthy chemicals earnings as a result of lower feedstock costs. Meanwhile, revenue from sales of SCG Cement-Building Materials declined on subdued demand in the domestic market. SCG has pledged to continue expanding its investment in the ASEAN region along with employing innovation to enhance competitiveness in pursuit of becoming ASEAN's sustainable business leader.

### SCG Cement-Building Materials

Revenue from sales was 170,944 Million Baht. EBITDA was 23,186 Million Baht, and profit for the year was 8,492 Million Baht, declining by 17% from the preceding year due to subdued demand in the domestic market that had a downward pressure on prices and sales growth. However, SCG Cement-Building Materials continually focuses on the expansion of its manufacturing base in ASEAN to accommodate government investment as well as local consumption and trading among ASEAN member nations.

### SCG Chemicals

Revenue from sales was 188,163 Million Baht. EBITDA was 59,700 Million Baht, and profit for the year was 42,084 Million Baht, increasing by 48% from the previous year, attributable to improved operating results and lower feedstock costs. SCG Chemicals is committed to promoting research and development to drive value-added products and services as well as innovations that best address application demands in the industrial sectors, both locally and internationally.

### SCG Packaging

Revenue from sales was 74,542 Million Baht, and EBITDA was 10,745 Million Baht. Profit for the year was 3,565 Million Baht, rising by 3% year-on-year, propelled by growing demand for packaging paper in the local and ASEAN markets while the Fibrous Chain reported lackluster operating results. SCG Packaging pledges to develop excellent quality packaging products and services to satisfy a diverse range of application needs.

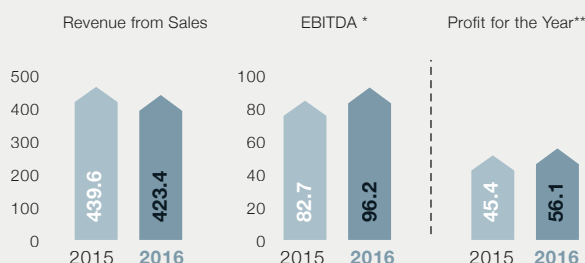
### Other

EBITDA was 2,669 Million Baht, and profit for the year was 2,195 Million Baht. This could be attributed to the operating results of SCG Investment that recorded EBITDA inclusive of dividend from associated companies of 4,443 Million Baht and profit for the year of 6,135 Million Baht after deducting general and administrative expenses.

SCG Cement-Building Materials	14
SCG Chemicals	18
SCG Packaging	22

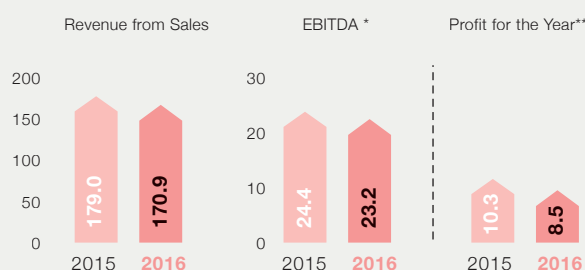
### SCG

(Billion Baht)



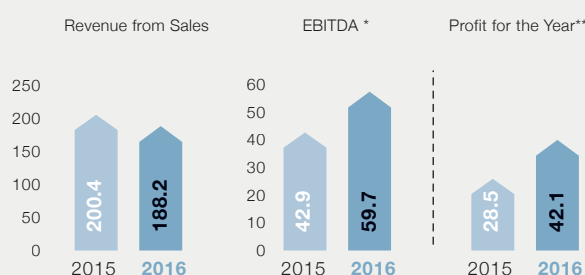
### SCG Cement-Building Materials

(Billion Baht)



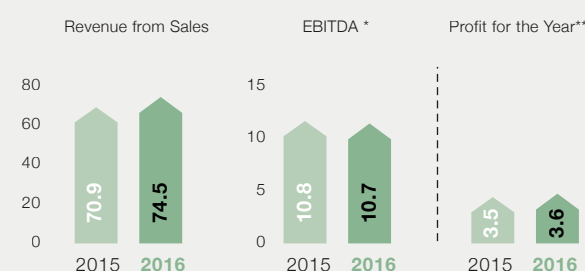
### SCG Chemicals

(Billion Baht)



### SCG Packaging

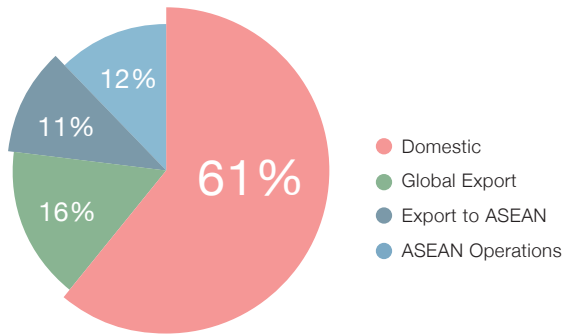
(Billion Baht)



\* Includes dividends from associates.

\*\* Profit for the year attributable to owners of the parent.

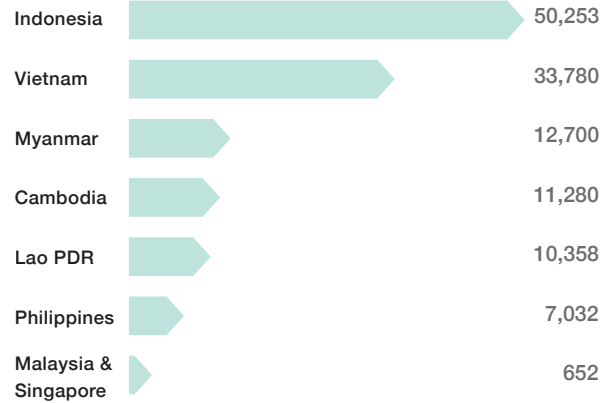
### Revenue from sales Breakdown



ASEAN Operations >> subsidiaries in ASEAN  
Export Destinations >> from Thai subsidiaries

### Regional operations - Assets in ASEAN

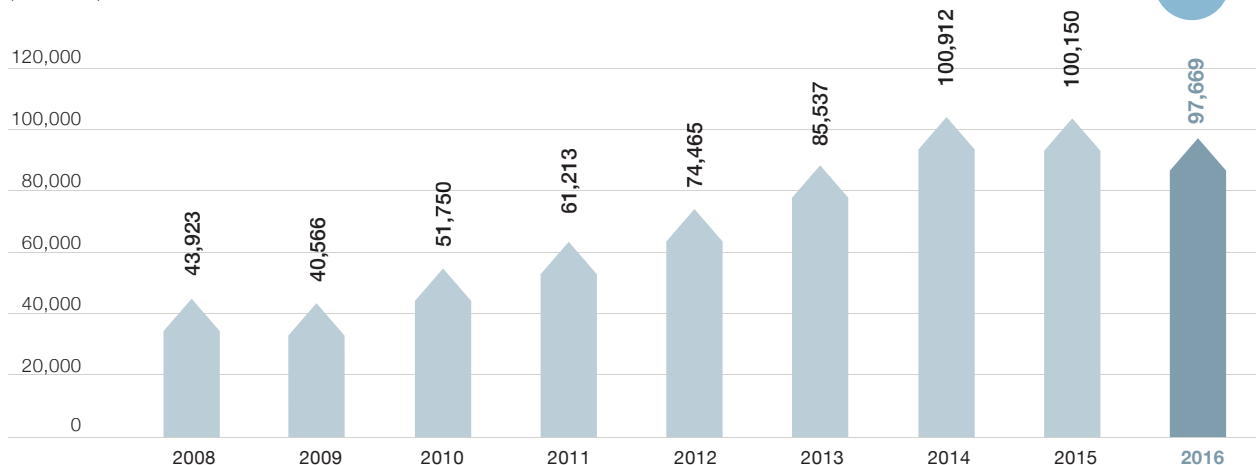
(Million Baht)



Total Assets in ASEAN = 126,055 Million Baht  
(23% of Total Assets)

### Revenue from Export to ASEAN and Sales in ASEAN

(Million Baht)

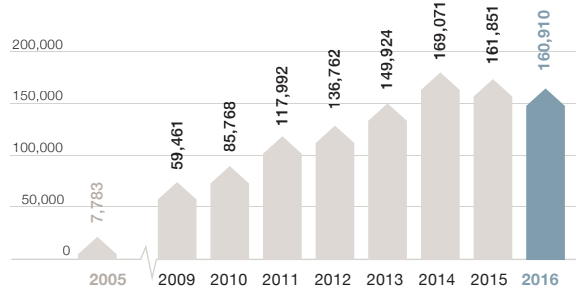


### Percentage of Revenue from Sales from ASEAN Operations

5% 7% 7% 7% 8% 9% 9% 11% 12%

### Revenue from Sales of HVA

(Million Baht)

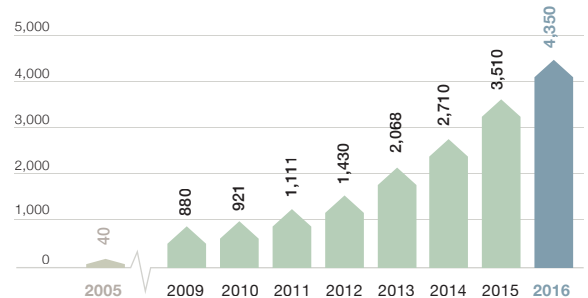


HVA as a percentage of Revenue from Sales

4% 25% 29% 32% 34% 35% 35% 37% 38%

### R&D Spending

(Million Baht)



R&D Spending as a percentage of Revenue from Sales

0.5% 0.6% 0.8% 1%



SCG's ASEAN expansion strategy has resulted in business operations in multi-location approach. The utilization rate maximization of the new green field cement plants in Cambodia and Indonesia is further assisted by the integration to the downstream subsidiaries. At the same time, the Thai operations continue to operate for both domestic demand and the pre-market efforts for the regional countries while placing an increased emphasis towards the development of new products and services to serve customer needs.



## Operating Results

- In 2016, domestic demand for cement declined slightly compared to the previous year. The domestic demand came from the government infrastructure projects while the demand from the household and private sectors witnessed some growth slowdown. The cement exports has decreased slightly compared to the year before.
- Revenue from sales of SCG Cement-Building Materials totaled 170,944 Million Baht, falling by 4% from the previous year. EBITDA was 23,186 Million Baht, a drop of 5% year-on-year, and profit for the year was 8,492 Million Baht, down 17% from the year before.





## SCG Cement-Building Materials

Revenue  
from sales

170,944

Million Baht

EBITDA

23,186

Million Baht

### Market and Competition

- Domestic demand for cement and building materials slackened due to the lack of consumer confidence and declining purchasing power. However, SCG Cement-Building Materials managed to maintain its leadership status in the building materials market through the continued development of high value-added products and services that address customers' needs and requirements.

- Overall, the reboot growth in the demand for building materials in ASEAN was fueled by the cement and building materials market expansion. Cambodia, in particular, witnessed a steady growth driven by the housing and commercial building projects and the government's large-scale infrastructure projects such as road network.

In Myanmar, the growth was propelled mainly by the government's infrastructure projects and private investment projects, especially factories in various special economic zones. However, high-rise building projects slight regression development in the third quarter as the government was reviewing the high-rise building permits. The growth in Vietnam and the Philippines was spurred by government infrastructure projects such as the subway train initiative in Vietnam and the government's policy to promote housing in the Philippines. Likewise, construction projects in Indonesia saw an uptick in growth from the previous year in light of the government's infrastructure projects such as the expressway, airport, dam, and high-speed train.

## Financial Information

### SCG Cement-Building Materials

(Million Baht)

	2016	2015	2014	2013	2012
<b>Information from Statement of Financial Position</b>					
Current assets	<b>58,279</b>	56,348	53,566	51,935	38,736
Assets	<b>203,068</b>	187,976	168,662	155,711	129,818
Liabilities	<b>103,198</b>	105,242	85,937	72,699	63,544
Shareholders' equity	<b>99,870</b>	82,734	82,725	83,012	66,274
<b>Information from Income Statement</b>					
Revenue from sales	<b>170,944</b>	178,988	185,423	174,642	154,537
Costs and expenses	<b>163,503</b>	168,306	170,565	158,350	140,050
Profit for the year <sup>1</sup>	<b>8,492</b>	10,250	13,180	16,092	13,129
EBITDA <sup>2</sup>	<b>23,186</b>	24,395	26,683	26,274	23,009

<sup>1</sup> Profit for the year attributable to owners of the parent.

<sup>2</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

## Organizational Development

### Business Development

- Acquired and restructured a stone building material business appraised at 1,161 Million Baht and a production capacity of 4 million tons per year at Amphoe Chalermprakiet, Saraburi province. Commencing operations in the third quarter of 2016, the new stone mill was upgraded and developed to become an operating model for stone mill business in Thailand, using the technology from the cement plant to reduce production costs and minimize impacts on the surrounding environment and community. The manufacturing process was also streamlined to maximize resources.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to prudence and virtues]**

### Human Resources Development

- Studied and gained insights into the needs of the employee development to design and develop appropriate training courses that integrate work process and learning to align with the role-based competency. The objectives were to support the business direction in tune with the corporate strategic plan and sustainably promote the career advancement of employees both at locally and aboard.

- Promoted diversity in the workplace both locally and abroad. The focus was to properly ensure the happiness, the safety, and the quality of work life for employees in a fair manner.

- Provided opportunities for employees to demonstrate their potential by adopting the concept of Open and Challenge, empowering them to develop innovations and technology as well as high value-added products and services to benefit customers, society, and all stakeholders.

- Promoted and supported “SCG Marketing Way: Building Trusted Innovation” by building trust in creating innovations that help uplift the quality of life of customers and other people with collaboration of SCG People, business partners, distributors and related parties

**[Operating business in accordance with the principles of Sufficiency Economy with regard to virtues and reasonableness]**

### Innovation Development

- Passive Stack Ventilation System : the combination of natural ventilation strategy, which depends on the amount of the movement of external air, and the external air temperature and a ventilation system using a solar powered fan with a smart control to provide optimum cooling comfort and reduce the build-up of heat during the day.

Our Lampang cement plant has established a strong relationship with the surrounding community to work collaboratively to conserve natural resources. Chief among the efforts is the check dam construction project dedicated to restoring forest to its natural conditions. The company has also supported the learning of the community while maintain their traditional way of life such as organic agriculture, social enterprise rice mill to build on the body of knowledge, empowering them to prepare for change and stride towards a sustained and balanced development.



### Mr. Surachai Nimlaor

Managing Director  
The Siam Cement (Lampang) Co., Ltd.



- SCG Eldercare Solution, a housing innovation for the elderly. A wide range of innovations dedicated to offering maximum safety throughout the house have been added with the focus on solutions to the problems associated with joints and muscles in the lower body

- Tiger Décor White Plastering Cement for Ancient Heritage. Manufactured using molecular structure technology, the cement allows for good dissipation of stored moisture within the building. Friendly to existing buildings, Tiger décor white plastering cement offers excellent convenience, ease of use, and is safe for users.

- Concrete Fabric, an innovation that combines cement and canvas technologies. Lightweight, fast, and easy to install, the concrete fabric is used in a variety of applications.

- A wood substitute product for door and window frames and floors that resemble natural wood texture, using extrusion technology and fiber-reinforced composites to provide greater strength, durability, and longer use. With digital printing technology, the product provides a finish similar to natural wood. Ideal for both interior and exterior applications.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to knowledge and reasonableness]**

## Sustainable Development in Business Operations

- Conducted business with the concern of achieving a balance in economic, social, and environmental dimensions. Examples included enhancing energy efficiency in the manufacturing processes and using waste from the community as a fuel substitute to help tackle the waste problem and minimize environmental impacts.

- Devised a plan and prepared the workforce as well as implemented risk management encompassing the areas of safety, health, the environment, laws and regulations, and natural disaster management to ensure smooth business operations with no disruption to the overall economy.

- Studied, researched, and developed new products. The company is committed to researching and developing to substitute natural raw materials from waste materials to achieve sustainable business operations.

- Supported and strengthened the civil society through various activities which include check dam construction, SCG Education Clinic, Community Career Promotion project, and Waste Bank initiative, in order to contribute to a better quality of life and sustainable happiness in the community.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to moderation, prudence, knowledge and virtues]**





SCG Chemicals witnessed satisfactory operating results as the petrochemical industry has been experiencing an upswing since 2015. Increase in supply was lower than the growing demand in the market whilst most manufacturers managed to maintain their production at high capacity. The company has pledged to develop and increase sales of HVA products along with enhancing production efficiency and expanding business both domestically and internationally as planned.

## Operating Results

In 2016, revenue from sales of SCG Chemicals totaled 188,163 Million Baht, declining by 6% from the year earlier due to the sagging prices triggered by the drop in crude oil prices and scheduled plant maintenance at Rayong Olefins Co., Ltd. in the fourth quarter. Nevertheless, EBITDA was 59,700 Million Baht, and profit for the year was 42,084 Million Baht, up 39% and 48%, respectively year-on-year, attributable to wider product-to-feed margins as a result of persistent tight supply.





## SCG Chemicals

Revenue  
from sales

# 188,163

Million Baht

EBITDA

# 59,700

Million Baht

### Market and Competition

- In 2016, the chemicals industry was experiencing an upswing, thanks to the dwindling output from new derivatives plants. Also, increase in supply was lower than the growing demand in the market, resulting in wider product-to-feed margins which contributed to SCG Chemicals' improved operating results.

- The prices of naphtha, the main feed, was 398 USD per ton, a drop of 19% from the previous year due to falling crude oil prices amid continued oversupply. The average prices of polyethylene and polypropylene resins were 1,132 and 1,051 USD per ton, a decrease of 8% and 9%, respectively year-on-year. However, in spite of lower product prices, the plummeting feedstock prices provided larger cost

advantage, leading to wider product to-feed margins.

- On competition, the resin prices in the petrochemical business are cyclical subject to fluctuations tied to global resin prices and oil prices, which determine the cost of raw materials. To counteract the high volatility in resin and raw material prices and to prepare for critical situations, SCG Chemicals has pledged to develop numerous high value-added products and services (HVA). The emphasis is placed on research and development to create innovative products that better address the emerging application needs of customers. The company also utilizes its know-how and expertise in petrochemical operations to drive innovations and services to provide industrial solutions.

## Financial Information

### SCG Chemicals

(Million Baht)

	2016	2015	2014	2013	2012
<b>Information from Statement of Financial Position</b>					
Current assets	<b>49,274</b>	45,769	47,070	51,321	46,423
Assets	<b>193,465</b>	185,583	183,884	192,063	176,837
Liabilities	<b>64,321</b>	79,818	99,133	109,273	99,968
Shareholders' equity	<b>129,144</b>	105,765	84,751	82,790	76,869
<b>Information from Income Statement</b>					
Revenue from sales	<b>188,163</b>	200,433	248,118	209,997	203,539
Costs and expenses	<b>146,196</b>	170,433	237,386	202,921	206,946
Profit for the year <sup>1</sup>	<b>42,084</b>	28,488	12,461	11,292	2,690
EBITDA <sup>2</sup>	<b>59,700</b>	42,900	26,142	20,342	8,628

<sup>1</sup> Profit for the year attributable to owners of the parent.

<sup>2</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

## Organization Development

### Business Development

- Continuously developed special grades of resins for various applications such as medical devices, electrical appliances, automotive parts, and packaging, resulting in sales of HVA products and services that accounted for 54% of total revenue from sales.

- Expanded the Integrated Business Excellence (IBE) System. In 2016, the efforts allowed for the increased productivity of the plants, rearrangement of product groups, and cost reduction amounting to 3,100 Million Baht. To leverage innovation management, the company has implemented the Innovation Management Process (IMP) dedicated to enhancing the knowledge and capabilities in driving the innovations of the company.

- Increased capacity of low-density polyethylene (LDPE) to expand into the coating market, especially the high value-added coatings for aseptic packaging. The capacity expansion project, which increases the capacity from 92,000 to 152,000 tons per year, is slated for completion in 2017.

- Commenced manufacturing and supplying of a New Generation PE (PE 112) for plastic pipes used in mining and water supply. The improved mechanical properties of the new resins enable the reduction of pipe thickness, easy transportation, and better corrosion resistance by 40%, thereby ensuring the longer useful life of the pipes.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to moderation, reasonableness, and prudence]**

### Human Resources Development

- Promoted and developed learning of employees under supervision of the SCG Chemicals Academy committee tasked with overseeing the skills development of employees at all levels. To ensure the highest learning efficiency, the learning from experience: learning from others: formal learning model with a ratio of 70:20:10 has been employed.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to prudence and knowledge]**

### Innovation Development

- Developed a manufacturing process for a New Generation PE with improved mechanical properties. The company registered eight patents in 2016 and is upgrading the existing polyethylene plant to showcase such manufacturing technology. The plant upgrade is expected to be completed in 2018. The New Generation PE is ideal for various applications. Chief among them are the very thin film that uses less materials whilst maintaining the same strength, and high pressure pipes that provide better chemical resistance.



SCG Chemicals has adopted the principles of Sufficiency Economy to enhance the well-being of communities surrounding the plants and to establish a sustainability network. The endeavor kicked off with using sample PE 100 pipes to build fish homes. In the past five years, more than 800 fish homes have helped revive the coastal ecosystem, thereby generating income for the community from the increased abundances of fish and coastal fisheries resources. The company also worked with the local fishing community to designate a “no-take” zone spanning an area of 1,000 square meters where the fish homes were built. The protected area was designed to preserve a nursing area for juvenile aquatic resources. In addition to supporting the crab bank project where the crabs are raised until they spawn, SCG Chemicals joined forces with the Neun Kho fishing community in Rayong to set up a fishery learning center to provide knowledge to the fishing community, the youths, and the general public. All the efforts were designed to empower the locals to have stability in their own community, leading to a sustainably strong and self-reliant community.



### Mr. Noppadol Chunruang

CSR Manager  
SCG Chemicals



- Launched an innovation called Functional Material that works as an additive under the trademark (CIERRA™) at K 2016 in Germany. Developed in collaboration with Oxford University in the United Kingdom, CIERRA™ has three main applications: flame retardant polymers, barrier packaging and antimicrobial additives for consumer products.

- Provided robotic inspection and in-depth data analysis service for outside clients such as inspection of pipes in the olefin furnaces at petrochemicals plants and inspection of cables on large suspension bridges in collaboration with Expressway Authority of Thailand (EXAT). The commercialization of the robotics and data analysis system is a key mechanism to drive the Thailand robotics industry and reduce reliance on imported technology.

- The Design Catalyst unit offered product design to enhance product performance for clients. Examples include:

- A specially-designed syringe waste cartridge to ensure convenience and safe disposal of needles.
- Plastic water buoys for installation of floating solar panels in different water sources such as dams, water reservoirs, and wells to maximize water source management. They are designed to provide easy installation, save space, and accommodate various installation requirements to align with the landscape.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to moderation and prudence]**

## Sustainable Development in Business Operations

- SCG Chemicals has focused on developing eco-friendly products, services, and processes, resulting in sales of SCG eco value accounting for 52% of total revenue from sales. Furthermore, the company has pledged to promote the livelihood and uplift the quality of life of the communities surrounding the plants, generating extra income of 15 Million Baht annually. Added to this was the establishment of 13 social enterprises in Rayong Province.

- Shared and transferred knowledge with the surrounding communities and industrial plants to help build eco-factories and communities in Thailand. Examples included:

- Khao Yai Da Water Conserving Station in Rayong, an eco-learning center dedicated to promoting water management and the principles of Sufficiency Economy to the community.
- Neun Kho Fishery Learning Center in Rayong dedicated to transferring knowledge on the sustainable conservation of coastal and marine ecosystems
- Shared knowledge as a pioneering eco factory to empower other factories to operate in accordance with the eco factory criteria

**[Operating business in accordance with the principles of Sufficiency Economy with regard to moderation, prudence, knowledge and virtues]**





Flexible Packaging that contains eye-catching design with hygienic property while maintaining products' lifetime value



SCG Packaging underwent a name change from SCG Paper to SCG Packaging in 2015 to reflect the corporate strategy that greatly focuses on packaging and in alignment with the goal to further expand its business in ASEAN as evidenced by step into flexible packaging business over the past two years. Moreover, having positioned itself as a Total Packaging Solutions Provider, SCG Packaging is committed to developing and providing a full range of excellent quality packaging products and services to customers in an ongoing and sustainable manner.



## Operating Results

In 2016, revenue from sales of SCG Packaging amounted to 74,542 Million Baht, increase of 5% compared to 2015 on the back of growing sales volume. EBITDA was 10,745 Million Baht, a decrease of 1% from the year earlier, and profit for the year was 3,565 Million Baht, rising by 3% year-on-year.

**Packaging Chain:** Total sales volume rose 7% compared to 2015 due to the increasing demand for packaging paper and corrugated containers especially in ASEAN which recorded a 4% growth from the previous year.

**Fibrous Chain:** Total sales volume of printing & writing paper grew 1% compared to 2015, attributable to a rise in export revenue amidst of steady decline in domestic demand.





## SCG Packaging

Revenue  
from sales

74,542

Million Baht

EBITDA

10,745

Million Baht

Food Safe Packaging  
“Fest”

### Market and Competition

- In 2016, domestic demand for corrugated containers witnessed a modest growth as a result of subdued consumption. However, demand in ASEAN grew continuously, particularly in Vietnam, prompting corrugated containers manufacturers in the region to increase their production capacities, leading to an intense price competition. This posed a challenge for manufacturers to streamline their operational efficiency to better address customer needs and maintain sustainable business growth.

- Domestic demand for packaging paper remained stable whereas demand in ASEAN increased steadily, in conjunction with the economy and export-oriented manufacturing.

- Domestic demand for printing & writing paper relapsed steadily from the substitution of digital media. Meanwhile, imports in 2016 dropped year-on-year whilst the copy paper industry faced strong price competition from manufacturers in China and Indonesia.

### Organizational Development

#### Business Development

- Expanded the domestic production capacity of flexible packaging for consumer products including diapers and flexible refill pouch packaging. Prepack Thailand Co., Ltd. expanded capacity in Samut Sakhon province for an additional 70 million square meters per year. The expansion project was completed and began operations in the first quarter of 2016.

## Financial Information

### SCG Packaging

(Million Baht)

	2016	2015	2014	2013	2012
<b>Information from Statement of Financial Position</b>					
Current assets	<b>24,558</b>	24,295	22,969	21,782	19,927
Assets	<b>85,369</b>	83,218	73,987	65,169	58,439
Liabilities	<b>32,617</b>	34,892	29,150	26,133	22,656
Shareholders' equity	<b>52,752</b>	48,326	44,837	39,036	35,783
<b>Information from Income Statement</b>					
Revenue from sales	<b>74,542</b>	70,907	64,614	59,135	57,430
Costs and expenses	<b>70,330</b>	66,838	60,368	54,731	53,127
Profit for the year <sup>1</sup>	<b>3,565</b>	3,463	3,448	3,587	3,560
EBITDA <sup>2</sup>	<b>10,745</b>	10,831	9,718	9,473	8,844

<sup>1</sup> Profit for the year attributable to owners of the parent.

<sup>2</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

- Expanded the manufacturing base for packaging paper through investment in capacity expansion at Vina Kraft Paper Co., Ltd. in Vietnam, increasing additional output capacity by 243,000 tons annually. The investment was in response to the fast-growing demand for packaging paper in Vietnam. The expansion project was commenced operations in the first quarter of 2017, three months earlier than previously planned.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to reasonableness and knowledge]**

#### Human Resources Development

- Applied Workforce Planning model, along with an analysis of the workforce as well as employees' knowledge and skills to support recruitment and development of a sufficient number of employees that would accommodate both current business demands and future business plans.
- Enhanced Learning and Talent Transformation Program to ensure employees will be well-prepared for challenges in fast-changing industry.
- Implemented the Performance Management System to ensure mutual understanding of objectives and fairness in performance appraisal through communication between supervisors and employees. This is another way for supervisors to understand their employees better and offer them with proper support.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to prudence knowledge and virtues]**

#### Innovation Development

- OptiBreath®, a packaging solution for exported fruits and vegetables that extends the shelf life of fresh fruits and vegetables by 50% compared to conventional packaging. With the special inorganic filler technology, OptiBreath® allows the right exchange of gases and vapour through the package that dramatically extends the shelf life of product.
- Flat Bottom flexible packaging that stands well on the shelf. In spite of the content's weight, the packaging holds its shape firmly, making it ideal for display and adding value to the product.
- PopTech : Point of Purchase Technology displays, using corrugated paper as the main material to accommodate customer demands for various shelf designs that can be reused. PopTech displays are easy to assemble, use and save space, thereby reducing transportation costs and being friendly to the environment.
- Fest, a food safe packaging, has been further promoted by aggressively tapping into retail stores and providing additional packaging design service to address the application needs of customers for various occasions.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to prudence]**

SCG Packaging has long adopted the principles of Sufficiency Economy in sourcing and supply management in which we place an importance of knowledge management in sourcing raw materials. The sourcing and supply of raw materials are carried out by diligently taking into consideration the demands for the materials according to the production plan, enabling the company to continuously accommodate customer needs and to minimize the material shortage problem. The company also pledges to create immunity by developing and fostering a network with suppliers to obtain materials at a reasonable price with good services, yet emphasizes quality over pricing. Additionally, it is imperative that the sourcing and supply management of raw materials shall be ethical, transparent, and verifiable throughout the process; starting from the decision to source raw materials and supplier selection to the inspection of raw material quality.



**Mr. Krittasak Vecharoenying**  
*Director-Sourcing and Supply Management*  
*Siam Kraft Industry Co., Ltd.*



## Sustainable Development in Business Operations

- Conducted business with the concern of the importance of enhancing energy efficiency through various means. Examples included using alternative energy, investing in energy-saving projects, and raising awareness on energy conservation among employees. The projects are as follows:

- A project designed to reduce energy consumption in the manufacturing process by recapturing waste heat for reuse
- A project dedicated to improving the efficiency of steam traps
- A project designed to replace fluorescent tubes with LEDs
- A project designed to generate biomass gases from eucalyptus chips, waste from the pulp production process, for use in lieu of fuel oil in lime kilns.

- Streamlined the manufacturing process to minimize waste materials and water consumption. In addition, water from manufacturing process was recycled and waste water such as cooling water and water for cleaning felts and wire were treated for reuse.

- Reduced and reused waste materials by installing a lime kiln to reduce lime mud, waste material from pulp production, resulting in calcium carbonate which can be used as raw material in pulp production.

- Took care of communities surrounding the plants and all stakeholders to ensure sustainable coexistence through numerous socially responsible projects. For instance, SCG Packaging has joined forces with the communities to construct over 70,000 check dams across Thailand according to the H.M.King Bhumibol Adulyadej's Initiatives. The Green Mart project provided channels for communities nearby the plants to promote their community products. SCG Packaging Happy Community project was dedicated to promoting careers and supporting community enterprises to earn supplementary income in which the value of these products were uplifted due to a renovated packaging designs, as they were produced and re-packaged as gifts for the New Year Festival. SCG Packaging 9<sup>th</sup> Green Academy was designed to instill a sense of environmental concern among the youths in the communities surrounding the plants. On top of this was SCG Packaging x Wallpaper\* The Challenge 2016 under the theme of "Creating Value for Society". The contest provided opportunities for a new generation of young people to showcase their creativity and talent in packaging design. The packaging from the contest will be adopted for practical use to increase the value of community products.

**[Operating business in accordance with the principles of Sufficiency Economy with regard to moderation, prudence, knowledge and virtues]**

# Sustainability Highlights 2016

## Sustainability Performance



### HVA Products and Services

2015	2016
<b>37</b> percent	<b>38</b> percent

of revenue from sales



### SCG eco value Products and Services

2015	2016
<b>26</b> percent	<b>40</b> percent

of revenue from sales



### Environmental Expenditure (percent of revenue from sales)

2015	2016
<b>3,016</b> Million Baht	<b>2,686</b> Million Baht
<b>0.69</b> percent	<b>0.63</b> percent



### Research & Development Investment (percent of revenue from sales)

2015	2016
<b>3,510</b> Million Baht	<b>4,350</b> Million Baht
<b>0.80</b> percent	<b>1.03</b> percent



### Green Procurement Purchased

2015	2016
<b>9,838</b> Million Baht	<b>9,936</b> Million Baht



### Alternative Fuel

2015	2016
<b>10.9</b> percent	<b>10.7</b> percent



### Hazardous/Non-hazardous Waste to Landfill

2015	2016
<b>0.0/0.2</b> percent	<b>0.0004/0.001</b> percent



### Carbon Label Certified (Carbon Reduction Label and Carbon Footprint Label)

2015	2016
<b>132</b>	<b>531</b>

items



### GHG Emissions (compared with BAU 2007)

2015	2016
<b>Decrease 1.46</b> Million tons	<b>Decrease 1.81</b> Million tons
<b>5.5</b> percent	<b>7.0</b> percent



### Lost Time Injury Frequency Rate (Employee/Contractor)

2015	2016
<b>0.073/0.055</b>	<b>0.041/0.045</b>

Case/200,000 man-hour



### Enhance Professional Skill of Fleet Carrier Employees through Trainings from Skills Development School

2015	2016
<b>12,564</b>	<b>12,196</b>

persons

### Dow Jones Sustainability Indices (DJSI) / Robeco Sustainable Asset Management



2015	2016
Industry Leader for the 5 <sup>th</sup> Consecutive Year Gold Class for the 8 <sup>th</sup> Consecutive Year	Listed on Dow Jones Sustainability Indices (DJSI) for 13 Consecutive Years



### Social Contribution (percent of revenue from sales)

2015	2016
<b>591</b> Million Baht	<b>710</b> Million Baht
<b>0.13</b> percent	<b>0.17</b> percent



### Sharing Opportunities Drawing the Future Program

2015	2016
<b>130</b> projects	<b>190</b> projects
<b>15.9</b> Million Baht	<b>21.6</b> Million Baht



### Number of Check Dam

2015	2016
<b>68,445</b>	<b>70,764</b>

units



## Major Projects and Activities

### Anti-corruption Efforts

In addition to a declaration of the anti-corruption policy, SCG operates its business with adherence to integrity, transparency, and accountability resulting in the recognition of SCG as a Certified Company from the Private Sector Collective Action Coalition against Corruption (CAC). In 2016, to ensure compliance with the anti-corruption policy, SCG developed Ethics e-Testing into three levels to align with employees' roles, duties, and responsibilities. Every Thai employee was required to pass the test with a 100% score.

SCG has provided the Anti-corruption Compliance Evaluation Checklist for high risk operational functions in term of corruptions e.g. procurement, marketing, project development and facility management. The results will be subsequently used to streamline the operational performance.

### Safety First

Believing that every life is precious, SCG is resolved to become a work-related injury- and illness-free operation. To sustainably achieve the goal, it is imperative to embed a safety culture in day-to-day operations with the supervisors being a role model and leading by example by committing themselves to safety. In 2016, SCG Cement-Building Materials put in place several operational systems to provide preventive guidelines and minimize accident impacts at every plant. The company also developed tools and equipment to enhance operation efficiency and safety for working in high places such as Truss Sky Walker that reduced accidents tremendously. Another preventive measure included preparing a Delivery Plan specifying truck stops and high risks areas on different routes throughout the country which can be monitored in real-time around the clock from the Logistics Command Center at the Corporate Headquarters, Bang Sue.

### Closed Coal Operation

Each year, SCG uses more than 2 million tons of coal. Since coal transport and storage may pose risks of releasing coal dust emissions into the environment or spilling them onto the community, adversely affecting air quality, SCG has adopted the closed coal operation system in its coal transport. The system was used for the first time in Thailand at the Wat Bandai project in Nakhon Luang District, Phra Nakhon Si Ayutthaya Province where the whole coal transport and storage process was carried out in a closed system. From the loading port, the truck was completely covered with canvas and water spray was used to mitigate coal dust, thereby significantly reducing the spillage of coal dust during the transit to the customer's coal stockyard. Before leaving the coal storage site, a wheel washing system will clean the tires of a truck and water is sprayed to clean the truck to minimize impact to the environment.

### Close, Control & Change

SCG carried out a campaign under the theme Close, Control, and Change to enhance employees' awareness and engage them in efforts to use energy efficiently, enable them

to apply it in their daily life. To achieve the goal, two activities: 1. Energy Best Idea and 2. Energy Ambassador were carried out with the focus on encouraging employees to suggest their energy-saving ideas. The activity successfully drew a total of 546 energy-saving tips. The Energy Ambassador activity, provided opportunities for representatives from each business unit to become Energy Ambassadors who serve as model energy conservationists, publicizing and encouraging employees to take part in energy conservation.

### SCG Eldercare Solution to Address the Demand of Aging Society

With deteriorating health and physical ability to perform daily activities, the elderly need extra care from the family. To address the challenges faced by families with senior members, SCG has developed a broad range of product and service solutions under the name SCG Eldercare Solution. It encompasses providing consultancy, designing a new house, or renovating the existing home to facilitate the activities of the elderly to minimize risks from tipping or other in-house accidents. The Company focuses on publicizing SCG Eldercare Solution to a broad scale so as to stimulate people in society to attend the challenges of the elderly with love and care for the persons dear to the heart of every family member.

### A Model in Water Footprint Assessment

SCG pledges to study and evaluate the Company's water footprint to formulate a plan on water management, to minimize the risks associated with quantity and quality of water used, and to evaluate efficiency, wastewater reduction, and water contaminant reduction. To that effect, a project dedicated to studying a model approach to the corporate water footprint of the cement industry was conducted in cooperation with faculty members from the Faculty of Engineering, Chiang Mai University at Kaeng Khoi cement plant in Saraburi, using the ISO14046 Water Footprint Assessment standard based on life cycle assessment. The project is now in the phase of making a list of water use as well as the compilation and quantification of inputs and outputs. The next phase is to evaluate environmental impacts from water consumption at the plant to pave the way for further study.

### Turning Fly Ash into Eco Brick

With its commitment to industrial waste management, SCG has developed innovative technology to turn fly ash into special quality construction material under the trade name EcoBrick. In 2016, SCG turned 4,275 tons of fly ash into 9,101 tons of EcoBrick. The product was also donated to build public places such as the base of the Buddha Image at Wat Nong Sue in Tha Muang District, Kanchanaburi Province, and a dormitory for hill tribe students in Mae Sariang District, Mae Hong Son Province.

## Supplementary Information

Investment in subsidiaries, joint ventures, associates and other companies of which their operations are significant.

Name	Principal Business / Products	Location (Head Office / Factory)
<b>SCG Cement-Building Materials</b>		
<b>Subsidiaries</b>		
1 SCG Cement Co., Ltd.	Holding company	Bangkok
2 The Concrete Products and Aggregate Co., Ltd.	Holding company and ready-mixed concrete	Bangkok
3 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement	Saraburi
4 The Siam Cement (Ta Luang) Co., Ltd.	Cement	Saraburi
5 The Siam Cement (Thung Song) Co., Ltd.	Cement	Nakorn Sri Thamaraj
6 The Siam Cement (Lampang) Co., Ltd.	Cement	Lampang
7 Khammouane Cement Co., Ltd.	Cement	Lao PDR
8 Siam Mortar Co., Ltd.	Dry mortar	Saraburi
9 The Siam White Cement Co., Ltd.	White cement	Saraburi
10 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
11 Cementhai Energy Conservation Co., Ltd.	Energy service	Bangkok
12 Eco Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
13 Siam Research and Innovation Co., Ltd.	Research and development	Saraburi
14 SCI Eco Services Co., Ltd.	Industrial waste disposal	Bangkok / Saraburi / Nakorn Sri Thamaraj
15 PT Pion Quarry Nusantara	Aggregates	Indonesia
16 PT SCG Pipe and Precast Indonesia	Concrete products	Indonesia
17 PT Semen Lebak	Cement	Indonesia
18 PT SCG Readymix Indonesia	Ready-mixed concrete	Indonesia
19 PT CPAC Surabaya	Ready-mixed concrete	Indonesia
20 Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
21 CPAC Lao Co., Ltd.	Ready-mixed concrete	Lao PDR
22 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam
23 Myanmar CPAC Service Co., Ltd.	Ready-mixed concrete	Myanmar
24 CPAC Concrete Products (Cambodia) Co., Ltd.	Precasted slab	Cambodia
25 Silathai Sanguan (2540) Co., Ltd.	Aggregates	Khonkaen
26 Silasanon Co.,Ltd	Aggregates	Saraburi
27 SCG Building Materials Co., Ltd.	Holding company	Bangkok
28 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok
29 MRC Roofing Co., Ltd.	Holding company	Bangkok
30 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies.

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam.

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3060-1	66-2586-3072	Ordinary shares	122	4,894	100	100
66-2555-5000	66-2555-5003	Ordinary shares	104	10,416	100	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100	100
(85621) 243-435-6	(85621) 243-437	Ordinary shares	28	9,616	100	100
		Preferred shares	0.05	18		
66-3624-0000-98	66-3624-0083	Ordinary shares	4	443	100	100
66-3621-8400	66-3635-1219	Ordinary shares	2	200	100	100
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100	100
66-2586-2410	66-2586-3098	Ordinary shares	13	1,310	100	100
66-3628-9103	66-3628-1212	Ordinary shares	1	50	100	100
66-3627-3152-63	66-3627-3151	Ordinary shares	1	100	100	100
66-2962-7295-7	66-2962-7298	Ordinary shares	2	187	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.001	16	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	15	466	100	100
(6221) 791-83751	(6221) 791-80919	Ordinary shares	0.04	1,193	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	9	264	100	100
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100	100
66-2728-8800	66-2728-8801	Ordinary shares	8	800	100	100
(85621) 720-385	(85621) 720-224	Ordinary shares	0.05	31	100	100
(8483) 602-7111	(8483) 713-3707	**	-	178	100	100
(951) 681-351	(951) 681-351	Ordinary shares	4	148	100	100
(88523) 990-406	-	Ordinary shares	0.001	17	100	100
66-4335-8031	66-4335-8033	Ordinary shares	1	54	100	100
66-2555-5000	66-2555-5003	Ordinary shares	5	505	100	100
66-2586-3333	66-2586-2761	Ordinary shares	190	19,009	100	100
66-2586-3333	66-2586-2761	Ordinary shares	7	193	100	100
66-2555-0055	66-2555-0001	Ordinary shares	8	762	100	100
66-2586-3333	66-2586-2761	Ordinary shares	60	6,037	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
31 Cementhai Roof Holdings Philippines, Inc.	Holding company	Philippines
32 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	Philippines
33 Cementhai Building Materials (Singapore) Pte. Ltd.	Holding company	Singapore
34 Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
35 Cementhai Ceramic (Singapore) Pte. Ltd.	Holding company	Singapore
36 Keating Capital Partners Pte. Ltd.	Holding company	Singapore
37 Kitchener Limited	Holding company	Hong Kong
38 The Siam Fibre-Cement Co., Ltd.	Fiber cement roof	Saraburi
39 The Fibre-Cement Products (Lampang) Co., Ltd.	Fiber cement roof	Lampang
40 Tip Fibre-Cement Co., Ltd.	Fiber cement roof	Bangkok
41 SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Saraburi
42 Siam Fiberglass Co., Ltd.	Insulation and glass wools	Saraburi
43 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Nakorn Prathom / Saraburi / Chonburi / Khonkaen / Nakorn Sri Thammaraj / Lamphun / Nakorn Rajchasisrma
44 SCG Concrete Roof (Vietnam) Co., Ltd.	Concrete roof tiles	Vietnam
45 SCG Roofing Philippines, Inc.	Concrete roof tiles	Philippines
46 SCG Concrete Roof (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
47 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
48 Thai Ceramic Co., Ltd.	Floor and wall ceramic tiles	Bangkok
49 The Siam Ceramic Group Industries Co., Ltd.	Floor and wall ceramic tiles	Saraburi
50 Cementhai Home Services Co., Ltd.	Home-related services	Bangkok
51 Gemago Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok
52 PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
53 SCG Distribution Co., Ltd.	Holding company	Bangkok
54 SCG Cement-Building Materials Company Limited	Domestic distribution	Bangkok
55 SCG Trading Co., Ltd.	International trading	Bangkok
56 SCG Trading Australia Pty. Ltd.	International trading	Australia
57 SCG Trading Guangzhou Co., Ltd.	International trading	China
58 SCG Trading Hong Kong Limited	International trading	Hong Kong
59 SCG Trading Philippines Inc.	International trading	Philippines
60 SCG Singapore Trading Pte. Ltd.	International trading	Singapore
61 SCG Trading USA Inc.	International trading	USA
62 PT SCG Trading Indonesia	International trading	Indonesia
63 SCG Trading Lao Co., Ltd.	International trading	Lao PDR
64 SCG Marketing Philippines Inc.	International trading	Philippines
65 SCGT Malaysia Sdn. Bhd.	International trading	Malaysia

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(6343) 778-2942	(6343) 778-2934	Ordinary shares	14	136	100	100
(6343) 778-2942	(6343) 778-2934	Ordinary shares	174	192	100	100
(65) 6534-9661	(65) 6534-9662	Ordinary shares	1	14	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	14	278	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	37	1,280	100	100
(65) 6338-1888	(65) 6337-5100	Ordinary shares	14	400	100	100
(852) 2846-1888	(852) 2845-0476	Ordinary shares	16	452	100	100
66-2586-3333	66-2586-2761	Ordinary shares	110	11,000	100	100
66-5433-7301-5	66-5433-7300	Ordinary shares	2	230	100	100
66-2286-7888	66-2286-8951-2	Ordinary shares	1	3	100	100
66-2586-6822	66-2586-6800	Ordinary shares	16	1,630	100	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	422	100	100
66-2586-4032-4	66-2586-4308	Ordinary shares	10	1,030	100	100
66-2586-4037-9						
(84650) 3767-581-4	(84650) 3767-686	**	-	235	100	100
(6343) 778-2942	(6343) 778-2934	Ordinary shares	206	153	100	100
(85523) 454-388	-	Ordinary shares	0.1	43	100	100
66-2586-5999	66-2586-5017	Ordinary shares	4	400	100	100
66-2586-4094-8	66-2587-8800	Ordinary shares	32	3,160	100	100
66-3637-6400	66-3637-6411	Ordinary shares	96	960	100	100
66-2586-4111	66-2586-4017	Ordinary shares	5	115	100	100
66-2586-3333	66-2586-2761	Ordinary shares	1	95	100	100
(6226) 7861-0360	(6226) 7861-0361	Ordinary shares	4	1,253	100	100
66-2586-3333	66-2586-5454	Ordinary shares	220	12,150	100	100
66-2586-3333	66-2586-2961	Ordinary shares	976	11,401	100	100
66-2586-2222	66-2587-2159	Ordinary shares	4	400	100	100
(612) 9438-1225	(612) 9436-0195	Ordinary shares	0.2	5	100	100
(86) 208-365-2559	(86) 208-365-2595	Ordinary shares	0.03	24	100	100
(852) 2838-6456	(852) 3549-7219	Ordinary shares	45	220	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	0.5	38	100	100
(65) 6295-3455	(65) 6292-5241	Ordinary shares	1	23	100	100
(1310) 323-2194-106	(1310) 324-9528	Ordinary shares	0.1	36	100	100
(6221) 350-9488	(6221) 352-0718	Ordinary shares	0.002	5	100	100
(85621) 454-596-7	(85621) 454-598	Ordinary shares	0.02	11	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	1	37	100	100
(632) 501-8630						
(603) 5632-0168	(603) 5632-0158	Ordinary shares	2	14	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
66 SCG Trading (Cambodia) Co., Ltd.	International trading	Cambodia
67 SCG Trading Middle East Dmcc	International trading	United Arab Emirates
68 SCG Trading Vietnam Co., Ltd.	Logistics service, international trading and local distribution	Vietnam
69 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
70 SCG Logistics Management (Lao) Co., Ltd.	Logistics service	Lao PDR
71 SCG Logistics Lao Co., Ltd	Logistics service	Lao PDR
72 SCG Logistics Management (Cambodia) Co., Ltd.	Logistics service	Cambodia
73 SCG Trading Services Co., Ltd.	Business services	Bangkok
74 Myanmar CBM Services Co., Ltd.	Business services	Myanmar
75 SCG Sourcing Co., Ltd.	Retail	Bangkok
76 SCG Experience Co., Ltd.	Exhibition center services and consultation	Bangkok
77 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
78 Prime Group Joint Stock Company	Holding company	Vietnam
79 Prime Trading, Import and Export One Member Limited Liability Company	Marketing and sales of floor and wall ceramic tiles	Vietnam
80 Ceramic Research Institution	Research and development new technology, materials and products	Vietnam
81 Prime International Import-Export and Service Trading Company Limited	Marketing and sales of machine and spare part	Vietnam
82 Prime Ngoi Viet Joint Stock Company	Clay roof tiles	Vietnam
83 Prime Pho Yen Joint Stock Company	Floor ceramic tiles	Vietnam
84 Prime Yen Binh Joint Stock Company	Wall ceramic tiles	Vietnam
85 Prime Tien Phong Joint Stock Company	Floor and wall ceramic tiles	Vietnam
86 Prime Vinh Phuc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
87 Prime Truong Xuan Joint Stock Company	Water heater and mechanical	Vietnam
88 Buu Long Industry and Investment Joint Stock Company	White cement	Vietnam
89 PT Semen Jawa	Cement	Indonesia
90 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia
91 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia
92 PT Keramik Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia
93 Prime Dai An Joint Stock Company	Exploration and processing material	Vietnam
94 Kampot Cement Co., Ltd.	Cement	Cambodia
95 PT Tambang Semen Sukabumi	Limestone Quarry	Indonesia
96 PT Kokoh Inti Arebama Tbk.	Building materials distribution	Indonesia
97 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok
98 Sosuco and Group (2008) Co., Ltd.	Marketing and sales of floor and wall ceramic tiles	Bangkok

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(85523) 990-401-5	(85523) 990-400	Ordinary shares	0.0001	1	100	100
9714-5520-293	9714-5520-294	Ordinary shares	0.001	11	100	100
(848) 3526-9001	(848) 3526-9009	**	-	64	100	100
66-2586-3333	66-2586-2158	Ordinary shares	33	3,340	100	100
(85620) 9591-9650	-	Ordinary shares	0.004	0.4	100	100
(85620) 9591-9650	-	Ordinary shares	0.1	13	100	100
(85523) 966-206	(85523) 966-205	Ordinary shares	0.03	11	100	100
66-2586-2222	66-2586-2250	Ordinary shares	0.1	10	100	100
(951) 966-2014	(951) 966-2014	Ordinary shares	0.02	66	100	100
66-2586-3333	66-2586-5625	Ordinary shares	1	100	100	100
66-2101-9922	66-2101-9920	Ordinary shares	5	500	100	100
66-3672-4377	66-3672-4378	Ordinary shares	0.1	5	100	100
(84) 211-3888-987	(84) 211-3888-986	Ordinary shares	101	1,413	100	100
(84) 211-3888-986	(84) 211-3898-276	**	-	420	100	100
(84) 211-3888-987	(84) 211-3888-986	**	-	7	100	100
(84) 43-7877-139	(84) 43-7877-138	**	-	6	100	100
(84) 211-3597-696	(84) 211-3597-702	Ordinary shares	25	350	100	100
(84) 280-3866-632	(84) 280-3866-474	Ordinary shares	15	210	100	100
(84) 211-3866-152	(84) 211-3866-154	Ordinary shares	13	182	100	100
(84) 211-3888-174	(84) 211-3887-747	Ordinary shares	12	168	100	100
(84) 211-3866-637	(84) 211-3887-347	Ordinary shares	25	350	100	100
(84) 211-3726-552	(84) 211-3721-786	Ordinary shares	6	84	99	99
(8461) 396-5475	(8461) 396-5478	Ordinary shares	4	56	99	99
(6221) 350-9491	(6221) 350-9704	Ordinary shares	287	9,210	98	98
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,143	1,528	97	97
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	96	96
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,603	96	96
(84) 211-3728-770	(84) 211-3726-547	Ordinary shares	3	35	95	95
(85523) 996-839	(85523) 996-849	Ordinary shares	13	4,275	95	95
(6221) 350-9491	(6221) 350-9704	Ordinary shares	3	8	93	93
(6221) 350-6227	(6221) 350-1767	Ordinary shares	981	350	91	91
66-2973-5101-7	66-2973-5108-9	Ordinary shares	2	200	91	91
66-2938-9833	66-2973-3473	Ordinary shares	1	50	90	90

Name	Principal Business / Products	Location (Head Office / Factory)
99 Prime Dai Viet Joint Stock Company	Floor and wall ceramic tiles	Vietnam
100 Prime Thein Phuc Joint Stock Company	Exploration and processing material	Vietnam
101 Prime Phong Dien Joint Stock Company	Manufacture of material	Vietnam
102 Prime Dai Loc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
103 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
104 Saraburirat Co., Ltd.	Concrete floor and wall tiles	Saraburi
105 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	Philippines
106 SCG Myanmar Concrete and Aggregate Co., Ltd.	Ready-mixed concrete and related products	Myanmar
107 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia
108 Thai-German Ceramic Industry Public Company Limited	Floor and wall ceramic tiles	Saraburi
109 Green Conservation Solution Co., Ltd.	Service municipal solid waste management and use refuse derived fuel as alternative energy	Bangkok
110 Siam Sanitary Ware Co., Ltd.	Holding Company	Bangkok
111 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Saraburi
112 Siam Sanitary Ware Industry (Nongkhai) Co., Ltd.	Sanitary ware	Saraburi
113 Mawlamyine Cement Limited	Cement	Myanmar
114 Quality Construction Products Public Company Limited	Light-weight concrete	Phra Nakhon Si Ayutthaya
115 Q-Con Eastern Co., Ltd.	Light-weight concrete	Rayong
116 SCGT Automobile Co., Ltd.	Dealer	Bangkok
117 SCG Yamato Express Co., Ltd.	Logistics service	Samut Prakarn
118 Prime Dai Quang Joint Stock Company	Packaging	Vietnam
119 Guangxi SCG Logistics Co., Ltd.	Logistics service	China
120 Panel World Co., Ltd.	Cement-bonded particleboard	Samutsakorn
121 SCG-Shwe Me Logistics (Myanmar) Co., Ltd.	Logistics service	Myanmar
122 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
123 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
124 SCG-Sekisui Sales Co., Ltd.	Construction & Sales of modular houses manufactured	Bangkok
125 Mingalar Motor Co., Ltd.	Dealer	Myanmar
126 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
127 PT Siam-Indo Concrete Products	Natural-fibre roofing sheets	Indonesia
128 Prime Hao Phu Joint Stock Company	Exploration and processing material	Vietnam
129 Kampot Land Co., Ltd.	Land investment	Cambodia
<b>Joint Ventures, Associates and Other Companies</b>		
130 Global House International Company Limited	Holding Company	Bangkok
131 Global House Franchise (Myanmar) Co., Ltd.	Franchise - Retail Business	Myanmar

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(84) 211-3845-238	(84) 211-3844-464	Ordinary shares	13	182	90	90
(84) 54-3626-282	(84) 54-3752-292	Ordinary shares	5	70	90	90
(84) 54-3751-222	(84) 54-3751-222	Ordinary shares	3	35	90	90
(84) 510-3761-762	(84) 510-3761-763	Ordinary shares	30	414	90	90
(85523) 356-677	-	Ordinary shares	0.002	128	90	90
66-2586-3333	66-2586-6800	Ordinary shares	1	96	83	83
(632) 717-6901	(6343) 778-2934	Ordinary shares	600	430	80	83
(84) 940-3723-905	-	Ordinary shares	6	207	80	80
(6221) 5397-091	(6221) 5397-094	Ordinary shares	0.01	87	80	80
66-2790-9800	66-2790-9890	Ordinary shares	1,698	1,698	75	75
66-2586-3333	66-2586-2979	Ordinary shares	2	185	74	74
66-2973-5040-54	66-2973-3473	Ordinary shares	1	60	71	71
66-2973-5040-54	66-2973-3470	Ordinary shares	2	200	71	71
66-2973-5040-54	66-2973-3470	Ordinary shares	2	160	71	71
(951) 966-2014	(951) 966-2014	Ordinary shares	0.1	1,631	70	70
66-3522-1271	66-3522-1270	Ordinary shares	400	400	68	68
66-3865-0515	66-3895-6468	Ordinary shares	59	590	68	68
66-2586-1402	66-2586-2203	Ordinary shares	15	146	67	67
6689-115-8022	-	Ordinary shares	0.3	260	65	65
(84) 510-2471-993	(84) 510-3761-444	Ordinary shares	2	28	56	56
66-2586-1590	-	**	-	34	55	55
66-3447-2033-4	66-3447-1404	Ordinary shares	2	245	55	55
(951) 256-745	(951) 392-994	Ordinary shares	1	1	55	55
(9599) 7096-6716-111						
66-2872-3014-5	66-2872-3016	Ordinary shares	5	457	55	55
66-3637-6300	66-3637-6309	Ordinary shares	0.01	800	54	54
66-2586-1323	66-2586-1481	Ordinary shares	8	825	51	51
(951) 514-940	-	Ordinary shares	0.004	141	50	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50	50
(84) 27-3821-118	(84) 27-3821-118	Ordinary shares	3	35	49	49
(85523) 996-839	(85523) 996-849	Ordinary shares	0.001	0.2	47	47
0-2586-3333	0-2586-5454	Ordinary shares	8	752	50	65
(9599) 7785-0145	-	Ordinary shares	0.01	3	-	65

Name	Principal Business / Products	Location (Head Office / Factory)
132 CMPI Land, Inc.	Land rental	Philippines
133 SCG Nichirei Logistics Co., Ltd.	Cold Chain	Bangkok
134 Thai Prosperity Terminal Co., Ltd.	Shipping port	Samut Prakarn
135 Sekisui-SCG Industry Co., Ltd.	Manufacture and distribute of home components	Saraburi
136 Survey Marine Services Co., Ltd.	Land rental	Bangkok
137 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
138 Mariwasa Holdings, Inc.	Holding company	Philippines
139 Green Siam Resources Corporation	Bailing business	Philippines
140 CMPI Holdings, Inc.	Holding company	Philippines
141 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
142 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
143 The Siam Gypsum Industry Co., Ltd.	Gypsum boards	Bangkok
144 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum boards	Saraburi
145 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum boards	Songkhla
146 PT M Class Industry	Clay roof tiles	Indonesia
147 Asia Pacific Logistics and Transportation Joint Stock Company	Logistic	Vietnam
148 Souvanny Home Center Public Company	Building materials and home improvement products distribution	Lao PDR
149 Asia Cement Public Company Limited	Cement	Bangkok
<b>SCG Chemicals</b>		
<b>Subsidiaries</b>		
150 SCG Chemicals Co., Ltd.	Holding company	Bangkok
151 Thai Polyethylene Co., Ltd.	Polyethylene and polypropylene	Rayong
152 SCG Plastics Co., Ltd.	Trading	Bangkok
153 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
154 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
155 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
156 RIL 1996 Co., Ltd.	Industrial estate	Rayong
157 Texlore Co., Ltd.	Chemical technology licensing	Rayong
158 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
159 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
160 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
161 Hexagon International, Inc.	Holding company	USA
162 Norner Holding AS	Holding company	Norway
163 Norner AS	R&D service	Norway

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(632) 908-3720	(632) 750-6650	Ordinary shares	50	49	40	64
		Preferred shares	50	48		
66-2586-6610	66-2586-3136	Ordinary shares	6	570	51	51
66-2754-4501-9	66-2754-4513	Ordinary shares	1	63	50	50
66-3637-3478	66-3637-3480	Ordinary shares	23	2,325	49	49
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48	48
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	40	40
(632) 717-6901	(6343) 778-2934	Ordinary shares	248	235	40	40
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40	40
(632) 813-1666	(632) 813-1704	Ordinary shares	48	55	40	40
66-4351-9597	66-4351-1492	Ordinary shares	3,658	3,658	30	30
(86) 553-839-9857	(86) 553-839-9877	**	-	497	30	30
66-2555-0055	66-2555-0001	Ordinary shares	2	150	29	29
66-3637-3500-9	66-3637-3510	Ordinary shares	5	470	-	29
66-7420-6000-5	66-7420-6006	Ordinary shares	1	120	-	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28	28
(84) 43-7738-420	(84) 43-7738-421	Ordinary shares	2	28	25	25
(85621) 415-645	(85621) 262-984	Ordinary shares	165	1,328	-	22
66-2641-5600	-	Ordinary shares	778	4,671	10	10
66-2586-4762	66-2586-5561	Ordinary shares	344	32,277	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	52	5,190	100	100
66-2586-6161	66-2910-4022	Ordinary shares	0.1	5	100	100
66-2586-4115	66-2586-3676	Ordinary shares	0.1	3	100	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.04	2	100	100
66-3868-2632-3	66-3868-2633	Ordinary shares	0.01	1	100	100
66-3868-9471-2	66-3891-1955	Ordinary shares	11	1,100	100	100
66-2586-6353	66-2586-2086	Ordinary shares	0.01	1	100	100
66-2586-5435	-	Ordinary shares	33	1,369	100	100
(65) 6297-9661	-	Ordinary shares	38	804	100	100
(65) 6297-9661	-	Ordinary shares	112	2,349	100	100
66-2586-4444	-	Ordinary shares	2	67	100	100
(47) 3557-8000	(47) 3557-8124	Ordinary shares	0.01	3	100	100
(47) 3557-8001	(47) 3557-8125	Ordinary shares	0.001	0.1	100	100



Name	Principal Business / Products	Location (Head Office / Factory)
164 Norner Research AS	Research Institute	Norway
165 Norner IP AS	Technology service and licensing	Norway
166 Norner Verdandi AS	Technology service and licensing	Norway
167 CO2 Technologies AS	Holding company	Norway
168 SMH Co., Ltd.	Research and development service and technology service	Bangkok
169 PT TPC Indo Plastic and Chemicals	PVC	Indonesia
170 Rayong Pipeline Co., Ltd.	Rights of pipe rack use	Rayong
171 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
172 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
173 The Nawaplastic Industries (Saraburi) Co., Ltd.	PVC pipe and fittings	Bangkok
174 Nawaplastic Industries Co., Ltd.	PVC pipe and PVC products	Bangkok
175 Nawa Intertech Co., Ltd.	Molding products	Rayong
176 Chemtech Co., Ltd.	Plastic compound	Vietnam
177 Total Plant Service Co., Ltd.	Holding company	Rayong
178 SCG Ico Polymers Company Limited	Rotomolding compound	Bangkok
179 Map Ta Phut Tank Terminal Co., Ltd.	Tank and terminal service	Rayong
180 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
181 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
182 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
183 Alliance Petrochemical Investment (Singapore) Pte. Ltd.	Holding company	Singapore
184 TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
185 Siam Stabilizers and Chemicals Co., Ltd.	Stabilizer	Rayong
186 Nawaplastic (Cambodia) Co., Ltd.	PVC pipe and fittings	Cambodia
187 Grand Nawaplastic Myanmar Co., Ltd.	PVC pipe and fittings	Myanmar
188 Flowlab & Service Co., Ltd.	Calibration service	Rayong
<b>Joint Ventures, Associates and Other Companies</b>		
189 SCG Plastics (China) Co., Limited	Trading	Hong Kong
190 SCG Plastics (Shanghai) Co., Ltd.	Trading	China
191 Siam Mitsui PTA Co., Ltd.	Raw materials for polyester and PET	Rayong
192 Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
193 Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
194 Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
195 Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
196 MTP HPPO Manufacturing Co., Ltd.	Propylene oxide	Rayong
197 Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
198 PT Siam Maspion Terminal	Tank and terminal service	Indonesia

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Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(47) 3557-8002	(47) 3557-8126	Ordinary shares	0.001	0.1	100	100
(47) 3557-8003	(47) 3557-8127	Ordinary shares	0.001	0.1	100	100
(47) 3557-8004	(47) 3557-8128	Ordinary shares	0.01	3	100	100
(47) 3557-8005	(47) 3557-8129	Ordinary shares	0.001	0.5	100	100
66-2586-4859	66-2586-6277	Ordinary shares	2	170	100	100
(6231) 395-2945	(6231) 395-2944	Ordinary shares	0.03	1,020	96	96
66-3893-7065	66-3803-5381	Ordinary shares	4	200	92	92
66-2827-7272	66-2827-7273	Ordinary shares	875	875	91	91
66-2827-7272	66-2827-7273	Ordinary shares	3	333	91	91
66-2586-3930-5	66-2586-4305	Ordinary shares	4	400	91	91
66-2586-3930-5	66-2586-2444	Ordinary shares	4	426	91	91
66-3889-2190	66-3889-2244	Ordinary shares	0.4	40	91	91
(84650) 3784-992	(84650) 3784-993	**	-	103	91	91
66-3868-7320-3	66-3892-5299	Ordinary shares	12	1,180	91	91
66-2586-2006	-	Ordinary shares	4	380	87	87
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82	82
66-3893-7000	66-3891-5310	Ordinary shares	225	22,520	55	67
66-3868-5040-8	66-3868-5036	Ordinary shares	108	10,820	50	67
(84650) 3710-993	(84650) 3740-065	**	-	75	66	66
(65) 6221-5318	-	Ordinary shares	46	1,881	65	65
(848) 3823-4730	(848) 3823-4725	**	-	1,013	64	64
66-3868-3451-3	66-3868-3449	Ordinary shares	190	190	55	55
(855) 2388-2072	(855) 2388-5172	Ordinary shares	1	179	55	55
(959) 863-3988	-	Ordinary shares	1	237	52	52
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	58	58
(8621) 6888-6091	(8621) 6888-6092	**	-	25	-	58
66-3868-5100	66-3868-7333	Ordinary shares	48	4,800	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	48	4,755	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	59	5,789	50	50
66-3868-3215-6	66-3868-3991	Ordinary shares	45	4,455	49	50
66-3868-3215-6	66-3868-3991	Ordinary shares	10	995	50	50
66-3868-3215-6	66-3868-3991	Preferred shares	48	4,750	-	50
		Ordinary shares	32	3,150		
66-3868-9471-2	66-2586-6220	Ordinary shares	14	1,325	-	50
(6231) 395-2945-8	-	Ordinary shares	0.01	327	50	50

Name	Principal Business / Products	Location (Head Office / Factory)
199 SD Group Service Co., Ltd.	Holding company	Bangkok
200 Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
201 Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
202 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
203 Thai MFC Co., Ltd.	Melamine compound	Rayong
204 Siam Tohcello Co., Ltd.	Raw materials for packaging film	Rayong
205 Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins	Vietnam
206 Mehr Petrochemical Company (P.J.S.C.)	Polyethylene	Iran
207 PT Trans-Pacific Polyethylene Indonesia	Polyethylene	Indonesia
208 PT Trans-Pacific Polyethylindo	Polyethylene	Indonesia
209 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
210 PT Chandra Asri Petrochemical Tbk.	Raw materials for plastic resins	Indonesia
211 PT Styrimdo Mono Indonesia	Raw materials for polystyrene	Indonesia
212 GTC Technology US, LLC	Chemical technology licensing	USA
213 GTC Technology International, LP	Chemical technology licensing	USA
214 Tien Phong Plastics Joint Stock Company	PVC pipe	Vietnam
215 Thai PET Resin Co., Ltd.	PET resins	Rayong
216 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
217 Binh Minh Plastics Joint Stock Company	PVC pipe	Vietnam
218 PT Srithai Maspion Indonesia	Melamine compound	Indonesia
219 PT Trans-Pacific Polypropylene Indonesia	Polypropylene	Indonesia
220 PT Trans-Pacific Styrene Indonesia	Raw materials for polystyrene	Indonesia
221 PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia
<b>SCG Packaging</b>		
<b>Subsidiaries</b>		
222 SCG Packaging Public Company Limited	Holding company	Bangkok
223 Siam Kraft Industry Co., Ltd.	Kraft paper	Bangkok
224 Invenique Co., Ltd. (Formerly: InfoZafe Co., Ltd.)	Asset and Intellectual property management service	Bangkok
225 SCGP Excellence Training Center Co., Ltd.	Training and Seminar	Bangkok
226 SCG Paper Energy Co., Ltd.	Energy	Bangkok
227 United Pulp and Paper Co., Inc.	Kraft paper	Philippines
228 Paperlink Inter-Trade Corporation	Kraft paper	Philippines
229 Thai Cane Paper Public Company Limited	Kraft paper	Kanchanaburi
230 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok / Ratchaburi / Samut Prakarn / Pathumthani
231 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen

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66-2365-7000	66-3868-3991	Ordinary shares	1	78	50	50
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	49	49
66-3868-5040-8	66-2586-5393	Ordinary shares	56	5,590	46	47
66-3868-4241	66-3868-4255	Ordinary shares	1	64	46	46
66-3868-4241	66-3868-4255	Ordinary shares	2	200	45	45
66-3801-0500	66-3801-0506	Ordinary shares	1	592	45	45
(848) 3825-7226	(848) 3825-7268	**	-	4,408	44	44
(9821) 8850-0641	(9821) 8805-0642	Ordinary shares	0.1	1,755	39	39
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.1	337	39	39
66-2501-1054	66-2501-1198	Ordinary shares	1	120	32	32
(6221) 530-7950	(6221) 530-8930	Ordinary shares	3,287	14,679	31	31
(6221) 530-8505	(6221) 530-8506	Ordinary shares	0.3	10,093	-	31
66-2586-4444	-	Ordinary shares	0.2	102	25	25
66-2586-4444	-	Ordinary shares	13	191	25	25
(843) 1385-2073	(843) 1364-0133	Ordinary shares	74	1,116	22	22
66-3868-5900	66-3868-5999-609	Ordinary shares	9	900	20	20
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	15	596	20	20
(848) 3969-0973	(848) 3960-6814	Ordinary shares	45	682	19	19
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10
(6221) 574-5880	-	Ordinary shares	0.1	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10
(6221) 574-5880	-	Ordinary shares	15	8,931	5	5
66-2586-3333	66-2586-2164	Ordinary shares	156	1,563	99	99
66-2586-3333	66-2586-2164	Ordinary shares	35	3,450	99	99
66-2586-3333	66-2586-2164	Ordinary shares	1	70	99	99
66-2586-3876	66-2586-4507	Ordinary shares	1	49	99	99
66-2586-3333	66-2586-2164	Ordinary shares	2	150	99	99
(632) 870-0100	(632) 870-0409	Preferred shares	840	3,246	98	98
		Ordinary shares	141	1,082		
(632) 870-0100	(632) 870-0409	Ordinary shares	0.1	1	98	98
66-3461-5800	66-3461-5899	Ordinary shares	358	3,583	93	93
66-2586-5991	66-2586-4723	Ordinary shares	14	1,384	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	69	69



Name	Principal Business / Products	Location (Head Office / Factory)
232 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong
233 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam
234 TCG Rengo (S) Limited	Corrugated boxes	Singapore
235 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
236 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
237 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam
238 Packamex (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
239 Thai Paper Co., Ltd.	Printing and writing paper	Bangkok
240 Thai Union Paper Public Company Limited	Printing and writing paper	Samut Prakarn
241 Siam Cellulose Co., Ltd.	Bleached pulp	Bangkok
242 The Siam Forestry Co., Ltd.	Forestry	Bangkok
243 Panas Nimit Co., Ltd.	Forestry	Bangkok
244 Thai Panason Co., Ltd.	Forestry	Bangkok
245 Thai Panadorn Co., Ltd.	Forestry	Bangkok
246 Thai Panaram Co., Ltd.	Forestry	Bangkok
247 Suanpa Rungsaris Co., Ltd.	Forestry	Bangkok
248 Siam Panawes Co., Ltd.	Forestry	Bangkok
249 Thai Panaboon Co., Ltd.	Forestry	Bangkok
250 Thai Wanabhum Co., Ltd.	Forestry	Bangkok
251 Phoenix Pulp & Paper Public Company Limited	Bleached pulp	Bangkok
	Printing and writing paper	
252 Phoenix Utilities Co., Ltd.	Utilities	Khonkaen
253 PT Primacorr Mandiri	Corrugated boxes	Indonesia
254 PT Indoris Printingdo	Corrugated boxes	Indonesia
255 TC Flexible Packaging Co., Ltd.	Holding company	Bangkok
256 Dyna Packs Co., Ltd.	Corrugated boxes	Samutsakorn
257 Orient Containers Co., Ltd.	Corrugated boxes	Samutsakorn
258 D-In Pack Company Limited	Corrugated boxes	Nakhonpathom
259 Tawana Container Co., Ltd.	Corrugated boxes	Samut Prakarn
260 Tin Thanh Packing Joint Stock Company	Flexible Packaging	Vietnam
261 Prepack Thailand Co., Ltd.	Flexible Packaging	Samutsakorn
		Samut Songkhram / Rayong
<b>Associates and Other Companies</b>		
262 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
263 P&S Holdings Corporation	Holding company	Philippines
264 Siam Nippon Industrial Paper Co., Ltd.	Specialty paper	Bangkok
265 Thai British Security Printing Public Company Limited	Securities document	Samut Prakarn

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\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam.

The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-2164	Ordinary shares	1	650	69	69
(848) 268-0240-2	(848) 268-0239	**	-	6,069	69	69
(65) 6261-5846	(65) 6265-3144	Ordinary shares	2	56	69	69
(848) 3729-4160	(848) 3729-3028	**	-	345	69	69
(84650) 374-303-1	(84650) 378-281-6	**	-	607	69	69
(84320) 375-386-2	(84) 320-3752868	**	-	248	69	69
(8483) 729-1030	(8483) 729-1031	**	-	220	69	69
66-2586-3333	66-2586-2164	Ordinary shares	35	3,500	68	68
66-2754-2100-10	66-2754-2118	Ordinary shares	43	430	68	68
66-2586-3333	66-2586-2164	Ordinary shares	78	7,770	68	68
66-2586-3333	66-2586-2164	Ordinary shares	2	184	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	68	68
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	68	68
66-2586-3333	66-2586-2164	Ordinary shares	236	2,365	68	68
		Preferred shares	10	98		
66-4343-3104-6	66-4343-3101	Ordinary shares	15	1,500	68	68
(6221) 596-2345	(6221) 596-2000	Ordinary shares	0.1	294	62	62
(6221) 596-0772-3	(6221) 596-0774	Ordinary shares	0.02	55	62	62
	(6221) 596-3076					
66-2586-5991	66-2586-4723	Ordinary shares	20	1,877	52	52
66-2810-9346-7	66-2810-9103	Ordinary shares	1	90	52	52
66-3488-3422-4	66-3488-3421	Ordinary shares	26	260	52	52
66-3498-1401-4	66-3498-1406-7	Ordinary shares	0.01	50	52	52
66-2324-0781	66-2324-0079	Ordinary shares	3	300	50	50
(84) 72-3779-747	(84) 72-3779-750	Ordinary shares	10	158	41	41
66-3444-0600-5	66-3444-0606-7	Ordinary shares	3	322	37	37
		Preferred shares	1	90		
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	48	48
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	39	39
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	30	30
66-2754-2650-8	66-2183-2763	Ordinary shares	11	110	18	18

Name	Principal Business / Products	Location (Head Office / Factory)
266 Thai British Security Printing Overseas Co., Ltd.	Holding company	Samut Prakarn
267 Rengo Packaging Malaysia Sdn. Bhd.	Corrugated boxes	Malaysia
268 Thai British DPost Co., Ltd.	Digital printing	Samut Prakarn
<b>Other Subsidiaries</b>		
269 Cementhai Holding Co., Ltd.	Holding company	Bangkok
270 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
271 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
272 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
273 SCG Legal Counsel Limited	Legal consultant	Bangkok
274 CTO Management Co., Ltd.	Marketable securities investment	Bangkok
275 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
276 Siam Innovation Product and Solution Co., Ltd.	Provide innovative technology products and services	Bangkok
277 SCG Learning Excellence Co., Ltd.	Training service	Bangkok
278 SCG Vietnam Co., Ltd.	Management consulting service	Vietnam
279 PT SCG Indonesia	Management consulting service	Indonesia
280 Siam GNE Solar Energy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
<b>Associates and Other Companies</b>		
281 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
282 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
283 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
284 Maxion Wheels (Thailand) Co., Ltd.	Aluminium alloy wheels	Saraburi
285 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
286 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
287 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
288 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
289 Muang Thong United Co., Ltd.	Football team	Bangkok
290 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
291 Lysando AG	Research and development	Liechtenstein
292 IT One Co., Ltd.	Technical services	Bangkok
293 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
294 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
295 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies.

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam.

The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2380-1320	66-2380-1326-27	Ordinary shares	4	37	-	18
(603) 5101-9192	(603) 5101-9184	Ordinary shares	81	804	17	17
66-2709-4201	66-2790-4200	Ordinary shares	3	34	-	9
66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100	100
66-2586-3333	66-2586-2398	Ordinary shares	1	5	100	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100	100
66-2586-3333	66-2587-2157	Ordinary shares	25	380	100	100
66-2586-3333	66-2587-2157	Ordinary shares	0.3	34	100	100
66-2586-3333	66-2587-2157	Ordinary shares	1	13	100	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100	100
(848) 3526-9011-13	(848) 3526-9014	**	-	16	100	100
(6221) 350-9491	(6221) 352-0718	Ordinary shares	0.1	26	100	100
66-2586-5684	66-2586-6284	Ordinary shares	0.2	16	50	50
66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	-	40
66-2909-0300	66-2909-1697	Ordinary shares	80	2,000	-	40
66-3637-3309-21	66-3637-3312-3	Ordinary shares	0.1	126	30	30
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30	30
66-2529-3518-22	66-2529-1677	Ordinary shares	1	85	29	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30	30
66-2508-8100	66-2508-3369	Ordinary shares	3	233	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
(423) 262-5753	(423) 262-5752	Ordinary shares	1	39	20	20
66-2271-5111	66-2271-5112	Ordinary shares	1	80	20	20
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10	10
66-3821-3451-5	66-3874-3310	Ordinary shares	29	2,850	4	4



## Securities and Shareholders

### 9.1 The Company's Securities

- Registered Capital 1,600 Million Baht.
- Issued and fully paid share capital: 1,200 Million Baht, comprising 1,200 Million ordinary shares.
- Ordinary shares at 1 Baht par value (At the Annual General Meeting of Shareholders held on March 26, 2003, the shareholders approved to change the par value of ordinary

shares of the Company from 10 Baht per share to 1 Baht per share. The Company registered the change with the Ministry of Commerce on April 17, 2003.)

- The Company does not issue other types of shares, except from ordinary shares.

### 9.2 Shareholders

1) First 10 major shareholders as at December 31, 2016

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	369,070,600	30.756
2	THAI NVDR CO., LTD.*	117,285,855	9.774
3	STATE STREET BANK EUROPE LIMITED	49,171,572	4.098
4	CHASE NOMINEES LIMITED	37,464,369	3.122
5	STATE STREET BANK AND TRUST COMPANY	26,537,325	2.211
6	SOCIAL SECURITY OFFICE	25,854,050	2.155
7	CPB EQUITY CO., LTD.**	18,095,900	1.508
8	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	17,501,376	1.458
9	OFFICE OF PRIVY PURSE	15,473,000	1.289
10	RANDERY BARAH MAKAN CO., LTD.	15,105,600	1.259

Remark: \* Thai NVDR Co., Ltd. (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand (SET) and regarded as listed securities in the SET who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on [www.set.or.th](http://www.set.or.th).

\*\* CPB EQUITY Co., Ltd. is a company whose shares are 100% held by The Crown Property Bureau.

As at August 11, 2016, the major NVDR holder was:

No.	NVDR holders	No. of ordinary shares	% of total shares
1	CHASE NOMINEES LIMITED	16,361,542	1.36

2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 31, 2016)

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	369,070,600	30.756
2	CPB EQUITY CO., LTD.	18,095,900	1.508

Among major shareholders, the company does not have any shareholding agreement, which might affect its management.

3) Minor Shareholders (As at February 12, 2016)

Total number of Minor Shareholders (Free float) is 29,772, equivalent to 66.88%

4) The company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at December 31, 2016, the company declared that 24.45% of fully paid-up capital shares are held by the foreigners.

### 9.3 Issuance of Other Securities

The Siam Cement Public Company Limited issued 10 series\* of debentures valuing 166,500 Million Baht as follows:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
3/2012	6,500	6,500	October 12, 2019	4.40	A
1/2013	25,000	25,000	April 1, 2017	4.00	A
2/2013	20,000	20,000	October 1, 2017	4.25	A
1/2014	15,000	15,000	April 1, 2018	4.00	A
2/2014	10,000	10,000	October 1, 2018	3.90	A
1/2015 Tranche 1	15,000	15,000	April 1, 2018	3.75	A
1/2015 Tranche 2	15,000	15,000	April 1, 2019	3.90	A
2/2015	10,000	10,000	November 1, 2019	3.40	A
1/2016	25,000	25,000	April 1, 2020	3.00	A
2/2016	25,000	25,000	November 1, 2020	3.00	A
<b>Total</b>	<b>166,500</b>	<b>166,500</b>			

Remarks: \* All debentures were rated as from Fitch Ratings (Thailand) Limited.

## 9.4 Dividend Policy

The company has a dividend payout policy to the shareholders at 40% - 50% of the consolidated net profit. However, when reviewing the dividend payout for any potential changes for the respective period, the company may take into account all necessity, irregular situations, and uncontrollable factors, accordingly. In 2016, the consolidated net profit amounts at 56,084 Million Baht, the Board resolved to propose the ordinary general meeting of shareholders on

March 29, 2017, to approve the annual dividends for the year 2016 at 19.00 Baht per share or equal to 41% of consolidated net profit.

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

### Detail of Dividend Distribution in the past 5 years

Year	Interim dividends (Baht/share)	Final dividends (Baht/share)	Annual dividends (Baht/share)	Dividend payout ratio on net profit* (%)
2012	4.50	6.50	11.00	56
2013	8.50	7.00	15.50	51
2014	5.50	7.00	12.50	45
2015	7.50	8.50	16.00	42
2016	8.50	10.50	19.00 **	41

Remark:

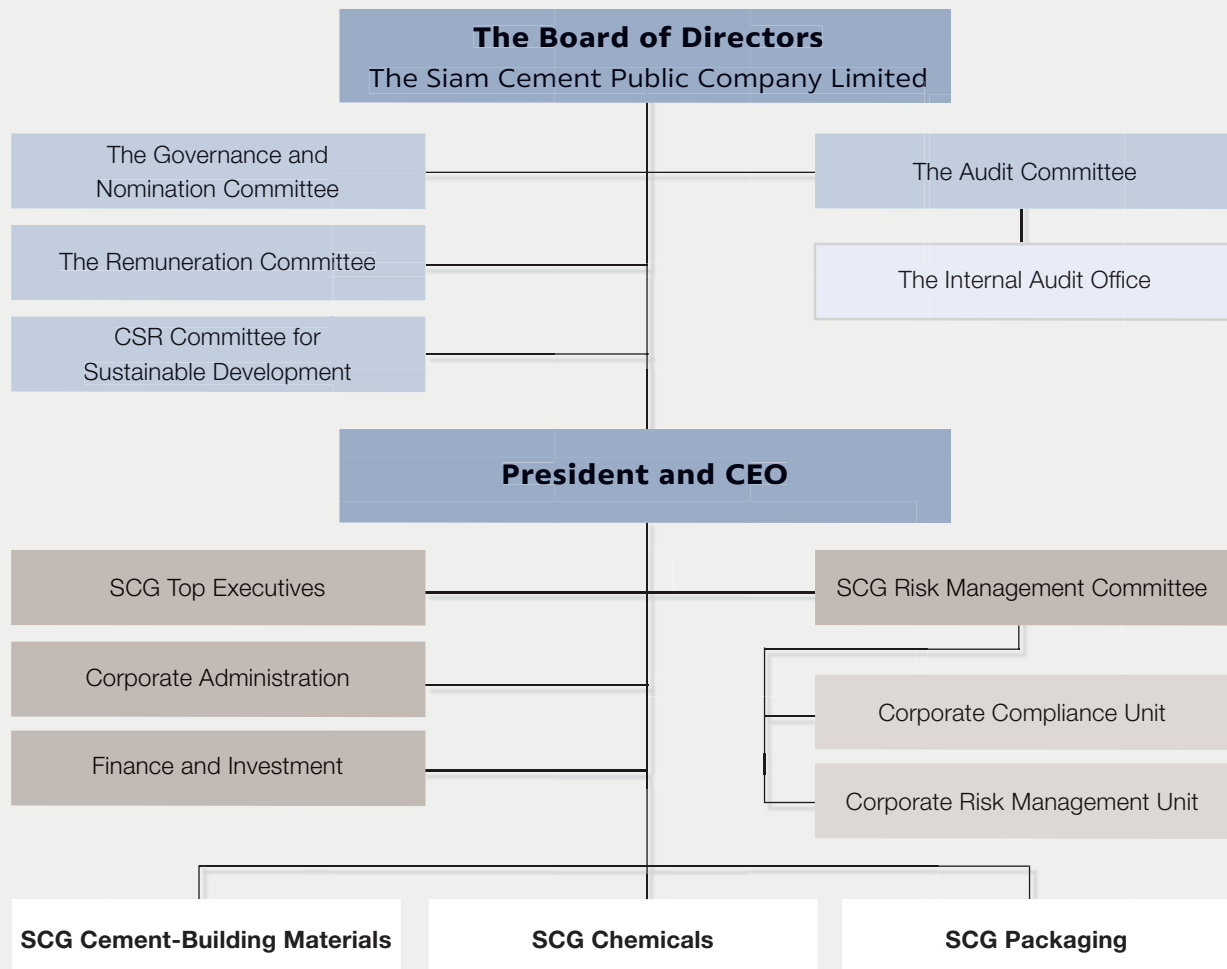
\* Net profit represents profit for the year attributable to owners of the parent.

\*\* The Board of Directors resolved to propose the annual general meeting of shareholders on March 29, 2017, to approve the dividend distribution for the year 2016 at 19.00 Baht per share.

# Management Structure

## Organization Structure

(As at January 1, 2017)



### 10.1 The Board of Directors

comprises the following 12 members:

- |   |   |  |
|---|---|--|
| 1 <b>Mr. Chirayu Isarangkun Na Ayuthaya</b><br>Chairman | 5 <b>Mr. Yos Euarchukiati</b><br>Director                   | 9 <b>Mr. Pramon Sutivong</b><br>Independent Director     |
| 2 <b>Mr. Sumet Tantivejkul</b><br>Independent Director  | 6 <b>Mr. Arsa Sarasin</b><br>Independent Director           | 10 <b>Mrs. Tarisa Watanagase</b><br>Independent Director |
| 3 <b>Mr. Pricha Attavipach</b><br>Independent Director  | 7 <b>Mr. Chumpol NaLamlieng</b><br>Independent Director     | 11 <b>Mr. Kan Trakulhoon</b><br>Director                 |
| 4 <b>Mr. Panas Simasathien</b><br>Director              | 8 <b>Mr. Tarrin Nimmanahaeminda</b><br>Independent Director | 12 <b>Mr. Roongrote Rangsiyopash</b><br>President & CEO  |



The twelve members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against SCG during the year.

## Composition of the Board of Directors

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

Among the Board directors, three have been appointed as authorized directors, namely, Mr. Yos Euarchukiati, Mr. Panas Simasathien, and Mr. Roongrote Rangsiyopash.

Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

The Board is comprised of eleven non-executive directors and one executive director, who is the Company's President & CEO.

Three members of the Board who are directors or consultants and receive a salary of a major shareholder are Mr. Chirayu Isarangkun Na Ayuthaya, Mr. Panas Simasathien, and Mr. Yos Euarchukiati.

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramont Sutivong and Mrs. Tarisa Watanagase, constituting more than half of the Board of Directors. In addition, the seven independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which are more stringent than the qualifications stipulated by the Securities and Exchange Commission.

## The Sub-committees

Directors	The Audit Committee (4 members)	The Governance and Nomination Committee (5 members)	The Remuneration Committee (3 members)	The CSR Committee for Sustainable Development (9 members)
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	Member
2. Mr. Sumet Tantivejkul	-	Chairman	-	Member
3. Mr. Pricha Attavipach	Member	Member	-	-
4. Mr. Panas Simasathien	-	Member	-	-
5. Mr. Yos Euarchukiati	-	-	Member	Member
6. Mr. Arsa Sarasin	-	Member	-	Chairman
7. Mr. Chumpol NaLamlieng	-	-	Chairman	-
8. Mr. Tarrin Nimmanahaeminda	Chairman	Member	-	-
9. Mr. Pramont Sutivong	Member	-	Member	-
10. Mrs. Tarisa Watanagase	Member	-	-	-
11. Mr. Kan Trakulhoon	-	-	-	Member
12. Mr. Roongrote Rangsiyopash	-	-	-	Member

Notes:

- Independent directors who meet all the requirements specified in the Company's list of qualifications of an independent director are number 2, 3, 6, 7, 8, 9 and 10.
- Mr. Kajohndet Sangsuban, Mr. Cholanat Yanaranop and Mr. Yuttana Jiamtragan are also members of the CSR Committee for Sustainable Development.

## Board of Directors' Meetings

It is the duty of each member of the Board to consistently attend the Board's meetings to stay informed of SCG's operations and make business decisions. The Board holds at least eight scheduled meetings per year, the schedules of which are arranged in advance every year and submitted to each director at the beginning of the year so all the directors can arrange their schedule for the meetings. In addition, special meetings might be held to consider urgent matters.

At the meetings, the Chairman and the President & CEO of the Company jointly determine which agenda items are relevant to the meetings. Every individual member of the Board is entitled to propose agenda items.

In 2016, the Board held 11 meetings, eight scheduled meetings and three special meetings with 98% of the Board of Directors attending. Individually, each director attended more than 75% of the total number of meetings. Prior to each meeting, all members received the agenda and supporting documents five working days prior to the date of the meeting to allow adequate time for preparation.

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

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

In addition, the Board attaches significance to managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the Meeting, the secretary to the Board of Directors is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary's office together with all related documents, which are backed up electronically to facilitate data searches.

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

In addition, the Company holds a meeting between non-executive Directors without the Management present both after the Company's annual medium-term business plan meeting and when necessity arises in order to discuss various issues of public interest to allow non-executive Directors to express their opinions independently. In 2016, a meeting without the Management was held on August 27, 2016.

## The Attendance of the Directors in 2016

(January 1, 2016 – December 31, 2016)

Directors	Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development	The 2016 Meeting of Shareholders
	(Total 12 Directors)	(Total 4 Directors)	(Total 5 Directors)	(Total 3 Directors)	(Total 6 Directors)	(Total 12 Directors)
	Total 11 times / year	Total 6 times / year	Total 4 times / year	Total 6 times / year	Total 4 times / year	Total 1 time / year
1. Mr. Chirayu Isarangkun Na Ayuthaya	11/11				3/4	1/1
2. Mr. Sumet Tantivejkul	11/11		4/4		3/4	1/1
3. Mr. Pricha Attavipach	11/11	6/6	4/4			1/1
4. Mr. Panas Simasathien	11/11		4/4			1/1
5. Mr. Yos Euarchukiati	11/11			6/6	2/4	1/1
6. Mr. Arsa Sarasin	10/11		3/4		4/4	1/1
7. Mr. Chumpol NaLamlieng	11/11			6/6		1/1
8. Mr. Tarrin Nimmanahaeminda	10/11	6/6	4/4			1/1
9. Mr. Pramon Sutivong	10/11	6/6		6/6		1/1
10. Mrs. Tarisa Watanagase	11/11	6/6				1/1
11. Mr. Kan Trakulhoon	11/11				2/4	1/1
12. Mr. Roongrote Rangsiyopash	11/11				4/4	1/1

### Notes:

- Seven independent directors are number 2, 3, 6, 7, 8, 9 and 10.
- Four members of the Audit Committee are number 3, 8, 9 and 10.
- Five members of the Governance and Nomination Committee are number 2, 3, 4, 6 and 8.
- Three members of the Remuneration Committee are number 5, 7 and 9.
- Six members of the CSR Committee for Sustainable Development are number 1, 2, 5, 6, 11 and 12.
- The 2016 Annual General Meeting of Shareholders was held on March 30, 2016.

## Board of Directors

Mr. Chirayu Isarangkun Na Ayuthaya

Age 74 years

### Position in SCC

- Chairman
- Member of CSR Committee for Sustainable Development

### Date of Appointment as a Director

- August 25, 1987 - November 24, 1999
- March 28, 2007 - Present

### Education/Training

- Ph.D., Economics, Australian National University, Australia
- BSc, Economics (Hons), London School of Economics, University of London, England

### Expertise

- Business or core industries of SCG
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Marketing, Accounting and Finance
- Corporate Governance and Risk Management

### Director Training

- Role of the Chairman Program (RCP) 1/2000, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (1)

Since 2007      Director, The Siam Commercial Bank Public Company Limited

### Position in Other Company/Organization/Institution (5)

Since 1987      Director-General, The Crown Property Bureau  
 Since 1987      Chairman, The Deves Insurance Public Company Limited  
 Since 1998      Chairman, National Institute of Development Administration  
 Since 2006      Director, CPB Equity Company Limited  
 Since 2016      Lord Chamberlain, The Royal Household Bureau

### 5-year Past Experiences and/or Remarkable Positions

1976-1979      Dean, School of Development Economics, NIDA  
 1983-1985      Deputy Minister of Industry  
 1985              Minister of Industry  
 1986              Minister of Prime Minister's Office  
 1987-2016      Grand Chamberlain, The Royal Household Bureau  
 1998-2007      Chairman, The Siam Commercial Bank Public Company Limited

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

Mr. Sumet Tantivejkul

Age 77 years

Director qualified as an Independent Director (From January 28, 1998)

### Position in SCC

- Director
- Chairman of the Governance and Nomination Committee
- Member of CSR Committee for Sustainable Development

### Date of Appointment as a Director

- January 28, 1998

### Education/Training

- Ph.D.(Political Science), Montpellier University, France
- M.A. (Political Science and International Law), Montpellier University, France
- B.A. (Political Science), Grenoble University, France
- Diploma, The Economic Development Institute of the World Bank (EDI), Washington, D.C., U.S.A.

### Expertise

- Administration and Large Organization Management
- Foreign Affairs
- Marketing
- Corporate Governance

### Director Training

- Bankruptcy and Rehabilitation Process: What Directors and Executive should know?, Thai Institute of Directors Association
- The Audit Committee...The Expectation Increase and The Responsibility Expansion, The Stock Exchange of Thailand
- Director Certification Program (DCP) 30/2003, Thai Institute of Directors Association
- Finance for Non-Finance Director (FND) 5/2003, Thai Institute of Directors Association
- Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company

(None)

### Position in Other Company/Organization/Institution (3)

Since 1988      Director and Secretary-General, The Chaipattana Foundation  
 Since 2002      Chairman, Elephant Reintroduction Foundation  
 Since 2002      Chairman, The Sirindhorn International Environmental Park



### 5-year Past Experiences and/or Remarkable Positions

1994-1996	Secretary-General, Office of The National Economic and Social Development Board
1994-1996	Director, The Bank of Thailand
1994-2001	Director, Thai Airways International Public Company Limited
1996-1997	Director, Krung Thai Bank Public Company Limited
1997-1998	Chairman, Telephone Organization of Thailand
1997-2000	Director, Thai Farmers Bank Public Company

Limited currently named as Kasikornbank Public Company Limited  
 2001-2012 Director, Council of Burapha University  
 2005-2010 President of the University Council, Thammasat University

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives (None)

### Mr. Pricha Attavipach

Age 78 years

Director qualified as an Independent Director (From March 31, 1999)

### Position in SCC

- Director
- Member of the Audit Committee
- Member of the Governance and Nomination Committee

### Date of Appointment as a Director

- March 31, 1999

### Education/Training

- M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.
- B.Sc. (Industrial Engineering), Chulalongkorn University

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Law
- Marketing and Finance
- Information Technology
- Corporate Governance and Risk Management

### Director Training

- Director Certification Program (DCP) 39/2004, Thai Institute of Directors Association
- Finance for Non-Finance Director (FND) 8/2004, Thai Institute of Directors Association
- Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association
- Director Accreditation Program (DAP) 107/2014, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (4)

Since 2004	Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited
Since 2008	Chairman and Independent Director, Thai Sugar Terminal Public Company Limited
Since 2008	Chairman, Kaset Thai International Sugar Corporation Public Company Limited
Since 2008	Chairman, TS Flour Mills Public Company Limited

### Position in Other Company/Organization/Institution (12)

Since 1933	Director, H.C. Starck Co., Ltd.
Since 2000	Chairman, Pan-Paper 1992 Company Limited
Since 2001	Specialist Senior Engineering (Industrial Engineer), Council of Engineers
Since 2003	Chairman, SIAM P.P. International Company Limited
Since 2004	Chairman, Ekarat Pattana Company Limited
Since 2004	Academic Director of the Safety and Health Vocational Management System, The Engineering Institute of Thailand Under H.M. The King's Patronage (E.I.T)
Since 2007	President of the University Council, Chaopraya University
Since 2008	Chairman, TS Oil Industry Company Limited
Since 2008	Chairman, TSG Asset Company Limited
Since 2010	Chairman, SI Property Company Limited
Since 2011	Chairman, Kaset Thai Bio Power Company Limited
Since 2016	Chairman, Bagasse Dryer Technology (Thailand) Company Limited

### 5-year Past Experiences and/or Remarkable positions

1993-2001	Director, PTT Exploration and Production Public Company Limited
1996-1999	Permanent Secretary, Ministry of Industry
1997-1998	Chairman, The Electricity Generating Authority of Thailand
1997-1999	Chairman, The Petroleum Authority of Thailand
1999-2000	Chairman, National Petrochemical Public Company Limited
2002-2016	Law Councilor of Ministry of Labour

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 36,100 shares (0.003%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives (None)

## Mr. Panas Simasathien

Age 84 years

### Position in SCC

- Director
- Member of the Governance and Nomination Committee

### Date of Appointment as a Director

- December 29, 1999

### Education/Training

- Honorary Doctorate in Commerce, Thammasat University
- Ph.D. (Accounting), University of Illinois, U.S.A.
- M.S. (Accounting), University of Illinois, U.S.A.
- B.A., Cum Laude, (Business Administration) Claremont Men's College, California, U.S.A.
- Certificate in Accountancy, Thammasat University

### Expertise

- Business or large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Law
- Accounting and Finance
- Corporate Governance and Risk Management

### Director Training

- Director Certification Program (DCP) 2/2000, Thai Institute of Directors Association
- The Corporate Governance of Family Business: A Path to Sustainable Success, Thai Institute of Directors Association
- Strengthening Corporate Governance Practices in Thailand, Thai Institute of Directors Association
- Effective AGMs for Better Communication with Your Shareholders, Thai Institute of Directors Association

- Developing CG Policy Statement, Thai Institute of Directors Association
- Director Independence and Handling of Conflict of Interests, Thai Institute of Directors Association
- DCP Refresher Course 1/2005, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (None)

### Position in Other Company/Organization/Institution (4)

Since 1992	Vice Chairman and Chairman of the Executive Committee, Siam Piwat Company Limited
Since 2000	Director, Board of The Crown Property Bureau
Since 2003	Chairman, The Council of State, Group 12
Since 2006	Director, CPB Equity Company Limited

### 5-year Past Experiences and/or Remarkable positions

1992	Minister of Finance
1993-1995	Chairman, The Electricity Generating Authority of Thailand
2005-2013	Chairman, The National Economic and Social Development Board
2011-2012	Chairman, Saha Union Public Company Limited

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 100,000 shares (0.0083%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

## Mr. Yos Euarchukiati

Age 74 years

### Position in SCC

- Director
- Member of the Remuneration Committee
- Member of CSR Committee for Sustainable Development

### Date of Appointment as a Director

- September 30, 1998

### Education/Training

- B.Sc.(Eng.), University College London, University of London, England

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Marketing, Accounting and Finance
- Corporate Governance and Risk Management

### Director Training

- Role of the Chairman Program (RCP) 1/2000, Thai Institute of Directors Association
- The Board's Role in Setting Effective Compensation Policy, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (None)

### Position in Other Company/Organization/Institution (3)

Since 2001	Chairman, CPB Property Company Limited
Since 2003	Director, Siam Piwat Company Limited
Since 2016	Executive Director, CPB Equity Company Limited

### 5-year Past Experiences and/or Remarkable positions

1990-2012	Chairman, Thai Plastic and Chemicals Public Company Limited
1992-1997	Vice Chairman, The Bank of Asia Public Company Limited
1997-2016	Advisor - Financial and Investment, The Crown Property Bureau

2001-2015	Chairman, Siam Sindhorn Company Limited
2001-2015	Chairman of the Executive Committee, CPB Equity Company Limited

#### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 1,800,000 shares (0.15%)
- Held by Spouse or Minor Children: (None)

#### Family Relationship among Directors and Executives (None)

#### Mr. Arsa Sarasin

Age 80 years

Director qualified as an Independent Director (From July 25, 2001)

#### Position in SCC

- Director
- Chairman of CSR Committee for Sustainable Development
- Member of the Governance and Nomination Committee

#### Date of Appointment as a Director

- July 25, 2001

#### Education/Training

- B.A. (Business Administration), Boston University, U.S.A.
- Honorary Doctoral Degree in Political Science (International Affairs), Thammasat University

#### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Marketing and Finance
- Corporate Governance

#### Director Training

- Director Accreditation Program (DAP) 5/2003, Thai Institute of Directors Association
- Audit Committee Program (ACP) 19/2007, Thai Institute of Directors Association
- Finance for Non-Finance Directors (FND) 39/2008, Thai Institute of Directors Association
- Role of the Chairman Program (RCP) 32/2013, Thai Institute of Directors Association

#### Board Member/Management in Other Listed Company (3)

Since 1998	Chairman, Padaeng Industry Public Company Limited
Since 1999	Chairman and Independent Director Siam Makro Public Company Limited
Since 2015	Chairman and Independent Director, Dusit Thani Public Company Limited

#### Position in Other Company/Organization/Institution (10)

Since 1993	Chairman, Thai Asia Pacific Brewery Company Limited
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Since 1995	Chairman, Amata City Company Limited
Since 2003	Director, Thai Pure Drinks Company Limited
Since 2004	Chairman of the Board of Governors for Amata Spring Country Club
Since 2004	Chairman of Advisor, Thai-Laos Friendship Association
Since 2005	Deputy Chairman, Thai Tapioca Development Institute
Since 2006	Chairman, Mae Sod Clean Energy Company Limited
Since 2013	Chairman, Mitsubishi Elevator Asia Company Limited
Since 2013	Advisor, Mitsubishi Electric Asia (Thailand) Company Limited
Since 2016	Advisor to Board of Directors, Charoen Pokphand Foods Public Company Limited

#### 5-year Past Experiences and/or Remarkable Positions

1977-1980	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of Belgium & Chief of Mission to the European Community
1982-1986	Permanent Secretary, Ministry of Foreign Affairs
1986-1988	Ambassador Extraordinary and Plenipotentiary, Royal Thai Embassy of United States of America
1991-1992	Minister of Foreign Affairs
1994-2004	Co-Chairman of the Thai-Laos Association
1995-1999	Vice Chairman of the Board of Directors, Bangkok Bank Public Company Limited
1999-2016	Independent Director, Vice Chairman of the Board and Chairman of the Audit Committee, Charoen Pokphand Foods Public Company Limited
2000-2012	His Majesty's Principal Private Secretary

#### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 13,000 shares (0.0011%)
- Held by Spouse or Minor Children: (None)

#### Family Relationship among Directors and Executives (None)

## Mr. Chumpol NaLamlieng

Age 69 years

Director qualified as an Independent Director (From July 30, 2014)

### Position in SCC

- Director
- Chairman of the Remuneration Committee

### Date of Appointment as a Director

- August 1, 1992

### Education/Training

- MBA, Harvard Business School, U.S.A.
- B.S. Mechanical Engineering, University of Washington, U.S.A.

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Law
- Marketing, Accounting and Finance
- Information Technology
- Corporate Governance and Risk Management

### Director Training

- Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (None)

### Position in Other Company/Organization/Institution (5)

Since 1989	Director, Navuti Company Limited
Since 1990	Director, Supaprunk Company Limited
Since 2010	Director, Siam Sindthorn Company Limited
Since 2012	Director, Kempin Siam Company Limited
Since 2012	Director, Kempinski International SA

### 5-year Past Experiences and/or Remarkable Positions

1990-2009	Director, Garden River Company Limited
1993-2005	President, The Siam Cement Public Company Limited
2005-2009	Director, British Airways Public Company Limited
2004-2011	Chairman, Singapore Telecommunication Company Limited
2007-2016	Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited
2011-2016	Director, CBP Equity Company Limited

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 201,000 shares (0.0168%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives (None)

## Mr. Tarrin Nimmanahaeminda

Age 71 years

Director qualified as an Independent Director (From October 24, 2007)

### Position in SCC

- Director
- Chairman of the Audit Committee
- Member of the Governance and Nomination Committee

### Date of Appointment as a Director

- October 24, 2007

### Education/Training

- MBA (Finance), The Stanford Graduate School of Business, U.S.A.
- B.A. (Government, Cum Laude), Harvard College, U.S.A.

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Marketing, Accounting and Finance
- Information Technology
- Corporate Governance and Risk Management

### Director Training

- Role of the Chairman Program (RCP) 35/2014, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (None)

### Position in Other Company/Organization/Institution (4)

Since 1988	Vice Chairman, Princess Maha Chakri Sirindhorn Foundation
Since 1992	Chairman of the board of Executive Directors and Treasurer, The Prostheses Foundation of H. M. H. The princess Mother
Since 2003	Chairman, Siam Piwat Company Limited
Since 2013	Chairman, Nantawan Company Limited

### 5-year Past Experiences and/or Remarkable Positions

1984-1992	President and Chief Executive Officer, Siam Commercial Bank Public Company Limited
1991-1992	Chairman of the Thai Bankers' Association
1992-1995	Minister of Finance (September 1992 - May 1995)
1992	Member of the Senate
1996-2005	Member of the House of Representatives
1997-2001	Minister of Finance (November 1997 - February 2001)



1999-2000 Chairman of The Development Committee,  
The World Bank Group

## Family Relationship among Directors and Executives (None)

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: 25,000 shares (0.0021%)

## Mr. Pramon Sutivong

Age 77 years

Director qualified as an Independent Director (From June 1, 2011)

### Position in SCC

- Director
- Member of the Remuneration Committee
- Member of the Audit Committee

### Date of Appointment as a Director

- April 29, 2009

### Education/Training

- Master of Engineering, Major in Mechanical, University of Kansas, U.S.A.
- Bachelor of Engineering, Major in Mechanical, University of Kansas, U.S.A.
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Marketing
- Corporate Governance and Risk Management

### Director Training

- Role of the Chairman Program (RCP) 4/2001, Thai Institute of Directors Association
- Director Accreditation Program (DAP) 6/2003, Thai Institute of Directors Association
- Role of the Compensation Committee (RCC) 9/2009, Thai Institute of Directors Association
- Audit Committee Program (ACP) 45/2013, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (1)

Since 1997 Independent Director, The Navakij Insurance Public Company Limited

### Position in Other Company/Organization/Institution (9)

- |            |   |
|------------|---|
| Since 1999 | Chairman, Toyota Motor Thailand Company Limited   |
| Since 1999 | Chairman, Siam Compressor Industry Company Limited                                      |
| Since 1999 | Director, Toyota Thailand Foundation  |
| Since 2007 | Director, Office of The Civil Service Commission  |
| Since 2009 | Honorary Director of the University Council, University of the Thai Chamber of Commerce |
| Since 2009 | Senior Chairman, The Thai Chamber of Commerce and Board of Trade of Thailand            |
| Since 2011 | Chairman of Anti-Corruption Organization of Thailand                                    |
| Since 2013 | Member, Advisory Board, Sasin Graduate Institute of Business Administration             |
| Since 2015 | Member, National Reform Steering Assembly   |

### 5-year Past Experiences and/or Remarkable Positions

- |           |  |
|-----------|--|
| 1990-2005 | Director, SCG Foundation                                       |
| 1992-1999 | Senior Vice President , The Siam Cement Public Company Limited |
| 1998-2002 | Chairman, International Chamber of Commerce Thailand           |
| 1999-2004 | Chairman, Bankthai Public Company Limited                      |
| 2006-2008 | Member, National Legislative Assembly                          |
| 2014-2016 | Member, National Reform Council                                |

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: 50,000 shares (0.0042%)

## Family Relationship among Directors and Executives (None)

## Mrs. Tarisa Watanagase

Age 67 years

Director qualified as an Independent Director (From March 27, 2013)

### Position in SCC

- Director
- Member of the Audit Committee

### Date of Appointment as a Director

- March 27, 2013

### Education/Training

- Ph.D. (Honorary) in Economics, Keio University, Tokyo, Japan
- Ph.D., Economics, Washington University, U.S.A.
- M.A., Economics, Keio University, Tokyo, Japan
- B.A., Economics, Keio University, Tokyo, Japan
- Advanced Management Program (AMP), Harvard Business School, U.S.A.
- Diploma, The State, Private Sector and Political Sectors Course (Class 3), National Defense College

### Expertise

- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Accounting and Finance
- Corporate Governance and Risk Management
- Crisis Management

### Director Training

- Director Certification Program (DCP) 4/2000, Thai Institute of Directors Association
- Driving Company Success with IT Governance (ITG) 3/2016, Thai Institute of Director Association

### Board Member/Management in Other Listed Company

(None)

### Position in Other Company/Organization/Institution (13)

- |            |   |
|------------|---|
| Since 2006 | Director, Puey Ungphakorn Institute   |
| Since 2006 | Member, Foundation For Thailand Rural Reconstruction Movement Under Royal Patronage                         |
| Since 2010 | Member, Board of Director, Ramathibodi Hospital Foundation  |
| Since 2011 | Member, Board of Directors and Audit Committee, Office of Insurance Commission                              |
| Since 2011 | Member, Board of Director, the Heart Foundation of Thailand under the Royal Patronage of the Crown Princess |
| Since 2011 | Director, Member, Board of Directors, Private Sector Collective Action Coalition Against Corruption (CAC)   |

Since 2011

Since 2012

Since 2013

Since 2013

Since 2015

Since 2016

Since 2016

### 5-year Past Experiences and/or Remarkable Positions

- Member, APD Advisory Group, Asia Pacific Department, IMF, Washington, D.C.
- Director, Thailand Philharmonic Orchestra
- Member, Advisory Board, Central Banking Publication, U.K.
- Senior Advisor, Promontory Financial Group, Washington, D.C., U.S.A.
- Director, Childline Thailand Foundation (1387)
- Director, Chulalongkorn University Council
- Vice Chairman, Thai-Japanese Association
- Governor, The Bank of Thailand
- Chairperson, The Bank of Thailand Board
- Chairperson, Monetary Policy Committee
- Chairperson, Financial Institutions Policy Committee
- Chairperson, Payment Systems Committee
- Board Member, The National Economic and Social Development Board
- Commission Member, The SEC Commission Members
- Director, Board of Insurance Commission
- Director, Thai Asset Management Corporation Board of Directors
- Expert, The Financial Sector Assessment Program (FSAP), IMF
- Member, International Advisory Panel, State Bank of Vietnam, Vietnam
- Member, World Bank-IMF Joint Committee on Remuneration of Executive Directors and Alternates
- Associate, Alliance for Financial Inclusion, Thailand
- Short-term Consultant, World Bank Independent Evaluation Group

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held personally: (None)
- Held by Spouse or minor children: 40,100 shares (0.0033%)

### Family Relationship among Directors and Executives

(None)

## Mr. Kan Trakulhoon

Age 61 years

<b>Position in SCC</b>		Since 2015	Member, National intellectual Property Policy Committee
<ul style="list-style-type: none"> <li>Director</li> <li>Member of CSR Committee for Sustainable Development</li> </ul>		Since 2015	Member, Committee on the Acceleration of Policy towards the Special Economic Zones in the Form of Industrial Cluster, Ministry of Industry
<b>Date of Appointment as a Director</b>			
<ul style="list-style-type: none"> <li>January 1, 2006</li> </ul>			
<b>Education/Training</b>			
<ul style="list-style-type: none"> <li>Honorary Degree, Doctor of Engineering, Chulalongkorn University</li> </ul>		Since 2015	Member of the Advisory Board, Nomura Holding Inc.
<ul style="list-style-type: none"> <li>Honorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham University</li> </ul>		Since 2015	Member of the Executive Board, Chulalongkorn Hospital
<ul style="list-style-type: none"> <li>M.S. (Management), The Georgia Institute of Technology, U.S.A.</li> </ul>		Since 2015	Public-Private-People Steering Committee on Innovation and Productivity, State of the People Project initiated by the Royal Thai Government
<ul style="list-style-type: none"> <li>M.S. Engineering, The Georgia Institute of Technology, U.S.A.</li> </ul>		Since 2015	Public-Private-People Steering Committee on Legal Reform, State of the People Project initiated by the Royal Thai Government
<ul style="list-style-type: none"> <li>B.E. (Electrical), First Class Honours, Chulalongkorn University</li> </ul>			Member, Governing Committee of Special Economic Development Zone
<ul style="list-style-type: none"> <li>Advanced Management Program (AMP), Harvard Business School, U.S.A.</li> </ul>			Member, Governing Committee of Food Innopolis under the Ministry of Science and Technology
<b>Expertise</b>		Since 2015	Member, Screening Committee for Strengthening and Sustainability of the Legal Economy
<ul style="list-style-type: none"> <li>Business or core industries of SCG and other large industries</li> <li>Administration and Large Organization Management</li> <li>Economics, Investment, Policy Setting and Strategic Planning</li> <li>Foreign Affairs</li> <li>Marketing, Accounting and Finance</li> <li>Corporate Governance and Risk Management</li> </ul>		Since 2015	
<b>Director Training</b>		Since 2016	
<ul style="list-style-type: none"> <li>Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association</li> </ul>		Since 2016	
<b>Board Member/Management in Other Listed Company (2)</b>			
Since 2016	Independent Director and Chairman of Sustainable Development Committee, Advanced Info Service Public Co. Ltd.	Since 2016	
Since 2016	Independent Director and Director of the Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited		
<b>Position in Other Company/Organization/Institution (20)</b>			
Since 2004	Board Member, East Asia Council, INSEAD	2013-2015	Advisory Director, National Science and Technology Development Board
Since 2006	Board Member, World Business Council for Sustainable Development	2013-2016	Advisory Director, National Science Technology and Innovation Policy Board (STI)
Since 2011	Global Advisor, Kubota Corporation (Japan)		
Since 2013	Advisor, The Federation of Thai Industries		
Since 2013	Honorable Advisor, Environmental Engineering Association of Thailand		
Since 2013	Advisor to the Executive Committee, Mahidol University Foundation		
Since 2013	Executive Board Member, Engineer Division of the Anandamahidol Foundation		
Since 2013	Member, Advisory Board, Sasin Graduate Institute of Business Administration		
Since 2014	Member, National Development and Enhancing Competitiveness Committee		
Since 2015	Member, National Science Technology and Innovation Policy Board		
		<b>5-year Past Experiences and/or Remarkable Positions</b>	
		2005-2015	President & CEO, The Siam Cement Public Company Limited
		2009-2011	Outside Director, Kubota Corporation (Japan)
		2013-2015	Advisory Director, National Science and Technology Development Board
		2013-2016	Advisory Director, National Science Technology and Innovation Policy Board (STI)
		<b>Shareholdings (Ordinary Shares) (as at December 30, 2016)</b>	
		<ul style="list-style-type: none"> <li>Held Personally: (None)</li> <li>Held by Spouse or Minor Children (None)</li> </ul>	
		<b>Family Relationship among Directors and Executives</b>	
		(None)	

## Mr. Roongrote Rangsiyopash

Age 53 years

### Position in SCC

- Director, SCG
- President & CEO, SCG
- Member of CSR Committee for Sustainable Development

### Date of Appointment as a Director

- March 25, 2015

### Education/Training

- MBA, Harvard Business School, U.S.A
- M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.
- B.E. (Mining), Chulalongkorn University

### Expertise

- Business or core industries of SCG and other large industries
- Administration and Large Organization Management
- Economics, Investment, Policy Setting and Strategic Planning
- Foreign Affairs
- Marketing, Accounting and Finance
- Corporate Governance and Risk Management

### Director Training

- Directors Accreditation Program (DAP) SCG/2004, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company

(None)

### Position in Other Company/Organization/Institution (7)

- |            |   |
|------------|---|
| Since 2015 | Advisory Director, the National Science and Technology Development Board  |
| Since 2015 | Sub-Committee member, Steering Sub-committee on the Reforming of Science, Technology and Research for Innovation, National Reform Steering Assembly |
| Since 2015 | Public-Private-People Steering Committee on Competitive Workforce, State of the People Project initiated by the Royal Thai Government               |
| Since 2015 | Committee, National Digital Economy Committee, Thai Royal Government  |

- |            |  |
|------------|--|
| Since 2016 | Council Member, World Business Council for Sustainable Development |
| Since 2016 | Member, Asia Business Council                                      |
| Since 2016 | Committee, Engineer Division of the Anandamahidol Foundation       |

### Other Position in SCG

- Being chairman and director of non-listed companies under SCG totaling 8 companies

### 5-year Past Experiences and/or Remarkable Positions

- |           |   |
|-----------|---|
| 2011-2015 | Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited |
| 2011-2015 | Chairman, Thai Cane Paper Public Company Limited  |
| 2011-2015 | President, SCG Paper Public Company Limited (currently named as SCG Packaging Public Company Limited)             |
| 2012-2015 | Director, Thai Plastic and Chemicals Public Company Limited   |
| 2013-2014 | Expert Member, Government Pension Fund (GPF) Board of Directors   |
| 2013-2014 | Chairman of Risk Management Sub-committee, Government Pension Fund (GPF)  |
| 2013-2015 | Executive Director, Giga Impact Initiative Board, National Science and Technology Development Agency (NSTDA)      |
| 2015      | Executive Vice President, The Siam Cement Public Company Limited  |

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held personally: 30,000 shares (0.0025%)
- Held by Spouse or minor children (None)

### Family Relationship among Directors and Executives

(None)

## Report of Changes in Securities Holdings of Directors

Directors	Ordinary shares (shares)			Debentures (units)*			Ordinary shares of affiliated companies (shares)
	As at January 1, 2016	As at December 31, 2016	Increase/ (decrease) during financial year	As at January 1, 2016	As at December 31, 2016	Increase/ (decrease) during financial year	
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-
2. Mr. Sumet Tantivejkul	-	-	-	10,000	10,000	-	-
3. Mr. Pricha Attavipach	31,100	36,100	5,000	45,000	55,000	10,000	-
4. Mr. Panas Simasathien	100,000	100,000	-	37,000	37,000	-	-
5. Mr. Yos Euarchukiati	1,800,000	1,800,000	-	-	-	-	-
6. Mr. Arsa Sarasin	13,000	13,000	-	-	-	-	-
7. Mr. Chumpol NaLamlieng	201,000	201,000	-	101,000	51,000	(50,000)	-
8. Mr. Tarrin Nimmanahaeminda	-	-	-	-	-	-	-
Spouse	25,000	25,000	-	-	-	-	-
9. Mr. Pramon Sutivong	-	-	-	12,000	12,000	-	-
Spouse	50,000	50,000	-	-	-	-	-
10. Mrs. Tarisa Watanagase	-	-	-	-	-	-	-
Spouse	40,100	40,100	-	-	-	-	-
11. Mr. Kan Trakulhoon	-	-	-	-	-	-	-
12. Mr. Roongrote Rangsiyopash	30,000	30,000	-	40,000	58,000	18,000	-

### Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up of capital of 1,200,000,000 Baht (1,200,000,000 shares).
- According to the Public Limited Companies Act, an "affiliated company" means a public limited company with a relationship to a private company, a public limited company, or companies in the following manner:
  - Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority.
  - Holds more than 50% of issued shares.
- According to SEC regulation, ordinary shares of a company held by the directors include those held by a spouse and minor children.
- The Public Limited Companies Act requires divulging the ordinary shares and debentures in the company and in affiliated companies held solely by a Board member as an individual.
- The Siam Cement Public Company Limited debentures are 1,000 Baht per unit.
- \* Debenture of The Siam Cement Public Company Limited as at December 19, 2016.



## 10.2 Top Executives of SCG

(As at January 1, 2017)

**01 Mr. Roongrote Rangsiyopash**  
*President & CEO, SCG*

**02 Mr. Cholanat Yanaranop**  
*Executive Vice President, SCG  
President, SCG Chemicals*

**03 Mr. Somchai Wangwattanapanich**  
*Vice President - Operations,  
SCG Chemicals*

**04 Mr. Aree Chavalitcheewingul**  
*President, Vice President - Regional Business,  
SCG Cement-Building Materials*

**05 Mr. Nithi Patarachoke**  
*Vice President - Domestic Market,  
SCG Cement-Building Materials*

**06 Mr. Chana Poomee**  
*Vice President - Operations,  
SCG Cement-Building Materials*

**07 Mr. Tanawong Areeratchakul**  
*President, SCG Packaging*

**08 Mr. Chaovalit Ekabut**  
*Vice President - Finance and  
Investment & CFO, SCG*

**09 Mr. Yuttana Jiamtragan**  
*Vice President - Corporate  
Administration, SCG*



The above-mentioned top executives of SCG are “Executive” according to the Notification of Capital Market Supervisory Board No. Tor Chor 23/2551.

The nine members of top executives have no forbidden qualification as following:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflicts of interest against SCG during the year.

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation. Their duties also encompass controlling and keeping expenses and capital expenditures within the limits approved by the Board in the annual operating plan; managing human resources in line with the prescribed policy; resolving problems or conflicts that affect the Company; and maintaining effective communication with related parties.

#### The Directors of Subsidiaries that are Core Businesses (As at January 1, 2017)

Companies	Directors								
	Mr. Roongrote Rangsiyopash	Mr. Cholanat Yanaranop	Mr. Somchai Wangwattapanich	Mr. Aree Chavalitcheewingul	Mr. Nithi Patarachoke	Mr. Chana Poomee	Mr. Tanawong Areeratchakul	Mr. Chaovalit Ekabut	Mr. Yuttana Jiamtragan
<b>SCG Cement-Building Materials</b>									
SCG Cement-Building Materials Company Limited	✓			✓	✓	✓		✓	✓
SCG Cement Company Limited	✓			✓	✓	✓		✓	✓
SCG Building Materials Company Limited	✓			✓	✓	✓		✓	✓
SCG Distribution Company Limited	✓			✓	✓	✓		✓	✓
<b>SCG Chemicals</b>									
SCG Chemicals Company Limited	✓	✓	✓	✓			✓	✓	
<b>SCG Packaging</b>									
SCG Packaging Public Company Limited	✓		✓	✓	✓		✓	✓	

#### Notes:

The Chief Officers in Accounting and Finance (as at January 1, 2017) as follow:

1. Mr. Pichit Leelaphantmetha                      Corporate Accounting Director
2. Mrs. Chantanida Sarigaphuti                      Director of Corporate Treasury

## SCG Top Executives

Mr. Roongrote Rangsiyopash

Age 53 years

<b>Position</b>	Director	Since 2016	Council Member, World Business Council for Sustainable Development
	President & CEO, SCG		
	Member of CSR Committee for Sustainable Development	Since 2016	Member, Asia Business Council
		Since 2016	Committee, Engineer Division of the Anandamahidol Foundation
<b>Date of Appointment as a Director</b>			
<ul style="list-style-type: none"> <li>March 25, 2015</li> </ul>			
<b>Education/Training</b>			
<ul style="list-style-type: none"> <li>MBA, Harvard Business School, U.S.A</li> <li>M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.</li> <li>B.E. (Mining), Chulalongkorn University</li> </ul>			
<b>Director Training</b>			
<ul style="list-style-type: none"> <li>Directors Accreditation Program (DAP) SCG/2004, Thai Institute of Directors Association</li> </ul>			
<b>Board Member/Management in Other Listed Company</b>			
(None)			
<b>Position in Other Company/Organization/Institution (7)</b>			
Since 2015	Advisory Director, the National Science and Technology Development Board	2011-2015	Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited
Since 2015	Sub-Committee member, Steering Sub-committee on the Reforming of Science, Technology and Research for Innovation, National Reform Steering Assembly	2011-2015	Chairman, Thai Cane Paper Public Company Limited
Since 2015	Public-Private-People Steering Committee on Competitive Workforce, State of the People Project initiated by the Royal Thai Government	2011-2015	President, SCG Paper Public Company Limited (currently named as SCG Packaging Public Company Limited)
Since 2016	Committee, National Digital Economy Committee, Thai Royal Government	2012-2015	Director, Thai Plastic and Chemicals Public Company Limited
		2013-2014	Expert Member, Government Pension Fund (GPF) Board of Directors
		2013-2014	Chairman of Risk Management Sub-committee, Government Pension Fund (GPF)
		2015	Executive Vice President, The Siam Cement Public Company Limited
<b>Shareholdings (Ordinary Shares) (as at December 30, 2016)</b>			
<ul style="list-style-type: none"> <li>Held Personally: 30,000 shares (0.0025%)</li> <li>Held by Spouse or Minor Children: (None)</li> </ul>			
<b>Family Relationship among Directors and Executives</b>			
(None)			

## Mr. Cholanat Yanaranop

Age 57 years

**Position** Executive Vice President, SCG  
President, SCG Chemicals  
Member of CSR Committee for Sustainable Development

### Education/Training

- Master of Chemical Engineering, Imperial College London, UK
- Bachelor of Environmental Chemical Engineering, (Second Class Honours), Salford University, Manchester, UK
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

### Director Training

- Directors Accreditation Program (DAP) 39/2005, Thai Institute of Directors Association
- Role of Chairman Program (RCP) 38/2016, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (2)

Since 2011 Commissioner, PT Chandra Asri Petrochemical Tbk, Indonesia

Since 2012 Chairman, Thai Plastic and Chemicals Public Company Limited

### Position in Other Company/Organization/Institution (5)

Since 2006 Director, Petroleum Institute of Thailand

Since 2009 Advisor, The Thai Institute of Chemical Engineering and Applied Chemistry

Since 2015 Vice President, Community Partnership Association

Since 2016 Director, Apexcela Company Limited

Since 2016 Director, Siam Bioscience Company Limited

### Other Positions in SCG

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2005-2010 Director, PTT Chemical Public Company Limited

2007-2008 President, The Thai Institute of Chemical Engineering and Applied Chemistry

2013-2015 President, Community Partnership Association

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 33,500 shares (0.0028%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

## Mr. Somchai Wangwattanapanich

Age 58 years

**Position** Vice President - Operations, SCG Chemicals

### Education/Training

- MBA, Chulalongkorn University
- Bachelor of Engineering, Mechanical Engineering, Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

### Director Training

- Director Accreditation Program (DAP) SCC/2004, Thai Institute of Directors Association
- Director Certification Program (DCP) 208/2015, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company (1)

Since 2014 Director, Thai Plastic and Chemicals Public Company Limited

### Position in Other Company/Organization/Institution (3)

Since 2012 Vice Chairman, The Federation of Thai Industries

Since 2014 Chairman, The Industrial Environment Institute

Since 2016 Chairman, Water Institution for Sustainability

### Other Positions in SCG

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2010-2012 Vice Chairman of Petrochemical Industry Club, The Federation of Thai Industries

2010-2012 Executive Committee of the Institute of Industrial and Water Resource and Supplies

2010-2014 Vice Chairman, The Industrial Environment Institute

2011-2013 Vice Chairman of Executive Committee, The Institute of Industrial Energy

2011-2013 Chairman, Climate Change working group under The Joint Standing Committee on Commerce, Industry and Banking

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 4,300 shares (0.0004%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

## Mr. Aree Chavalitcheewingul

Age 53 years

**Position** President, Vice President-Regional Business,  
SCG Cement-Building Materials

### Education/Training

- Master of Engineering (Industrial Engineering and Management), Asian Institute of Technology
- Bachelor of Engineering (Electrical), Honours, Chiang Mai University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

**Director Training** (None)

### Board Member/Management in Other Listed Company (5)

Since 2008	Director and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited
Since 2011	Director and Member of Executive Committee, Quality Construction Products Public Company Limited
Since 2011	Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia
Since 2011	Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia
Since 2012	Director, Siam Global House Public Company Limited

## Mr. Nithi Patarachoke

Age 53 years

**Position** Vice President-Domestic Market,  
SCG Cement- Building Materials

### Education/Training

- MBA (Finance and Operations Management), University of Chicago, U.S.A.
- B.E. (Industrial), Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

**Director Training** (None)

### Board Member/Management in Other Listed Company (1)

Since 2012	Director, Siam Global House Public Company Limited
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### Position in Other Company/Organization/Institution (3)

Since 2013	Vice Chairman, Thailand Management Association
Since 2014	Director, Asia Cement Public Company Limited

**Position in Other Company/Organization/Institution**  
(None)

### Other Positions in SCG

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2008-2011	Managing Director, Thai-German Ceramic Industry Public Company Limited
2011-2012	Director, Thai Plastic and Chemicals Public Company Limited
2011-2012	Vice President – Corporate Administration, The Siam Cement Public Company Limited
2012	Executive Vice President, SCG Building Materials Company Limited

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

Since 2016 Vice Chairman, The Federation of Thai Industries

### Other Positions in SCG

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2005-2010	Corporate Planning Director, The Siam Cement Public Company Limited
2010-2013	Managing Director, SCG Logistics Management Co., Ltd.

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 4,000 shares (0.0003%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)



## Mr.Chana Poomee

Age 51 years

<b>Position</b> Vice President-Operations, SCG Cement-Building Materials	<b>5-year Past Experiences and/or Remarkable Positions</b> 2010-2013 Energy Director, SCG Cement-Building Materials Co., Ltd.
<b>Education/Training</b> <ul style="list-style-type: none"><li>B.Eng. Electrical Engineering, King Mongkut's of University Technology North Bangkok</li><li>Master of Public Health, Sukhothai Thammathirat Open University</li><li>Advanced Management Program (AMP), Harvard Business School, U.S.A.</li></ul>	2013-2015 Country Director-Myanmar, SCG Cement-Building Materials
<b>Director Training</b> (None)	2013-2015 Managing Director, ECO Plant Services Co., Ltd.
<b>Board Member/Management in Other Listed Company</b> (None)	2013-2014 Managing Director, Mawlamyine Cement Ltd.
<b>Position in Other Company/Organization/Institution</b> (None)	2015 Managing Director, Myanmar CBM Services Co., Ltd.
<b>Other Positions in SCG</b> <ul style="list-style-type: none"><li>Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company</li></ul>	<b>Shareholdings (Ordinary Shares) (as at December 30, 2016)</b> <ul style="list-style-type: none"><li>Held Personally: 5,800 shares (0.0005%)</li><li>Held by Spouse or Minor Children: 500 shares (0.00004%)</li></ul>
	<b>Family Relationship among Directors and Executives</b> (None)

## Mr. Tanawong Areeratchakul

Age 53 years

<b>Position</b> President, SCG Packaging	<b>5-year Past Experiences and/or Remarkable Positions</b> 2007-2010 Managing Director, Rayong Olefins Co., Ltd.
<b>Education/Training</b> <ul style="list-style-type: none"><li>B.E. (Electrical), King Mongkut's Institute of Technology Thonburi</li><li>Advanced Management Program (AMP), Harvard Business School, U.S.A.</li></ul>	2008-2012 General Director, Long Son Petrochemicals Co., Ltd.
<b>Director Training</b> (None)	2012-2015 Vice President - Corporate Administration, SCG
<b>Board Member/Management in Other Listed Company</b> (None)	<b>Shareholdings (Ordinary Shares) (as at December 30, 2016)</b> <ul style="list-style-type: none"><li>Held Personally: (None)</li><li>Held by Spouse or Minor Children: (None)</li></ul>
<b>Position in Other Company/Organization/Institution</b> (None)	<b>Family Relationship among Directors and Executives</b> (None)
<b>Other Positions in SCG</b> <ul style="list-style-type: none"><li>Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company</li></ul>	

## Mr. Chaovalit Ekabut

Age 58 years

<b>Position</b> Vice President - Finance and Investment & CFO, SCG	<ul style="list-style-type: none"><li>Advanced Management Program (AMP), Harvard Business School, U.S.A.</li></ul>
<b>Education/Training</b> <ul style="list-style-type: none"><li>M.E. (Industrial Engineering and Management), Asian Institute of Technology</li><li>B.E. (Mechanical) (First Class Honours), Chulalongkorn University</li></ul>	<b>Director Training</b> <ul style="list-style-type: none"><li>Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association</li><li>Directors Certification Program (DCP) 84/2007, Thai Institute of Directors Association</li></ul>

- Role of the Chairman Program (RCP),  
Thai Institute of Directors Association

#### **Board Member/Management in Other Listed Company (2)**

Since 2011	Commissioner, PT Chandra Asri Petrochemical Tbk, Indonesia
Since 2015	Director, Thai Plastic and Chemicals Public Company Limited

#### **Position in Other Company/Organization/Institution**

(None)

#### **Other Positions in SCG**

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

**Mr. Yuttana Jiamtragan**

Age 53 years

<b>Position</b>	Vice President-Corporate Administration Member of CSR Committee for Sustainable Development
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#### **Education/Training**

- Master of Business Administration, Assumption University
- Bachelor of Sciences (Chemistry), Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

#### **Director Training** (None)

#### **Board Member/Management in Other Listed Company**

(None)

#### **Position in Other Company/Organization/Institution (5)**

Since 2015	Advisor, Thai Bioplastics Industry Association
Since 2015	Advisor, Foundation for the Promotion of Science and Technology Under the Patronage of His Majesty the King
Since 2016	Committee, Center of Excellence on Environmental Health and Toxicology
Since 2016	Distinguished Scholar of the Dr. Katsunoda Maedo Fund (Ratchadaphiseksomphot Endowment Fund), Chulalongkorn University
Since 2016	Committee, NSTDA Chair Professor Fund

#### **Other Positions in SCG**

- Being chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

#### **5-year Past Experiences and/or Remarkable Positions**

2005-2010	President, SCG Paper Public Company Limited (currently named as SCG Packaging Public Company Limited)
2005-2010	Chairman, Thai Cane Paper Public Company Limited
2005-2010	Chairman, Thai British Security Printing Public Company Limited

#### **Shareholdings (Ordinary Shares) (as at December 30, 2016)**

- Held Personally: 30,000 shares (0.0025%)
- Held by Spouse or Minor Children: (None)

#### **Family Relationship among Directors and Executives**

(None)

#### **5-year Past Experiences and/or Remarkable Positions**

2008-2015	Managing Director, SCG Performance Chemicals Co. Ltd.
2010-2013	Managing Director, SCG Polyolefin Co. Ltd.
2011-2015	Business Group Head: Compound & Formulation, SCG Chemicals
2012-2016	Member, The Federation of Plastic Industries (AFPI)
2012-2016	Honorary Chairman, Plastic Industry Club, The Federation of Plastic Industries (AFPI)
2012-2016	Advisor, Thailand Institute of Packaging and Recycling Management for Sustainable Environment, The Federal of Thai Industries (TIPMSE)

#### **Shareholdings (Ordinary Shares) (as at December 30, 2016)**

- Held Personally: 2,000 shares (0.0002%)
- Held by Spouse or Minor Children: (None)

#### **Family Relationship among Directors and Executives**

(None)

## Chief Officers in Accounting and Finance

Mr. Pichit Leelaphantmetha

Age 52 years

**Position** Corporate Accounting Director  
Managing Director, SCG Accounting Services Co., Ltd.

### Education/Training

- Master of Business Administration, Thammasat University
- Bachelor of Accountancy, Chulalongkorn University

### Director Training

- Director Certification Program (DCP) 118/2009, Thai Institute of Directors Association
- Advanced Strategic Management (ASM), International Institute For Management Development, Switzerland

**Board Member/Management in Other Listed Company**  
(None)

**Position in Other Company/Organization/Institution (1)**  
Since 2014 Accounting Standard Scrutinizing Sub-Committee, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King

### Other Position in SCG

- Being director and executive of non-listed companies under SCG as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2012 The Committee of Management Accounting, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: (None)

**Family Relationship among Directors and Executives**  
(None)

Mrs. Chantanida Sarigaphuti

Age 47 years

**Position** Director of Corporate Treasury

### Education/Training

- M.S.(Finance), University of Illinois, USA
- BBA (Finance), Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

### Director Training

- Company Secretary Program (CSP) 43/2011, Thai Institute of Directors Association

**Board Member/Management in Other Listed Company**  
(None)

**Position in Other Company/Organization/Institution**  
(None)

### Other Position in SCG

- Being director and executive of non-listed companies under SCG as assigned by the company

### 5-year Past Experiences and/or Remarkable Positions

2008 Managing Director, SCT Services Co., Ltd.  
2008 Manager, International Services Division, SCT Co., Ltd.  
2010 General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 2,000 shares (0.0002%)
- Held by Spouse or Minor Children: (None)

**Family Relationship among Directors and Executives**  
(None)

## Report of Changes in Securities Holdings of Executives

No.	Executives	Ordinary shares of The Siam Cement Public Company Limited (shares)		
		As at January 1, 2016	As at December 31, 2016	Increase / (decrease) during financial year
1.	Mr. Roongrote Rangsiyopash	30,000	30,000	-
2.	Mr. Chaovalit Ekabut	30,000	30,000	-
3.	Mr. Cholanat Yanaranop	33,500	33,500	-
4.	Mr. Pichit Maipoom*	-	-	-
5.	Mr. Aree Chavalitcheewingul	-	-	-
6.	Mr. Somchai Wangwattanapanich	4,300	4,300	-
7.	Mr. Tanawong Areeratchakul	-	-	-
8.	Mr. Nithi Patarachoke	4,000	4,000	-
9.	Mr. Yuttana Jiamtragan	2,000	2,000	-
10.	Mr. Chana Poomee	4,800	5,800	1,000
	Spouse	500	500	-
11.	Mr. Pichit Leelaphantmetha	-	-	-
12.	Mrs. Chantanida Sarigaphuti	-	2,000	2,000

### Notes:

- The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up of capital of 1,200,000,000 Baht (1,200,000,000 shares).
- In reference to the Notification of Capital Market Supervisory Board No. Tor Chor 23/2551, "Executives" shall mean the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.
- SCG Top executives in 2015 according to the Notification of Capital Market Supervisory Board comprises the above-mentioned 12 members.
- According to SEC regulation, ordinary shares of a company held by the directors and executives include those held by spouses and minor children.
- \* Mr. Pichit Maipoom has retired from his office since January 1, 2017.
- No. 11-12 are Chief Officer of Accounting and Finance.

## Head of Internal Audit

Mr. Anuwat Jongyindee

Age 59 years

**Position** Internal Audit Director

### Education/Training

- Master of Accountancy, Chulalongkorn University
- Bachelor of Science (Business Administration), Kasetsart University

### Director Training

- Director Accreditation Program (DAP) 82/2010, Thai Institute of Directors Association
- Director Certification Program (DCP) 135/2010, Thai Institute of Directors Association
- Audit Committee Program (ACP) 31/2010, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company

(None)

### Position in Other Company/Organization/Institution (4)

- |            |   |
|------------|---|
| Since 2008 | Vice President and Auditing Supervision Committee, Association of Provident Fund                |
| Since 2014 | Committee, Accounting System Setting Committee, Federation of Accounting Profession of Thailand |

Since 2014

Chairman of Risk Management and Internal Control Club, Thai Listed Companies Association (TLCA)

Since 2015

Committee of CAC Certification Committee

### 5-year Past Experiences and/or Remarkable Positions

2005-2010

Corporate Accounting Director, The Siam Cement Public Company Limited

2005-2010

Director of Accounting Committee and President of Accounting Sub-Committee, Federal Accounting Profession of Thailand

2007-2010

Director, Thai Accounting Standard Committee, Federal Accounting Profession of Thailand

2011-2013

Vice President, Accounting System Setting Committee, Federation of Accounting Profession of Thailand

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: (None)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)

## The Company Secretary

Mrs. Pornpen Namwong

Age 55 years

**Position** Corporate Secretary Director

### Education/Training

- M.S., Japanese Business Studies, Chaminade University of Honolulu, Hawaii, U.S.A
- Bachelor of Economics (Second Class Honors), Thammasat University

### Seminar on Role and Responsibility of Company Secretary

- Company Secretary Program (CSP) 51/2013, Thai Institute of Directors Association
- Anti-Corruption: The Practical Guide (ACPG), Thai Institute of Directors Association
- Board Reporting Program (BRP), Thai Institute of Directors Association
- Corporate Governance for Executives (CGE) 7/2016, Thai Institute of Directors Association

### Board Member/Management in Other Listed Company

(None)

### Position in Other Company/Organization/Institution (1)

Since 2010

Director, Thai Company Secretary Club

### Other Positions in SCG

- Being Company secretary of listed companies under SCG as assigned by the Company

### 5-year Past Experiences and/or Remarkable Positions

1999-2010

Manager, Legal and Business Affairs, SCG Chemicals Co., Ltd.

### Shareholdings (Ordinary Shares) (as at December 30, 2016)

- Held Personally: 1,000 shares (0.0001%)
- Held by Spouse or Minor Children: (None)

### Family Relationship among Directors and Executives

(None)



### 10.3 The Secretary to the Board of Directors and the Company Secretary

#### The Secretary to the Board of Directors

The Board appointed Mr. Worapol Jennapar as the secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings, and attending every Board meeting. He is deemed by the Board to be highly knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding laws, rules, regulations and the SCG Corporate Governance Policy.

#### The Company Secretary

The Board appointed Mrs. Pornpen Namwong as the company secretary and assistant secretary to the Board of Directors responsible for organizing the meetings of the Board, committees and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of shareholders' meetings, and Annual Report as well as filing documents as stipulated by law. She is deemed by the Board to be appropriate because she is knowledgeable in managing corporate secretarial work, having served as director of the corporate secretary office, which supports the corporate secretarial work involving compliance with laws, rules, regulations and the SCG Corporate Governance Policy.

The Company constantly supports the company secretary to undergo training and development in the areas of law, accounting, or corporate secretarial work. The qualifications and experience of the company secretary are disclosed in the Company's annual report.

### 10.4 Remuneration for the Board and the Top Executives

#### Remuneration for the Board and the Sub-committees

SCG sets appropriate remuneration for members of the Board of Directors at rates comparable to those of leading companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also considered based on SCG's operating results, before being proposed for approval in the Shareholders' Meeting.

#### Director Remuneration

In the 11<sup>th</sup> Annual General Meeting of Shareholders held on March 24, 2004, a resolution passed concerning the remuneration and bonuses of directors. Monthly remuneration for all directors was set at 1,800,000 Baht, to be distributed among the directors in such manner that they themselves may consider appropriate. Regarding bonuses, permission was granted for the Board itself to determine the appropriate amount, but the amount cannot exceed 0.5% of total dividends paid to shareholders, and should be apportioned among the directors in such manner they themselves may consider appropriate. This took effect from the day the resolution was passed by a vote of the shareholders and remained in effect until the Shareholders' Meeting determined otherwise. The bonus for directors will be considered based on the growth of profits of the Company.

In addition to monetary remuneration, the Company does not grant other privileges to the directors.

As for remuneration for the Sub-committees, the Board of Directors is entitled to set the remuneration for each committee according to Clause 40 of the Company's Articles of Association. However, to ensure transparency in tune with good corporate governance, the Board of Directors resolved that all forms of remuneration for the Directors shall be disclosed at the Annual General Meeting of Shareholders and added to the regular agenda for approval. The 23<sup>rd</sup> Annual General Meeting of Shareholders held on Wednesday, March 30, 2016, resolved to approve the retention of the remuneration of Directors and Sub-committee members.

#### The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration the Board of Directors passed a resolution to pay the chairman a 1.5 portion, or 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht per month.

Director Bonuses The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portions and each of the other board members bonuses of one portion of total bonuses as approved in the Shareholders' Meeting

### Remuneration for the Sub-committees

The Board of Directors passed a resolution to remunerate members of the Sub-committees on the basis of a fixed fee and attendance fee, as follows:

	Position	Annual fixed fee (Baht)	Attendance fee (Baht)
The Audit Committee	Chairman	180,000	45,000
	Director	120,000	30,000
The Governance and Nomination Committee/	Chairman	150,000	37,500
The Remuneration Committee	Director	100,000	25,000

### The Remuneration for the Board of Directors and the Sub-committees in 2016

(January 1 – December 31, 2016)

Directors	Remuneration (Baht)				Directors' Bonus paid in 2016* (Baht)	Total (Baht)
	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee		
1. Mr. Chirayu Isarangkun Na Ayuthaya <sup>1</sup>	2,592,000	-	-	-	7,200,000	9,792,000
2. Mr. Sumet Tantivejkul <sup>2</sup>	1,728,000	-	300,000	-	4,800,000	6,828,000
3. Mr. Pricha Attavipach	1,728,000	300,000	200,000	-	4,800,000	7,028,000
4. Mr. Panas Simasathien	1,728,000	-	200,000	-	4,800,000	6,728,000
5. Mr. Yos Euarchukiati	1,728,000	-	-	250,000	4,800,000	6,778,000
6. Mr. Arsa Sarasin <sup>3</sup>	1,728,000	-	175,000	-	4,800,000	6,703,000
7. Mr. Chumpol NaLamlieng <sup>4</sup>	1,728,000	-	-	375,000	4,800,000	6,903,000
8. Mr. Tarrin Nimmanahaeminda <sup>5</sup>	1,728,000	450,000	200,000	-	4,800,000	7,178,000
9. Mr. Pramon Sutivong	1,728,000	300,000	-	250,000	4,800,000	7,078,000
10. Mrs. Tarisa Watanagase	1,728,000	300,000	-	-	4,800,000	6,828,000
11. Mr. Kan Trakulhoon <sup>6</sup>	1,728,000	-	-	-	4,800,000	6,528,000
12. Mr. Roongrote Rangsiyopash	1,728,000	-	-	-	4,800,000	6,528,000
<b>Total</b>	<b>21,600,000</b>	<b>1,350,000</b>	<b>1,075,000</b>	<b>875,000</b>	<b>60,000,000</b>	<b>84,900,000</b>

#### Note :

- Chairman of the Board of Directors
- Chairman of the Governance and Nomination Committee
- Chairman of the CSR Committee for Sustainable Development\*\*
- Chairman of the Remuneration Committee
- Chairman of the Audit Committee

6. Additional remuneration received as Chairman of the Management Advisory Committee was 270,000 Baht per month.

\* The directors' bonus paid in 2016 consisted of the bonus payment based on the final dividend of the year 2015 paid to shareholders on April 28, 2016 and the interim dividend of the year 2016 paid on August 25, 2016 as represented in the item of "Administrative expenses" on the consolidated statements of income.

\*\* The CSR Committee for Sustainable Development has no remuneration.

## SCG Top Executives Remuneration

### Policy on Top Executive Remuneration

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

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.

2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The executive's capability to develop the business unit and improve operational efficiency for each business unit each year.

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

### Top Executive Remuneration (As at December 31, 2016)

The total remuneration for ten\* executives in the form of salaries, bonuses, variable pay and others amounted to 273,213,758 Baht. For 2016, the Company made contributions of 16,740,670 Baht to the provident fund for the executives as the employees of the Company.

**Note\*** Including the remuneration of Mr. Pichit Maipoom, who retired from office since January 1, 2017.

### The remuneration for the directors and top executives of subsidiaries, which are SCG's core businesses (As at December 31, 2016)

#### Total remuneration for directors of subsidiaries that are core business of SCG

Directors of the core businesses, which encompass SCG Cement-Building Materials, SCG Chemicals and SCG Packaging are the top executives who are not subject to remuneration paid for being the directors.

#### Total remuneration for top executives of subsidiaries that are core businesses of SCG

1. Remuneration paid as money, such as monthly salary, bonus, and variable pay.

2. Other compensation such as provident fund contributions.

Details of remuneration for top executives of subsidiaries that are core businesses of SCG are as follows:

Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1. SCG Cement-Building Materials Co., Ltd.	5	34,547,039	2,836,873
2. SCG Chemicals Co., Ltd.	8	61,915,576	4,185,946
3. SCG Packaging PLC.	11	71,240,242	5,094,717

The above-mentioned number of executives and the remuneration excluded those of the presidents and vice president of subsidiaries that are SCG's core businesses, as they were included in the number and remuneration of SCG top executives.

## 10.5 Human Resources

With adherence to one of SCG 4 Core Values “Belief in the Value of the Individual”, SCG attaches great significance to employees, considering them the most valuable assets of the Company. SCG has continuously consolidated the human resources management and strengthened corporate culture to better align with the Company’s corporate strategies. The human resources management strategies given top priority include:

### 1. Capability Enhancement to Achieve Region-wide Business Growth

SCG focuses on enhancing the capabilities of the Group and employees to facilitate decision making and overseas business operations as well as enabling SCG to become ASEAN’s Sustainable business leader. For employees who are the most vital to the accomplishment of such goals, SCG has streamlined the human resources management system to align with employee development through the following efforts:

1.1 Enhancing expertise in human resources management for employees in each country in the areas of laws, labor relations, and other human resources management systems. To that effect, the Company has fostered relationships with the government sector, labor and other business networks to exchange knowledge, develop the knowledge base, and promote collaboration to support the Company’s business operations.

1.2 Increasing the ability to attract talented candidates in every country where SCG operates to join the Company by offering flexible employment schemes and benefits for candidates with work experience. This is concurrent with building a strong brand.

### 2. Human Resources Management System Development

SCG supports the development of the human resources management system, making it more flexible for the Company to make adjustments relating to employment, employees and work conditions. To achieve the goal, the structure or fundamentals of the existing human resources management system were reviewed and improvements to the system were added to better meet the requirements of each group of employees, allowing for more effective management of each employee group.

### 3. Improvement of Human Resources Management System for Highly Talented and Competent Employees

To attract and retain highly talented and competent employees, SCG has constantly reviewed the human resources



SCG promotes SCG PEOPLE working culture especially in overseas or in new business where we operate

management system and set forth the SCG Talent Management System, which is measurable and best addresses the business requirements.

### 4. Employee Engagement Enhancement

To promote employee engagement, SCG has updated its employee engagement strategy and employee engagement model to provide guidelines for increasing engagement and carrying out engagement surveys. The results will be used to consolidate the human resources management system, keeping it up-to-date and effective.

### 5. Promotion of SCG People-Style Work Culture

SCG has supported the implementation of the SCG people-style work culture to enable SCG to be recognized as an innovative organization. Apart from upholding SCG 4 Core Values, employees are open to new ideas and express their views constructively (Open). They also constantly challenge themselves with change for the better (Challenge). SCG is resolved to further promote the SCG People-Style work culture, especially in its overseas operations or new business setups.

### 6. Employee Development

SCG’s aggressive expansion to ASEAN has led to an increasing number of overseas employees. At the same time, the Company is also facing many challenges, for example, how to develop the employees to cope with the fast-growing business and how to create a standard learning system for SCG employees across the region. As a consequence, SCG has carried out learning transformation along with ongoing employee development by defining employee development and learning strategy as well as best practice guidelines to achieve the objectives. They include the following:

1. Creating a standard learning system for SCG employees region-wide, building around role-based competency to equip them with knowledge and skill to cope with challenges and the fast-growing business.

2. Creating a coaching and learning culture in which each individual employee is responsible for his/her learning and development with full support of their supervisors by employing the 70:20:10 Model for Learning Transformation with focus on enhancing learning efficiency.

3. Linking employee learning to the SCG Talent Management System which encompasses the defining qualifications of a candidate, recruiting, developing and retaining talented employees to ensure the effective and efficient learning of employees, empowering them to meet the requirements of the business.

4. Developing the competency of employees and leaders by establishing the committees and functions dedicated to employees learning at different levels, ranging from the SCG Learning Council, BU Academy Committee, Professional Academy Committee and Leadership Academy Committee. The objectives are to develop the knowledge and skill of every employee and develop a generation of leaders with the mentality, knowledge, and competency necessary for intense business competition and who are keen to develop the employees to reach their full potential to function as SCG's driving force.

5. Providing learning support by adopting the Learning Management System (LMS) to ensure SCG employees across the region are provided with the same quality learning standard and system with maximum learning efficiency. The efforts also extend to introducing digital classrooms which include e-learning and gamification among others.

To realize the development and learning strategy, the SCG Learning Council has set forth the Learning Policy to ensure the same standard of learning management wherever SCG operates. The Learning Policy reads:

"SCG believes in the value of the individual and dedicates to excellence, we are committed to invest in creating the best learning experience for all SCG employees and to develop highly competent workforce under SCG values in order to sustain SCG's competitive advantages and growth.

1) SCG promotes learning agility as part of its organizational capabilities that supports business directions and cope with fast changing environment.

2) SCG learning infrastructure and related people systems shall facilitate employee development based on role-based competency with performance standard in order to ensure individual and business achievements.



Leaders in every level will take role in creating learning opportunities and encouraging employee by acting as a coach and mentor in order to build success and grow together

3) At SCG, we learn from experience, others and formal learning. Essentially, our employees are accountable for their own learning and development to realize their potential and fulfill their career aspiration; SCG leaders at all levels shall support their employees by coaching, mentoring and providing learning opportunity to foster employee learning for mutual success and growth."

To provide guidelines on learning management in accordance with the Learning Policy to corporate functions and business units, SCG has prescribed "Training Guidelines" to ensure the same learning system and standards are adopted wherever SCG operates. Such guidelines comprise various standards and requirements such as the training organization, qualifications of speakers, and handouts, etc.

As the end of 2016, The Siam Cement Public Company Limited had 1,872 employees. Total employees of the Group were 53,728.

#### Numbers of Employees in Each SCG Business Unit

As of December 31, 2016

Companies / Business Units	Numbers of Employees
The Siam Cement Public Company Limited	1,872
SCG Cement-Building Materials	35,272
SCG Chemicals	5,666
SCG Packaging	10,814
Other	104
<b>Total</b>	<b>53,728</b>



# The Governance and Nomination Committee's Report

The Governance and Nomination Committee performed their duties as assigned by the Board of Directors. Chief among them include the recommendation of policies and guidances with regard to the corporate governance of SCG to the Board, the review of the structure of the Board of Directors, knowledge and competency enhancement of directors, and nomination of qualified candidates to replace the retiring directors.

In 2016, the Governance and Nomination Committee held a total of four meetings with an attendance record of 95%. Significant duties performed by the Committee in 2016 were as follows:

## 1. Recommendation of policies and guidances with regard to the corporate governance of SCG

The Governance and Nomination Committee recommended significant policies and guidances to enhance the efficiency of performance of the Board of Directors and the Management as well as corporate governance practices that meet the internationally accepted standards as follows:

The Company has implemented an attendance policy stating that board members are expected to attend an average of 80 percent of meetings, and each individual director is expected to attend a minimum of 75 percent of meetings per year. In 2016, board members attended an average of 98 percent, and each individual director attended over 75 percent of meetings per year.

In addition, the Board of Directors has established a policy on human rights encompassing SCG's business transactions and SCG business value chain activities in line with SCG's support for internationally-proclaimed human rights by joining the United Nations Global Impact.

To ensure that the Investor Relations staff carries out information disclosure, internal data protection, and the treatment of all stakeholders in an accurate, appropriate, and equitable manner, the Board of Directors set forth the SCG Investor Relations Code of Conduct to provide guidelines for their performance of duties in accordance with international corporate governance best practices.

## 2. Review of the structure of the Board of Directors

To ensure the transparent and diverse composition of the Board of Directors with a sufficient number of independent directors, allowing them to perform their duties efficiently and protect the interest of SCG and all shareholders on an equitable basis, the Board of Directors approved the proposal of the Governance and Nomination Committee prescribed that no fewer than half of the total directors be independent. Currently, the Board of Directors is composed of 12 directors, 7 of whom are independent directors.

## 3. Knowledge and competency enhancement of directors

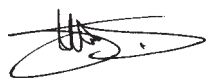
To empower the Board of Directors to oversee and keep SCG's corporate governance system up-to-date with the changing economic-socio situations and stakeholders' expectations and to meet international standards of practice, the Governance and Nomination Committee organized a discussion on Trends in Corporate Governance to provide fresh knowledge and insights useful for the performance of the duties of the directors and the Management. Mr. Rapee Sucharitakul, Secretary-General of Securities and Exchange Commission was invited over to share his views and perspectives on the topic with the directors and the Management.

## 4. Nomination of qualified candidates to replace the retiring directors

The Company provided opportunities for every shareholder to nominate candidates to be considered as replacements for retiring directors before the Annual General Meeting of Shareholders in 2017. The Governance and Nomination Committee (excluding directors with conflict of interests) subsequently considered the qualifications of the candidates to replace the retiring directors with due diligence in tandem with the revised Board Skill Matrix and the list of Chartered Directors of the Thai Institute of Directors Association (IOD) and resolved to propose the names of the appropriate candidates to the Board of Directors for consideration.

In addition, the Governance and Nomination Committee also carried out many duties as entrusted. Examples included the review and revision of the charter and performance assessment form of the Board of Directors, Chairman, and Sub-committees and providing support in raising the awareness of employees about compliance with SCG Code of Conduct. Management was briefed on SCG business philosophy and the role of leadership in overseeing business with ethics from the perspectives of the Chairman of the Governance and Nomination Committee. Added to this was encouraging shareholders to take part in socially-responsible activities with SCG core businesses. Details appeared in the Corporate Governance Report, which was a part of the 2016 Annual Report.

On behalf of the Governance and Nomination Committee



**Sumet Tantivejkul**

*Chairman of the Governance and Nomination Committee*

# Corporate Governance

## 12.1 Corporate Governance Policy

SCG conducts business with responsibility, transparency, and fairness, adhering to the long practiced business principles defined by the framework of the SCG Code of Conduct and dedication to sustainable and balanced benefits. The Board of Directors behave as role models in compliance with SCG's Principles of Corporate Governance and Code of Conduct.

SCG is resolved to become a role model in corporate governance, encapsulating it in SCG Vision with the conviction that SCG's corporate governance will ensure fairness, transparency, and long-term economic value for shareholders whilst creating confidence among all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

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

## Practices on SCG's Corporate Governance

SCG firmly upholds and complies with the principles of corporate governance both locally and internationally. Examples include the Principle of Good Corporate Governance for Listed Companies 2012 of the Stock Exchange of Thailand, and the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD). Added to this are the internationally-recognized benchmarks such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) and DJSI Sustainability Assessment. The Governance and Nomination Committee takes charge of considering and proposing to the Board of Directors the establishment and implementation of the policy and guidelines for their approval. For issues that have yet been covered or implemented, the Management is to report to the Governance and Nomination Committee for review on an annual basis.

The Board of Directors compiled knowledge and practices in management that have been passed down from

generation to generation and proven to align with the corporate governance principles. They were codified into a booklet on SCG's corporate governance guidelines, which was first published in 2003. Last updated in 2014, the booklet is now also published as an e-book on the Company's website.

In 2016, SCG was rated on corporate governance practice by various agencies and achieved numerous awards as follows:

- Rated "Excellent" according to Corporate Governance Report of Thai Listed Companies 2016 carried out by the Thai Institute of Directors (IOD).
- Rated 100 points according to the evaluation of the quality of annual general meetings of shareholders (AGM checklist) of listed companies carried out by the Thai Investors Association.
- Received the Best Company Performance Awards and the Best Innovative Company Awards as part of the SET Awards 2016.
- Received the Best Corporate Governance and Best in Sector: Industrials & Materials from IR Magazine Awards -South East Asia 2016.
- Selected for Thailand Sustainability Investment 2016 list under Property & Construction Industry.

## 1. The Rights of Shareholders

SCG has the policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors and fixing of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc.

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

1. SCG provides essential, clear, and up-to-date information for shareholders regarding the Company's business. The Company will notify shareholders of the information through SCG's website and the Stock Exchange of Thailand.

2. To ensure that all shareholders receive clear and sufficient detailed information, allowing them to have adequate time to study the information before attending the Shareholders' Meeting, SCG has clearly notified shareholders of the venue, date, time, and proposed agenda items, both in Thai and English, approximately two months prior to the Meeting.

For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the Meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on SCG's website more than 30 days before the Meeting. Such documents are submitted to shareholders more than 20 days prior to the Meeting.

3. To facilitate shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development, the Ministry of Commerce allow shareholders to exercise their voting rights as they wish. The Company also attaches documents and evidence required prior to attending the Meeting, proxy procedure, and registration to the notice of the Meeting. Also attached is a profile of independent directors proposed by the Company to serve as proxies for shareholders.

For institutional or foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to attending the Meeting well in advance to facilitate smooth and fast registration on the date of the Meeting.

4. The Company provides opportunities for the shareholders to submit questions related to items on the agenda or other information prior to the Meeting to the email address [corporate@scg.co.th](mailto:corporate@scg.co.th) or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:

Address: 19<sup>th</sup> Floor, SCG 100<sup>th</sup> year Building  
1 Siam Cement Road, Bangsue, Bangkok  
10800

Tel: 66-2586-1392, 66-2586-3078

Fax: 66-2586-3007

E-mail: [corporate@scg.co.th](mailto:corporate@scg.co.th)

5. In 2016, all members of the Board of Directors attended the Annual General Meeting of Shareholders.

6. The 2016 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3<sup>rd</sup> Floor, Plaza Athenee Bangkok A Royal Meridien Hotel. The venue was easily accessible by shareholders as it is located on Wireless Road within close reach of Ploenchit BTS Skytrain station.

7. On the date of the Meeting, the Company used a barcode system for registration based on the reference number already included in the registration form and proxy form to ensure convenience for shareholders and facilitate the registration. In addition, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the Meeting started no less than 2 hours prior to the Meeting.

8. To ensure transparency and verification, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition.

9. The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the Meeting. The Meeting is informed of the result as soon as the vote counting has finished.

10. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.

11. Shareholders arriving after the Meeting commenced were allowed to vote on the agenda item considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

12. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, The Company's officers were available to answer queries under the authority of the Board.

13. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if at least five shareholders have made such request. The Shareholders' Meeting shall resolve to approve the casting of votes by secret ballot upon a majority of votes.

14. The agenda of the 2016 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter. Moreover, after all agenda items were considered, the Chairman welcomed shareholders' additional queries of their interest before declaring the meeting adjourned.

15. The Company disclosed the voting results and resolutions for each agenda item at the 2016 Annual General Meeting of Shareholders to the public via SET Portal and SCG website after the Meeting ended.

16. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the Meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2016 Annual General Meeting of Shareholders within 14 days from the date of the meeting, posted the minutes on the Company's website and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce as stipulated by law.

17. Following the Annual General Meeting of Shareholders, the Governance and Nomination Committee will consider the questions and suggestions made by shareholders and propose them to the Board of Directors to determine appropriate response measures and improve the next shareholders' meeting. For the 2016 Annual General Meeting of Shareholders, the suggestions made by the shareholders were compiled by the Management and proposed to the Governance and Nomination Committee as well as the Board of Directors for consideration. The response measures were determined as follows:

Shareholders' Suggestion	The Company's Response Measures
1. The Board Skills Matrix should be concrete so it can be used for consideration and nomination of a new director.	The Board of Director resolved that the Board Skills Matrix be revised and used for consideration and nomination of a new director at the 2017 Annual General meeting of Shareholders.
2. The appointment of the same audit firm for a lengthy period of time may compromise the Company's corporate governance practices.	The Audit Committee studied criteria on the rotation of auditors or an audit firm of companies in Thailand and overseas as well as the research results regarding the impact of the rotation of auditors or an audit firm on the independence of the auditors and the audit quality, and the potential of audit firms in Thailand and ASEAN, and proposed the results to the Board of Directors for consideration. The Board of Directors resolved that an audit firm shall be rotated every 5 years. It is suggested that the Company invite proposals from top audit firms, detailing audit services, procedures and other services. The auditor selection committee is tasked with selecting an audit firm and proposing it to the Audit Committee for approval.
3. It is suggested that the Company consider the appropriateness of offering the same compensation to the executive directors and external directors and of offering compensation to the executives serving as directors in the Company's subsidiaries.	The executive directors and external directors will be entitled to the same compensation, but the executives serving as directors in the Company's subsidiaries will not receive additional compensation in line with the Company's well-established practices.

## 2. The Equitable Treatment of Shareholders

SCG is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:

### **Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members prior to the date of the Shareholders' Meeting**

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company for 3 months. Such rules and procedures are posted on SET Portal and the Company's website.

For the 2017 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during September 1 - November 30, 2016. The Agenda Item Proposal Form and/or Nomination for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at [ind\\_dir@scg.co.th](mailto:ind_dir@scg.co.th). The criteria are as follows:

Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company (no less than 60 million shares) have the right to propose in advance agenda items. The Governance and Nomination Committee takes responsibility for screening the issues before presenting them to the Board of Directors for consideration. Should the proposed agenda item be included on the Meeting agenda, the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

For the nomination for directors, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee then presents the nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval.

In the past year, no shareholder proposed any agenda item or candidate for the election of Board members prior to

the 2017 Annual General Meeting according to the above-mentioned criteria and procedures.

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

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. To that effect, the Company has established measures to prevent misuse of internal information (Insider Trading) and incorporated them into SCG Code of Conduct and Regulations for Employees in writing to provide guidelines for the concerned persons, namely, the Board of Directors, SCG top executives, and employees responsible for related functions as well as their spouses and children who are minors. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for a two-week period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (Blackout Period). Corporate Secretary Office will inform all concerned persons of the blackout period one month prior to such period in writing.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information. Moreover, the concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company to the SEC within 30 days of the date on which they are appointed (Form 59-1). They are also required to report on any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59-2) within 3 business days of the date of any changes.

In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report. In 2016, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.



## Preventing Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of related persons, namely, the Board of Directors, SCG top executives, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Directors has established policies and measures regarding conflicts of interests as follows:

- Directors, top executives, and their related persons must file a report with the Company stating their interests in the management of the Company or a subsidiary when they first take the office. They must also file a report should there be any changes in their interests and at every year end. The Company Secretary shall deliver a copy of such report to the Chairman and Chairman of the Audit Committee within 7 days upon the receipt of the report in compliance with the Securities and Exchange Act B.E. 2535 and to use such information for monitoring and preventing any conflict of interests.
- At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- In case the connected transaction requires shareholders' approval, shareholders with a vested interest must abstain from voting on such agenda item as stipulated by law and the Company's regulations.

## 3. Role of Stakeholders

SCG has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to SCG Corporate Governance Guidelines, SCG Sustainable Development Guidelines, SCG Code of Conduct, and other relevant policies, as well as protection of such rights and stringent equitable treatment.

The Board of Directors formally wrote the Stakeholder Engagement Policy in 2010 to serve as clear guidelines for employees on business conduct, create long-term added values for shareholders, and ensure careful consideration of possible impact on SCG stakeholders. Subsequently, in 2011, the Board of Directors approved the formulation of engagement policy and guidelines for each stakeholder groups in a formal written form, which serve as a clear guidance for employees on engaging each stakeholder groups. The policy and guidelines are published on the SCG website.

Stakeholder engagement guidelines are summarized below;

## 1) Shareholders

SCG attaches enormous significance to the shareholders, who are the business owners. As a result, the Board of Directors, which represents shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and SCG business philosophy to ensure maximum benefits and long-term value for shareholders.

SCG respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company such as the rights to attend the Annual General Meeting of Shareholders, propose agenda items in advance, elect directors, receive fair remunerations, and voice opinions on the Company's business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.

In addition to these aforementioned fundamental rights, SCG also carried out other measures to promote and facilitate the exercise of the rights of shareholders. The rights that shareholders are entitled to are disclosed under Section 1 'The Rights of Shareholders' and Section 2 'The Equitable Treatment of Shareholders' of the Annual Report.

## Fostering Good Relations with Shareholders SCC Shareholder Activities

SCG recognizes the importance of fostering good relations with shareholders. As a result, since 2010, the Company has continuously hosted a range of activities that are beneficial to society, culture, and the environment as well as opened up opportunities for shareholders to visit the sites of the Company's three business units. To this effect, the Company sends out invitation letters, with reply forms included, to shareholders via post to provide an opportunity for shareholders to declare their intention to participate in activities. Shareholders have consistently expressed their interest and signed up for these activities. For each activity, the Company randomly chooses eligible candidates and announces the list of chosen participants on the SCG website as well as notify them via phone to confirm their participation.

In 2016, the Company held a total of four CSR activities for shareholders, as follows:

1. The "SCC Shareholders Experience Rayong Locals' Way of Life" program was held on June 27, 2016 in which the participating shareholders visited the learning center dedicated to organic waste management, using earthworms as a tool at RIL Industrial Estate Site 7. They also observed farming practices in accordance with H.M. the Late King's New Theory concept at Khao Yai Da community, Rayong Province. These were social-responsible activities in line with SCG's business

operations with a commitment to enabling the industry, society, and the environment to coexist in a happy and sustainable way.

2. The “Glittering Loha Prasat: The Beauty of Rattanakosin” program was held on August 16, 2016, taking the participating shareholders to visit the Rattanakosin Exhibition Hall and the Loha Prasat (Metal Castle) at Wat Ratchanatdaram Woravihara in Bangkok where they were briefed on the background and significance of the temple. The objectives were to raise the awareness of shareholders in preserving religious places and promoting Buddhism. A money donation was also made to the temple.

3. The “Kaeng Khoi Cement Plant Open House: Realizing the Dreams of the Community” program was held on September 20, 2016, taking the participants to observe the Kaeng Khoi cement plant, which was awarded the Green Industry certification. They also made financial contributions to provide scholarships for students at Wat Phukhae School, one of the schools that SCG Foundation helped fund a school building construction to provide educational opportunities for the youths, allowing them to develop academically to become the country’s future driving force.

4. The “Following the Royal Footsteps in Building 70,000 Check Dams to Promote Water Conservation across the Country” program was organized on November 27, 2016, providing opportunities for the participating shareholders to construct check dams as a means to follow the Royal Footsteps at Ban Phutoei community in Sai Yok district, Kanchanaburi Province. The activity was part of the SCG Conserving Water for Tomorrow project designed to help solve the drought and flood problems. The project has proven very successful as all the participating communities are no longer affected by drought or flooding, and the forest in the communities has been restored to a state of natural abundance.

## Debenture Holder Activities

SCG Debenture Club has continued to deliver exceptional services to our valued bondholders for more than 10 years. We have launched various kinds of activities and privileges in accord with bondholders’ lifestyles. The activities consist of the academic seminar, DIY workshop, the annual concert and the well-known travel program both inbound and outbound trips. In addition, we continue to carry out the CSR program under the campaign “Support My School by SCG Debenture Club”. The aim of the CSR program is to uplift the well-being of students and school facilities by donating the school supplies, stationaries, and educational equipment to the rural schools and impoverished children. In 2016, we provided support to the schools in Huai Krachao District, Kanchanaburi Province and also arranged the activity “Bra insert for breast

cancer patient” donated to Chulabhorn Hospital. Apart from New Year Gift and Birthday privileges, bondholders can enjoy a series of monthly privileges including free beverage, bakery and ice-cream through the SCG Debenture Club mobile application or SMS. Furthermore, they can obtain a special discount on restaurants, hospitals, petrol stations, SCG HOME SOLUTION, etc. by presenting the member card to our qualified partners.



“Support My School by SCG Debenture Club” Project in 2016 by SCG Debenture Club

## 2) Employees Labor and Human Rights

SCG carries out business with adherence to ethics and responsibility for society and stakeholders in accordance with corporate governance principles and Code of Conduct. As for human rights protection, this is included in the SCG Code of Conduct under the Labor and Human Rights section. SCG abides by the laws of each country and complies with UN Guiding Principles on Business and Human Rights, United Nations Universal Declaration of Human Rights (UNUDHR), and United Nations Global Compact (UNGC), which SCG has supported since 2012. Added to this are the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work, and other international requirements on human rights according to the binding treaties.

To ensure SCG’s commitment to prevent human rights infringement, SCG has prescribed a human rights policy and practice guidelines to prevent violation in every business transaction of SCG as well as its business value chain and joint ventures. To provide clear guidelines in business operations, the policy has been communicated and disclosed to all involved parties. Moreover, the Company has also undertaken a due diligence process and disclosed the performance in the Company’s Sustainability Report.

## **Safety, Occupational Health, and Environmental Conservation**

SCG is committed to promoting the work environment, safety and occupational health of employees as well as cultivating consciousness in its employees and relevant personnel to comply with SCG Code of Conduct in these areas as well as laws, standards, rules, regulations, and international charters.

At SCG, the safety and occupational health of employees have always been given top priority. Considering them one of the Company's risks, SCG has taken pro-active measures encompassing incorporating them in the SCG Code of Conduct, formulating safety and occupational health policy along with supporting every operational unit to put in place effective safety and occupational health management systems in the hope of fostering a safety culture.

SCG also has clear policies and guidelines that employees have to strictly adhere to. In addition, employees are trained to foster an awareness of occupational safety. Employees involved in the production process are trained on principles of risk assessment, prevention, and control together with given regular practices. Details on the safety performance and records can be found in the Sustainability Report.

In addition, SCG resolves to inspire its employees to contribute to environmental stewardship and perform their duties with concern for the environment by integrating environment-related topics into various fundamental training courses and programs for employees such as the SCG Ready Together program. Employees involved with performance or control of environmental management systems are offered additional compulsory training such as courses on air pollution control management and environmental management among others.



Employee must strictly comply with safety rules and regulations.

## **Care of Employees**

### **Remuneration Management**

SCG has established remuneration policies that offer appropriate remunerations to employees on all levels and are competitive with those of other companies in the same industry with adherence to fair and equitable compensation practices both within and beyond the Group.

To maintain a shared sense of internal equity and fairness, remuneration is determined by job value. Each job is appropriately assigned to a pay grade that represents employees performing similar work in the compensation structures. Employees are entitled to fair and equitable compensation based on their performance as well as each position's requirements and responsibilities. As for external equity, SCG pledges to align the compensation with the economic circumstances, inflation rates, the Consumer Price Index, and remunerations of other businesses in the same industry, the data of which is garnered through surveys of wages and remunerations of employees on all levels in external industries.

SCG determines compensation in alignment with the Company's short- and long-term operating results. In the short term, the annual operating results such as revenues from sales, net profit, and EBITDA will be factored into the equation. In the long term, the Company's long-term comparatives including profit growth, market shares, overall operating results and ongoing operational enhancement are taken into consideration.

### **Employee Benefits**

SCG provides appropriate employee benefits, which are regularly reviewed to remain in alignment with the changing economic and social circumstances. The benefits encompass numerous areas including work-related benefits such as allowances, travel expenses, accommodations, uniforms, medical benefits such as medical and dental expenses, annual checkups, sports and fitness centers, and employee assistance benefits such as accident insurance, loans, compensation, etc.

### **Long-term Employee Care**

SCG is committed to providing long-term employee care, establishing provident funds, registered as a juristic person with the Ministry of Finance under the Provident Fund Act B.E. 2530 for SCG employees. Employees who are members are to deposit monthly contributions to the fund at the rate of 2-15% of their basic salaries as stipulated by law, and the Group matches monthly contributions to the fund at 5-13% of their basic salaries depending on the length of employment.

Moreover, SCG provides other long-term benefits to employees such as reimbursements of retirement medical expenses according to the criteria and conditions prescribed by the Company, a plan to help employees prepare for retirement in the areas of health, money management and investment, career promotion, and establishment of employee clubs.

### **Knowledge and Competency Enhancement**

With Belief in the Value of the Individual and Dedication to Excellence, SCG is committed to earmarking funds to deliver the best learning experience for every employee along with developing a generation of talented and conscientious employees who contribute to the enhanced competitiveness and sustainable growth of SCG.

To ensure that employees' learning better meets business requirements with enhanced efficiency and the same standard across the region, SCG has streamlined its learning architecture and management system in many aspects. The Company has formulated the learning architecture that integrates role-based competency into every job position, enabling employees to realize their duties, tasks, and responsibilities according to performance standards.

Each SCG employee is assigned to the most appropriate competency profile for his or her role. The competencies in SCG are divided into 3 groups including Professional Competency such areas as sales, HR, supply chain, R&D or BU Technical Competency relevant to one of the three business units: Chemicals, Packaging, or Cement-Building Materials that the employee works for. Employees who are promoted to supervisor position are also required to possess leadership competency.

Each year from December to February, competency assessment is conducted and an individual development plan for each employee devised, allowing employees and their supervisors to jointly define goals in role-based competency development to meet business challenges and promote the career growth of each individual. To provide learning solutions on the needed professional and technical aspects, the 70:20:10 Model is adopted. Apart from formal learning in classrooms, SCG also encourages employees to learn from experience and learning from others. For employees at managerial level, they also have to be trained and assessed specifically on leadership aspects.

In addition, SCG provides opportunities for employees on all levels both domestic and overseas to fully develop their potential to prepare for their professional development and the sustainable growth of the Company from the first day of their employment. All new staff members attend the Warm Welcome program where they get to learn various aspects of SCG through the perspectives of high-ranking executives.

They subsequently attend the SCG Ready Together program designed to instill a sense of SCG working style, allowing employees to learn more about the business, foster relationships, and develop concern for society and the environment. As part of the program, e-learning has also been adopted to enable the learning to take place anytime, anywhere.

For employees who have advanced to the next level of responsibility and leadership, the Onboarding program has been put in place to prepare employees for their new roles, responsibilities, and expectations. The program is built around a structured dialogue process to define expectations in each new role from First Line Manager to Enterprise Leader, allowing for discussions between the employees and their supervisors. On top of this are the New to Role and Assigned programs for leadership development. Examples include the Management Development Program (MDP) and Management Acceleration Program (MAP) designed in cooperation with Duke Corporate Education, the world-famous custom executive education to develop the knowledge and competency necessary for each leadership level. The objectives also extend to readying supervisors, who are also a vital force of SCG, to cope with emerging challenges in the future.

2016 marked the first year SCG carried out the competency assessment on a Learning Management System (LMS) built around the 70:20:10 Model with 11,582 employees in Thailand as a pilot project. Employees outside the pilot project were required to undertake the competency assessment and Individual Development Plan (IDP) on other platforms to ensure that all staff members underwent learning and development to develop themselves, ready to drive their professional advancement and the Company's business growth in a sustainable manner.

According to SCG new learning platform, which is to build effective & efficient learning & development as well as enhancing competent employees to sustainably support business performance, learning and development in SCG does not only focus on classroom training (10), but also learning from experience (70) and learning from others (20), which becomes a critical part of this platform. Additionally, the recently adopted role-based competency development concept has shifted the focus of development to Need-to-Know knowledge and skills based on individual's BU technical, professional and leadership tasks & roles. Consequently, an unnecessary training (Nice to Know) has decreased, resulting in average training day at 6 days per employee and training expense (both internal and external) at 1,616 Million Baht. Besides, the training expense of Integrated Business Excellence (IBE) Project was dropped since most of them were made in the previous year.



Additional information on the care of employees can be found in the annual report, under the section of Human Resources, and in the Sustainability Report.

### 3) Customers

SCG is committed to continuously creating innovations to offer products and services that meet true needs of its customers in terms of both quality and fair prices. SCG products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable growth through excellence strategies in operating and human value marketing to ensure customer confidence and highest satisfaction. To this end, SCG has established a unit responsible for customer relations management in every business in order to offer suggestions on the Company's products and services, provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, SCG has put in place a management system to foster good customer relations, the main factor of which is the voice of customers. As such, customer satisfaction in each business group is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers, and customer insights discovered in the process are then further developed into new innovations. An example is the development of an innovation encompassing the knowledge management system, e-Service, e-Selling, and the business Warehouse for the customer feedback process, resulting in a central database of customer information to facilitate sales and service providing. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers.

### 4) Suppliers/Business Partners

SCG adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, SCG Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts.

As for its business partners, SCG has a policy of taking good care of its business partners regarding the environment,

work safety, and remunerations through provision of knowledge, counsel, and motivation in order to bring about development in the environmental management system through a supplier safety certification system and consideration of appropriate and fair remunerations. In addition, the Company is resolved to develop the capabilities and knowledge of its business partners both within and outside their lines of work to enable them to work more efficiently. At the same time, SCG also encourages its business partners to enhance their knowledge to achieve highest efficiency in their work.

SCG drew up the SCG Supplier Code of Conduct, in which suppliers are defined as any suppliers, contractors, and/or service providers for SCG, to ensure an accurate understanding among SCG suppliers. The Code serves as guidelines for SCG suppliers in cooperating with the Company in becoming good corporate citizens and in adhering to good corporate governance, guided by the interests of society and the environment. The Code of Conduct also serves as mutual standards for business conduct and SCG suppliers are required to sign the acknowledgment of the SCG Supplier Code of Conduct before conducting business with the Company.

The Board of Directors approved the implementation of SCG Procurement and Vendor Selection Policies and Guidelines, in which the policy regarding the selection and screening, the required qualifications, and the application of SCG suppliers/business partners, as well as the procedures involved in carrying out business with SCG are clearly prescribed. This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the SCG website.

### 5) Joint Venture Partners

SCG respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate business plans; determine an appropriate and transparent allocation of interest and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

### 6) Creditors

The Board of Directors takes into account equality for every relevant party and honesty in carrying out its business, and is committed to conducting business in such a way that



creates confidence and justness for its creditors. Policies and guidelines regarding the treatment of creditors are as follows:

1. The Company strictly complies with the terms and conditions agreed upon with respect to amortizing, collateral care, and commitment and contingent liabilities.

2. In the event that one of the terms is not fulfilled or there arises a cause for a default, the Company must notify the creditor without concealing facts so as to jointly find solutions on a reasonable basis.

3. The Company manages its finance to create an appropriate financial structure to support the business and maintain the creditors' confidence.

4. The Company strives to maintain sustainable relations with creditors and mutual trust.

## 7) Communities

SCG carries out its business with concern for fairness for every stakeholder and is committed to socially-responsible business conduct. As a result, SCG has supported activities that improve the quality of life and benefit the communities where SCG operates, both domestic and in ASEAN countries. In addition, the Company also cultivates and promotes in its employees and related operators a consciousness of a good and responsible citizen who strives for the betterment of the communities and society. Furthermore, communities and every stakeholder are also encouraged to participate in activities or projects held by SCG as well as provide suggestions or lodge complaints about any impact from SCG operations, so that the industry and communities can co-exist sustainably.

Because it is SCG's conviction that strong communities and society form the foundation for the prosperity of the country, the Company strives to improve the quality of lives of those in communities. To this end, the CSR Committee for Sustainable Development is tasked with directing policies, projects, and activities as well as promoting employee participation. SCG divides its community development management into two parts as described below;

- Society and communities around the plants: The Company's policies are to take care of the quality of life of people in the local communities. Two initiatives under such policies are "Cement Partnership Project" and "Community Partnership Association," both of which aim to bring about sustainable and harmonious co-existence between the industry and the communities, provide healthcare for the communities, grant scholarships to local residents, reach eco-industry standards, spread knowledge on community care, and host training courses to foster knowledge and competency in various areas for people in the communities.
- Society at large: The Company's policies in this regard

focus on developing human potentials, the quality of life, as well as the well-being of people in society through projects that directly respond to social issues. These projects combine the Company's body of knowledge and expertise with the society's potential. Two such projects include the "SCG Conserving Water for Tomorrow Project," which involves the management of water resources for the communities' independence and harmonious co-existence with nature, and the "Innovative Technology for the Restoration of Saline Land Project," a collaboration of SCG and external organizations aimed at helping communities alleviate alkaline soil issues, introducing simple treatment technology. As well as establishing a network for exchange and expansion of knowledge for long-term independence.

Additional information on the Company's responsibility toward communities, the environment, and society can be found in the Sustainability Report.

## 8) Government Agencies

SCG has clearly defined guidelines for engaging in transactions with government agencies in the SCG Code of Conduct and SCG Anti-corruption Policy. Furthermore, SCG ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

## 9) The Media

SCG stresses the importance of disclosing information to the media, so they can communicate the information to the public with accuracy and in a timely fashion. To create continuous participation and good relations with the media, a number of activities have thus been held such as site and plants visits, CSR activities, opinion exchange sessions, activities catering to the interest of the media, regular media visits. The Group has also supported academic and CSR activities of the media as well.

## 10) Competitors

SCG has a policy to treat competitors fairly under an honest competition framework. The Company is committed to carrying out business fairly in compliance with the law and SCG Code of Conduct and with concern for trade ethics and transparency. The Company also refuses to gain an unfair advantage over its competitors through unlawful activities,

seek confidential information through unethical or inappropriate means, engage in any action that violates competitors' intellectual properties rights, or destroy competitors' reputations with defamatory and untruthful statements. In addition, the Company supports and promotes free trade, avoiding any acts that monopolize the market, impede or limit fair competition.

#### 11) The Civil Society Sector, Academia, and Opinion Leaders

SCG conducts business with concern for social responsibility and all stakeholders. In addition to full, accurate, transparent, verifiable disclosure of information, the Company recognizes the importance of comments and suggestions from the civil society sector, which reflect issues that the Company can improve to create values and benefit for society. Since 2010 up until now, the Sustainable Development Committee has held opinion panels comprising esteemed figures from government and private sectors, as well as independent entities. These panels focus on the care and the creation of value for society and communities as well as strive to include the industry and the entire SCG supply chain in order to create a shared business practice for sustainability.

#### Contacts for Stakeholders

SCG has opened up opportunities for stakeholders to offer suggestions, which will then be compiled, screened, and reported to the Company's top executives and the Board of Directors, through the following channels:

Company secretary	Tel: 66-2586-6098
	E-mail: corporate@scg.co.th
Investor relations	Tel: 66-2586-3309
	E-mail: invest@scg.co.th

In addition, the Company has also provided channels through which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, namely the Whistleblowing System via SCG intranet (for employees) and [www.scg.co.th](http://www.scg.co.th) (for other stakeholders) for further actions to be taken. The procedures are as follows:

- Employees or stakeholders file reports via the designated channels. The information provided is considered confidential and revealed only as necessary. The Company has also put in place informant/complaint lodger protection measures, and the investigation does not require the revelation of the informant's identity or the information source. In addition, informants can demand appropriate protection measures or the Company might implement extra protection measures without having received any demand informants if the issue can potentially cause damage or dangers.

- The Internal Audit Office receives complaints, verifies

the validity, and conducts a preliminary investigation with meticulousness to reach a conclusion within 30-60 days. Progress reports are also made to the informants if their identities are identified.

- In the event that a violation is proven, an investigation committee will be formed to pass judgment and determine the punishment. Then, the corruption or complaint will be reported to the Audit Committee and the Board of Directors.

Should stakeholders desire to contact the Board of Directors directly without going through the management in order to report cases of rights violation, corruption, non-compliance with laws or ethical practices which might be related to an executive, they can file reports to the independent directors via [ind\\_dir@scg.co.th](mailto:ind_dir@scg.co.th).

#### 4. Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information shall be complete, sufficient, transparent, reliable and up-to-date.

In line with the disclosure policy established by the Board of Directors, SCG has defined parties entitled to disclosing key information not yet publicly disclosed, established guidelines for the disclosure of various types of information to the public, and designated a period before public disclosure in which extra caution must be exercised. The details of the aforementioned guidelines are published on the SCG website, accessible to stakeholders and the general public.

SCG is committed to strictly obeying the law, and the regulations and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure accurate information disclosure and to guarantee SCG's transparency in conducting business. For example, we:

1. Compile reports as required by laws related to directors and chief executives and submit such reports to the Securities and Exchange Commission.

2. Establish a policy that requires the Company's directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries according to the criteria and reporting procedures prescribed by the Company.

3. Established a policy requiring all the directors to disclose/report their securities trading to the Board of Director's meeting and prescribing the directors and executives to report their holdings of the Company's debentures and ordinary shares in the Company's subsidiaries, as well as the ordinary

shareholdings of their spouse and minors, to the Board of Directors every quarter. They are also required to report the number of shares they hold at the beginning of the year and at year-end together with the number of those traded during the year in the Company's Annual Report.

4. Prepare a report on the Board's responsibility for financial statements and present it along with the Audit Committee's report in the Annual Report.

5. Publish Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end.

6. Publish minutes of the latest Annual General Meeting of Shareholders on the Company's website.

7. Disclose the roles and responsibilities of the Board of Directors and Sub-committee, the number of meetings held, and the number of meetings each individual director and Sub-committee member attended.

8. Disclose the date of the director's appointment in the Company's Annual Report.

9. Disclose the Board member selection process and the Board's performance assessment.

10. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.

11. Disclose details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).

12. Disclose detailed information on the operations and investment structure of subsidiaries, associates, joint ventures and other companies.

13. Disclose the audit fee and other fees in the Company's annual report.

14. Disclose the Company's Memorandum of Association and Articles of Association on the Company's website.

15. Disclose policy on environmental and social responsibility and related performance.

16. Disclose corporate governance policies and related performance.

17. Reveal significant investment projects and relevant impacts of the projects via the SET Portal of the Stock Exchange of Thailand and SCG website to ensure that shareholders, investors, the press, and related parties are kept informed of information accurately, extensively, and transparently.

In 2016, the Board of Directors approved the establishment of Code of Conduct for Investor Relations (IR) as proposed by the Governance and Nomination Committee to ensure that SCG's investor relations practices are appropriate and fair to all stakeholders. The Code of Conduct for IR compiled all SCG's

best practices related to investor relations to provide clear guidelines for IR officers in their performance of duties in compliance with SCG Corporate Governance Principles. The endeavors will add value to the Company and create confidence among shareholders, investors, the general public, and all stakeholders, leading to sustainable business operations. The Code of Conduct for IR comprises four major practices:

1. Disclosure of material information necessary for informed decision making in an accurate, sufficient, and timely manner

2. Protection and care of internal information

3. Fair and equitable disclosure of information

4. Performance of duty with professional integrity

### The Company's Information Distribution Channels

SCG places great importance upon transparency and full disclosure of significant financial, operational, and other relevant information, so that it is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, SCG has established its own broad infrastructure of dissemination channels to reach interested parties. These communications channels include:

1. The Investor Relations Department, which is responsible for direct communication with both local and international investors.

2. Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.

3. Analyst conference to announce quarterly operating results to investors and analysts.

4. Activities to disseminate policy and operational guidelines to employees.

5. Activities to meet both local and international investors and other stakeholders.

6. Speaking opportunities to share knowledge in national and international forums.



SCG held analyst conference to announce quarterly operating results to investors and analysts.

7. Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.

8. Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.

9. Periodical publications and media, such as annual reports, sustainability reports, debenture holder journals, customer journals, dealer journals, and employee journals.

10. Electronic media for communications with employees, such as intranet, e-mail and social media.

11. Website: “www.scg.co.th” and social media.

### The Investor Relations Department

The Investor Relations Department of SCG is responsible for communications with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via [invest@scg.co.th](mailto:invest@scg.co.th). In 2016, SCG arranged activities for the president & CEO and the vice president to meet retail investors, institutional investors and analysts on a regular basis, whereby the operating results, financial statements and position, management discussion and analysis, and industry trends were presented. During the year these activities included:

- Domestic roadshows and conferences for the President & CEO as well as Vice President to meet with domestic institutional investors to clarify, communicate, and create accurate understanding based on SCG's business approach and general information. A total of 10 events were held.
- Five briefings by the President of each business unit to provide knowledge and insights into SCG business units with respect to strategies and business directions to analysts and institutional investors.
- Analyst Conferences held on a quarterly basis total four times.
- A total of 11 overseas roadshows.
- Site visits in the Group's major business units to foster a fundamental understanding of the production process, with emphasis on the production from the beginning to the finished product.
- Company visits, including One-on-One Meetings, Group Meetings, and Conference Call, to allow investors to inquire about the business conduct and strategies of the Company. Investors' inquiries are also directly responded to via e-mail and telephone on a regular basis.

Should there be any need for additional information, shareholders can directly contact the Investor Relations Units via these channels:

Address: 1 Siam Cement Road, Bangsue,  
Bangkok, 10800  
Tel: 66-2586-3309  
Fax: 66-2586-3307  
E-mail: [invest@scg.co.th](mailto:invest@scg.co.th)

## 5. Responsibilities of the Board of Directors

### 5.1 The Structure of the Board of Directors

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

The Articles of Association of the Company prescribe that there must be no fewer than 9 but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The names of the directors are as follows:

1. Mr. Chirayu Isarangkun	Chairman
Na Ayuthaya	
2. Mr. Sumet Tantivejkul	Independent Director
3. Mr. Pricha Attavipach	Independent Director
4. Mr. Panas Simasathien	Director
5. Mr. Yos Euarchukiati	Director
6. Mr. Arsa Sarasin	Independent Director
7. Mr. Chumpol NaLamlieng	Independent Director
8. Mr. Tarrin Nimmanahaeminda	Independent Director
9. Mr. Pramon Sutivong	Independent Director
10. Mrs. Tarisa Watanagase	Independent Director
11. Mr. Kan Trakulhoon	Director
12. Mr. Roongrote Rangsiyopash	President & CEO

The Board of Directors is composed of an executive director, which is the President & CEO, and 11 non-executive directors, most of whom have prior experience related to the Company's main business, the industrial sector, or the management of a large organization beneficial to the directing of the Company. The profiles of each member of the Board can be found in the Annual Report.

In addition, the Board of Directors is composed of seven independent directors, constituting more than half of the total number of directors, and one of these independent directors is female. The duties of these independent directors include auditing the management, providing opinions and comments, supporting policies beneficial to shareholders or opposing any inequitable or non-transparent decisions that may affect the benefits of shareholders or stakeholders,

overseeing the establishment and disclosure of policies regarding connected transaction supervision to ensure the maximum benefit of the Company and its shareholders.

## 5.2 Scope of Authority of the Board of Directors

(Revised as of December 21, 2016 by the board of Directors resolution)

The Board of Directors has the following authorities:

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

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

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

1.3. Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).

1.4. Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Defining and reviewing the structure of the Board of Directors, number of directors, proportion of independent directors as well as Board diversity and director qualifications to align with SCG's business operations.

3. Directing SCG's visions, missions, and business strategies, with an annual revision and approval.

4. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.

5. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring of each business unit's and SCG's overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of SCG's employees.

6. Devoting their time and efforts to the Company without seeking benefits for themselves or others and not acting in conflict of interest or in competition with the Company or SCG.

7. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.

8. Specifying risk management policies and overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

9. Overseeing and developing SCG's corporate governance to keep it consistent with international standards to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and SCG Code of Conduct.

10. Encouraging staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, Code of Conduct and the Anti-corruption policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

11. Protecting the fair rights and interests of both major and minor shareholders along with supporting shareholders in exercising their rights to protect their own interests, and receive accurate, complete, transparent, veritable, and timely information.

12. Recognizing the roles, duties, and responsibilities of the Board of Directors, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders effectively and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

13. Reviewing top executive development plans and the succession plan for the President & CEO while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.

14. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-committees as a whole, that of each individual director as a self-assessment, and that of the chairman together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors as well as reviewing the assessment results of the Board and Sub-committees on a regular basis.

15. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately.

16. Attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.



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

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

### **5.3 Scope of Authority of the Chairman of the Board of Directors**

(Revised as of December, 2016 by the Board of Directors resolution)

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

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

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

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

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

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

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

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

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

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

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

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

8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

### **5.4 The Board of Directors' Authorization**

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

### **5.5 Separation of the Roles of the Board of Directors and the Management**

The Company defines clear roles and responsibilities regarding the Board of Directors and the Management. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies. The Management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

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

The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

## 5.6 Directors' Term of Service

### Board Duration of Each Term

The Company's Articles of Association stipulates the director's term of office in accordance with the Public Limited Companies Act B.E. 2535 that at the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. In choosing those directors who retire, length of service on the board should be considered, so that those who have served longest are most eligible to retire.

Currently, the Board comprises 12 directors, each of whom has directorship term of 3 years. Nevertheless, a retiring director is eligible for re-election.

### Consecutive Terms of an Independent Director

The Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms, with the first term starting from the Board's approval date on May 25, 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent.

## 5.7 Policy on Directors and Top Executives Holding Directorship in Organizations outside SCG

### Limitation of the Number of Listed Companies in Which a Director May Hold Directorship

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

### Policy and Guidelines on SCG Top Executive's Directorship in Organizations outside SCG

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

(1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.

(2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.

(3) Private organizations that are established for trading purposes but present no conflicts of interest with the Company and do not consume time to the extent that it is disadvantageous for the Company.

The President & CEO is to propose a directorship in other companies or external institutes for approval from the Board of Directors. As for management employees, the proposal must be submitted for approval in accordance with the Company's Approval Authority, in which case the proposal will be reviewed with consideration to the Company's intent to ensure that its employees demonstrate determination and effort and dedicate their working hours to their duties at the Company to the best of their ability, as well as adhere to the ethical guidelines regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competitive with the Company's business. The approval of directorships or the use of the Company's working time on duties in external institutes/companies depends on the Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

## 5.8 Performance Appraisal and Knowledge Enhancement

### Performance Appraisal of the Board

SCG has stipulated a performance assessment and a review of the performance results of the Board of Directors and Sub-committees at least once a year on a yearly basis. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. The Board of Directors then analyzes and summarizes the results of the assessment to formulate measures to further enhance the efficiency of the Board of Directors.

To ensure the efficient and effective performance of the duties of the Board, the Chairman and Sub-committees which is instrumental to the Board's responsibility according to the Corporate Governance Principles, the Board of Directors in 2016 approved the review and revision of the performance assessment forms of the Board, the Chairman, and Sub-committees, as proposed by the Governance and Nomination Committee, to comply with the recommendations by the SET and independent outside counsel following the performance assessment of the Board in 2015. The objective was to ensure

that the assessment forms cover the updated performance of duties of the Board, the Chairman, and Sub-committees, allowing the assessment results to be used for devising future operating plans.

The performance appraisal of the Board both as a whole and self-assessment updated in 2016 comprises four major topics:

1. Structure and qualifications of the Board of Directors
2. Roles, duties, and responsibilities of the Board of Directors
3. Board of Directors' performance of duties and meetings
4. Self-development of directors and development of executives

In 2009, SCG created the performance assessment form for the Chairman of the Board of Directors. The directors are required to assess the Chairman's performance since his role in defining policy and ensuring good corporate governance is essential to the Company. The assessment is divided into three main categories, reflecting the roles and responsibilities of the Chairman, namely the Board of Director's Meetings, the Shareholders' Meetings, and Performance of other duties. In 2016, more questions were added to the performance assessment form to underline the important roles and duties

as the Chairman.

As for the performance assessment of the Board of Directors as a whole and self-assessment, the Governance and Nomination Committee is tasked with reviewing the performance assessment forms for the Board of Directors and the Sub-committees, the performance assessment form of the Chairman, and information needs questionnaires used to enhance the knowledge and performance of the directors; and proposing these forms to the Board of Directors for review.

The Corporate Secretary Office distributed the assessment forms to each director for assessing the performance of the Board of Directors and the Sub-committees in which he serves. Afterwards, the Corporate Secretary Office summarized and presented the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment and later submitted the assessment results to the Chairman of the Board and the Chairman of each Sub-committee.

In 2016, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows:

<b>Board of Directors/ Sub-committees</b>	<b>Performance assessment results for the committee as a whole (%)</b>	<b>Performance assessment results for the committee Self-assessment (%)</b>
1. The Board of Directors	92	95
2. The Audit Committee	98	97
3. The Governance and Nomination Committee	99	98
4. The Remuneration Committee	88	94

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

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

1. The business unit's operating results based on percentage of EBITDA on Operating Assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The capability to develop the business unit and improve operational efficiency for each business unit each year.

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

### **Performance Evaluation of the Board by Independent Outside Counsel**

Apart from the performance assessment of the Board of Directors as a whole and self-assessment, the Board also entrusted independent outside counsel to conduct additional performance assessment of the Board. The objectives were to appraise the completeness and identify room for improvement in the areas of structure, performance of duty, and self-development of the Board of Directors by benchmarking them against accepted standards and practices in line with good corporate governance principles. The assessment by independent outside counsel was conducted for the first time in 2015.

## Development of Directors and Top Executives

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company's Directors. As a consequence, the Company has held many dialogs, allowing for an exchange of experience and views among the directors, top executives and outside

experts since 2011.

For 2016, the Governance and Nomination Committee held a dialog on "Trends in Corporate Governance" with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission to provide opportunities for the Company's directors and top executives to exchange views and experience with an expert in the form of dialog.

## Development Activities and Training Attended by Each Director in 2016

Directors	Development Activities and Training Attended
1. Mr. Chirayu Isarangkun Na Ayuthaya	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
2. Mr. Sumet Tantivejkul	- A dialog on Trends in Corporate governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
3. Mr. Pricha Attavipach	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
4. Mr. Panas Simasathien	- IDO Chairman Forum 2016 on "Corporate Governance vs Corporate Performance: Duty or Choice?"
5. Mr. Yos Euarchukiati	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
6. Mr. Arsa Sarasin	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
7. Mr. Tarrin Nimmanahaeminda	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
8. Mr. Pramon Sutivong	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
9. Mrs. Tarisa Watanagase	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC) - The "Driving Company Success with IT Governance" organized by the Thai Institute of Directors (IOD) - A seminar on "The UK Experience on Implementing Enhanced Auditor Reporting" organized by SEC
10. Mr. Kan Trakulhoon	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)
11. Mr. Roongrote Rangsiyopash	- A dialog on Trends in Corporate Governance with Mr. Rapee Sucharitakul, Secretary-General of the Securities and Exchange Commission (SEC)

Moreover, SCG encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet and exchange opinions with directors and top executives of different organizations. Some of these courses are organized by the SCG Human Capital Institute, and some by governmental agencies or independent

organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: Director Certification Program (DCP), Director Accreditation Program (DAP) or Audit Committee Program (ACP). Experience gained from these courses is useful to SCG's development.

#### Directors' Attendance at Training Sessions Conducted by the Thai Institute of Directors Association (IOD)

Training Courses	Finance for Non-Finance Director (FND)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of the Chairman Program (RCP)	Role of the Compensation Committee (RCC)	Audit Committee Program (ACP)	Driving Company Success with IT Governance (ITG)
Directors Of the Company							
1. Mr. Chirayu Isarangkun Na Ayuthaya				RCP 1/2000			
2. Mr. Sumet Tantivejkul	FND 5/2003		DCP 30/2003			ACP 11/2006	
3. Mr. Pricha Attavipach	FND 8/2004	DAP 107/2014	DCP 39/2004			ACP 11/2006	
4. Mr. Panas Simasathien			DCP 2/2000 DCP Re1/2005				
5. Mr. Yos Euarchukiati				RCP 1/2000			
6. Mr. Arsa Sarasin	FND 39/2008	DAP 5/2003		RCP 32/2013		ACP 19/2007	
7. Mr. Chumpol NaLamlieng				RCP 2/2001			
8. Mr. Tarrin Nimmanahaeminda				RCP 35/2014			
9. Mr. Pramon Sutivong		DAP 6/2003		RCP 4/2001	RCC 9/2009	ACP 45/2013	
10.Mrs. Tarisa Watanagase			DCP 4/2000				ITG 3/2016
11.Mr. Kan Trakulhoon			DCP 29/2003				
12.Mr. Roongrote Rangsiyopash		DAP SCG/2004					

To support the Board's responsibilities, SCG has assigned the secretary to the Board and corporate secretary to work in coordination with the Board and the top executives. In addition, the Corporate Secretary Office is responsible for overseeing the legal matters, relevant standard practices and activities of the Board to ensure implementation of the Board's resolutions.

SCG prepared a handbook for directors, which includes the summary of laws, rules and regulations related to the directors as well as practices to keep directors informed of roles, duties and practices for directors. The handbook is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance.

#### Readiness Preparation for SCG Directorship

For new directors, SCG established a Director Induction Program to facilitate their prompt performance of duties. SCG has commissioned the corporate secretary to coordinate the work in three areas:

- 1) To compile the necessary information for directors to ensure their compliance with laws, rules, and regulations related to the directors.
- 2) To provide important information essential for the directors' performance of duty such as the Company's Articles of Association, SCG's director handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.
- 3) To arrange for a meeting with the Chairman and directors and the executives or head of each function to stay informed and make queries about SCG's business in depth.



## 5.9 Directors' Participatory Involvement in the Company's Corporate Governance Activities

On October 27, 2016, the Management invited Mr. Sumet Tantivejkul, Chairman of the Governance and Nomination Committee, to give a talk on "Integrated Governance, Risk and Compliance" to over 600 employees at managerial level at the Management Forum 4/2016. The talk touched upon SCG's business philosophy and the roles of leaders in overseeing business with adherence to ethics.

On November 26, 2016, SCG organized the "Succeeding the Royal Initiative by Building 70,000 Check Dams to Conserve Water Nationwide" project at Ban Phutoei, Sai Yok District, Kanchanaburi Province to follow in H.M. King Bhumibol Adulyadej's Royal Initiative in water management. The project has engaged in various sectors across the country to construct 70,000 check dams in the six provinces of Kanchanaburi, Saraburi, Lampang, Nakhon Si Thammarat, Khon Kaen, and Rayong. The goals are to enable the communities to solve the drought and flood problems by themselves, conserve water for sustainable use, and develop self-reliant communities. The activity was attended by Mr. Arsa Sarasin, Chairman of the CSR Committee for Sustainable Development and Mr. Roongrote Rangsiyopash, President & CEO, together with representatives from organizations from both government and business sectors, communities surrounding the plants, shareholders, employees, and other stakeholders.

## 12.2 The Sub-committees

The Board has further established the Audit Committee, Governance and Nomination Committee, Remuneration Committee, and CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or reference. In this regard, SCG put in place its Charter of the Board of Directors and Charter of the Sub-committees specifying rights and duties, which is published on the Company's website. Moreover, the Board of Directors is entitled to form other sub-committees to handle any specific situations as seen appropriate.

### 1. The Audit Committee

The Audit Committee comprises 4 independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda and Mrs. Tarisa Watanagase, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the

Company's policies, Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently.

The Audit Office with Mr. Anuwat Jongyindee as its Director acts as an operations unit reporting directly to the Audit Committee. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditor, which exclude the management, at least once a year in order to hear their comments. In addition, the Committee may seek external consultation and professional advice from independent consultants as deemed appropriate, at the Company's expense.

The Audit Committee of the Company comprises the following four members:

1. Mr. Tarrin Nimmanahaeminda	Chairman
2. Mr. Pricha Attavipach	Member
3. Mr. Pramon Sutivong	Member
4. Mrs. Tarisa Watanagase	Member

### The Term of Audit Committee

The Audit Committee is subject to a three-year term. The directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

### Scope of Authority of the Audit Committee

(Revised as of December 21, 2016 by the Board of Directors' resolution) The Audit Committee is authorized to fulfill the following duties:

Oversight, Risk Management, Oversight of Performance of Duties, and Internal Controls

1. Review the appropriateness of the financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards and promote the development of financial reporting systems in compliance with International Financial Reporting Standards.

2. Consider connected transactions, acquiring or selling of assets, or those with possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Securities and Exchange Commission, Thailand.

3. Review the presence of the Company's risk management, work processes, control, oversight of performance of duties, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards.

4. Review the Company's Anti-corruption procedures to ensure the effective compliance with the governance bodies' guidelines starting from promoting and raising the awareness, assessing the risks, incorporating the proactive preventive system, auditing, as well as reviewing the self-assessment form regarding anticorruption measures as assessed by Internal Audit Office, and to ensure that the Company has exercised the Anti-corruption systems as reported in the self-assessment form guided by Thai Institute of Directors (IOD).

5. Review the Company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business.

6. Review the compliance of the Company's Internal Control System with Internal Control Framework (COSO 2013) and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards. Also, review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.

7. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblowing system.

8. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.

9. Select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the remuneration of the Company's auditor and evaluate the effectiveness of auditor's performance.

10. Prepare the audit committee's report to be disclosed in the Company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by SET.

11. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with the Company's auditor. Also, organize meetings with the Company's auditor, without the attendance of management, at least once a year.

12. Approve the internal audit plan, budget and manpower of the Internal Audit Office. Also, provide

recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.

13. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command. Also, review the execution of the Internal Audit Office for the performance assessment according to international standards.

14. Review the presence of the Audit Committee's performance assessment as a whole and as self-assessment on an annual basis.

15. Perform other actions as required by law or as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

### **Responsibilities of the Audit Committee**

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:

(1) Transactions which may cause conflicts of interest.

(2) Fraud or irregular events or material flaws in the internal control system.

(3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

## 2. The Governance and Nomination Committee

The Governance and Nomination Committee comprises five of the Company's directors, all of whom are non-executive directors. The Chairman of the Governance and Nomination Committee is an independent director. The Committee is responsible for proposing, revising, and supervising the Company's corporate governance matters. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retired by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and the Sub-committees, as well as the succession plan for the position of president.

The Governance and Nomination Committee of the Company comprises the following five members:

1. Mr. Sumet Tantivejkul	Chairman
2. Mr. Pricha Attavipach	Member
3. Mr. Panas Simasathien	Member
4. Mr. Arsa Sarasin	Member
5. Mr. Tarrin Nimmanahaeminda	Member

### The Term of Governance and Nomination Committee

The Governance and Nomination Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

### Scope of Authority of the Governance and Nomination Committee

(Revised as of December 21, 2016 by the Board of Directors' Resolution)

The Governance and Nomination Committee is authorized to fulfill the following duties:

1. Define the scope and policy of SCG's corporate governance and propose to the Board of Directors for consideration on a regular basis.
2. Make recommendations on the practice of SCG's corporate governance and give advice on corporate governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the management to ensure their compliance with SCG's corporate governance policy.
4. Review the practice of corporate governance within

SCG to ensure it is appropriate for the Company's business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.

5. Oversee the presence of appropriate and sufficient anti-corruption policy for business operations.

6. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.

7. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.

8. Recommend methods for performance assessment of the Board of Directors, Sub-committees, and Chairmen on an annual basis as well as follow up and report the assessment results to the Board of Directors, allowing them to enhance their performance of duties and improve the directors' competency.

9. Report regularly on progress and performance results to the Board of Directors after every meeting of the Governance and Nomination Committee.

10. Specify qualifications of any person to be nominated for directorship to align with SCG's business strategies and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, gender and expertise useful for the Company.

11. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, with the diversity of the structure of the Board taken into account, and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.

12. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.

13. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the Sub-committees. Should there be an alteration to the Charter of the Board of Directors and the Sub-committees, the recommendations in keeping it up-to-date. Governance and Nomination Committee shall review and make appropriate.

14. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.

15. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, heads of offices or employees

concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

### 3. The Remuneration Committee

The Remuneration Committee comprises three of the Company's directors, none of whom are executives. In addition, two members of the Committee are independent directors and the Chairman of the Remuneration Committee is an independent director. The Committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success as well as to retain smart and ethical employees within the organization.

The Remuneration Committee of the Company comprises the following three members:

- |                           |          |
|---------------------------|----------|
| 1. Mr. Chumpol NaLamlieng | Chairman |
| 2. Mr. Yos Euarchukiati   | Member   |
| 3. Mr. Pramon Sutivong    | Member   |

#### The Term of Remuneration Committee's

The Remuneration Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

#### Scope of Authority of the Remuneration Committee (Revised as of December 21, 2016 by the Board of Directors' Resolution)

The Remuneration Committee is authorized to fulfill the following duties:

1. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the Sub-committees appointed by the Board of Directors, including bonus and attendance fee.

2. Recommend the policy on SCG management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive. Whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.

3. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing the Board of Directors for approval.

4. Assess the performance of each SCG top executive on an annual basis, based on the recommendation of the President & CEO, in order to determine his/her remuneration before proposing this to the Board of Directors for approval.

5. Consider the annual budget for the salary increase, changes of wage and compensation, and bonus of top executives before proposing to the Board of Directors.

6. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and SCG top executives in order to propose for the approval of the Board of Directors.

7. Consider the remuneration of the Board of Directors and SCG top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

8. Report regularly on progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.

9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.

10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up to-date.

11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

### 4. The CSR Committee for Sustainable Development

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

The CSR Committee for Sustainable Development comprises the following nine members:

1. Mr. Arsa Sarasin	Chairman
2. Mr. Chirayu Isarangkun Na Ayuthaya	Member
3. Mr. Sumet Tantivejkul	Member
4. Mr. Yos Euarchukiati	Member
5. Mr. Kan Trakulhoon	Member
6. Mr. Roongrote Rangsiyopash	Member
7. Mr. Kajohndet Sangsuban	Member
8. Mr. Cholanat Yanaranop	Member
9. Mr. Yuttana Jiamtragan	Member

## 12.3 Nomination and Appointment of Directors and Top Executives

### Independent Directors

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon Suthiwong and Mrs. Tarisa Watanagase.

### Qualifications of Independent Directors of SCC which is more stringent than the requirement of the Capital Market Supervisory Board

SCC's qualifications for independent directors are as follows:

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary,

associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.

8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or



director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall be able to attend meetings of the Board of Directors and make independent judgment.

10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.

11. Shall be able to look after the interests of all shareholders equally.

12. Shall be able to prevent conflicts of interest.

13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, disaster insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.

14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

In 2016, all the seven Independent Directors neither involved in any business nor provided any professional service of which its value exceeded the specification in the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issue Shares.

In 2016, to ensure the transparent and diverse composition of the Board of Directors with a sufficient number of independent directors, allowing them to perform their duties efficiently and protect the interests of SCG and all shareholders on an equitable basis, the Board of Directors on the proposal of the Governance and Nomination Committee prescribed that no fewer than half of the total directors be independent. Currently, the Board of Directors is composed of 12 directors, seven of whom are independent directors.

## **Nomination of Directors and Top Executives**

### **Nomination of Board Members**

The Governance and Nomination Committee is responsible for selecting qualified candidates to replace the directors who

are retiring on rotation at the end of their terms, or whatever the case may be, and proposing a list of nominees to the Board of Directors for resolution at the Shareholders' Meeting. The criteria for the selection of the nominated candidates are as follows:

- Qualifications of a qualified nominated candidate such as:
  - Readiness to dedicate time and perform duties in the interest of SCG
  - A work history that reflects honesty and transparency, and all the qualifications of a Board Director specified in the criteria of the Securities and Exchange Commission
  - Prior successful management experience in a large corporate
  - Initiative and the ability to constantly keep abreast of new global changes
  - Experience, expertise, and specialized skills which corroborate and supplement the capacity, knowledge, and experience that the existing members of the Board of Directors are still lacking in
  - No engagement in a business or position as a member of a Board of Directors or an executive in an organization that is a competitor of SCG
  - Assertiveness in expressing reasonable opinions and ideas
  - Display of ideals, the ability to work as a team, culture, and congeniality towards the existing members of the Board of Directors.

• The selection of members of the Board of Directors according to SCG's Corporate Governance Guidance

The Governance and Nomination Committee is tasked with the duty of selecting candidates to replace the retiring directors at the end of their terms, or whatever the case may be, to propose to the Board of Directors and/or at the Annual General Meeting of Shareholders to be appointed. The Governance and Nomination Committee selects qualified candidates from various backgrounds, with credentials in a wide range of professions, excellent leadership, a breadth of vision, a proven record of ethics and integrity, clear and unblemished career records, and the ability to share their opinions independently.

- Nominated candidate screening guidelines

In screening nominated candidates for the Board of Directors, the Governance and Nomination Committee has drawn up screening guidelines encompassing the following factors:

#### **1. Qualifications of each nominated candidate**

The Governance and Nomination Committee should take into consideration each nominated candidate's personal qualifications in various facets such as:

- Integrity and accountability
- Informed judgment
- Maturity, stability, characteristics of a good listener, and the ability to express individual independent opinion
- Commitment to upholding principles, standards, and professionalism
- Other qualities the Committee deems essential

## **2. Required expertise of the Board of Directors in nominated candidates**

The Governance and Nomination Committee should take into consideration areas of expertise and specialization that a nominated candidate should possess so that the Committee can formulate strategies and policies and effectively supervise the implementation.

## **3. Diversity of directors**

In addition to the two aforementioned factors, the Governance and Nomination Committee might consider drawing up guidelines regarding the diversity of other qualifications of a nominated candidate such as an equal representation of different groups of stakeholders, educational backgrounds, age, and gender, etc.

Moreover, the Governance and Nomination Committee used the Board Skill Matrix as supporting information in the selection of candidates to replace the retiring directors with a focus on the recruitment of needed knowledge and expertise.

In 2016, taking into consideration shareholders' recommendations, the Governance and Nomination Committee revised the list of knowledge, experience, and expertise in the Board Skill Matrix as follows:

### **• Knowledge, expertise, or experience in macro-management**

This category is divided into seven subcategories, namely, SCG-related business or industry, other large businesses or industries, administration and management of large corporations, economy and investment, policy and strategy formulation, foreign affairs, and risk management.

### **• Specific knowledge, experience or, expertise**

This category is divided into five subcategories encompassing law, marketing, accounting/financial literacy with specific knowledge on financial statement accounting standards, or current/prior position as a member of an audit committee of a listed company as well as finance, and information technology.

### **• Corporate Governance knowledge, experience, or expertise**

This category is divided into two subcategories,

namely, corporate compliance including the formulation of relevant CG policy and guidance, and stakeholder engagement.

In addition, the Governance and Nomination Committee also incorporated the list of chartered directors compiled by the IOD as additional information in the selection of candidates to replace the directors due to retire by rotation.

## **Rules and Procedures for the Election of Directors**

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. All shareholders have an equal right to propose other candidates. Authority to select directors rests with shareholders.

2. A shareholder shall have one vote for each share he holds or represents.

3. At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.

4. The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

As proposed by the Governance and Nomination Committee, the Board of Directors formulated guidelines for the nomination of qualified candidates to replace the retiring directors as follows:

1. Each director shall nominate no more than four qualified candidates to replace the retiring directors and the retiring directors should not nominate themselves as candidates.

2. Each director shall assess his/her knowledge and expertise according to the Board Skill Matrix for use as supporting information in the nomination of qualified candidates to replace the retiring directors.

3. The Governance and Nomination Committee shall consider qualified candidates nominated by each director together with those nominated by shareholders within the designated period.

4. The Governance and Nomination Committee with no member having conflict of interests present shall review the list of candidates nominated by the directors and shareholders and propose four qualified candidates to the Board of Directors which will subsequently be proposed for election at the Annual General Meeting of Shareholders. The review shall take into

consideration the guidelines published in SCG Corporate Governance Handbook as well as suggestions of the Thai Institute of Directors (IOD), and careful and thorough consideration of each candidate's qualifications.

5. The Board of Directors with no member having conflict of interests present shall consider the qualifications of each candidate in a careful and thorough manner and subsequently propose the qualified candidates for election as directors to replace the retiring directors at the Annual General Meeting of Shareholders.

#### **Nomination and Succession Plan for Top Executive Positions at SCG**

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

#### **12.4 Oversight of Company's Subsidiaries and Associates**

For SCG to be recognized as an innovative organization and a role model in corporate governance and sustainable development in ASEAN in line with SCG vision, it is imperative that SCG put in place effective and efficient corporate governance, risk management, and internal controls that conform to international standards both in operation and information technology system. As a consequence, to ascertain that the oversight of Company's subsidiaries and associates aligns with the operating policies prescribed by the Board of Directors, the Board has set forth mechanisms for overseeing and monitoring the management and operations of Company's subsidiaries and associates. To that effect,

the Board has empowered President & CEO and/or President of each business unit to perform such duties as selecting representatives to be board members, executives, or controlling persons in those entities and reporting it to the Board.

The number of SCG's representatives in each subsidiary and associate is determined by the percentage of holding in that entity. However, to ensure proper oversight of SCG's investment, President & CEO and/or President of each business unit shall report on the operating results of the subsidiaries and associates to the Board of Directors at the board meeting on a quarterly basis. A report on the operating results shall be submitted to the Board in the month when there is no board meeting.

Moreover, to enable SCG's representatives to oversee the operations of subsidiaries and associates properly and in compliance with the Company's operation policies, SCG has prepared an authority manual prescribing the scope of authority, duties, and responsibilities of persons representing SCG as board members or executives in the subsidiaries and associates in establishing key business policies. The manual allows the representatives to operate with more effectiveness and efficiency. Constant revisions on such manual are made, consistent with changes in the subsidiaries and associates both in Thailand and overseas.

Mechanisms for overseeing disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; acquisition or disposal of assets; or complete and accurate material transactions are stated in the Articles of Association of the subsidiaries and associates. Such transactions shall be in compliance with the rules and procedures stipulated by the announcement of the Stock Exchange of Thailand.

In addition the authority manual, which serves to allow operations to be completed with efficiency, the Audit Committee, in fulfilling the role as a supervisor, is responsible for assessing the effectiveness of the oversight, risk management, compliance, and the internal audit systems of the subsidiaries and associates with SCG's representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company's internal control systems, efficiency, and effectiveness of operations, and financial statements. Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors a business self-audit system, which can be adjusted to suit the environment of each company, with emphasis on a holistic assessment, in order to create added values to the

organizations. To this effect, the companies and the Audit Office jointly perform risk assessment, formulate the internal control system and risk warning signals, and produce risk-monitoring reports. In the presence of risk shifting, the internal control system must be modified to accommodate such a change. The assessment reports are then presented to the management, with a copy submitted to the Audit Office as supporting information for future audit plans according to the level of risk. In addition, external audits are to submit assessment reports on the internal control system to the Audit Committee every quarter.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues such as separation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders' Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

## 12.5 Internal Information Control

The Company attaches significance to preventing the misuse of information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. To that effect, the Company has established measures to prevent misuse of internal information (insider trading) and incorporated them into SCG Code of Conduct and Regulations for Employees in writing to provide guidelines for the concerned persons, namely, the Board of Directors, SCG top executives, and employees responsible for related functions as well as their spouses and children who are minors. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions as well as their spouses and children who are minors are prohibited from trading Company shares for a two-week period prior to the release of the Company's quarterly and annual financial statements and for 24 hours after the release (blackout period). Corporate Secretary Office will inform all concerned persons of the blackout period one month prior to such period via regular post.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information.

Moreover, the concerned persons who have knowledge of confidential information that could impact the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to make an initial reporting of their securities holding in the Company to the SEC within 30 days of the date on which they are appointed (Form 59-1). They are also required to report on any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59-2) within three business days of the date of any changes.

In addition, the Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report.

In 2016, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

## 12.6 Audit fee

For the fiscal year 2016, the Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 55.29 Million Baht to KPMG in Thailand and KPMG member firms in overseas, which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

In this regard, KPMG in Thailand and KPMG member firms in overseas and its auditors do not have any relationships or interests involving the company, management, or major shareholders, including their related persons.

## Audit fees for the year 2016

1. Fees for annual audit and quarterly review of SCC and consolidated financial statements amounted to 5.43 Million Baht.

Audit Fees	
1. Annual audit fee for SCC's financial statement	255,000 Baht
2. Fees for annual audit and quarterly review of SCC and consolidated financial statements	5.17 Million Baht
<b>Total audit fees of the Company</b>	<b>5.43 Million Baht</b>

2. Fees for the annual audit of subsidiaries and quarterly review of listed subsidiaries performed by KPMG Thailand and KPMG overseas in which the fees were absorbed by the subsidiaries were as follows:

Audit fees	
1. Fees for annual audit of the subsidiaries' financial statements and quarterly review of listed subsidiaries on the Stock Exchange of Thailand	
- Number of subsidiaries	126 Companies
- Amount	23.37 Million Baht
2. Fees for annual audit of the overseas subsidiaries' financial statements	
- Number of subsidiaries	68 Companies
- Amount	26.49 Million Baht
<b>Total audit fees of the subsidiaries</b>	<b>49.86 Million Baht</b>

## Non-audit fee

In 2016, the Company and its subsidiaries paid a non-audit fee, which was for reviewing compliance with the conditions of the BOI Promotion Certificate amounting to 2.86 Million Baht and for tax consulting and other services amounting to 9.10 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

## 12.7 Good corporate governance guidelines in other aspects

The company has adopted and consistently complied with the principles of good corporate governance for listed companies recommended by the Stock Exchange of Thailand in 2012. In 2016, the areas that the company had yet to adopt were as follows:

1. Chairman of the Board should be an Independent Director

- The current Chairman of the Board is an executive of the major shareholders. However, the Board of Directors has specified the duties of the Chairman so that emphasis is placed on the interests of the company, shareholders, and stakeholders.

2. The numbers of the consecutive terms a director and the numbers of the consecutive terms a subcommittee can serve should be specified, such as no more than three consecutive terms.

- Currently, the Board of Directors reviews the terms of a member of the Board of Directors and Sub-committees based on each individual's qualifications, the resulting diversity, and needed areas of knowledge and expertise, in tandem with the use of the Board Skill Matrix as additional information.

3. All members of the Nomination Committee are independent members.

- Currently, the Governance and Nomination Committee comprises five members, four of whom are independent members, constituting more than half of the Committee, and the Chairman of the Governance and Nomination Committee is also an independent member. However, the company always reviews the membership of each member of the Sub-committees on a yearly basis, taking into account the qualifications and appropriateness as specified in the charters of the Sub-committees.

The Governance and Nomination Committee will review issues that have yet to be conducted in accordance with the Corporate Governance guidelines and report its opinion to the Board of Directors for an annual review.

In addition to the practices implemented in compliance with the 5 categories of The Principles of Good Corporate Governance for Listed Companies 2012 recommended by The Stock Exchange of Thailand, the company has in place other practices relating to good corporate governance as follows:



## SCG Code of Conduct

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

- **ADHERENCE TO FAIRNESS**
- **DEDICATION TO EXCELLENCE**
- **BELIEF IN THE VALUE OF THE INDIVIDUAL**
- **CONCERN FOR SOCIAL RESPONSIBILITY**

In 1987, the Board of Directors compiled a list of principles in a formal written document called the “Siam Cement Group Code of Ethics” to serve as guidelines that were aligned with SCG’s philosophies with the Company’s directors serving as role models. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

To further raise awareness of the SCG Code of Conduct among employees, the Company informs its employees at every level of and promotes adherence to the SCG Code of Conduct to cultivate the awareness from the first day of employment onward. The Company has published the SCG Code of Conduct Manual and distributed it to all new SCG employees along with conducting informational events to expound the Code of Conduct principles and practices to ensure clear understanding and strict adherence in performing their duties. This has also been included as a key factor in the yearly employee performance assessment. Moreover, SCG has also organized activities dedicated to enhancing awareness and knowledge about the SCG Code of Conduct, encouraging employees to share their views and experience in performing their duties with adherence to the SCG Code of Conduct. To further promote compliance with the Code of Conduct, SCG has produced animation clips with music scores simulating cases presented in reader-friendly infographics, which make the contents much easier to digest. Added to this is the Janya cutout standee, a large self-standing display promoting contents from various topics in the SCG Code of Conduct. They are placed in many different locations in the Corporate Headquarters Office and plants in many provinces to spur employee interest and help reinforce the contents in their minds. Since 2012, employees have been encouraged to ask questions and share their experience to make the Code of Conduct more accessible and promote greater application in their daily life. These animation clips are distributed in the form of e-Newsletter via email to every employee and also published on the SCG intranet.

Moreover, SCG has also exchanged its knowledge and experience regarding the SCG Code of Conduct as well as the development of SCG’s guidelines for corporate governance with interested companies and organizations both in the governmental and private section to support and promote awareness about ethical business conduct, fair treatment of stakeholders, and corporate social responsibility.

SCG also established the whistleblower policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy. In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with SCG Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about SCG Code of Conduct, which can be found on the SCG website under “SCG Code of Conduct” and “SCG Code of Conduct Consultation System”

## Anti-corruption Efforts

SCG stresses the importance of fighting corruption by establishing the Anti-corruption Policy which was proposed to the Governance and Nomination Committee for approval prior to being submitted to the Board of Directors for approval in order to be a guideline for business operations and integrated into corporate culture in line with one of SCG’s 4 Core Value “Adherence to Fairness” with focus on integrity, transparency, verification, and equitable treatment to all concerned parties in a respectful, sincere, friendly, and fair manner.

The commitment resulted in the Siam Cement Public Company Limited being certified by Thailand’s Private Sector Collective Action against Corruption (CAC) on July 5, 2013. SCG continually remains committed to anti-corruption implementation. In 2016, SCG passed the recertification on April 22, 2016. Moreover, three SCG subsidiaries, listed in the Stock Exchange of Thailand, were also certified on October 14, 2016, thanks to their shared commitment to fighting corruption. The certified companies comprise Thai-German Ceramic Industry Public Company Limited, Quality Construction Products Public Company Limited and Thai Plastic and Chemicals Public Company Limited (SCG Anti-corruption Policy is available for download at [www.scg.co.th](http://www.scg.co.th).)

Throughout 2016, SCG carried out activities to support its Anti-corruption Policy and kept employees at every level in all SCG business units abreast of efforts and compliance. SCG raises employees' awareness of actions which cause corruption risk, also analyzes corruption risk factor/risk criteria, and constantly assesses corruption risk. SCG defines corruption risk as a type of compliance risk.

SCG has created the Proactive Preventive System by determining corruption risk mitigation plans, control activities, responsible persons, monitoring, measurement, reviewing and evaluating methods of the risk assessment process for employees to use as guidelines for corruption prevention. At the same time, the Audit Office performed the assessment and monitoring of good governance practices and compliance with the SCG Code of Conduct and Anti-corruption Policy in every audit period.

#### **The additional activities carried out in 2016**

To constantly create awareness and provide knowledge and understanding about the Anti-corruption Policy among Directors, the Management, and employees to reduce corruption risk included:

1. Strengthen awareness-raising activities on corruption prevention as "Proactive Preventive System", an addition to "Preventive Pack Three" in 2015. The activities consisted of the following:

1) Prepared "Ethics e-testing Phase II" of which the test contents were classified into 3 levels, consistent with the roles and responsibilities of the employees' levels by testing employees on ethics, SCG 4 Core Values, Code of Conduct and Anti-corruption Policy. The test was designed to enable employees to learn and understand how to comply with the policy. They also must pass with a score of 100%. Additionally, there is analysis of employees' test results and the issues which contain the largest number of wrong answers. Thus, a communication plan will be set for helping employees to understand correctly.

2) Raised awareness of the roles, authority, responsibilities, and accountability of risk management and internal controls in accordance with the Three Lines of Defense model.

3) Communicated major fraud cases by reflected individual's role and responsibility according to the Three Lines of Defense model.

2. This year, SCG introduced the Compliance Management System for controlling and monitoring anti-corruption practice to determine roles and responsibilities, starting from law and regulation data gathering, risk assessment, control activity, monitoring and reporting including SCG internally and externally reporting.

3. For high risk functions, for example project procurement, project sales and administrative services, self-assessment is performed according to Anti-corruption Compliance Evaluation Checklist (as a tool). The checklist had identified corruption risk indicators/red flags, risk mitigation plans, and control activities in both the operational system and employees' performance (people) perspectives. The checklist could help employees and supervisors perform corruption risk analysis and comply with control procedure in a correct manner, and also establish a plan to improve operational efficiency.

4. Assessed the internal control system regarding corruption for the year 2016 in line with the COSO 2013 principles.

#### **Activities Constantly Carried out by SCG**

1. Disseminating and communicating the revision of the SCG Code of Conduct and Anti-corruption Policy among employees to enhance understanding and compliance. The message was also conveyed through a video clip entitled "Well-Well Living with the SCG Code of Conduct" and "Anti-Corruption" which shows how to comply with the Code of Conduct booklet and the Anti-corruption Policy.

2. Executives meeting with employees to give details about the Company's business operations including the Anti-corruption Policy and providing them with opportunities to make any inquiries for a better understanding.

3. Training employees on compliance with Corporate Governance and the Anti-corruption Policy through various courses/channels to reaffirm SCG's corporate culture. These are as follows:

- New Employee Orientation Course
- SCG Ready Together Course
- Business Concept Development Course
- Leading Yourself Course
- Facilitative Leadership Course
- Good Corporate Governance Course supervisors

and management employees (in each business unit)

4. IA Letter (available both in Thai and English) launch every two-month through email of every employee.

5. SCG Code of Conduct Consultation System and Anti-corruption Policy banners on the SCG Intranet.

6. SCG demonstrates its intent in promoting and extending the concept to its suppliers, so that, with the synergy of SCG and its suppliers, the ethical practices and the corporate governance for communities, society, and the environment can reach society at large. To that effect, SCG has compiled the "SCG Supplier Code of Conduct" as guidelines for SCG suppliers since 2013. It emphasizes SCG's relentless commitment to social responsibility encompassing five areas: 1) Ethical Business Practices, 2) Labor Protection and Human

Rights, 3) Occupational Health and Safety, 4) The Environment, and 5) Laws and Regulations. In 2016, SCG continued its efforts, requiring all new suppliers to sign the Supplier Code of Conduct agreement when they completed the Supplier Registration form. The Company also provided support and consultancy for suppliers in operating in line with the sustainable development approach. To date, the number of participating suppliers has increased steadily, giving SCG added confidence to continue to develop more good citizens for society.

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

SCG has given priority to good corporate governance and opened up opportunities for employees and stakeholders to report or inform any irregularities in the business operations of SCG such as corporate governance, ethical practices, corruption, financial transactions, Code of Conduct, and compliance with legal requirements, regulations, or Anti-corruption Policy through the specific channels provided. This is to ensure investigation of complaints are conducted according to the process specified in the "SCG Whistleblowing Policy Guidelines" and reported to the Audit Committee and the Board of Directors. In addition, information on the procedures and the channels through which complaints can be lodged is clearly publicized on the Company's website.

To ensure that such reporting or provision of information will not cause trouble to the complainant or informant, SCG has established a mechanism for protecting and relieving the distress that might occur to those who report or inform from unjust treatment such as abuse and threats. The Audit Office, responsible for the security of the Whistleblowing System, has designated a separate server to ensure independence from other usage.

SCG has provided channels for complains as follows:

- As for internal channels for employees, complaints can be made both with the names identified and anonymously.

1. The banner on the first page of Intranet SCG website, which is accessible to every employee. Informants can direct their complaints to any of the following:

- Trusted supervisors
- The Director of the Corporate Human Resources

Division

- The Internal Audit Director
- The Secretary to the Board of Directors
- A Company Director

2. Submission of a formal document to the aforementioned persons.

3. Email submission to an independent director at [ind\\_dir@scg.co.th](mailto:ind_dir@scg.co.th).

- As for external parties, complaints can be lodged on [www.scg.co.th](http://www.scg.co.th) under the "SCG Whistleblowing System." Informants are required to identify their names and can direct their complaints to any of the following:

- The Corporate Secretary Office
- The Internal Audit Office
- An Independent Director
- A member of the Audit Committee

Complaints can also be lodged in the form of a formal document submitted to the aforementioned parties.

Informants can keep track of their complaints through a system, which is a vital mechanism in the control and prevention of corruption.

In 2016, a total of 43 cases have been filed, 49 cases have already been investigated (included 11 cases pending from the previous year), 5 cases are still undergoing investigation. No case was recorded as regards non-conformance to the Anti-corruption Policy. The financial impact was insignificant and no damage caused to the Company. The investigation's results categorized as follows:

- 11 cases fall into the category of non-conformance with of the Code of Conduct;
- 17 cases fall into the category of non-compliance with the Company's regulations;
- 21 cases did not match with the complaints or conducted correctly and defame/cause damage to others.

The wrongdoers were expelled in accordance with the Human Resources Regulations.

The Company stresses the importance of compliance and punishment and has communicated and raised awareness among its employees regarding the Code of Conduct as well as used complaints to inform future preventive measures. The Internal Audit Office is responsible to monitoring, presenting, and reporting the results to the Audit Committee at every meeting.

## The Remuneration Committee's Report

The Remuneration Committee performed their duties as prescribed in the Charter of the Remuneration Committee by the Board of Directors. In 2016, the Committee held a total of six meetings with an attendance record of 100%, and reported the results of every meeting to the Board of Directors. Significant duties performed by the Remuneration Committee could be summarized as follows:

1. Considered the remuneration of the Board of Directors and Sub-committees before proposing to the Board and the Shareholders' Meeting for approval, taking into consideration their duties and responsibilities, SCG's overall operating results, distribution of dividends to shareholders and in comparison with the remuneration in other listed companies and leading corporations.

2. Considered the remuneration of SCG President and top executives in line with the performance of each executive and SCG's operating results and in comparison with the remuneration offered by other listed companies or leading corporations in the same business to retain SCG leadership in that industry and to motivate them to drive the Company's sustainable growth.

Moreover, the Remuneration Committee also provided views and recommendation to the Management with regard to policy on taking care of employees, assessing their performance, and fixing appropriate remuneration to foster morale and retention of highly capable employees with the Company.

On behalf of the Remuneration Committee



**Chumpol NaLamlieng**  
Chairman of the Remuneration Committee

## The CSR Committee for Sustainable Development's Report

For a business to thrive sustainably, it is imperative that the business grow and develop alongside the community and society. SCG, therefore, conducts business with commitment to developing the communities where it operates to enhance people's quality of life in a sustainable manner. To achieve the goals, SCG has carried out socially-beneficial activities with the focus on community engagement whilst SCG employees have functioned as facilitators. The activities are designed to enable the communities to learn and solve the problems on their own and become self-reliant, serving as a model community to share their inspiring success stories with other communities.

In 2016, the CSR Committee for Sustainable Development continued to carry out a wide variety of socially-responsible activities dedicated to uplifting the quality of life of the community and society both at home and in ASEAN. Examples include:

### SCG Conserving Water for Tomorrow

The project kicked off with the construction of check dams in accordance with H.M. King Bhumibol Adulyadej's Royal Initiative together with the communities in Lampang to restore the degraded forests. The efforts have restored the forests to their original state, resulting in ample water for consumption and agricultural purposes and enabling the community to thrive.

The achievement has inspired SCG to expand check dam construction efforts to other regions nationwide. SCG employees and the communities have helped reserve and restore water sources as part of water management to tackle drought and flooding issues. The company has also joined forces with the Utokapat Foundation Under Royal Patronage of H.M. the King and Hydro and Agro Informatics Institute to support the communities in managing water according to their social geography.

The water management efforts through various methods such as the construction of check dams, the construction of connected reservoirs to channel the stored water to smaller ponds, and the construction of "monkey cheek" water retention areas have resulted in sufficient water for consumption of the communities all year round and coping with the severe drought in early 2016 with relative ease. Some communities developed themselves into "Water Conserving Stations", allowing them to share knowledge about water management with other communities so they can learn and apply it on a broader scale.

Moreover, SCG in cooperation with the Utokapat Foundation Under the Royal Patronage of H.M. the King and Thai Journalists Association organized "Thailand Sustainable Water Management Forum 2016" to adopt proven knowledge and experience in water management from different countries in the Thai context. The forum also provided opportunities for the government, business, and civil society to suggest approaches to managing drought and flooding problems in a sustainable way.

In late 2016, SCG followed H.M. King Bhumibol Adulyadej's footstep in water conservation, joining forces of communities in the SCG Conserving Water for Tomorrow network in the six provinces i.e. Kanchanaburi, Lampang, Khon Kaen, Rayong, Saraburi, and Nakhon Si Thammarat to construct additional check dams in line with the Royal Initiative to reach the goal of 70,000 check dams. SCG is determined to expand its sustainable water management efforts as a means to build stronger communities for many years to come.

### Temporary Public Toilets

SCG together with Bangkok Metropolitan Administration and the Ministry of Industry built temporary public toilets at 5 spots around the Sanam Luang area to facilitate the needs



of large crowds of mourners coming to pay homage to H.M. King Bhumibol Adulyadej. The knock-down public toilets which can be reassembled elsewhere, were built in only three days. The first spot near the Grand Palace opened on October 29, 2016. The other 4 spots were placed at Santiporn garden (old premises of the Government Lottery Office), Thammasat University Thaprachan, the north side of Sanam Luang beside waiting tent A and behind waiting tent E. The knock-down toilets were designed to accommodate different groups of users including men, women, the handicapped, and the elderly, and the upkeep of the facilities is carried out around the clock for hygiene and cleanliness. The 5 units can service up to 150 users at a time.

For the ASEAN nations, SCG stresses the importance of improving the quality of life of people in every country where SCG operates. Priority has been given to providing educational opportunities and access to medical services. Examples include:

### **SCG Sharing the Dream**

The project provides over 1,700 scholarships to children and young people who demonstrate gratitude to their parents and are committed to studying in the ASEAN countries of Vietnam, the Philippines, Indonesia, Myanmar, Lao PDR, and Cambodia. SCG employees can participate in this project by nominating a recipient and helping take care of the life and family of the scholarship grantee to offer encouragement and promote the sustainable self-reliance of the grantee.

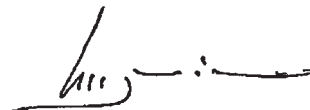
### **SCG Sharing a Brighter Vision**

SCG in cooperation with the Crown Property Bureau and Baan Phaew Hospital (Public Organization) offered free cataract surgery to cash-strapped locals in Mawlamyine, Mon State, Myanmar for the second year. A team of ophthalmologists from Thailand

performed free surgery for 207 cataract patients, allowing them to see clearly again and resume their normal activities without being a burden for the family. The project also donated a mobile eye surgical unit to the Department of Ophthalmology at the General Hospital, enabling the local ophthalmologists to perform cataract surgery for the locals.

As a corporate citizen in ASEAN, SCG wishes to see the ASEAN society grow and thrive sustainably. To that effect, the Company pledges to conduct business with commitment to building strong immunity for community and society as a whole, empowering society to grow in a stable and sustainable way.

On behalf of the CSR Committee for Sustainable Development



**Arsa Sarasin**

*Chairman of the CSR Committee for Sustainable Development*

## Corporate Social Responsibilities

Realizing that business is part of society and shall strive to grow alongside society in a sustainable manner, SCG is committed to creating socially-beneficial activities to uplift people's quality of life. Also, we embed the principles of Sufficiency Economy in our business aspect as well as in encouraging self-sustaining communities and societies. The goals also extend to promoting learning, empowering the communities to become stronger and more self-reliant and serve as role models in achieving strong and sustainable development.

### Model Projects to Drive Society toward Sustainability

SCG has initiated various projects dedicated to solving major issues in Thailand and promoting collaboration in finding solutions to problems constructively to ensure maximum benefits for all involved parties.

#### SCG Conserving Water for Tomorrow Project

In cooperation with communities surrounding the plants, SCG has adopted H.M. King Bhumibol Adulyadej's Royal

Initiative in water management to solve problems in drought-afflicted areas for over 10 years. The objectives are to solve the problems at their root causes, prevent future problems, and enhance awareness about water conservation with the focus on community engagement.

At many watershed areas, SCG constructed check dams to revive the ecosystems to bring back water, enabling the communities to solve drought and flooding problems on their own. In 2016, although Thailand was hit hard by severe drought as a result of El Niño, the participating communities were not affected by drought. The efforts have expanded into many activities:

- Water management for agricultural purposes through connected reservoirs at Ban Sa Phae, Chae Hom District, Lampang Province. After SCG took the locals to visit the Pid Thong Lang Phra project in Nan Province, the community has reserved more than 17,000 cubic meters of water from the check dams in the connected reservoirs. The endeavors helped ease drought and provide water for agriculture use for the community.
- Khao Yai Da Water Conserving Station in Rayong. The



SCG joined hands with government, private sectors and civil societies organized "Thailand Sustainable Water Management Forum 2016".

eco-learning center dedicated to promoting sustainable water management knowledge showcases the efforts of the community that has gained ample access to water through the construction of check dams for use with their fruit plantations, allowing for the promotion of agrotourism in the community which remained intact from the drought. In 2016, Khao Yai Da community earned 829,000 baht from visitors and sales of community products.

SCG together with the Hydro and Agro Informatics Institute and Utokapat Foundation Under Royal Patronage of H.M. the King developed water sources, using the concept of Monkey Cheek reservoirs (the so-called Gam ling). To that effect, the canals and ponds were dredged, enabling the flow of water into the Chi River at Ban Noonkhao, Waeng Noi District, Khon Kaen Province and 350 households in the community were not faced with water shortages in the wake of severe drought.

In addition, SCG organized Thailand Sustainable Water Management Forum 2016 in conjunction with Utokapat Foundation Under Royal Patronage of H.M. the King and Thai Journalists Association. The objectives were to foster the cooperation of the government, business and civil-social sectors to seek appropriate solutions to water management by striking a right balance between existing water resources and water consumption to tackle drought and flooding challenges in a sustainable manner.

To follow in H.M. King Bhumibol Adulyadej's Royal Initiative in water management, SCG joined forces with the communities involved in the SCG Conserving Water for Tomorrow project across the country to construct check dams as part of the "Succeeding the Royal Initiative by Building 70,000 Check Dams to Conserve Water Nationwide" project. Taking place in the six provinces of Kanchanaburi, Lampang, Khon Kaen, Rayong, Saraburi, and Nakhon Si Thammarat, the project constructed 2,319 check dams, bringing the total number of check dams built so far to 70,764.

### Sharing the Opportunity, Drawing the Future Project

SCG firmly believes that by instilling a sense of social concern among employees and encouraging them to work collaboratively with the communities to carry out social responsible activities, SCG employees will have a better understanding of the community way of life, enabling them to engage in activities that better meet the needs of the

communities and help solve their problems. Examples include the 5<sup>th</sup> year of Bookworm Mobile Library Project organized by the labor relations staff at the Siam Cement (Lampang) Co., Ltd. Apart from providing opportunities for disadvantaged children to access a wide range of quality books, the project also organizes a camp to equip children with knowledge about nature and the environment on many interesting topics such as facts about smoke from burning of crop land and fields and living creatures in nature. This allows the children to learn and create an impact among parents and the locals to take an interest in day-to-day problems. In 2016, 190 projects were approved. Over the past 10 years, SCG employees have carried out 1,634 projects in collaboration with the communities.



SCG, together with government sector build temporary public toilets in only three days to facilitate the needs of large crowds of mourners from across the country, coming to pay homage to His Majesty King Bhumibol Adulyadej at The Grand Palace.

### Temporary Public Toilets

To facilitate the needs of large crowds of mourners coming to pay homage to His Majesty King Bhumibol Adulyadej, SCG together with Bangkok Metropolitan Administration and the Ministry of Industry built knock-down temporary public toilets around the Sanam Luang area. Employing SCG's advanced innovations, these toilets can be reassembled elsewhere and were built in only three days. Available since October 29, 2016, the knock-down facilities are installed at 5 spots near the Grand Palace and around Sanam Luang and



are designed to accommodate different groups of users including men, women, the handicapped, and the elderly. The upkeep of the facilities is carried out on a 24/7 basis. Up to now, they have serviced nearly 300,000 users.

### **Uplifting Quality of Life through Expertise**

SCG utilizes its expertise to initiate projects that address the needs of society, enhance the potential and quality of life for the community, and contribute to sustainable social development.

### **One-million-square meter CPAC Concrete Courtyard Project**

To maximize resource efficiency, The Concrete Products and Aggregate Co., Ltd. (CPAC), a member of SCG Cement-Building Materials, supports volunteer employees, customers, and the community surrounding the plant to help pave concrete slabs, turning the area into a public concrete courtyard for people in the community. For its part, SCG turns the remaining concrete in the concrete trucks into concrete slabs and gives them to communities for paving public areas. Having continued for 5 years, the project has provided concrete slabs for 1,000 communities, adding up to a total of more than 500,000 square meters of paved areas.

### **Building Fish Homes for a Sustainable Community**

In alignment with the waste to value concept, SCG Chemicals has used PE100 pipes from the resin testing process at Thai Polyethylene Co., Ltd., which are environmentally-friendly, pressure and corrosion resistant, and certified as safe



“Artificial Reefs Innovation” nursery grounds for young aquatic animals and habitat for other marine life, created under the concept of Waste to Value

for water conduct both locally and internationally, to build fish homes. They are designed to provide a nursing area for juvenile aquatic resources and habitats for other marine creatures as well as help revive Thailand’s eastern coastal system. In 2016, SCG Chemicals joined forces with 26 fishing communities to build 700 fish homes, spanning fisheries resources along the coast of Rayong and Chonburi. Moreover, the company also joined hands with the Neun Kho fishing community to set up a fishery learning center to provide knowledge about local fisheries to the youths along with reviving the coastal and marine ecosystem to a state of abundance.

### **SCG Packaging x Wallpaper\* The Challenge 2016**

With its commitment to become a Total Packaging Solutions Provider and a leading company committed to driving the growth of the packaging industry, SCG Packaging elaborated on functional packaging design and joined hands with Wallpaper\* magazine to organize a packaging contest under the theme of “Creating Value for Society” to design packaging for 10 community and social enterprise products from various regions across Thailand that need the right packaging designs to help add value to the products. The contest provided opportunities for a new generation of young people to showcase their creativity and provided knowledge to personnel in the packaging industry, keeping them updated with today’s fast-changing marketplace. In addition, the contest enabled the company to expand its network of allies. For 2016, there were over 350 submitted entries and the design has already been used as a packaging for a



Packaging Design Contest “SCG Packaging x Wallpaper\* The Challenge 2016” under the theme of “Creating Value for Society”

community product at Baan Kud Sai. Moreover, several other designs are currently under development to achieve substantial functionality as SCG Packaging is providing the designs free of charge.

### Expanding a Better Quality of Life to ASEAN

SCG pledges to promote sustainable progress to ASEAN and the communities where it operates through numerous projects dedicated to uplifting the quality of life and developing potential of people in ASEAN by engaging SCG employees in many ASEAN countries.

#### SCG Sharing the Dream Scholarships Program

The program offers 1,770 scholarships annually to youths in Vietnam, the Philippines, Indonesia, Myanmar, Lao PDR, and Cambodia. For their part, SCG employees in each country help nominate needy students, who have demonstrated good conduct, for a scholarship. Prior to that, they visit the students' home to learn first-hand information useful for preparing their profiles. They subsequently serve as mentors, providing advice on education and personal life for the grantees. In 2016, 350 SCG employees took part in this program.

#### SCG Sharing a Brighter Vision Project

The project was carried out for the second year in Mawlamyine, Mon State, Myanmar to offer free cataract surgery to poor locals. In 2016, over 50 SCG Myanmar employees took part in providing assistance to a total of 207 patients who underwent cataract surgery. In addition, the



SCG provides more than 1,770 scholarships a year in SCG Sharing the Dream program to the youth in ASEAN.

project also donated a mobile eye surgical unit to the Department of Ophthalmology at the General Hospital, allowing the local ophthalmologists to perform cataract surgery for the locals.

SCG annually publishes its Sustainability Report in accordance with operations of the Global Report Initiatives (GRI) Version G4 and reports operational development within the highest standards required by the United Nations Global Compact. Further information regarding SCG's environmental and social activities are provided in the Sustainability Report and at [www.scg.co.th](http://www.scg.co.th).



10<sup>th</sup> year anniversary of SCG Sharing the Dream in Vietnam



SCG launched "Sharing a Brighter Vision" project in Myanmar for the 2<sup>nd</sup> year to offer free cataract surgery to local community.



# Internal Control and Internal Audit

## 1. Internal Control

SCG's vision is to be a regional market leader, contributing to the sustainable progress of ASEAN and the local communities where we operate. Through SCG world class business practices, corporate governance principles and uncompromising safety standards, we are committed to creating value for our customers, employees, and all other stakeholders. We will constantly ensure that our operational excellence, technological development and innovation will enable us to provide quality products and services in order to enhance the quality of life for all. Top SCG executives believe that to become the leading organization, SCG must have efficient and effective corporate governance, risk management, compliance and internal control systems that comply with international standards in terms of best practices and information technology. SCG has the Audit Committee whose responsibility includes the determination of SCG corporate governance policy, risk management, compliance, Internal control and internal audit according to the following international standards:

- Corporate Governance	Reference organizations: Organization for Economic Co-operation and Development (OECD) / Stock Exchange of Thailand (SET) / Thai Institute of Directors Association (IOD)
- Risk Management	Reference standards: COSO Enterprise Risk Management / ISO 31000
- Compliance	Reference to relevant laws and regulations / policies and procedures
- Internal Control	Reference standards: COSO Internal Control Framework 2013/COBIT55

The Board of Directors, the Audit Committee and the Management have formulated an SCG internal control system to comply with the COSO Internal Control Framework 2013 (The Committee of Sponsoring Organization of Tradeway Commission). In agreement with this, the Internal Audit Office assessed the adequacy of the SCG Internal Control system

according to the Securities and Exchange Commission's assessment form (SEC) and submitted the results to SCG's top executives and the Audit Committee for consideration and approval prior to reporting to the Board of Directors in the 210<sup>th</sup> Board of Directors meeting on November 30, 2016. The meeting was attended by 7 independent directors, 4 of whom are members of the Audit Committee.

Board of Directors considered all items in the assessment form and acquired further information from the Audit Committee, the Management and Internal Audit Director. As regards this consideration, SCG has an adequate and effective internal control system for SCG operations in compliance with laws, regulations, policies and procedures; the safeguarding of assets, and efficiency of resources utilization. There was no material deficiency found in the internal control system.

SCG has set out to raise corporate governance, risk management, compliance and internal control (GRC) awareness among the Management, supervisors and employees. Following consideration from the Board of Directors, SCG has a sufficient number of personnel for GRC implementation, along with adequate internal control systems for the monitoring of SCG subsidiaries' operations, the safeguarding of SCG and subsidiaries' assets against the misuse or unauthorized acts by directors or management, and against transactions that might result in a conflict of interests or connected transactions.

Through delegation from the Board of Directors, SCG's top executives have developed various tools in response to constantly changing risks over time, to ensure proactive preventive systems for domestic and overseas businesses. In 2016, these executives approved the following relevant governance/internal control principles or tools:

### 1.1 Proactive Preventive System

SCG has expanded its businesses both domestic and overseas. The significant factor enabling SCG to achieve its goals and be sustainable is its "employees", who stand for integrity and ethical practice in promoting moral ethics in the workplace. SCG has set the "Proactive Preventive System", which includes:

- 1.1.1 Ethics e-testing Phase II: for instilling morals, ethics, SCG Code of Conduct and Anti-corruption Policy awareness among employees in practice and for appropriate application, as reflected by the success of results. In 2016, continuing for the 2<sup>nd</sup> year, the test was categorized into 3 levels into employee's duties, authority, and roles and responsibilities at each level. Every SCG employee has achieved a 100% pass score. Additionally, test results are further analyzed by looking at those issues which employees answered incorrectly. A plan was then devised better communicate to employees for them to acquire a correct understanding.
- 1.1.2 Risk Management and Internal Control Responsibilities through the "Three Lines of Defense" model which has been widely and internationally accepted: the model has been promoted and emphasized to employees and supervisors (First Line), business-enabling & supporting functions (Second Line) and the Internal Audit Office (Third Line), in order to continuously apply this model to business operations, starting from risk assessment, identification of control activity, monitoring and evaluation processes. The first line's staffs are considered the most important in making this model succeed and be efficient. SCG strengthens this awareness by using various communication methods such as First line who is the top/key person of the Company/function communicates this issue to employees/subordinates or setting workshops for practical use in operation (Execution).
- 1.1.3 Sharing case studies in areas of fraud and non-compliance with laws and regulations, policies and procedures and Code of Conduct: for raising employee's awareness and prevention of repeated cases.

## **1.2 Integrated Governance, Risk Management, Compliance and Internal Control (Integrated GRC)**

SCG has implemented governance, risk management, compliance and internal control practices over a long period of time. Currently, SCG is ready to meet international standards as "Integrated GRC", which will improve efficiency and effectiveness, as well as reduce duplication of work by starting from governance, strategic determination, and risk management to the monitoring process. In 2016, SCG has defined SCG Integrated GRC so as to set clear perspective and communicate it to every employee for it to be understood

correctly and its benefits realized. Employees can govern, perform risk assessment, comply and define internal control activities in their responsible assignments.

## **1.3 Compliance**

SCG has a Corporate Compliance Unit responsible for the development of the SCG compliance management system in terms of the laws, regulations, policies and procedures, setting controls and monitoring processes for achieving practical results. This system helps to manage and reduce Compliance Risk. In 2016, SCG designed the Anti-corruption Management System in accordance with ISO19600, a systematic guideline for the company/business function (First Line), which is a high risk area. Business-enabling & supporting functions (Second Line) is a consultant to give advice and recommendations. The Internal Audit Office (Third Line) is responsible for assessing the efficiency and effectiveness of the policy's compliance to raise the confidence of the Management, the Audit Committee and the Board of Directors.

## **1.4 Business Self Audit**

As the Audit Committee authority, who govern and review the effectiveness of internal control system, the Audit Committee is resolved to setting up the Business Self Audit to further business concepts in managing risk. SCG has operated over a period of time and in compliance with the COSO Internal Control Framework 2013 (COSO 2013) in areas of individual and business function roles and responsibilities through the "Three Lines of Defense" model. The Internal Audit Office together with business-enabling & supporting functions and the Business Self Audit team (Second Line) have reconsidered the current operational practice and acted as the consultant for employees (First Line) on risk assessment, the adequacy and effectiveness of the internal control system, including the sharing of best practice/ success cases, so as to strengthen operational efficiency, reduce redundancies and build up a proactive preventive system for employees to promptly respond to fast-changing risk in the current environment.

## **1.5 Information Technology Governance and Security Assessment: Infrastructure and Network System**

- 1.5.1 Currently, the Information Technology (IT) system is the key factor for business operations in Industry 4.0, helping to create competitive advantage, change the business operational platform. As such IT is a key business strategy. For these reasons, SCG runs more advanced and complex information technologies. SCG set up the SCG IT Governance

Committee, responsible for the oversight of the use of the IT system to achieve maximum benefits and security by recognizing the risks of rapid changes in technology, infrastructure and network security, as well as the use of information systems for business management. In 2016, SCG reviewed and updated the SCG e-policy in accordance with the international standard, COBIT5, and kept pace with changing technology and emerging risk. The policy added certain issues, which cover the current technology which SCG uses and upcoming technology which SCG will use in the future. The policy helps to prevent employees from using technology for the wrong purposes and illegally under the law of the operational country as well as prevent damage which might occur with the infrastructure and network system and help keep confidential information secure. The policy has been classified by users for easy adoption.

- 1.5.2 At present, Information Technology has become a part of business operations e.g. data storage, equipment usage, infrastructure and network system, and merge in the daily operation. SCG has realized the significance of IT risk prevention. Therefore, IT guidelines have been decided, and communication has been emphasized with the stress on cyber security risk: hacking of e-mails, information security risk and data leakage; in order to raise awareness of IT security - the most important factor in maintaining the data confidentiality of the Company. In addition, SCG organized seminars and conducted various types of media to educate employees such as video clips, infographics and posters, etc.

## **1.6 Development and Promoting of Continuous Monitoring & a Continuous Auditing System for Business Units**

SCG has implemented various systems which help to promptly track warning signals. The Internal Audit Office has established a Continuous Monitoring & Continuous Auditing system to generate warning signal reports for business units/ functions within SCG to use as a tool for analyzing, tracking irregularities and setting control activities. In 2016, the report's format has been developed and improved to be more efficient by data analytics and graph presentation. Users can analyze more easily and more quickly.

## **1.7 SCG Whistleblowing System**

SCG continuously develops its SCG Whistleblowing System for employees and other stakeholders as a channel to report non-compliance with corporate governance, Code of Conduct, rules, regulations, laws and Anti-corruption Policy, including fraudulent acts. SCG employees can report via SCG Intranet while other stakeholders report via <https://whistleblower.scg.co.th> or submit written documents by e-mail/letter. SCG clearly sets the process for handling the complaint, starting from gathering all the facts as confidential information, officially appointing a fact finding working team, officially appointing an investigation committee, punishment approval consideration and reporting of the complaint's result. Complainants may follow up on their complaints via the system. The whistleblowing system helps promote ethical business conduct on a sustainable basis. The system's security is closely monitored and maintained by the Internal Audit Office through the use of two-step password verification and a separate server from other operations. These measures help to ensure data security and prevent data leakage to other individuals.

## **2. Internal Audit**

The Audit Committee oversees the operation of Internal Audit Office that provides independence, impartiality, ethics and expertise in line with the International Standards for Professional Internal Audit Practice (The Institute of Internal Auditors: IIA) and International Information Technology System Auditing Standard (Information Systems Audit and Control Association: ISACA and Global Technology Audit Guide: GTAG). The Audit Committee Charter and the Internal Audit Office Charter clearly state the missions, scope of work, authority, duties, and responsibilities, as well as auditing guidelines which are reviewed annually for any updates.

The Internal Audit Office not only performs auditing by consideration of the risk-based audit plan, but emphasizes proactive and preventive systems to strengthen and enhance SCG corporate value, aside from providing Assurance Service and Consulting Service. The key operations in 2016 are summarized as follows:

### **2.1 Internal Audit Office Medium Term Plan (2017- 2019)**

The Internal Audit Office has operated and worked in line with International Standards for the Professional Practice of Internal Auditing, together with the developed internal audit practice to continuously strengthen and preserve organization value. In 2016, the Internal Audit Office gathered and took all important perspectives into consideration for setting the

Medium Term Plan 2017-2019, for example, SCG vision, mission and strategy, expectations of all stakeholders, as well as international corporate governance, risk management, compliance and internal control standards. The Medium Term Plan 2017-2019 of the Internal Audit Office is to “Strengthen Sustainable Global IA Excellence as Trusted Advisor in Integrated GRC” for promoting operational efficiency.

## **2.2 Creating Sustainable High Value Services**

To promote comprehensive corporate governance, risk management, compliance and internal control, the Internal Audit Office performs the following:

### **2.2.1 Encourage the Three Lines of Defense Model**

Creating awareness, encouraging risk management and internal control responsibilities through the “Three Lines of Defense” model by communicating and conducting a workshop for the Management, supervisors and employees to understand their roles, as well as work in collaboration with business-enabling & supporting functions (Second Line) e.g. Risk Management function, Compliance function and Business Self Audit team for integrated work and exchange of internal control perspectives to continually add value to SCG. Additionally, Ethics e-testing questions have included the concepts of roles and responsibilities as defined in the Three Lines of Defense model to encourage employees to gain greater understanding.

### **2.2.2 Assessment of Internal Control Effectiveness according to COSO 2013**

The assessment of SCG internal control efficiency and effectiveness is in agreement with COSO 2013 to achieve 3 objectives: operations, reporting and compliance. This also corresponds to the Adequacy of Internal Control Assessment form raised by the Securities and Exchange Commission (SEC). The assessment’s result is submitted to the Audit Committee and the Board of Directors for consideration prior to disclosure in the Annual Report and Annual Registration Statement (Form 56-1).

### **2.2.3 Risk and Internal Control Assessment for New Business Operational System**

The Internal Audit Office is responsible for verification, assessment and giving recommendations to employees and supervisors (First Line) and business-enabling & supporting functions (Second Line). These are for providing assurance to the

Board of Directors and the Audit Committee that SCG has effective and efficient risk management, compliance and internal control systems. In addition, the Internal Audit Office performs risk and internal control assessment in the areas of new operational systems for SCG and subsidiaries. Once the improvement point was raised, the auditor will clarify, conduct a workshop, provide practical recommendations and monitor the performance results after the consultation. Additionally, the Internal Audit Office emphasizes the safety and environmental audit to reduce the Safety, Health and Environment (SHE) risk, which is one significant risk in the SCG key risk categories.

### **2.2.4 Setting up Overseas Internal Audit Teams**

Currently, SCG has a number of investments in foreign countries, according to SCG vision which will be a regional market leader. To ensure the efficiency and consistency with SCG policy for overseas operations, the Audit Committee resolved to set up overseas internal audit teams in order to evaluate the effectiveness and efficiency of corporate governance, risk management, compliance and internal control. At present, the Internal Audit Office has Vietnamese and Indonesian auditors who can help to reduce risks arising from cultural differences, local languages, as well as legal and regulatory compliance. The auditors are under the supervision of the Internal Audit Office in Thailand including policy and standard practices. The Internal Audit Office also has created a proactive preventive system by communicating issues in high risk areas in both business operation and information technology to employees, such as the impact of changes in law and IT security, etc.

### **2.2.5 Information Technology Audit**

As SCG rapidly expanded the businesses both domestically and overseas with a changing operating system specifically for each business unit, SCG has developed new core IT systems. In this regard, representatives from the Internal Audit Office were appointed as consultants to advise on the appropriate control points and testing of the control system. After the system is completed, IT auditors will carry out the testing once again. For reducing IT risk, in 2016, the Internal Audit Office performed the following:

- conducted workshops on cyber security for the responsible persons of each business units
- performed data leakage audits on key operational systems to increase the confidentiality level of internal controls over IT security
- IT governance and system development life cycle (SDLC) audits to provide assurance on the appropriateness of IT development and IT maintenance

#### 2.2.6 Anti-corruption Efforts

SCG constantly emphasizes the conducting of business with transparency and fairness. In 2012, SCG was a signatory company of Thailand's Private Sector Collective Action Coalition Against Corruption's (CAC) Declaration of Intent and was a certified company on July 5, 2013 which was a great opportunity to review and officially announce the Anti-corruption Policy to other stakeholders and third parties, also to communicate to all employees for strictly following this policy. At the same time, the Internal Audit Office created Anti-corruption Audit Guidelines as an audit procedure for the assessment of corruption risk and internal control effectiveness to provide the reasonable internal control assurance to the Management. SCG continually remains committed to anti-corruption implementation, which resulted in SCG passing the 2<sup>nd</sup> recertification on April 22, 2016. This commitment also extends to SCG subsidiaries, which has led to 3 subsidiaries being certified on October 14, 2016:

- Thai-German Ceramic Industry Public Company Limited
- Quality Construction Products Public Company Limited
- Thai Plastic and Chemicals Public Company Limited

### 2.3 Evaluation of the Internal Audit Office's Performance

2.3.1 To ensure professionalism, which is in line with international standards, and to achieve the Internal Audit Office's Medium Term Plan 2014-2016 as "Sustainable Global Internal Audit Excellence as a Trusted Advisor in GRC", the Audit Committee approved to conduct the Quality Assurance Review (QAR) by internal assessment. In 2016, it was the 2<sup>nd</sup> assessment. The assessment's results were completed by the Internal Audit Office exceeding

the designated criteria of 80% satisfaction. All of the stakeholders' results and feedback were gathered and analyzed to enhance the internal auditing quality and professionalism. The results and feedback were obtained from 7 groups of stakeholders as follows:

1. Audit Committee
2. President / (Senior) Vice President (the Management)
3. Managing Director
4. Auditee
5. Internal Audit Director
6. Internal Auditor
7. External Auditor

2.3.2 The Internal Audit Office set the criteria for evaluating the auditee's satisfaction to provide a clear performance measurement and to ensure the internal audit's effectiveness, in accordance with the internal audit policy and plan. The Key Performance Indicators (KPIs) for assurance service were set at not less than 85% for each audit project whereby the 2016 performance results showed a 95% satisfaction level. The result is presented to the Audit Committee each year and kept as supporting information for further improvement.

### 2.4 Development of Auditors' Competencies

To promote professional and business competence for internal auditors, the Internal Audit Office performs the following:

#### 2.4.1 Development of Internal Audit Global Knowledge

- Keep track of best practices in corporate governance, risk management, compliance and internal controls among leading audit professional institutes both local and international, and applied appropriate practices in line with the businesses.
- Encourage the development and continuous conduct of both internal and external training for internal auditors to be well equipped with knowledge, competence and expertise in internal auditing, as well as other skills needed by the company.
- Promote and support internal auditors to become certified as professional internal auditors or attain other related professional certification. In 2016, 57% of internal auditors were certified auditors, which exceeded the Key Performance Indicators (KPIs) set with not less than 40% of internal auditors.



#### 2.4.2 Development of Business Knowledge

- Enhance business acumen/business knowledge among internal auditors by inviting experts from each business unit and experts from external parties to share and discuss current business trends and major business changes for auditors to better assess risks and to provide practical advisory services.
- Recruit competent persons from other business units to serve as internal auditors according to the recruitment policy. On the other hand, the internal auditors are rotated to business units to gain broader experience.
- Organize knowledge - sharing sessions on interesting issues or significant findings in audit work on a regular basis.

#### 2.4.3 Information Technology Knowledge

- Apply IT knowledge to support the auditing process, for the faster analysis and detection of warning signals/red flags as well as to mitigate risks from operational errors and business fraud.
- Support internal auditors to develop IT audit skills for enabling them in effective auditing and recommendations according to the IT Audit International Standard. For example, it encouraged personnel to obtain the Certified Information Systems Auditor (CISA).

- Implement IT professional group on JIVE system for employees whose work related to IT so as to exchange knowledge and experience on IT & IT Security problem solving to reduce risk and repeated problems, including sharing audit findings on insecure program designs and program coding.

#### 2.4.4 Enhancement of Integrated Audit Project

The Internal Audit Office continuously encourages the integrated auditing project by setting up a team, comprised of both function and IT internal auditors; collaboratively performing an audit project in order to make suggestions for operational improvement and monitor irregularities through the use of IT tools for the enhancement of audit efficiency.

#### 2.4.5 Development of Soft Side Skills

To conduct the soft side seminar and workshop for internal auditors to strengthen in their belief and change mindset, reduce fear and reinforce new beliefs, so as to bring out the best of their potential/capabilities and devise a plan for improvement, to bring about greater success in their work and their lives.

# Risk Management

Amid global economic uncertainties and various other risk aspects which are becoming more complex and more severe, SCG has adopted the "Sufficiency Economy" principles through the implementation of enterprise risk management to ensure that the organization achieve its business goals. SCG has continuously raised risk management awareness throughout the organization and aimed for better risk management efficiency from strategic formulation, to operation, to decision for new investment. We believe that this effort will add value to the organization and stakeholders and contribute to SCG's sustainable growth.

## SCG Enterprise Risk Management Framework

SCG has implemented Enterprise Risk Management Framework in alignment with international standards. The framework consists of:

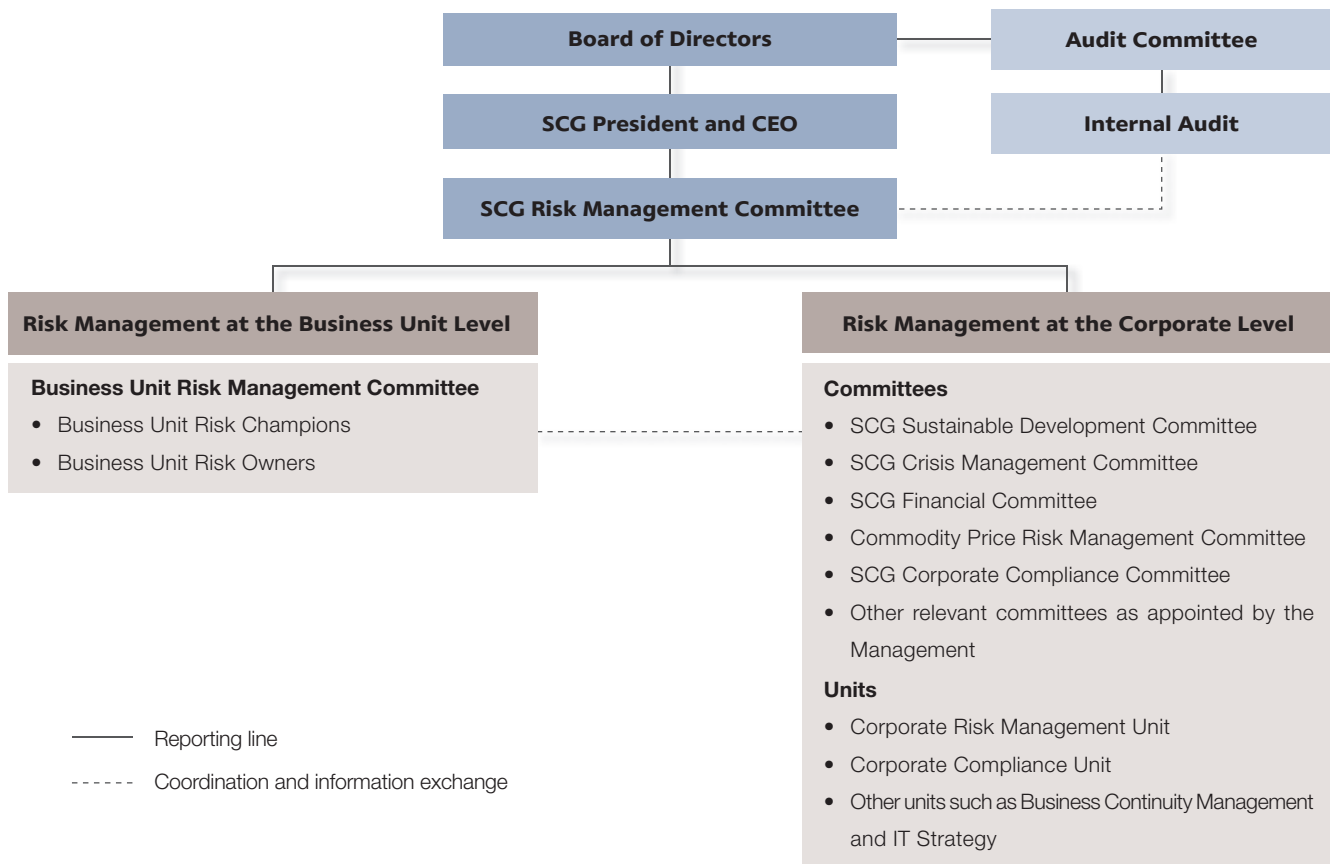
### 1. Strategy Establishment

SCG has established explicit objectives and risk appetite in managing risks to ensure consistent risk management practice across the organization.

### 2. SCG Risk Management Structure and Responsibilities

The organization structure of SCG's risk management is illustrated below:

#### Enterprise Risk Management Organizational Structure



### The Board of Directors and Audit Committee

The Audit Committee, on behalf of the Board of Directors, establishes risk management policies and oversees risk management process and practice of SCG. The Audit Committee also evaluates the risk management system to ensure efficiency, effectiveness and compliance with established guidelines.

### Internal Audit

SCG Internal Audit's role is to conduct audit of the first line (Operating Unit) and the second line (management level, risk management and compliance, and other supporting functions) to provide assurance on the efficiency and effectiveness of risk management. The internal audit also reports the audit outcomes to the Audit Committee. Additionally, the Unit provides consultation and communicates Audit Committee's opinions to the first line and functions that are being audited for improvements.

### The SCG Risk Management Committee

The SCG Risk Management Committee consists of the President and Vice President of each business unit. The SCG President and CEO serves as the Committee Chairman. The SCG Risk Management Committee has the following core responsibilities:

1. Determine risk management structure and assign accountabilities for risk management.
2. Consider and approve risk management policies, strategies, framework, and plans.
3. Review and monitor SCG risk profile.

### 3. Risk Management Process

SCG risk management framework is applied in three primary areas: medium and long-term strategic risk management, investment project risk management and operational risk management. The risk management process, documented in the "SCG Risk Management Manual" for the above areas, includes 1) Risk / Opportunity Identification, 2) Risk Assessment, 3) Risk Response and 4) Risk Reporting to the Business Unit Risk Management Committee and SCG

Risk Management Committee, respectively. Then, the reports are presented to the Audit Committee on a quarterly basis.

### 4. Building a Corporate Risk Culture

SCG recognizes that risk culture is a critical component of risk management. SCG has, therefore, assigned top executives to communicate the significance of risk management (tone at the top) and be role models in risk management. This includes establishing practical guidelines on common risk language, risk appetite, common risk assessment system, and accountability of each risk owner. Moreover, SCG has encouraged employees to include risk management as an agenda in major meetings at each company. Apart from that, risk management was designated as a component of training and development programs for directors, top executives and SCG staff. Learning materials in digital format was recently developed to increase risk awareness and coverage for SCG staff.

In 2016, SCG conducted "SCG People Culture Survey 2016" to measure employee's behaviors in accordance with SCG 4 core values and organization's culture in various aspects, including risk culture. The result shows that over 75% of SCG employees have embedded risk management in their works and acknowledged that SCG encourages employees to take calculated risks before making decisions.

### Key Risks, Opportunities and Management Strategies

In 2016, SCG has assessed and mitigated significant risks in alignment with material sustainability issues as illustrated below.

### Safety, Health, and Environment Risk

#### 1. Safety and Health Risks

Overseas operations in countries where environment, safety and health are sub-standard can pose as risks.

- Implemented various safety & health standards such as Occupational Health and Safety standard (OHSAS 18001) and Safety Performance Assessment Program (SPAP) in overseas companies and disseminated the application of safety management principles to its trading partners to extend the practice to the wider society.

- Developed “9 Life Saving Rules” which focus on the concept of “life saver” for oneself and others to better promote safety awareness, covering safety both in the workplace and on the road. In 2017, communication effort will be extended to cover all employees and contractors.

SCG believes that safety and healthy workplace environment will allow the operations to run efficiently and smoothly, reduce unnecessary production cost and create trust among customers, business partners and stakeholders.

## 2. Climate Change Risk

Climate change and global warming caused by energy consumption in production process could result in SCG’s exposure to environmental impact risk that may affect the continuity of business operations, organization’s reputation, or cost.

- Continuously improves production efficiency through enhancing the use of renewable and alternative energy, for example, the use of alternative energy in a gasifier to reduce combustion and the use of solar power to produce electricity to lower greenhouse gas emissions.

- Developed environmentally-friendly products and services, for example, Active AIRflow™ System, a solar-powered automatic airflow and ventilation system that vent heat from inside the house. Another example is Emisspro®, a coating substance for energy-saving burners, which was developed out of an attempt to reduce energy use and greenhouse gas emission. The research and development of this innovation technology eventually led to technology licensing business for SCG.

## Compliance Risk

### 3. Compliance Risks from Changes in Laws & Regulations

Risks from noncompliance or partial compliance caused by constant changes in laws & regulations could negatively affect the organization’s reputation and result in significant penalties and fines or loss of business opportunities.

- Constantly updates SCG Code of Conduct according to changes in laws and regulations. This includes conducting “Ethics e-testing focusing on SCG Philosophy, anti-corruption and human right policies.

- Communicates good risk management and control practices in accordance to the “Three Lines of Defense” concept to SCG staff at all levels to prevent non-compliance.

- Closely monitors changes from government policies as well as laws and regulations in the countries where SCG operates.

In 2016, all of SCG’s listed subsidiaries were certified by the Private Sector Collective Action Coalition against Corruption Council (CAC), a proof of SCG’s commitment to Anti-corruption policies and practices against corruptions and bribes.

## Reputation and Intellectual Property Risk

### 4. Reputation Risk from Social Media

Social media has been widely used as a channel to communicate and exchange opinions on products, services, and organizations. In the event that SCG becomes the topic of negative news coverage on social media, its outstretch nature may cause serious impact on the brand and reputation of the organization.

- Established a Brand Committee who oversees the monitoring of online risk events, and the preparation of countermeasures and communication system, which includes crisis management drill.

- Applied digital technology to analyze voice of customers and stakeholders regarding SCG’s products, services and businesses using information from social media to proactively assess market movement, stakeholders’ satisfaction and expectations.

### 5. Intellectual Property Risks

SCG has continuously supported the development of High Value Added products and services (HVA) to increase competitive advantage and elevate industry performance. Therefore, Intellectual Property (IP) management plays a crucial role in risk mitigation to prevent SCG’s trademarks and innovations from being infringed.

- Established IP division and IP management system at corporate and business unit levels to prevent SCG from infringing others or being infringed. This includes organizing IP trainings for SCG employees to raise awareness and promote practice.

After years of IP strategy and IP management implementation, SCG received “Asia IP Elite 2016” award for the 3rd consecutive years at the IP Business Congress Asia 2016 conference hosted by Intellectual Asset Management (IAM). This award has truly represented SCG as an ASEAN leader in intellectual property and allowed the organization to create more opportunities in introducing new products and building trust among business partners.

## Hazard Risk

### 6. Drought in Thailand

In the past years, Thailand faced severe drought situation caused by climate change which impacted SCG operations and its business continuity.

- Business Continuity Management (BCM) unit at corporate and business unit levels led the effort to manage the situation to minimize impact.
- For the manufacturing process, SCG strictly adheres to the application of 3R concept (Reduce, Reuse/Recycle, and Replenish) and collaborates with related government organizations in order to support water shortage prevention projects.
- SCG has initiated various corporate social responsibility (CSR) projects. For example, “SCG: United against Drought” was organized to provide large tanks to the communities in drought-affected areas. In addition, in 2016, under “SCG Conserving Water for Tomorrow Project”, SCG opened Khao Yaida learning center, a result from collaborative project between SCG and the communities in Rayong province. These activities allow SCG’s operations and surrounding communities to live together sustainably.

## Input Risk

### 7. Labor Shortage and Rising Wages Risk

As the world including Thailand is entering an era of aging society, problem from labor market imbalance in ASEAN countries has caused competition for labor and rapid wage hikes in some countries.

- Collaborated with the Thai government in Competitive Workforce project under Pracha Rat (people's state) to advance the status of vocational students with the aim to supply skilled labors to the market.
- Continuously build relationship with universities and other institutions in ASEAN.

- Implementation of automatic machines and robots to enhance production efficiency and to prepare for labor shortage situation, for example, PVC manufacturing robots to increase production capacity and reduce defective products, and an inspection robot to deliver inspection and repair services in hazardous areas both in-house and to large industrial customers outside SCG.

## 8. Fluctuation in Energy and Major Raw Material Prices Risk

The possibility of oil production cut by the Organization of the Petroleum Exporting Countries (OPEC) has caused the volatility and rising trend of global crude oil price. As a result, energy and commodity prices such as naphtha and fuel oil have increased. In addition, the price of coal, one of the main energy sources for SCG Cement-Building Materials and SCG Packaging, showed sign of soaring due to Chinese coal mining restriction policy and its effect on decreased coal supply.

- Commodity Price Risk Management Committee has adjusted risk management strategy to response to the changing circumstances. For example, hedging instrument is applied to reduce risks from commodity price fluctuation and maintain competitive cost in the global market.
- SCG developed HVA products and services such as a new hybrid-formula cement which consumes less energy during combustion and ‘The NEST,’ the prototype of energy plus house that generates more electricity than the consumed amount.

## Process Risk

### 9. Supply Chain Risks

SCG considers all risk factors throughout the supply chain, starting from raw material procurement, materials and equipment used in the production and transportation, to sales and delivery of products and services, to prevent any misalignment that may affect the confidence of consumers and other stakeholders as well as the impact on SCG’s operations.

- Conducts “Spend Analysis” to assess risks and impact on SCG’s operations in various dimensions covering economic, environment and society. Results from the analyses will be applied to classify suppliers, and develop strategy and plan to develop these suppliers, for example, co-created projects to reduce energy consumption and improve lime quality for paper production.



- Developed “SCG Supplier Code of Conduct” for all suppliers to oblige to in order to help enhance operating standards for the mutual benefits of SCG and the suppliers.

## **10. Human Resources Management and Capability Risks**

In preparation for human resources readiness and capability to accommodate future business expansion in Thailand and ASEAN countries, SCG has consistently improved its human resources management to better align with its business strategies.

- Communicated human rights policy and practices to SCG employees, business partners and related parties to create understanding, fair and equitable business practices.
- Established learning and coaching culture using 70:20:10 approach. This method emphasizes on on-the-job training and learning from mistakes with support from supervisors. Further, an employee at each level will be given an opportunity to develop their business knowledge, as well as leadership and teamwork skills.

Having constantly placed importance on an equal treatment to all employee, staff competency development and employee engagement, in 2016, results from SEEK Asia company survey showed that SCG is one of the most attractive employers in Thailand. This has accordingly resulted in SCG's ability to better recruit talents to work with the company.

## **Business Environment Risk**

### **11. Foreign Exchange Rates Fluctuation Risk**

Thai Baht against the dollar is expected to be volatile due to various uncertainties such as impact from powerful countries' international policies, US Fed's interest rate trends and US economic stimulus measures.

- SCG's Financial Committee considers using financial instruments to hedge foreign exchange rate exposure when appropriate. This includes, matching revenue and expense in foreign currency (Natural Hedge) and making agreement with trading partners in using local currency at an appropriate level.
- SCG has leveraged cross-currency competitiveness and focused on export to countries within and outside ASEAN where appropriate.

## **12. Risks to ASEAN Economic Growth and Competition**

In 2017, the world's economy will continue to face uncertainties pending powerful countries' economic and political policies, for example, political uncertainties and banking crisis in Europe, non-performing loans and slowdown in Chinese economy and direction on foreign trade from the new US president. All these factors will likely affect ASEAN economy directly or indirectly. Moreover, market entries of new players, both large and small, in countries where SCG has presence will intensify competition for SCG.

- Established Country Business Support Office (CBSO) to evaluate and monitor risks in the countries where SCG has invested. Besides, reports on significant risk events in each strategic country are presented quarterly to audit committee and top management for country risk management and portfolio management. In addition, Scenario Planning and Sensitivity Analysis are conducted to assess potential consequences from such risks.

- Continue to develop HVA products and services to serve niche markets, increase sales from export, and accelerate sales from export to ASEAN and non-ASEAN countries to compensate for domestic slowdown and intense competition as well as explore future investment opportunities.

## **Emerging Risks**

### **1. Risk from lower level of Thailand's potential economic growth compared to that of the past**

The study on “Thailand's New Normal” by Thailand Future Foundation shows that Thai economy could grow at a lower growth trajectory, compared to that of the past. It is expected that in the next decade, the growth potential is likely to be at an annual GDP of 3% (reduce from averaged of 5% in 2000-2010). Such a slower growth rate is mainly a consequence from the country's structural changes such as aging workforce, which impacts productivity, and the reduction from export from double to low single digit. At the same time, domestic spending is hurt by low farm income due to extreme weather and high household debt. Moreover, external economic and political uncertainties could pose as risks to growth. Therefore, SCG has been focusing on the expansion of overseas operations to manage such risks and capture ASEAN growth, for example, establishing cement plants in Myanmar and Indonesia, conducting trading business outside ASEAN regions, as well as developing high value added products and services.

## **2. Risk from digital technology transformation**

Digital technology has and will play a crucial role in daily lives and businesses, for example, the adoption of digital technology in delivery service, marketing and sales through online channels. In the long term, such development may impact SCG business model and traditional distribution channels, which threatens SCG's competitive advantage. On the contrary, such trend could create new business opportunities. For this reason, SCG has dedicated effort to monitor and analyze trends and changes in digital technology and adopt them to prevent disruption risks and capture new opportunities. Examples include the adoption of Big Data to investigate customers' need and behavior in introducing products and services, the development of marketing strategy focusing on Omni channel that allows customers to access products and services through physical stores and websites, and the offering of express service for small parcel delivery to accommodate rapid growth of e-commerce, m-commerce and urbanization in Thailand.

## **3. Risk from higher cost of energy in Thailand**

Various sources have forecasted that major source of energy supply in Thailand is diminishing while demand for energy is on a rising trend, which would likely lead to an increase in energy and electricity prices impacting SCG's energy cost. Therefore, emphasis has been placed on reducing energy risk. SCG established Energy Committee who is responsible for setting out and monitoring the organization's energy policy to increase energy utilization efficiency. Additionally, the organization appointed a taskforce who is responsible for the exploration of both the main and alternative sources of energy that are also environmentally-friendly. Moreover, the organization has encouraged the use of technology that allows for the utilization of low-cost, but not commonly used energy, the production of electricity from process waste, along with the development of products that requires lower production cost per unit or reduces energy consumption when in use.

## **4. Risk from climate change, natural disaster and greenhouse gas emission control**

Climate change from greenhouse gas accumulation, resulting in more extreme weather has become a vital risk that has drawn the world's attention. In 2016, Thailand signed the Paris Agreement, according to the UN Framework Convention on Climate Change, to keep global temperature rise below 2 degrees Celsius. SCG has therefore established measures to reduce greenhouse gas emission including increasing the proportion of alternative energy and generating power from waste heat, developing products and services that reduce greenhouse gas emission such as rooftop solar power generation system and Emisspro®, and raising awareness among staff on the importance of energy conservation and the use of clean and environmental friendly energy.

## Connected Transactions

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The SCG Code of Conduct has set forth a policy regarding such transactions as follows:

### Connected Transactions between the Company and its Subsidiaries

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

### Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and SCG policies. To carry out transactions with outside entities, in addition, the Company is required to have an approval strictly in line with the operational authority of SCG, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to SCG or outside parties.

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in terms of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

Furthermore, the Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval.

### Policy or Trend of Future Connected Transactions

Connected transactions in the future will continue to be based on traditional business practices and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or relevant individuals from connected transactions.

### Connected Transactions

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

**Details of connected transactions between the Group and a company or a person which/who may have a potential conflict.**

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Packaging	Other	
1. Transactions with joint ventures and associates								
1.1 SCG Cement-Building Materials								
Sales	Sekisui-SCG Industry Co., Ltd.	49	-	3,427	-	-	-	Market price applied with third party transactions
	Noritake SCG Plaster Co., Ltd.	40						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
	The Siam Gypsum Industry Co., Ltd.	29						
Purchases	Sekisui-SCG Industry Co., Ltd.	49	-	1,081	207	491	-	Market price applied with third party transactions
	Siam Global House Public Company Limited	30						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
Service income	Jumbo Barges and Tugs Co., Ltd.*	55	-	402	-	-	-	Market price applied with third party transactions
Service expenses and others	Thai Prosperity Terminal Co., Ltd.	50	-	82	-	-	7	Market price applied with third party transactions
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
Loans from			-	164	-	-	-	Agreed interest rate
	Mariwasa Holdings, Inc.	40						
	PT M Class Industry	28						
1.2 SCG Chemicals								
Sales	Siam Polyethylene Co., Ltd.	50	-	-	16,236	-	-	Market price applied with third party transactions
	Siam Synthetic Latex Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Mehr Petrochemical Company (P.J.S.C.)	39						
	PT Chandra Asri Petrochemical Tbk.	31						
	Thai PET Resin Co., Ltd.	20						
Purchases	SCG Plastics (China) Co., Limited	58	-	1	45,275	63	-	Market price applied with third party transactions
	SCG Plastics (Shanghai) Co., Ltd.	58						
	Siam Polyethylene Co., Ltd.	50						
	Siam Styrene Monomer Co., Ltd.	50						
	MTP HPPO Manufacturing Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	PT Chandra Asri Petrochemical Tbk.	31						
	PT Styrimo Mono Indonesia	31						
	Inter Plastic Co., Ltd.	23						
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20						
Binh Minh Plastics Joint Stock Company	19							
Service expenses and others	Siam Mitsui PTA Co., Ltd.	50	-	106	1,727	-	27	Market price applied with third party transactions
	Siam Synthetic Latex Co., Ltd.	50						
	Rayong Terminal Co., Ltd.	50						
	Siam Polyethylene Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						

\* Change status from associate to subsidiary in August 2016

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Packaging	Other	
Loans from	Siam Styrene Monomer Co., Ltd.	50						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	Thai MFC Co., Ltd.	45						
	Long Son Petrochemicals Co., Ltd.	44						
	PT Chandra Asri Petrochemical Tbk.	31						
	Thai PET Resin Co., Ltd.	20						
Guarantees	GTC Technology International, LP	25	-	-	45	-	-	Agreed interest rate
	Siam Tohcello Co., Ltd.	45	418	-	63	-	-	Contract rate
	Mehr Petrochemical Company (P.J.S.C.)	39						

### 1.3 SCG Packaging

Purchases	Siam Toppan Packaging Co., Ltd.	48	-	-	-	763	-	Market price applied with third party transactions
	Siam Nippon Industrial Paper Co., Ltd.	30						
	Saha Green Forest Co., Ltd.	17						
Service expenses and others	Siam Nippon Industrial Paper Co., Ltd.	30	-	10	-	1	2	Market price applied with third party transactions
Loans from	Saha Green Forest Co., Ltd.	17	-	-	-	5	-	Agreed interest rate
Guarantees	Siam Nippon Industrial Paper Co., Ltd.	30	-	-	-	495	-	Contract rate

### 1.4 Other

Sales	Siam Kubota Corporation Co., Ltd.	40	-	1,236	-	-	-	Market price applied with third party transactions
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	78	8	17	-	Market price applied with third party transactions
	Siam Kubota Metal Technology Co., Ltd.	40						
	Aisin Takaoka Foundry Bangpakong Co., Ltd.	30						
	The Siam Nawaloha Foundry Co., Ltd.	25						
Service income	IT One Co., Ltd.	20	145	430	177	103	1	Market price applied with third party transactions
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	1,045	184	-	-	15	Market price applied with third party transactions

## 2. Transactions with other companies which have SCG executives holding

### 2.1 SCG Cement-Building Materials

Purchases	Asia Cement Public Company Limited Mr. Nithi Patarachoke	10	-	-	-	15	-	Market price applied with third party transactions
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Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Packaging	Other	
2.2 SCG Packaging								
Purchases	Thai British Security Printing Public Company Limited Mr. Surasak Amawat	18	-	-	-	94	-	Market price applied with third party transactions
Service expenses and others	Thai British Security Printing Public Company Limited Mr. Surasak Amawat	18	-	10	-	-	3	Market price applied with third party transactions
2.3 Other								
Sales	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	-	2,190	-	-	-	Market price applied with third party transactions
Purchases	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	-	185	5	2	-	Market price applied with third party transactions
Service expenses and others	Siam Yamato Steel Co., Ltd. Mr. Chaovalit Ekabut / Director Mr. Yuttana Jiamtragan / Director	10	267	76	4	-	5	Market price applied with third party transactions



## Financial and Operating Performance





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## Report on the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board oversees and reviews corporate governance, code of conduct, anti-corruption, as well as establishes and maintains a proactive risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in its report in the Company's annual report.

The Board is confident that the internal control system and the internal audit of the Siam Cement Public Company Limited and its subsidiaries represent the financial position, results of operations, and cash flows that give a true and fair view in accordance with Thai Financial Reporting Standards.



**Chirayu Isarangkun Na Ayuthaya**  
Chairman



**Roongrote Rangsiyopash**  
President & CEO

## The Audit Committee's Report

The Audit Committee independently performed its duties, in accordance with the Audit Committee Charter which has been reviewed in conformance with current business situation and approved by the Board of Directors in annual basis. In 2016, the Audit Committee emphasized the role of Strategic and Monitoring Audit Committee to review governance, strategic identification, business operation and monitoring in order to achieve the Company's goals and business sustainability. By performing this, the Management and all employees must have ethics, integrity and Code of Conduct, as well as understand their roles, responsibilities, authority and accountability according to Three Lines of Defense model, together with working under the umbrella of Integrated Governance, Risk Management, Compliance and Control (Integrated GRC).

The Audit Committee approved to conduct Quality Assurance Review (QAR) by internal assessment according to The Institute of Internal Auditor (IIA) practice, which has been globally recognized and accepted by internal audit professionals, to ensure achievement of Internal Audit Office's Medium Term Plan 2014 – 2016 as "Sustainable Global Internal Audit Excellence as a Trusted Advisor in GRC". The assessment was conducted with 7 groups of stakeholder both internal and external stakeholders, and the result was exceeding designated criteria of 80% satisfaction. In addition, the Audit Committee approved the Medium Term Plan 2017 – 2019 of the Internal Audit Office towards "Strengthen Sustainable Global Internal Audit Excellence as a Trusted Advisor in Integrated GRC"

In 2016, the Committee held six meetings with 100% attendance by the members. The performance assessment of the Audit Committee as a whole and self-assessment are conducted each year. The assessment result was on very satisfaction level which was similar to previous year result. Assessment issues included the Audit Committee's availability, performance under scope of the Audit Committee's authority, the Audit Committee's meeting, overall opinions, performance of the Audit Committee's secretary and performance of the Internal Audit Office. In 2016, the Committee performed its duties as follows:

**1. Review of Financial Statements** The Audit Committee reviewed significant data and information in the

quarterly and annual financial statements of the Company for the year 2016, as well as the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared in accordance with Thai Financial Reporting Standards (TFRS) which is in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Director of the Internal Audit Office, confirming that the financial statements and the disclosure in notes to the financial statements were in compliance with the relevant laws and financial reporting standards. The Audit Committee therefore approved the Financial Statements, which were reviewed and audited by the external auditors without reservation. In addition, the Committee held a meeting with the external auditors without the Management so as to freely discuss important matters in the preparation of the financial statements and the disclosure of information in accordance with financial reporting standards and to be beneficial to users of these financial statements, including Key Audit Matters (KAM), as well as to hear whether there was any suspicious information indicating potential fraud following Section 89/25 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551. In 2016, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to confirm that no such incidents were discovered, the Audit Committee resolved that the President & CEO reports the results received from all President and Vice – President of business units and relevant responsible parties to the Audit Committee. In 2016, the President & CEO confirmed that no indication of such suspicious incidents was found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability and transparency, and the external auditors performed their duties independently and with verifiability.

**2. Review of Connected Transactions, Acquisition and Disposition Transactions and Transactions which might result in Conflict of Interests** The Audit Committee reviewed the connected transactions and transactions which might result in conflict of interest, as well as information



regarding the relevant directors. These transactions and information are reviewed and disclosed to the Stock Exchange of Thailand in timely manner.

**3. Review of Corporate Governance** SCG continues to conduct its business in accordance with sustainable development and corporate governance principles, with reference to international standards including Organization for Economic Co-operation and Development (OECD), Stock Exchange of Thailand (SET), and Thai Institute of Directors Association (IOD). The Audit Committee reviewed the efficiency and effectiveness of good governance and found that the directors, the Management and employees have strictly complied with the policy by having the Board of Directors and the Management as the role model. Employees approximately 34,250 persons have passed Ethics e-testing Phase II with 100% pass score. The test was operated for the 2<sup>nd</sup> consecutive year. Anti-corruption Policy has been seriously implement throughout SCG and has been applied to subsidiaries as appropriate for the business. For this effort, SCG passed the 2<sup>nd</sup> recertification from Thailand's Private Sector Collective Action against Corruption (CAC) on April 22, 2016. This commitment has extended to our suppliers by providing Supplier Code of Conduct for use as a guideline, which is aim to encourage our suppliers to behave as good citizens and conduct their businesses in such a way that they address societal and environmental concerns more than law and regulatory's requirements. There were approximately more than 5,000 suppliers who signed on Supplier Code of Conduct agreement.

**4. Review of Risk Management Assessment** The Audit Committee reviewed efficiency and effectiveness of the Company's risk management process by responsibility of SCG Risk Management Committee. SCG Risk Management Committee consists of the SCG President and CEO, served as the Committee Chairman, and the SCG top executives as the members, with the duty to consider the structure, policy, risk management framework, risk management plan, also review risk profile and monitor the Company's risk management on a monthly or quarterly basis. While the Corporate Risk Management Unit is responsible for compiling risk reports and managing risk in the form of risk dashboard. In 2016, SCG emphasizes on emerging risk, which significance and likelihood in the future are considered. SCG Risk Management Committee has prepared risk management measures by setting medium term plan, annual plan and taking investment project risk into consideration.

**5. Review of Compliance** SCG developed Compliance Management System (CMS), which is in accordance with

ISO19600 standard, for business units to apply and integrate into the operations as appropriate. In addition, SCG Risk Management Committee has considered to create CMS guideline to minimize compliance risk in 3 significant issues which are anti-corruption, anti-trust and market miss conduct.

**6. Review of Internal Control System** The Audit Committee reviewed the results of internal control assessment, both in operational and information technology system, which were reported by the Internal Audit Office on a monthly and quarterly basis, and assessed in compliance with the adequacy internal control assessment of the Securities and Exchange Commission (SEC). The Committee concluded that SCG had adequate internal controls appropriate for the Company's business operations. This corresponded with the external auditor's opinion that there was no material deficiency, which impact the Company's financial statements. This is one of the missions prescribed in the Internal Audit Office Charter. This year the Committee focused on creating employee awareness to promote moral principles, ethical behavior and code of conduct by building the SCG internal preventive system called "Proactive Preventive System". Proactive Preventive System comprises Ethics e-testing Phase II, good risk management and control practices in accordance with "Three Lines of Defense" model, and a case study of corruption, non-conformance to laws, and the Company's regulations, policies, and code of conduct. In addition, Control Self Assessment (CSA) tool or setting Business Self Audit team helps to implement as deemed appropriate for each business both domestic and overseas, in accordance with the relevant laws, regulations and business readiness. To further mitigate risks for overseas companies, workshops were organized for executives/staff in each company to raise awareness on governance, risk, compliance and controls. In addition, the Internal Audit Office in collaboration with business units (First Line) has continuously developed the Continuous Monitoring & Continuous Auditing reports to support businesses for monitoring within operational responsibilities and support internal auditors in the audit process. Workshops were organized for business units by using the material findings to allow the person in charge at all levels to gain better understanding of the risks, impacts, and key internal controls involved in the operations.

**7. Internal Audit** The Audit Committee conducted an annual review of the Audit Committee Charter and the Internal Audit Office Charter to ensure their relevancy to SCG's current risk and business environment. This year, in 2016, the Internal Audit Office emphasized on continuous

implementing Three Lines of Defense model from the previous year; such as, be the role model for employees by first – line top management, provide communication and suggestion on risk assessment, control identification and monitoring of performance for the current system, the upcoming system, new business or new information technology system of SCG. Additionally, developing of Country Internal Auditor teams in Vietnam and Indonesia to perform their duties in assessing the efficiency and effectiveness of governance, risk management, compliance, and internal controls of SCG and its overseas subsidiaries; under the authority of the Internal Audit Office in Thailand. Workshops were organized for IT-BU representatives to disseminate knowledge about the international standards, risk, internal control and IT audit results, as well as perform audit in IT emerging risk areas e.g. Cyber Security Risk : Hack e-mail and Information Security Risk : Data Leakage.

**8. Review of Fraud Investigations** In addition to employee's Whistleblowing System, SCG developed Whistleblowing System to enable external parties to report dishonesty via [www.scg.co.th](http://www.scg.co.th) further complaints through phone calls, send e-mails or letters to the directors, the Internal Audit Director, and the Secretary to the Board. In 2016, 43 cases, via external party and employee Whistleblowing Systems, were found in terms of non-compliance with laws, the company's regulations, SCG Anti-corruption Policy, Corporate Governance policy, SCG Four Core Values, SCG Code of Conduct, or Supplier Code of Conduct; also, there were 11 cases pending from the pervious year. 49 cases were fully investigated while 5 cases were undergoing fact-finding and investigation process. No case was recorded as regards non-conformance with the Anti-corruption Policy, material value and did not cause the company damage. The investigation's results composed of 11 cases were recorded as non-conformance with the Code of Conduct, 17 cases on non-compliance with the company's regulations and 21 cases did not match with the complaints or conducted correctly and defame/cause damage to others. Findings from the investigation were taken into consideration for determination of future procedure and preventive guidelines. The Audit Committee also reviewed fraud investigation

results, fraud risk assessment and impact in order to determine fraud preventive guidelines in operational systems; together with review preventive measures and investigation policy to be updated and appropriated with continuous business operation.

**9. Appointment of the External Auditor and Review of the Audit Fee for 2017** From the selection process of 6 audit firms, KPMG Phoomchai Audit Ltd. has been selected and appointed as the external audit firm of SCG for the three-year period from 2015 to 2017. Based on the satisfactory results of their performance appraisal and their qualification as independent auditors, the external auditors possess professional expertise, knowledge and experience in auditing SCG's businesses, and share knowledge related to business in addition to auditing, therefore, the Audit Committee recommended them to the Board of Directors. The Board of Directors agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378; or Mr. Wairoj Jindamaneepitak, Certified Public Accountant Registration No.3565; or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; or Ms. Thanyalux Keadkaew, Certified Public Accountant Registration No. 8179; all of KPMG Phoomchai Audit Ltd. as the Company's auditors for the year 2017; approval of the Company's audit fee for the fiscal year 2017 and the annual audit and quarterly review fee for SCG's consolidated financial statements amounting to 6.03 Million Baht and acknowledgement of the annual audit fee for the year 2017 of subsidiaries' financial statements and quarterly review fee for listed subsidiaries' financial statements which were audited by KPMG in Thailand and KPMG overseas. SCG subsidiaries were responsible for the audit fee totaling 49.90 Million Baht.

On behalf of the Audit Committee



**Tarrin Nimmanahaeminda**

Chairman of the Audit Committee

# Operating Results and Financial Status

## 21.1 Business Overview

**SCG's profit for the year increased attributed to the healthy chemicals earning, while revenue from sales decreased, largely due to lower chemicals prices, following the drop in Naphtha and oil prices in the global market from last year.**

In 2016, SCG's revenue from sales decreased 4% from the previous year to 423,442 Million Baht, largely due to lower chemicals prices, following the drop in Naphtha and oil prices in the global market from last year. However, EBITDA increased 16% from the previous year to 96,227 Million Baht. Likewise, profit for the year increased 24% to 56,084 Million Baht on better earnings in the chemicals business, reflecting lower feedstock costs, despite the weakness in the cement-building materials operations due to the soft demand in the domestic market.

Share of profit of associates and joint ventures for 2016 amounted to 17,933 Million Baht, an increase of 7,640 Million Baht from the previous year with details as follows:

- SCG Chemicals associates: Share of gain amounted to 14,220 Million Baht, increased 7,021 Million Baht from the previous year, attributed to better margin.
- Other associates: Share of profit amounted to 3,713 Million Baht, increased 619 Million Baht from the previous year.

## 21.2 Operating Results of Strategic Business Segments

### SCG Cement-Building Materials

In 2016, revenue from sales decreased 4% from the previous year to 170,944 Million Baht, due to softness in Thai market, which affected pricing and volume growth. This resulted in the drop of 5% from the previous year in EBITDA to 23,186 Million Baht. Similarly, profit for the year decreased 17% from the previous year to 8,492 Million Baht due to lower EBITDA and increased depreciation, mainly from the expansion of the second line cement production plant in Cambodia and the new cement plant construction project in Indonesia.

### SCG Chemicals

In 2016, revenue from sales decreased 6% from the previous year to 188,163 Million Baht on lower chemicals prices. However, EBITDA increased 39% from the previous year to 59,700 Million Baht and profit for the year registered 42,084 Million Baht, an increase of 48% from the previous year, benefiting from better performance of associates and lower feedstock costs.

### SCG Packaging

In 2016, revenue from sales increased 5% from the previous year to 74,542 Million Baht mainly from higher domestic and regional sales volume of packaging paper. EBITDA amounted to 10,745 Million Baht, decreased 1% from the previous year due to lower performance of Fibrous Chain, while profit for the year increased 3% from the previous year to 3,565 Million Baht.

## 21.3 Financial Status

### Assets

**Continued solid financials, with cash and cash under management of 47,252 Million Baht.**

Total assets of SCG as at December 31, 2016 was 539,688 Million Baht, with an increase of 6% from the previous year. Key components of total assets were property, plant and equipment at 45%, current assets at 29% and investments at 19%. Ranking of asset values by business segments are SCG Cement-Building Materials, SCG Chemicals, and SCG Packaging, respectively.

**Current assets:** amounted to 155,991 Million Baht as at December 31, 2016, with an increase of 5% from the previous year, comprising largely of inventories, trade and other receivables, cash and cash equivalents, and temporary investments. At December 31, 2016, SCG's working capital was 62,507 Million Baht with working capital days at 53 days.

**Cash and cash under management:** amounted to 47,252 Million Baht as at December 31, 2016, increase 6,973 Million Baht from the previous year, despite the CAPEX and Investments of 34,845 Million Baht during the year.

#### **Investments in associates and joint ventures:**

amounted to 95,498 Million Baht as at December 31, 2016, an increase of 4,608 Million Baht or 5% from the previous year with the following reasons:

- Increase from share of profit using equity method amounted to 17,933 Million Baht, attributed to healthy earnings from the chemicals associates.
- Decrease from dividends received amounted to 10,129 Million Baht mainly from the chemicals associates' dividend income.

In addition, significant movements during the year on investments in associates and joint ventures were as follows:

- Decrease from disposals amounted to 1,476 Million Baht, during the year, the cement-building materials had sold the entire 33% stake in Maker-Manifatture Ceramiche S.r.l., the form of the joint venture with Florim Ceramiche S.p.A., which is the production facilities of ceramics in Italy. Additionally, the other segment had sold its all 21% stakes in Musashi Auto Parts Co., Ltd., a leading manufacturer of motorcycle parts and automotive parts, to the existing shareholder.
- Decrease from the change in status of associate to subsidiary amounted to 357 Million Baht from the additional share acquisition of 10% portion in Jumbo Barges and Tugs Co., Ltd., the river and coastal logistics provider, resulting in the increase in ownership interests to 55%.

**Property, plant and equipment:** amounted to 245,183 Million Baht as at December 31, 2016, an increase of 14,251 Million Baht or 6% from the previous year due to the CAPEX and Investments during the year.

#### **Liabilities**

**Net debt decreased 15,542 Million Baht, resulting from an increase in operating cash inflow, despite the CAPEX and Investments during the year.**

Total liabilities as at December 31, 2016 amounted to 258,070 Million Baht, a decrease of 3% from the previous year. During the year, SCG had issued new debentures totaling 50,000 Million Baht to replace the matured debentures of 50,000 Million Baht. Finance costs were 5,984 Million Baht, a decrease of 3,092 Million Baht from last year due to the foreign exchange gain, recovered from the loss in the previous year.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2016 decreased 15,542 Million Baht from the previous year to 146,943 Million Baht, resulting from an increase in EBITDA, despite the CAPEX and Investments of 34,845 Million Baht mainly from the investment in the cement plant construction projects in Myanmar and Lao PDR, and the packaging paper capacity expansion project in Vietnam. Include with the additional purchase of all stakes in Prime Group Joint Stock Company, the leading manufacturer of ceramic tiles in Vietnam and the acquisition of all ordinary shares in Silasanon Co., Ltd., a producer of aggregates which is an important element of the ready-mixed concrete supply chain.

## **21.4 Financial ratios**

### **SCG's financial ratios remain solid.**

In 2016, current ratio registered 1.3 times and net debt to EBITDA ratio decreased to 1.5 times, compared to 2.0 times in the last year. At the end of 2016, debt to equity ratio was at 0.9 times, compared to 1.1 times in the last year.

From the financial position and performance of 2016, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2016 dividend payment of 19.00 Baht per share, representing a dividend payout ratio of 41% of consolidated profit for the year. SCG has already paid an interim dividend of 8.50 Baht per share on August 25, 2016. The final dividend will be paid at the amount of 10.50 Baht per share on April 27, 2017.

# Consolidated Financial Statements

The Siam Cement Public Company Limited and its Subsidiaries

## Independent auditor's report

### To the Shareholders of The Siam Cement Public Company Limited

#### *Opinion*

I have audited the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated income statement and statement of comprehensive income, changes in shareholder's equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group, as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.



## Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

The impairment testing of goodwill	
Refer to Notes 2 and 15 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
Due to the current economic conditions in the countries in which the acquired subsidiaries operate, the management considers that impairment testing of goodwill arising from business combination is important. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination an annual basis and whenever an indication of impairment exists. This require management judgment and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from future business plan and its forecast growth rate and discount rate used for each cash generating unit, this is focus area in my audit.	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to evaluate the recoverable amount of cash generating unit and impairment indicator.</p> <p>I evaluated the reasonableness and challenged key assumptions which underpin management's discounted cash flows with reference to market situations and its operating environment, my knowledge of the industry, and other information obtained during the audit. I tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results. Additionally I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and discount rate.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

Recognition of deferred tax assets	
Refer to Notes 2 and 16 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The management assessed the recognition of the Group's deferred tax assets which was significant to consolidated financial statements of the Group. It was considered about the management judgment and assumptions used for the estimation of sufficient future taxable profits and the utilization of deferred tax assets, particularly on deferred tax assets from unused tax loss carry forward. Judgmental aspects include assumptions of future profitability, revenue from value added products which increased revenue growth, sales prices and profitability and takes action to increase sales and tightened cost control, this is focus area in my audit.	<p>My audit procedures included the method of the management's recognition of deferred tax assets and the assessment of assumptions used in projecting the Group's future taxable profits. I compared key inputs used by the management to forecast future taxable profits to externally available data such as economic forecasts and the Group's historical data and performance, taking into account the reasonableness of historical estimation of tax profit in comparison to actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

The impairment testing of property, plant and equipment	
Refer to Notes 2 and 14 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the impairment indication of property, plant and equipment towards to the Group's consolidated financial statements which focusing specifically on the business that performance was consistently below expectations. The impairment testing of property, plant and equipment is considered to be a risk area due to the fact that it involves significant judgment by management to identify any indication of impairment and recoverable amount. Judgmental aspects include estimate and assumptions which focusing particularly on the forecasting of future cash flows along with its forecast growth rate and discount rate used for each cash generating unit, this is focus area in my audit.</p>	<p>My audit of impairment testing of property, plants and equipment focused on assessing the reasonableness of impairment indicator and the key assumption which underpins management's forecast.</p> <p>I evaluated the reasonableness of impairment indicator with reference to current market situations and its operating environment, my knowledge of the business, and other information obtained during the audit.</p> <p>I challenged significant assumptions which underpin management's discounted future cash flows with reference to recent performance, trend analysis, and tested the mathematical accuracy of the impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of historical financial performances by comparing to the actual operating results. Additionally I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and discount rate.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Winid Silamongkol**  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2017



# Consolidated statement of financial position

As at 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

Assets	Note	2016	2015
<b>Current assets</b>			
Cash and cash equivalents	9	27,709,352	16,077,796
Temporary investments	9	13,089,306	18,509,910
Trade and other receivables	5, 6	48,328,868	54,293,881
Short-term loans	5	167,136	125,583
Inventories	7	53,334,689	52,897,613
Other current assets	8	8,042,461	6,491,317
Assets classified as held for sale	9, 39	5,318,910	-
<b>Total current assets</b>		<b>155,990,722</b>	<b>148,396,100</b>
<b>Non-current assets</b>			
Available-for-sale investments	9	6,347,801	9,316,085
Investments in associates	10	90,811,302	86,075,912
Investments in joint ventures	10	4,686,586	4,814,064
Other long-term investments	11	2,866,061	3,065,331
Long-term loans	5	124,038	162,227
Investment properties	13	1,307,115	1,235,700
Property, plant and equipment	14	245,183,484	230,932,124
Goodwill	15	11,657,407	11,523,866
Intangible assets	15	8,761,920	7,666,594
Deferred tax assets	16	5,918,173	2,766,789
Other non-current assets	17	6,033,378	4,025,852
<b>Total non-current assets</b>		<b>383,697,265</b>	<b>361,584,544</b>
<b>Total assets</b>		<b>539,687,987</b>	<b>509,980,644</b>

On behalf of the Board of Directors



**Chirayu Isarangkun Na Ayuthaya**

Chairman



**Roongrote Rangsiyopash**

President & CEO

The accompanying notes are an integral part of these financial statements.

# Consolidated statement of financial position

As at 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

Liabilities and shareholders' equity	Note	2016	2015
<b>Current liabilities</b>			
Bank overdrafts and short-term loans			
from financial institutions	18	15,601,257	16,191,863
Trade and other payables	5	45,956,803	48,833,485
Current portion of long-term debts	19	4,641,914	6,934,641
Current portion of debentures	20	44,888,595	49,903,849
Short-term loans	5	204,246	181,635
Income tax payable		2,943,363	2,206,591
Other current liabilities		3,831,830	3,065,111
<b>Total current liabilities</b>		<b>118,068,008</b>	<b>127,317,175</b>
<b>Non-current liabilities</b>			
Long-term debts	19	7,634,002	13,350,292
Debentures	20	121,224,377	116,201,884
Deferred tax liabilities	16	3,025,449	2,124,679
Employee benefit obligations	21	7,183,629	6,689,944
Other non-current liabilities	22	934,403	1,290,955
<b>Total non-current liabilities</b>		<b>140,001,860</b>	<b>139,657,754</b>
<b>Total liabilities</b>		<b>258,069,868</b>	<b>266,974,929</b>
<b>Shareholders' equity</b>			
Share capital	23		
Authorized share capital - Ordinary share		<b>1,600,000</b>	<b>1,600,000</b>
Issued and paid-up share capital - Ordinary share		1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	24	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		237,993,458	202,440,240
Other components of shareholders' equity		(9,846,450)	(8,155,213)
<b>Total equity attributable to owners of the parent</b>		<b>240,023,008</b>	<b>206,161,027</b>
Non-controlling interests	12	41,595,111	36,844,688
<b>Total shareholders' equity</b>		<b>281,618,119</b>	<b>243,005,715</b>
<b>Total liabilities and shareholders' equity</b>		<b>539,687,987</b>	<b>509,980,644</b>

The accompanying notes are an integral part of these financial statements.

# Consolidated income statement

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	Note	2016	2015
Revenue from sales	5	423,442,369	439,613,704
Cost of sales	5	(319,021,053)	(341,511,031)
<b>Gross profit</b>		<b>104,421,316</b>	<b>98,102,673</b>
Other income	5, 26	9,198,197	10,134,413
<b>Profit before expenses</b>		<b>113,619,513</b>	<b>108,237,086</b>
Selling expenses	27	(16,002,039)	(17,670,627)
Administrative expenses	28	(34,229,464)	(31,990,254)
<b>Total expenses</b>		<b>(50,231,503)</b>	<b>(49,660,881)</b>
<b>Profit from operations</b>		<b>63,388,010</b>	<b>58,576,205</b>
Share of profit of associates and joint ventures		17,932,694	10,293,046
<b>Profit before finance costs and income tax expense</b>		<b>81,320,704</b>	<b>68,869,251</b>
Finance costs	30	(5,983,586)	(9,076,244)
<b>Profit before income tax expense</b>		<b>75,337,118</b>	<b>59,793,007</b>
Income tax expense	31	(4,617,938)	(6,076,816)
<b>Profit for the year</b>		<b>70,719,180</b>	<b>53,716,191</b>
Profit attributable to			
<b>Owners of the parent</b>		<b>56,084,194</b>	<b>45,399,712</b>
Non-controlling interests		14,634,986	8,316,479
		70,719,180	53,716,191
<b>Basic earnings per share (in Baht)</b>			
<b>Attributable to owners of the parent</b>	32	<b>46.74</b>	<b>37.83</b>

On behalf of the Board of Directors



**Chirayu Isarangkun Na Ayuthaya**  
Chairman



**Roongrote Rangsiyopash**  
President & CEO

The accompanying notes are an integral part of these financial statements.

# Consolidated statement of comprehensive income

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	Note	2016	2015
<b>Profit for the year</b>		<b>70,719,180</b>	<b>53,716,191</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plan actuarial losses	21	(149,372)	(202,732)
Share of other comprehensive income of associates and joint ventures		(18,587)	(54,526)
Income tax on other comprehensive income relating to items that will not be reclassified	31	28,475	40,359
<b>Items that will be reclassified to profit or loss when specific conditions are met</b>			
Foreign currency translation differences		(730,991)	123,382
Gains (losses) on remeasuring available-for-sale investments	9	501,463	(87,988)
Share of other comprehensive income of associates and joint ventures		77,410	919,018
Income tax on other comprehensive income relating to items that will be reclassified	31	(131,286)	17,598
<b>Other comprehensive income for the year, net of income tax</b>		<b>(422,888)</b>	<b>755,111</b>
<b>Total comprehensive income for the year</b>		<b>70,296,292</b>	<b>54,471,302</b>
Total comprehensive income attributable to			
<b>Owners of the parent</b>		<b>55,857,302</b>	<b>46,430,293</b>
Non-controlling interests		14,438,990	8,041,009
		<b>70,296,292</b>	<b>54,471,302</b>

The accompanying notes are an integral part of these financial statements.

# Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings		
			Appropriated		Unappropriated
			Legal reserve	General reserve	
Balance at 1 January 2015		1,200,000	160,000	10,516,000	174,573,404
Transactions with owners, recorded directly in shareholders' equity					
Contributions by and distributions to owners of the parent					
Dividends	33	-	-	-	(17,349,719)
Total contributions by and distributions to owners of the parent		-	-	-	(17,349,719)
Changes in ownership interests in subsidiaries					
Acquisition and increase in capital of non-controlling interests without a change in control		-	-	-	-
Acquisition and increase in capital of non-controlling interests with a change in control		-	-	-	-
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(17,349,719)
Comprehensive income for the year					
Profit or loss		-	-	-	45,399,712
Other comprehensive income		-	-	-	(183,157)
Total comprehensive income for the year		-	-	-	45,216,555
Balance at 31 December 2015		1,200,000	160,000	10,516,000	202,440,240

The accompanying notes are an integral part of these financial statements.



in thousand Baht

Other components of shareholders' equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income			Changes in ownership interests in subsidiaries that do not result in a loss of control			
Currency translation differences	Gains (losses) on remeasuring available-for-sale investments	Share of other comprehensive income of associates and joint ventures				
(3,421,781)	823,046	(377,564)	(6,190,055)	177,283,050	32,033,984	209,317,034
-	-	-	-	(17,349,719)	(3,937,799)	(21,287,518)
-	-	-	-	(17,349,719)	(3,937,799)	(21,287,518)
-	-	-	(202,597)	(202,597)	647,409	444,812
-	-	-	-	-	60,085	60,085
-	-	-	(202,597)	(202,597)	707,494	504,897
-	-	-	(202,597)	(17,552,316)	(3,230,305)	(20,782,621)
-	-	-	-	45,399,712	8,316,479	53,716,191
364,469	(69,749)	919,018	-	1,030,581	(275,470)	755,111
364,469	(69,749)	919,018	-	46,430,293	8,041,009	54,471,302
(3,057,312)	753,297	541,454	(6,392,652)	206,161,027	36,844,688	243,005,715

# Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

	Note	Issued and paid-up share capital	Retained earnings		
			Appropriated		Unappropriated
			Legal reserve	General reserve	
Balance at 1 January 2016		1,200,000	160,000	10,516,000	202,440,240
Transactions with owners, recorded directly in shareholders' equity					
Contributions by and distributions to owners of the parent					
Dividends	33	-	-	-	(20,398,454)
Total contributions by and distributions to owners of the parent		-	-	-	(20,398,454)
Changes in ownership interests in subsidiaries					
Acquisition and increase in capital of non-controlling interests without a change in control		-	-	-	-
Acquisition and increase in capital of non-controlling interests with a change in control		-	-	-	-
Total changes in ownership interests in subsidiaries		-	-	-	-
Total transactions with owners, recorded directly in shareholders' equity		-	-	-	(20,398,454)
Comprehensive income for the year					
Profit or loss		-	-	-	56,084,194
Other comprehensive income		-	-	-	(132,522)
Total comprehensive income for the year		-	-	-	55,951,672
Balance at 31 December 2016		1,200,000	160,000	10,516,000	237,993,458

The accompanying notes are an integral part of these financial statements.

in thousand Baht

Other components of shareholders' equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
Other comprehensive income			Changes in ownership interests in subsidiaries that do not result in a loss of control			
Currency translation differences	Gains (losses) on remeasuring available-for-sale investments	Share of other comprehensive income of associates and joint ventures				
(3,057,312)	753,297	541,454	(6,392,652)	206,161,027	36,844,688	243,005,715
-	-	-	-	(20,398,454)	(11,505,878)	(31,904,332)
-	-	-	-	(20,398,454)	(11,505,878)	(31,904,332)
-	-	-	(1,596,867)	(1,596,867)	1,396,872	(199,995)
-	-	-	-	-	420,439	420,439
-	-	-	(1,596,867)	(1,596,867)	1,817,311	220,444
-	-	-	(1,596,867)	(21,995,321)	(9,688,567)	(31,683,888)
-	-	-	-	56,084,194	14,634,986	70,719,180
(534,102)	362,322	77,410	-	(226,892)	(195,996)	(422,888)
(534,102)	362,322	77,410	-	55,857,302	14,438,990	70,296,292
(3,591,414)	1,115,619	618,864	(7,989,519)	240,023,008	41,595,111	281,618,119

# Consolidated statement of cash flows

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

	in thousand Baht	
	2016	2015
<b>Cash flows from operating activities</b>		
Profit for the year	70,719,180	53,716,191
<b>Adjustments for</b>		
Depreciation and amortization	22,709,819	20,769,968
Interest income	(818,208)	(923,470)
Interest expense	7,208,905	7,867,603
Unrealized gain on foreign currency exchange	(224,243)	(117,820)
Allowance for decline in value of inventories (reversal)	129,126	(707,213)
Dividend income	(2,820,702)	(2,427,181)
Employee benefit expense	913,129	542,144
Share of profit of associates and joint ventures	(17,932,694)	(10,293,046)
Income tax expense	4,617,938	6,076,816
Gain on sales of investments and others	(362,388)	(1,289,389)
<b>Profit provided by operating activities before changes in operating assets and liabilities</b>	<b>84,139,862</b>	<b>73,214,603</b>
<b>Decrease (increase) in operating assets</b>		
Trade and other receivables	2,452,033	(1,873,709)
Inventories	(386,092)	709,352
Other current assets	314,523	696,830
Other non-current assets	321,451	219,700
<b>Net decrease (increase) in operating assets</b>	<b>2,701,915</b>	<b>(247,827)</b>

The accompanying notes are an integral part of these financial statements.

# Consolidated statement of cash flows

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

in thousand Baht

	Note	2016	2015
<b>Increase (decrease) in operating liabilities</b>			
Trade and other payables		(3,743,109)	1,372,399
Other current liabilities		460,210	284,539
Employee benefit obligations		(416,900)	(293,008)
Other non-current liabilities		(82,334)	(993,591)
<b>Net increase (decrease) in operating liabilities</b>		<b>(3,782,133)</b>	<b>370,339</b>
<b>Cash generated from the operations</b>			
		<b>83,059,644</b>	<b>73,337,115</b>
Income tax paid		(7,007,236)	(5,590,087)
<b>Net cash provided by operating activities</b>		<b>76,052,408</b>	<b>67,747,028</b>
<b>Cash flows from investing activities</b>			
Interest received		864,564	830,013
Dividends received		12,864,470	5,728,314
Temporary investments		(34,996,117)	(42,860,277)
Available-for-sale investments		(2,558,277)	(1,161,653)
Investments in associates and joint ventures		(28,000)	(405,789)
Net cash outflow on acquisition of subsidiaries	4	(543,960)	(1,485,942)
Proceeds from sales of investments		41,055,624	35,078,524
Income tax paid from sales of investments		-	(371,349)
Purchases of property, plant and equipment		(30,684,457)	(41,683,869)
Proceeds from sales of property, plant and equipment		544,872	248,800
Purchases of intangible assets		(1,329,240)	(1,385,809)
Currency translation differences		(434,496)	(331,361)
<b>Net cash used in investing activities</b>		<b>(15,245,017)</b>	<b>(47,800,398)</b>

The accompanying notes are an integral part of these financial statements.



# Consolidated statement of cash flows

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

	in thousand Baht	
	2016	2015
<b>Cash flows from financing activities</b>		
<b>Borrowings</b>		
Interest paid	(7,595,570)	(8,072,053)
Increase (decrease) in bank overdrafts and short-term loans		
from financial institutions	(898,881)	3,372,923
Proceeds from long-term debts	1,450,455	2,825,506
Payments of long-term debts	(9,943,398)	(15,230,830)
Payments of finance lease	(81,746)	(48,100)
Proceeds from issuance of debentures	49,968,663	39,899,660
Redemption of debentures	(49,961,424)	(24,885,735)
<b>Net decrease in borrowings</b>	<b>(17,061,901)</b>	<b>(2,138,629)</b>
<b>Dividends paid</b>		
Dividends paid to owners of the parent	(20,398,454)	(17,349,719)
Dividends paid to non-controlling interests	(11,516,182)	(3,912,148)
<b>Total dividends paid</b>	<b>(31,914,636)</b>	<b>(21,261,867)</b>
Acquisition and increase in capital of non-controlling interests	(199,298)	500,942
<b>Net cash used in financing activities</b>	<b>(49,175,835)</b>	<b>(22,899,554)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>11,631,556</b>	<b>(2,952,924)</b>
Cash and cash equivalents at beginning of the year	16,077,796	19,030,720
<b>Cash and cash equivalents at end of the year</b>	<b>27,709,352</b>	<b>16,077,796</b>
<b>Supplementary information for cash flows</b>		
<b>Non-cash transactions</b>		
Accounts payable from purchases of assets	4,304,417	3,825,973

The accompanying notes are an integral part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2016

The Siam Cement Public Company Limited and its Subsidiaries

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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 16 February 2017.

## 1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company and its subsidiaries, the “Group”, is an industrial group which operates core businesses of SCG Cement-Building Materials, SCG Chemicals and SCG Packaging.

Details of the Company’s subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>SCG Cement-Building Materials</b>		<b>SCG Cement-Building Materials</b>	
SCG Cement Co., Ltd.	100	PT SCG Readymix Indonesia	
The Concrete Products and		(Incorporated in Indonesia)	100
Aggregate Co., Ltd.	100	PT CPAC Surabaya	
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	(Incorporated in Indonesia)	100
The Siam Cement (Ta Luang) Co., Ltd.	100	Q Mix Supply Co., Ltd.	100
The Siam Cement (Thung Song) Co., Ltd.	100	CPAC Lao Co., Ltd.	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Laos)	100
Khammouane Cement Co., Ltd.		The Concrete Products and	
(Incorporated in Laos)	100	Aggregate (Vietnam) Co., Ltd.	
Siam Mortar Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam White Cement Co., Ltd.	100	Myanmar CPAC Service Co., Ltd.	
The Siam Refractory Industry Co., Ltd.	100	(Incorporated in Myanmar)	100
Cement Thai Energy Conservation Co., Ltd.	100	CPAC Concrete Products (Cambodia) Co., Ltd.	
ECO Plant Services Co., Ltd.	100	(Incorporated in Cambodia)	100
Siam Research and Innovation Co., Ltd.	100	Silathai Sanguan (2540) Co., Ltd.	100
SCI Eco Services Co., Ltd.	100	Silasanon Co., Ltd.	100
PT Pion Quarry Nusantara		SCG Building Materials Co., Ltd.	100
(Incorporated in Indonesia)	100	Cement Thai Gypsum Co., Ltd.	100
PT SCG Pipe and Precast Indonesia		MRC Roofing Co., Ltd.	100
(Incorporated in Indonesia)	100	Cement Thai Ceramics Co., Ltd.	100
PT Semen Lebak		Cement Thai Roof Holdings Philippines, Inc.	
(Incorporated in Indonesia)	100	(Incorporated in the Philippines)	100

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>SCG Cement-Building Materials</b>		<b>SCG Cement-Building Materials</b>	
Cement Thai Ceramics Philippines Holdings, Inc. (Incorporated in the Philippines)	100	SCG Trading Guangzhou Co., Ltd. (Incorporated in China)	100
Cement Thai Building Materials (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	SCG Trading Hong Kong Limited (Incorporated in China)	100
Cement Thai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	SCG Trading Philippines Inc. (Incorporated in the Philippines)	100
Cement Thai Ceramic (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	SCG Singapore Trading Pte. Ltd. (Incorporated in Singapore)	100
Keating Capital Partners Pte. Ltd. (Incorporated in Singapore)	100	SCG Trading USA Inc. (Incorporated in USA)	100
Kitchener Limited (Incorporated in China)	100	PT SCG Trading Indonesia (Incorporated in Indonesia)	100
The Siam Fibre-Cement Co., Ltd.	100	SCG Trading Lao Co., Ltd. (Incorporated in Laos)	100
The Fibre-Cement Products (Lampang) Co., Ltd.	100	SCG Marketing Philippines Inc. (Incorporated in the Philippines)	100
Tip Fibre-Cement Co., Ltd.	100	SCGT Malaysia Sdn. Bhd. (Incorporated in Malaysia)	100
SCG Landscape Co., Ltd.	100	SCG Trading (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
Siam Fiberglass Co., Ltd.	100	SCG Trading Middle East Dmcc (Incorporated in the United Arab Emirates)	100
The CPAC Roof Tile Co., Ltd.	100	SCG Trading Vietnam Co., Ltd. (Incorporated in Vietnam)	100
SCG Concrete Roof (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	SCG Logistics Management Co., Ltd.	100
SCG Roofing Philippines, Inc. (Incorporated in the Philippines)	100	SCG Logistics Management (Lao) Co., Ltd. (Incorporated in Laos)	100
SCG Concrete Roof (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	SCG Logistics Lao Co., Ltd. (Incorporated in Laos)	100
Thai Ceramic Roof Tile Co., Ltd.	100	SCG Logistics Management (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
Thai Ceramic Co., Ltd.	100	SCG Trading Services Co., Ltd.	100
The Siam Ceramic Group Industries Co., Ltd.	100	Myanmar CBM Services Co., Ltd. (Incorporated in Myanmar)	100
Cement Thai Home Services Co., Ltd.	100	SCG Sourcing Co., Ltd.	100
Gemago Co., Ltd.	100	SCG Experience Co., Ltd.	100
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100		
SCG Distribution Co., Ltd.	100		
SCG Cement-Building Materials Co., Ltd.	100		
SCG Trading Co., Ltd.	100		
SCG Trading Australia Pty. Ltd. (Incorporated in Australia)	100		

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>SCG Cement-Building Materials</b>		<b>SCG Cement-Building Materials</b>	
SCG Skills Development Co., Ltd.	100	Kampot Cement Co., Ltd.	
Prime Group Joint Stock Company (Incorporated in Vietnam)	100	(Incorporated in Cambodia)	95
Prime Trading, Import and Export One Member Limited Liability Company (Incorporated in Vietnam)	100	PT Tambang Semen Sukabumi (Incorporated in Indonesia)	93
Ceramic Research Institution (Incorporated in Vietnam)	100	PT Kokoh Inti Arebama Tbk. (Incorporated in Indonesia)	91
Prime International Import-Export and Service Trading Company Limited (Incorporated in Vietnam)	100	The Siam Sanitary Fittings Co., Ltd.	91
Prime Ngoi Viet Joint Stock Company (Incorporated in Vietnam)	100	Sosuco and Group (2008) Co., Ltd.	90
Prime Pho Yen Joint Stock Company (Incorporated in Vietnam)	100	Prime Dai Viet Joint Stock Company (Incorporated in Vietnam)	90
Prime Yen Binh Joint Stock Company (Incorporated in Vietnam)	100	Prime Thein Phuc Joint Stock Company (Incorporated in Vietnam)	90
Prime Tien Phong Joint Stock Company (Incorporated in Vietnam)	100	Prime Phong Dien Joint Stock Company (Incorporated in Vietnam)	90
Prime Vinh Phuc Joint Stock Company (Incorporated in Vietnam)	100	Prime Dai Loc Joint Stock Company (Incorporated in Vietnam)	90
Prime Truong Xuan Joint Stock Company (Incorporated in Vietnam)	99	CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	90
Buu Long Industry and Investment Joint Stock Company (Incorporated in Vietnam)	99	Saraburirat Co., Ltd.	83
PT Semen Jawa (Incorporated in Indonesia)	98	Mariwasa-Siam Ceramics, Inc. (Incorporated in the Philippines)	83
PT KIA Serpih Mas (Incorporated in Indonesia)	97	SCG Myanmar Concrete and Aggregate Co., Ltd. (Incorporated in Myanmar)	80
PT KIA Keramik Mas (Incorporated in Indonesia)	96	PT Surya Siam Keramik (Incorporated in Indonesia)	80
PT Keramika Indonesia Assosiasi, Tbk. (Incorporated in Indonesia)	96	Thai-German Ceramic Industry Public Company Limited	75
Prime Dai An Joint Stock Company (Incorporated in Vietnam)	95	Green Conservation Solution Co., Ltd.	74
		Siam Sanitary Ware Co., Ltd.	71
		Siam Sanitary Ware Industry Co., Ltd.	71
		Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	71
		Mawlamyine Cement Limited (Incorporated in Myanmar)	70
		Quality Construction Products Public Company Limited	68
		Q-Con Eastern Co., Ltd.	68

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>SCG Cement-Building Materials</b>		<b>SCG Cement-Building Materials</b>	
SCGT Automobile Co., Ltd.	67	SCG-Sekisui Sales Co., Ltd.	51
SCG Yamato Express Co., Ltd.	65	Mingalar Motor Co., Ltd.	
Prime Dai Quang Joint Stock Company (Incorporated in Vietnam)	56	(Incorporated in Myanmar)	50
Guangxi SCG Logistics Co., Ltd. (Incorporated in China)	55	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
Panel World Co., Ltd.	55	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
SCG-Shwe Me Logistics (Myanmar) Co., Ltd. (Incorporated in Myanmar)	55	Prime Hao Phu Joint Stock Company (Incorporated in Vietnam)	49
Jumbo Barges and Tugs Co., Ltd.	55	Kampot Land Co., Ltd.	
Sosuco Ceramic Co., Ltd.	54	(Incorporated in Cambodia)	47
<b>SCG Chemicals</b>		<b>SCG Chemicals</b>	
SCG Chemicals Co., Ltd.	100	Norner Verdandi AS	
Thai Polyethylene Co., Ltd.	100	(Incorporated in Norway)	100
SCG Plastics Co., Ltd.	100	CO2 Technologies AS	
SCG Performance Chemicals Co., Ltd.	100	(Incorporated in Norway)	100
Rayong Engineering and Plant Service Co., Ltd.	100	SMH Co., Ltd.	100
Protech Outsourcing Co., Ltd.	100	PT TPC Indo Plastic and Chemicals (Incorporated in Indonesia)	96
RIL 1996 Co., Ltd.	100	Rayong Pipeline Co., Ltd.	92
Texplore Co., Ltd.	100	Thai Plastic and Chemicals Public Company Limited	91
Vina SCG Chemicals Co., Ltd.	100	TPC Paste Resin Co., Ltd.	91
SCG Chemicals (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	The Nawaplastic Industries (Saraburi) Co., Ltd.	91
Tuban Petrochemicals Pte. Ltd. (Incorporated in Singapore)	100	Nawaplastic Industries Co., Ltd.	91
Hexagon International, Inc. (Incorporated in USA)	100	Nawa Intertech Co., Ltd.	91
Norner Holding AS (Incorporated in Norway)	100	Chemtech Co., Ltd. (Incorporated in Vietnam)	91
Norner AS (Incorporated in Norway)	100	Total Plant Service Co., Ltd.	91
Norner Research AS (Incorporated in Norway)	100	SCG ICO Polymers Company Limited	87
Norner IP AS (Incorporated in Norway)	100	Map Ta Phut Tank Terminal Co., Ltd.	82
		Map Ta Phut Olefins Co., Ltd.	67
		Rayong Olefins Co., Ltd.	67
		Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	66



	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>SCG Chemicals</b>		<b>SCG Chemicals</b>	
Alliance Petrochemical Investment (Singapore) Pte. Ltd. (Incorporated in Singapore)	65	Nawaplastic (Cambodia) Co., Ltd. (Incorporated in Cambodia)	55
TPC Vina Plastic and Chemicals Corporation Ltd. (Incorporated in Vietnam)	64	Grand Nawaplastic Myanmar Co., Ltd. (Incorporated in Myanmar)	52
Siam Stabilizers and Chemicals Co., Ltd.	55	Flowlab & Service Co., Ltd.	51
<b>SCG Packaging</b>		<b>SCG Packaging</b>	
SCG Packaging Public Company Limited	99	Thai Paper Co., Ltd.	68
Siam Kraft Industry Co., Ltd.	99	Thai Union Paper Public Company Limited	68
Invenique Co., Ltd. (Formerly: InfoZafe Co., Ltd.)	99	Siam Cellulose Co., Ltd.	68
SCGP Excellence Training Center Co., Ltd.	99	The Siam Forestry Co., Ltd.	68
SCG Paper Energy Co., Ltd.	99	Panas Nimit Co., Ltd.	68
United Pulp and Paper Co., Inc. (Incorporated in the Philippines)	98	Thai Panason Co., Ltd.	68
Paperlink Inter-Trade Corporation (Incorporated in the Philippines )	98	Thai Panadorn Co., Ltd.	68
Thai Cane Paper Public Company Limited	93	Thai Panaram Co., Ltd.	68
Thai Containers Group Co., Ltd.	69	Suanpa Rungsaris Co., Ltd.	68
Thai Containers Khonkaen Co., Ltd.	69	Siam Panawes Co., Ltd.	68
Thai Containers Rayong Co., Ltd.	69	Thai Panaboon Co., Ltd.	68
Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	69	Thai Wanabhum Co., Ltd.	68
TCG Rengo (S) Limited (Incorporated in Singapore)	69	Phoenix Pulp & Paper Public Company Limited	68
New Asia Industries Co., Ltd. (Incorporated in Vietnam)	69	Phoenix Utilities Co., Ltd.	68
Alcamax Packaging (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69	PT Primacorr Mandiri (Incorporated in Indonesia)	62
AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	69	PT Indoris Printingdo (Incorporated in Indonesia)	62
Packamex (Vietnam) Co., Ltd. (Incorporated in Vietnam)	69	TC Flexible Packaging Co., Ltd.	52
		Dyna Packs Co., Ltd.	52
		Orient Container Co., Ltd.	52
		D-In Pack Company Limited	52
		Tawana Container Co., Ltd.	50
		Tin Thanh Packing Joint Stock Company (Incorporated in Vietnam)	41
		Prepack Thailand Co., Ltd.	37

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b>Other</b>		<b>Other</b>	
Cementhai Holding Co., Ltd.	100	Siam Innovation Product and Solution Co., Ltd.	100
Cementhai Property (2001) Public Company Limited	100	SCG Learning Excellence Co., Ltd.	100
Property Value Plus Co., Ltd.	100	SCG Vietnam Co., Ltd.	
SCG Accounting Services Co., Ltd.	100	(Incorporated in Vietnam)	100
SCG Legal Counsel Limited	100	PT SCG Indonesia	
CTO Management Co., Ltd.	100	(Incorporated in Indonesia)	100
Cementhai Captive Insurance Pte. Ltd.		Siam GNE Solar Energy Co., Ltd.	50
(Incorporated in Singapore)	100		

Details of the Company's subsidiaries with insignificant operations that were included in the consolidated financial statements are as follows:

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
The CPAC Ready Mixed Concrete (South) Co., Ltd.	100	Siam Nawaphan Co., Ltd.	100
Thai Ceramic Holding Co., Ltd.	100	SCG Corporation S.A.	
SCG Trading (Jordan) L.L.C.		(Incorporated in Panama)	100
(Incorporated in Jordan)	100	Siam TPC Co., Ltd.	96
C4 Holding Pte. Ltd.		Siam TPC (Singapore) Pte. Ltd.	
(Incorporated in Singapore)	100	(Incorporated in Singapore)	96
Siam Paraffins Co., Ltd.	100	Myanmar CPAC Trading Co., Ltd.	
SCG Holding Co., Ltd.	100	(Incorporated in Myanmar)	80
The Nawaloha Foundry Bangpakong Co., Ltd.	100	Minh Thai House Component Co., Ltd.	
Bangsue Industry Co., Ltd.	100	(Incorporated in Vietnam)	73
The Siam Iron and Steel Co., Ltd.	100	Rayong Olefins (Singapore) Pte. Ltd.	
Dhara Pipe Co., Ltd.	100	(Incorporated in Singapore)	67

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2015, except as discussed in note 4.

During 2016, the Group acquired the ordinary shares of Jumbo Barges and Tugs Co., Ltd. and Silasanon Co., Ltd. which are incorporated in Thailand. These companies are included in the Group's consolidated financial statements, as discussed in note 4.

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions ("FAP"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Group.

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these consolidated financial statements. Those new and revised TFRSs are disclosed in note 40.

### **(b) Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- available-for-sale financial assets are measured at fair value.
- the present value of the defined benefit obligations.
- contingent consideration assumed in a business combination at fair value.

### **(c) Functional and presentation currency**

The consolidated financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

### **(d) Use of estimates and judgments**

The preparation of consolidated financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note 4	Acquisitions of business and changes in ownership interests in subsidiaries;
Note 10, 11, 13, 14 and 15	Impairment test - key assumptions underlying recoverable amounts;
Note 6, 7, 9, 10, 11, 13, 14 and 15	Measurement of the recoverable amounts of each asset and cash-generating units containing goodwill;
Note 16 and 31	Recognition of deferred tax assets: availability of future taxable profit against which tax losses carried forward can be used;
Note 21	Measurement of defined benefit obligations: - key actuarial assumptions; and
Note 36	Recognition and measurement of provisions and contingent liabilities.

#### *Measurement of fair values*

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 4	Acquisitions of business and changes in ownership interests in subsidiaries;
Note 9	Cash and cash equivalents and other investments;
Note 13	Investment properties;
Note 20	Debentures; and
Note 35	Financial instruments.

### 3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

#### (a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates and joint ventures.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Non-controlling interests*

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

### *Interests in equity-accounted investees*

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement.

Interests in associates and joint ventures are accounted for using the equity method. They are recognized initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

### *Business combinations*

The Group applies the acquisition method for all business combinations when control is transferred to the Group other than those with entities under common control.

The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss in profit or loss.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.



**(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(c) Trade and other receivables**

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is primarily assessed on analysis of payment histories and future expectations of receivable payments. Bad debts are written off when incurred.

Bad debts recovered are recognized in other income in profit or loss.

**(d) Inventories**

Inventories are stated at the lower of cost and net realizable value.

Cost is calculated using the following formula:

Finished goods	- at standard cost which approximates actual production cost
Merchandise	- at average cost
Goods in process	- at standard cost which includes raw materials, labor and manufacturing overhead costs.
Raw materials, spare parts, stores, supplies and others	- at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

**(e) Non-current assets held for sale**

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

**(f) Investments**

*Investments in associates and joint ventures*

Investments in associates and joint ventures are accounted for using the equity method.

*Investments in other debt and other equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost, less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences on available-for-sale monetary items are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

**(g) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment properties to a working condition for its intended use and capitalized borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5 - 20 years
Buildings and structures	5 - 40 years

*Reclassification to property, plant and equipment*

When the use of an investment properties changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(h) Finance lease**

The Group recognized finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

**(i) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns or useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expenses in profit or loss.

### *Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

### *Reclassification to investment properties*

When the use of a property changes from owner-occupied to investment properties, its carrying amount is recognized and reclassified as investment properties.

### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	3 - 33 years
Buildings and structures	
- SCG Cement-Building Materials	3 - 49 years
- SCG Chemicals	5 - 30 years
- SCG Packaging	20 - 30 years
- Other	5 - 40 years
Plant, machinery and equipment	
- SCG Cement-Building Materials	4 - 40 years
- SCG Chemicals	3 - 30 years
- SCG Packaging	3 - 20 years
Transportation and equipment	3 - 20 years
Furniture, fixtures and office equipment	2 - 20 years

For three particular subsidiaries, Phoenix Pulp & Paper Public Company Limited, Thai Cane Paper Public Company Limited and Jumbo Barges and Tugs Co., Ltd., depreciation of property, plant and equipment has been computed by the following methods over the periods as follows:

*Phoenix Pulp & Paper Public Company Limited*

		Depreciation method
Land improvements	5 - 30 years	Straight-line
Buildings and structures		
- Acquired prior to 1 January 2002	30 years	Sinking fund
- Acquired from 1 January 2002	20, 25, 30 years	Straight-line
Machinery and equipment	15 years	Sinking fund
Certain machinery and equipment	5 - 25 years	Straight-line
Transportation equipment	5 years	Straight-line
Furniture, fixtures and office equipment	3, 5 years	Straight-line

*Thai Cane Paper Public Company Limited*

		Depreciation method
Land improvements	5 - 20 years	Straight-line
Buildings and structures	5, 20 years	Straight-line
Production machinery		
- Kanchanaburi Mill	Estimated production capacity of	
	1.92 million tons	
- Prachinburi Mill	Estimated production capacity of	
	5.25 million tons	
Machinery and equipment	5 - 15 years	Straight-line
Transportation equipment	5 years	Straight-line
Furniture and fixtures	5, 10 years	Straight-line

*Jumbo Barges and Tugs Co., Ltd.*

		Depreciation method
Barges and components	10, 20 years	Declining

The effect of using the above different depreciation methods on the consolidated financial statements is insignificant.

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(i) **Goodwill and intangible assets**

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the equity-accounted investee.

*Research and development*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalized includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses.

*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are stated at cost less accumulated amortization and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

*Amortization*

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.



The estimated useful lives are as follows:

License fees	term of agreements
Software licenses	3 - 20 years
Other	2 - 25 years

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **(k) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

##### *Calculation of recoverable amount*

The recoverable amount of the Group's investments in held-to-maturity securities carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

##### *Reversals of impairment*

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

**(l) Trade and other payables**

Trade and other payables are stated at cost.

**(m) Employee benefits**

*Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(n) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

**(o) Revenue**

Revenue excludes value added taxes and is arrived at after deduction of trade discounts and volume rebates allowed by the entity.

*Sale of goods and services rendered*

Revenue is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognized as services are provided on the basis of stage of completion.

*Interest and dividend income*

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

*Royalty fee income*

Royalty fee income is recognized on an accrual basis in accordance with the terms of agreement.

**(p) Expenses**

*Operating leases*

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

*Determining whether an arrangement contains a lease*

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

#### *Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### *Early retirement expense*

The Group offered certain qualifiable employees the option to take early retirement from the Group. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

### **(q) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

#### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

#### *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(r) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates when the fair value was measured.

*Foreign entities*

The assets and liabilities of foreign entities, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the foreign exchange rates ruling at the end of the reporting period.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are stated at exchange rates ruling on transaction dates for acquisition occurred before the date 1 January 2013, and stated at exchange rates ruling at the end of reporting period for acquisition beginning on or after 1 January 2013.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions and using the weighted average method.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the investments, except to extent that the translation difference is allocated to non-controlling interest.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognized in other comprehensive income, and presented in other components of equity until disposal of the investment.

**(s) Derivative financial instruments**

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

**(t) Business segment reporting**

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## **4 Acquisitions of business and changes in ownership interests in subsidiaries**

### **Year 2016**

#### **Acquisitions**

In the third quarter of 2016, SCG Cement-Building Materials had acquired the significant businesses as follows:

1. Acquired an additional 10% of ordinary shares of Jumbo Barges and Tugs Co., Ltd. ("JBT"), the river and coastal logistics provider, for a cash consideration of Baht 73 million. Consequently, the Group's ownership increased from 45% to 55%, resulting in the Group determined the fair value of the previously held equity interest in JBT prior to the change of status from associate to subsidiary.

	in million Baht
Fair value of previously held equity interest	330
Less carrying amount of investment at equity method	(333)
<b>Loss on revaluation of investment</b>	<b>(3)</b>



2. Acquired an entire of ordinary shares of Silasanon Co., Ltd. ("Silasanon"), a producer of aggregates, for a cash consideration of Baht 502 million.

The acquisitions qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2015) "Business Combinations", which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The determination of the fair values of the above acquisitions has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

The Group's consolidated assets and liabilities at the acquisition date and have been adopted in preparation of these consolidated financial statements for the year ended 31 December 2016.

The subsidiaries' net assets and liabilities at the acquisition date comprised the following:

	in million Baht		
	JBT	Silasanon	Total
Cash and cash equivalents	10	4	14
Trade receivables	81	20	101
Other current assets	79	21	100
Property, plant and equipment	1,123	392	1,515
Other non-current assets	49	-	49
Interest-bearing loans and borrowings	(504)	(351)	(855)
Trade payables	(31)	(59)	(90)
Other current liabilities	(58)	(270)	(328)
Other non-current liabilities	(11)	-	(11)
<b>Carrying amounts of net identifiable assets and liabilities</b>	<b>738</b>	<b>(243)</b>	<b>495</b>
Add fair value adjustments	191	615	806
Less non-controlling interests	(417)	-	(417)
Less fair value of previously held equity interest	(330)	-	(330)
<b>Recognized value of net assets acquired</b>	<b>182</b>	<b>372</b>	<b>554</b>
Goodwill	-	130	130
Gain on a bargain purchase	(109)	-	(109)
<b>Total consideration transferred</b>	<b>73</b>	<b>502</b>	<b>575</b>
Cash acquired	(10)	(4)	(14)
<b>Net cash outflows</b>	<b>63</b>	<b>498</b>	<b>561</b>
Less accrued investment			(140)
<b>Net cash outflows in 2016</b>			<b>421</b>

### Changes in ownership interests in subsidiaries that do not result in a loss of control

In the first quarter of 2016, the Group acquired an additional 15% stake in Prime Group Joint Stock Company ("Prime Group"), the manufacturer of ceramic tiles in Vietnam, a subsidiary under SCG Cement-Building Materials, for a total consideration of Baht 2,177 million. As a result, the Group holds the entire its ownership interest.

The following summarizes the effect of the change in the Group's ownership interest in Prime Group:

	in million Baht
Fair value of the consideration transferred	2,177
Less non-controlling interests acquired	(790)
<b>Decrease in equity attributable to owners of the parent</b>	
<b>from additional investment in subsidiary</b>	<b>1,387</b>

In the second quarter of 2016, Phoenix Pulp & Paper Public Company Limited ("PPPC"), a subsidiary under SCG Packaging, called for payment of ordinary shares for capital increase totaling Baht 1,748 million from the existing shareholders. For this calling, Nippon Paper Industries Company Limited ("NPI") had acquired an additional share of 8% portion totaling Baht 1,707 million. Consequently, NPI's ownership in PPPC increased from 22% to 30%, resulting in the dilution from 76.48% to 68.73% of the Group's direct holding and the increase in non-controlling interests of Baht 1,950 million.

### Year 2015

#### Acquisitions

In the first quarter of 2015, the financial statements of Prepack Thailand Co., Ltd. ("Prepack"), a leading producer of flexible packaging products in Thailand, have been included in the Group's consolidated financial statements through a share purchase of an additional 50% stake from the existing shareholders. The Group's ownerships (by a subsidiary) increased from 22% to 72%. As the result, the Group has significant management control over its financial and operating policies since 28 January 2015. The transaction value is Baht 798 million, resulting in the Group determined the fair value of the previously held equity interest in Prepack prior to the change of status from associate to subsidiary.

	in million Baht
Fair value of previously held equity interest	302
Less carrying amount of investment at equity method	(291)
<b>Gain on revaluation of investment</b>	<b>11</b>

In the second quarter of 2015, SCG Packaging acquired 80% of the ordinary shares of Tin Thanh Packing Joint Stock Company ("BATICO"), a top manufacturer of flexible packaging products in Vietnam, for a consideration of Baht 889 million.

The acquisition qualifies for treatment as a business combination in accordance with TFRS 3 (revised 2014) "Business Combinations", which requires that the assets acquired, liabilities and contingent liabilities assumed be recorded at their fair values on acquisition date, together with goodwill, if any. The determination of the fair values of the above acquisition has been completed, and the carrying amount of the assets acquired and liabilities assumed were adjusted accordingly.

The subsidiaries' net assets and liabilities at the acquisition date comprised the following:

	in million Baht		
	Prepack	BATICO	Total
Cash and cash equivalents	58	38	96
Trade receivables	303	223	526
Inventories	146	159	305
Other current assets	4	52	56
Property, plant and equipment	430	406	836
Intangible assets	6	3	9
Other non-current assets	46	75	121
Interest-bearing loans and borrowings	(60)	(546)	(606)
Trade payables	(225)	(107)	(332)
Other current liabilities	(23)	(22)	(45)
Other non-current liabilities	(56)	(2)	(58)
<b>Carrying amounts of net identifiable assets and liabilities</b>	<b>629</b>	<b>279</b>	<b>908</b>
Add fair value adjustments	308	160	468
Less non-controlling interests	(275)	(88)	(363)
Less fair value of previously held equity interest	(302)	-	(302)
<b>Recognized value of net assets acquired</b>	<b>360</b>	<b>351</b>	<b>711</b>
Goodwill	438	538	976
<b>Total consideration transferred</b>	<b>798</b>	<b>889</b>	<b>1,687</b>
Cash acquired	(58)	(38)	(96)
<b>Net cash outflows</b>	<b>740</b>	<b>851</b>	<b>1,591</b>
Less accrued investment and other specified purpose deposit in bank			(132)
<b>Net cash outflows in 2015</b>			<b>1,459</b>

Accrued investment of Baht 94 million will be paid by the Group to the seller when all prescribed conditions are achieved by the acquired company.

The assets and liabilities since acquisition date of these companies have been included in the Group's consolidated financial statements for the year ended 31 December 2015. Since acquisition date, the subsidiaries contributed revenue from sales of Baht 2,221 million to the Group's operating results. If the acquisition had occurred on 1 January 2015, management estimates that consolidated revenue from sales would have been Baht 440,543 million for the year ended 31 December 2015.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently the Group will adjust the provisional fair values or recognize any additional assets or liabilities that existed at the acquisition date, and the adjustments on accounting transactions of such acquisition will be made.

## Disposal of interest in subsidiary with a change of control

In the fourth quarter of 2015 the Group sold 32% of its interest in Thai British Security Printing Public Company Limited ("TBSP"), a subsidiary under SCG Packaging, for Baht 463 million in cash, reducing its ownership interest to 17.79% thereby ceasing to have control over the subsidiary. The TBSP's financial statements have not been included in the Group's consolidated financial statements since 20 November 2015. The carrying amount of TBSP's net assets in the Group's consolidated financial statements on the date of the sale was Baht 621 million. The Group recognized a decrease in non-controlling interests of Baht 312 million; and a gain on disposal of investment before income tax expense of Baht 254 million, which is included in other income in the consolidated income statements.

The Group remeasured the fair value of the Group's retained interest in TBSP at the date when control was lost by contractually agreed prices equivalent to fair value based on the discounted cash flow method under an assumption that TBSP continues its current operation. A gain on remeasurement of Baht 147 million is included in other income in the consolidated income statements.

The carrying amount of net assets and liabilities on the date when control was lost comprised the following:

	in million Baht
	<u>TBSP</u>
Cash and cash equivalents	208
Trade receivables	172
Inventories	152
Other current assets	36
Property, plant and equipment	301
Intangible assets	15
Other non-current assets	7
Interest-bearing loans and borrowings	(61)
Trade payables	(97)
Other current liabilities	(55)
Other non-current liabilities	(40)
Non-controlling interests	(17)
<b>Carrying amounts of net assets and liabilities</b>	<b>621</b>
Less non-controlling interests	(312)
<b>Carrying amounts of the interest in subsidiary</b>	<b>309</b>
Net recognized value of disposal of investment in subsidiary	453
Less carrying amounts of the interest in subsidiary	(199)
<b>Gain on disposal of investment-before income tax expense</b>	<b>254</b>

## 5 Related parties

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	in million Baht		
	2016	2015	Pricing policies
<i>Associates and joint ventures</i>			
Purchases	20,899	22,811	Market price
Service fee	1,258	1,959	Market price
Revenue from sales	47,984	48,161	Market price
Service income and others	1,166	1,023	Market price
Management fee and others	2,040	2,054	Mainly based on percentage of revenue from sales
Dividend income	10,129	3,344	Upon declaration
<i>Other</i>			
Purchases	2,192	2,187	Market price
Revenue from sales	301	191	Market price
Service income and others	89	89	Market price
Management fee and others	276	283	Mainly based on percentage of revenue from sales
Dividend income	2,643	2,238	Upon declaration

Balances as at 31 December with related parties were as follows:

*Trade receivables*

	in million Baht	
	2016	2015
<i>Associates and joint ventures</i>		
Siam Polyethylene Co., Ltd.	1,380	1,855
Siam Styrene Monomer Co., Ltd.	521	427
Siam Synthetic Latex Co., Ltd.	489	469
Thai MMA Co., Ltd.	290	291
Bangkok Synthetics Co., Ltd.	226	349
Grand Siam Composites Co., Ltd.	225	251
PT Styrimdo Mono Indonesia	187	-
SCG Plastics (Shanghai) Co., Ltd.	170	98
PT Chandra Asri Petrochemical Tbk.	95	1,115
Siam Global House Public Company Limited	93	59
Binh Minh Plastics Joint Stock Company	74	104
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	72	64
The Siam Gypsum Industry (Saraburi) Co., Ltd.	70	58
Siam Kubota Corporation Co., Ltd.	55	43
Siam Toppan Packaging Co., Ltd.	48	60
Siam Nippon Industrial Paper Co., Ltd.	37	39
Sekisui-SCG Industry Co., Ltd.	34	21
Thai MFC Co., Ltd.	25	22
SCG Plastics (China) Co., Limited	24	18
Siam Mitsui PTA Co., Ltd.	21	16
Other companies	49	69
	<u>4,185</u>	<u>5,428</u>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	64	88
Other companies	19	16
	<u>83</u>	<u>104</u>
<b>Total</b>	<b><u>4,268</u></b>	<b><u>5,532</u></b>



*Other receivables*

	in million Baht	
	2016	2015
<i>Associates and joint ventures</i>		
Long Son Petrochemicals Co., Ltd.	592	369
Siam Kubota Corporation Co., Ltd.	329	343
Thai MFC Co., Ltd.	53	9
Siam Mitsui PTA Co., Ltd.	50	54
Aisin Takaoka Foundry Bangpakong Co., Ltd.	39	3
Siam Nippon Industrial Paper Co., Ltd.	38	27
PT Siam Maspion Terminal	24	-
Grand Siam Composites Co., Ltd.	22	26
Thai MMA Co., Ltd.	21	25
The Nawaloha Industry Co., Ltd.	19	3
Sekisui-SCG Industry Co., Ltd.	18	46
Thai PET Resin Co., Ltd.	13	42
Mehr Petrochemical Company (P.J.S.C.)	6	67
Other companies	91	82
	<u>1,315</u>	<u>1,096</u>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	30	28
Other companies	24	27
	<u>54</u>	<u>55</u>
<b>Total</b>	<b><u>1,369</u></b>	<b><u>1,151</u></b>

*Short-term loans*

	in million Baht	
	2016	2015
<i>Associates</i>		
PT M Class Industry	74	75
GTC Technology International, LP	45	45
Other companies	5	5
<b>Total</b>	<b><u>124</u></b>	<b><u>125</u></b>

*Long-term loans*

	in million Baht	
	2016	2015
<i>Associate</i>		
Mariwasa Holdings, Inc.	<u>90</u>	<u>160</u>

Movements during the years on loans to related parties were as follows:

	in million Baht	
	2016	2015
<b>Short-term</b>		
At 1 January	125	115
Increase	-	16
Decrease	(1)	(6)
<b>At 31 December</b>	<b>124</b>	<b>125</b>
<b>Long-term</b>		
At 1 January	160	149
Increase	-	11
Decrease	(70)	-
<b>At 31 December</b>	<b>90</b>	<b>160</b>
<i>Trade payables</i>		
	in million Baht	
	2016	2015
<i>Associates</i>		
Mehr Petrochemical Company (P.J.S.C.)	1,163	2,363
Siam Polyethylene Co., Ltd.	454	464
Siam Kubota Corporation Co., Ltd.	364	409
The Siam Gypsum Industry (Saraburi) Co., Ltd.	185	147
Siam Synthetic Latex Co., Ltd.	106	99
Thai MMA Co., Ltd.	104	100
IT One Co., Ltd.	71	59
PT Chandra Asri Petrochemical Tbk.	60	-
Sekisui-SCG Industry Co., Ltd.	48	90
Bangkok Synthetics Co., Ltd.	47	179
The Siam Gypsum Industry (Songkhla) Co., Ltd.	26	19
Siam Styrene Monomer Co., Ltd.	26	15
Siam Nippon Industrial Paper Co., Ltd.	24	29
Thai PET Resin Co., Ltd.	-	88
Jumbo Barges and Tugs Co., Ltd.	-	68
Maker-Manifatture Ceramiche S.r.l.	-	38
Other companies	28	23
	<b>2,706</b>	<b>4,190</b>
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	106	89
Other companies	5	-
	<b>111</b>	<b>89</b>
<b>Total</b>	<b>2,817</b>	<b>4,279</b>

*Other payables*

	in million Baht	
	2016	2015
<i>Associates</i>		
IT One Co., Ltd.	18	43
Other companies	11	12
<b>Total</b>	<b>29</b>	<b>55</b>

*Short-term loans*

	in million Baht	
	2016	2015
<i>Other</i>		
PT Trans-Pacific Polyethylene Indonesia	84	85
SMH Co., Ltd.	-	12
<b>Total</b>	<b>84</b>	<b>97</b>

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2016	2015
At 1 January	97	90
Increase	-	7
Decrease	(13)	-
<b>At 31 December</b>	<b>84</b>	<b>97</b>

**Key management compensation**

	in million Baht	
	2016	2015
<b>For the years ended 31 December</b>		
Short-term employee benefits	358	356
Post-employment benefits	38	44
<b>Total</b>	<b>396</b>	<b>400</b>

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, others and contribution to defined contribution plans.

## 6 Trade and other receivables

		in million Baht	
	Note	2016	2015
<b>Trade receivables</b>			
Related parties	5	4,268	5,532
Other companies		37,720	38,190
Less allowance for doubtful accounts		986	980
Net		36,734	37,210
		41,002	42,742
<b>Other receivables</b>			
Related parties	5	1,369	1,151
Other companies		5,958	10,401
		7,327	11,552
<b>Total</b>		48,329	54,294
Doubtful debts expenses for the year		24	64
		in million Baht	
		2016	2015
<b>Trade receivables</b>			
<b>Related parties</b>			
Within credit terms		4,183	5,448
Overdue:			
Less than 3 months		80	36
3 - 6 months		1	44
Over 6 - 12 months		4	-
Over 12 months		-	4
<b>Total</b>		4,268	5,532
<b>Other companies</b>			
Within credit terms		30,667	32,059
Overdue:			
Less than 3 months		4,505	4,201
3 - 6 months		924	530
Over 6 - 12 months		582	429
Over 12 months		1,042	971
		37,720	38,190
Less allowance for doubtful accounts		986	980
Net		36,734	37,210
<b>Total</b>		41,002	42,742

The normal credit term granted by the Group is 15 - 90 days.

As at 31 December 2016, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 1,191 million (2015: Baht 1,159 million).

## 7 Inventories

	in million Baht	
	2016	2015
Finished goods	21,114	20,991
Goods in process	2,684	2,643
Raw materials	12,421	11,005
Spare parts	7,418	7,191
Stores, supplies and others	4,445	5,273
Raw materials in transit	5,913	6,302
<b>Total</b>	<b>53,995</b>	<b>53,405</b>
Less allowance for decline in value	660	507
<b>Net</b>	<b>53,335</b>	<b>52,898</b>
Cost of inventories recognized as an expense in cost of sales:		
Cost of sales	319,021	341,511
Less write-down to net realizable value	(289)	(287)
Add reversal of write-down	268	878
Less service cost and others	(16,885)	(17,671)
<b>Net total</b>	<b>302,115</b>	<b>324,431</b>
Changes in inventories of finished goods and goods in process	(164)	1,172
Raw materials and supplies used	220,800	243,290

## 8 Other current assets

	in million Baht	
	2016	2015
Specified purpose deposit in bank for investment projects	4,115	-
Refundable tax	3,885	6,478
Other	42	13
<b>Total</b>	<b>8,042</b>	<b>6,491</b>

## 9 Cash and cash equivalents and other investments

		in million Baht	
	Note	2016	2015
<b>Cash and cash equivalents</b>			
Cash on hand and at banks		21,599	11,008
Highly liquid short-term investments		6,078	5,037
Cash (Private funds)		32	33
<b>Total</b>		<b>27,709</b>	<b>16,078</b>
<b>Temporary investments</b>			
Fixed deposits with financial institutions		3,255	2,226
Available-for-sale debt securities (Private funds)		9,834	16,284
<b>Total</b>		<b>13,089</b>	<b>18,510</b>
<b>Available-for-sale investments</b>			
Available-for-sale debt securities (Private funds)		6,344	5,532
Marketable equity securities	39	4	3,784
<b>Total</b>		<b>6,348</b>	<b>9,316</b>

As at 31 December 2016, the value of private funds invested by 3 independent assets management companies was totaling Baht 16,210 million (2015: Baht 21,849 million). Those private funds had invested in debt securities which had high liquidity and rating as investment grade with return rates from 1.34% to 3.45% per annum (2015: from 1.41% to 3.59% per annum).

### Fair values

The fair values of available-for-sale investments together with the carrying amounts in the consolidated statement of financial position as at 31 December 2016 are as follows:

	in million Baht			
	Carrying	Fair value		
	amount	Level 1	Level 2	Total
Temporary investments				
Available-for-sale debt securities (private funds)	9,834	-	9,834	9,834
Available-for-sale investments				
Available-for-sale debt securities (private funds)	6,344	-	6,344	6,344
Marketable equity securities	4	4	-	4
Total	6,348	4	6,344	6,348



The table above analyzes recurring fair value measurements for available-for-sale investments. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows:

- Level 1 quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2 inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Group determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

## 10 Investments in associates and joint ventures

Movements for the years ended 31 December in investments in associates and joint ventures accounted for using the equity method were as follows:

	in million Baht	
	2016	2015
<b>At 1 January</b>	<b>90,890</b>	<b>82,348</b>
Share of net profit of investments - equity method	17,933	10,293
Increase in investments	28	1,134
Dividend income	(10,129)	(3,344)
Disposals	(1,476)	(27)
Transfer to non-current assets held for sales	(1,449)	-
Change of the status to subsidiaries	(357)	(291)
Impairment of investments	-	(87)
Other	58	864
<b>At 31 December</b>	<b>95,498</b>	<b>90,890</b>

Investments in associates and joint ventures as at 31 December and dividends from these investments for the years then ended at the same date, were as follows:

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Associates</b>										
<b>SCG Cement-Building Materials</b>										
Siam Global House Public Company Limited	30	30	3,658	3,484	9,414	9,414	10,701	10,262	48	15
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	688	621	265	330
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	526	605	-	-
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	253	242	24	16
Noritake SCG Plaster Co., Ltd.	40	40	405	405	134	134	211	195	-	-
PT M Class Industry	28	28	222	222	106	106	88	76	-	-
Thai Prosperity Terminal Co., Ltd.	50	50	63	63	31	31	48	37	-	-
Green Siam Resources Corporation	40	40	95	95	38	38	43	48	4	-
Mariwasa Holdings, Inc.	40	40	235	235	94	94	31	17	-	-
CMPI Holding, Inc.	40	40	55	55	18	18	19	21	-	1
Jumbo Barges and Tugs Co., Ltd.	55	45	-	457	-	262	-	320	-	13
Maker-Manifatture Ceramiche S.r.l.	-	33	-	803	-	502	-	447	-	-
Other companies			136	136	51	51	59	54	2	1
			<b>7,841</b>	<b>8,927</b>	<b>11,219</b>	<b>11,983</b>	<b>12,667</b>	<b>12,945</b>	<b>343</b>	<b>376</b>
<b>SCG Chemicals</b>										
PT Chandra Asri Petrochemical Tbk.	31	31	14,679	14,679	14,247	14,247	17,760	14,972	445	43
Bangkok Synthetics Co., Ltd.	49	49	1,173	1,173	10,800	10,800	13,179	12,681	573	-
Siam Styrene Monomer Co., Ltd.	50	50	4,755	4,755	2,375	2,375	6,473	7,249	2,800	648
Siam Polyethylene Co., Ltd.	50	50	4,455	4,455	2,183	2,183	5,555	4,054	1,967	-
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	4,250	2,785	789	-
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,969	4,212	1,409	939
Mehr Petrochemical Company (P.J.S.C.)	39	39	1,755	1,755	1,529	1,529	1,449	1,535	97	-
Binh Minh Plastics Joint Stock Company	19	19	682	682	642	642	1,093	949	67	57
Tien Phong Plastics Joint Stock Company	22	22	1,116	930	738	738	1,088	1,048	102	30
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	1,000	995	110	-
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	841	880	383	277
Riken (Thailand) Co., Ltd.	32	32	120	120	42	42	495	485	112	84
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	311	350	77	76
PT Siam Maspion Terminal	50	50	327	327	163	163	273	247	76	67
GTC Technology International, LP	25	25	191	191	107	107	244	254	-	-
Thai PET Resin Co., Ltd.	20	20	900	900	180	180	157	140	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	114	130	76	90
SD Group Service Co., Ltd.	50	50	78	78	38	38	109	112	-	-
Siam Tohcello Co., Ltd.	45	45	592	592	266	266	104	123	-	-
GTC Technology US, LLC	25	25	102	102	160	160	45	17	-	-
Other companies			13	13	15	15	78	74	9	38
			<b>44,172</b>	<b>43,986</b>	<b>39,710</b>	<b>39,710</b>	<b>58,587</b>	<b>53,292</b>	<b>9,092</b>	<b>2,349</b>

	Total direct/ indirect holding		in million Baht							
	(%)		Paid-up capital		Cost method		Equity method		Dividend income	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>SCG Packaging</b>										
Siam Toppan Packaging Co., Ltd.	48	48	500	500	245	245	409	395	11	9
Siam Nippon Industrial Paper Co., Ltd.	30	34	1,100	1,100	495	495	304	319	-	-
Rengo Packaging Malaysia Sdn. Bhd.	17	17	804	804	201	201	113	131	-	-
Saha Green Forest Co., Ltd.	17	19	190	190	48	48	55	48	-	-
Other companies			263	263	105	105	-	-	-	-
			<b>2,857</b>	<b>2,857</b>	<b>1,094</b>	<b>1,094</b>	<b>881</b>	<b>893</b>	<b>11</b>	<b>9</b>
<b>Other</b>										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	15,939	13,897	424	435
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	1,438	1,465	12	18
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	718	705	5	24
Aisin Takaoka Foundry										
Bangpakong Co., Ltd.	30	30	475	475	142	142	681	634	110	40
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	589	514	44	13
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	376	370	5	7
Lysando AG	20	20	39	39	355	355	304	319	-	-
Muang Thong United Co., Ltd.	30	30	233	233	140	140	109	108	-	-
IT One Co., Ltd.	20	20	80	80	16	16	58	89	65	56
Maxion Wheels (Thailand) Co., Ltd.	30	30	126	126	299	299	-	29	-	-
Musashi Auto Parts Co., Ltd.	-	21	-	200	-	42	-	903	18	17
			<b>4,625</b>	<b>4,825</b>	<b>2,384</b>	<b>2,426</b>	<b>20,212</b>	<b>19,033</b>	<b>683</b>	<b>610</b>
<b>Total</b>			<b>59,495</b>	<b>60,595</b>	<b>54,407</b>	<b>55,213</b>	<b>92,347</b>	<b>86,163</b>	<b>10,129</b>	<b>3,344</b>
Less accumulated impairment loss			-	-	-	-	87	87	-	-
Less transfer to non-current assets held for sales			-	-	-	-	1,449	-	-	-
<b>Investment in associates - Net</b>			<b>59,495</b>	<b>60,595</b>	<b>54,407</b>	<b>55,213</b>	<b>90,811</b>	<b>86,076</b>	<b>10,129</b>	<b>3,344</b>
<b>Joint ventures</b>										
<b>SCG Cement-Building Materials</b>										
Global House International Company Limited	65	65	752	752	376	376	385	375	-	-
SCG Nichirei Logistics Co., Ltd.	51	51	570	570	291	291	256	267	-	-
			<b>1,322</b>	<b>1,322</b>	<b>667</b>	<b>667</b>	<b>641</b>	<b>642</b>	<b>-</b>	<b>-</b>
<b>SCG Chemicals</b>										
Siam Mitsui PTA Co., Ltd.	50	50	4,800	4,800	2,401	2,372	2,105	2,064	-	-
Long Son Petrochemicals Co., Ltd. *	44	44	4,408	4,408	2,189	2,189	1,941	2,083	-	-
SMH Co., Ltd. **	100	50	-	60	-	31	-	25	-	-
			<b>9,208</b>	<b>9,268</b>	<b>4,590</b>	<b>4,592</b>	<b>4,046</b>	<b>4,172</b>	<b>-</b>	<b>-</b>
<b>Investment in joint ventures</b>			<b>10,530</b>	<b>10,590</b>	<b>5,257</b>	<b>5,259</b>	<b>4,687</b>	<b>4,814</b>	<b>-</b>	<b>-</b>
<b>Total</b>			<b>70,025</b>	<b>71,185</b>	<b>59,664</b>	<b>60,472</b>	<b>95,498</b>	<b>90,890</b>	<b>10,129</b>	<b>3,344</b>

\* During 2015, a project investor has advised the other project investors that it is considering exiting from the project. At present, it is in progress of negotiating.

\*\* In the second quarter of 2016, the Group acquired a remaining 50% stake in SMH Co., Ltd. from the existing partner, which was valued at Baht 30 million, and changed its status from joint venture to subsidiary.

In the third quarter of 2016, the Group acquired the additional 10% stake in Jumbo Barges and Tugs Co., Ltd. from the existing partner and changed its status from associate to subsidiary, as discussed in note 4. In addition, the Group sold the entire 33% stake in Maker-Manifatture Ceramiche S.r.l. to the existing partner with the proceeds from sales of Baht 425 million and recognized a loss of Baht 103 million. In the fourth quarter of 2016, the Company sold its entire 21% stake in Musashi Auto Parts Co., Ltd. to the existing partner with the proceeds from sales of Baht 970 million and recognized a gain before tax of Baht 22 million. These transactions are included in other income in the consolidated income statement.

#### *Immaterial associates and joint ventures*

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	in million Baht			
	Associates		Joint ventures	
	2016	2015	2016	2015
Carrying amount of interests in associates and joint ventures	90,811	86,076	4,687	4,814
The Group's share of:				
– Profit (loss) for the year	17,984	10,133	(51)	160
– Other comprehensive income for the year	139	731	(80)	133
– Total comprehensive income for the year	<u>18,123</u>	<u>10,864</u>	<u>(131)</u>	<u>293</u>

#### *Common stock dividend payments*

In the second quarter of 2016, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2015 of cash dividend and common stock dividend with the date of dividend payment on 18 May 2016. The Group is entitled to receive common stock dividend of 52 million shares at the par value Baht 1 per share, totaling Baht 52 million. Additionally, the Annual General Meeting of the Shareholders of Tien Phong Plastics Joint Stock Company approved dividend payment of cash dividend and common stock dividend with the date of dividend payment on 28 June 2016 and in July 2016, respectively. The Group is entitled to receive common stock dividend totaling of 2.95 million shares at the par value VND 10,000 per share, totaling Baht 47 million.

## 11 Other long-term investments

	Total direct/ indirect holding		in million Baht			
	(%)		Investment		Dividend income	
	2016	2015	2016	2015	2016	2015
<b>At Cost</b>						
<b>SCG Cement-Building Materials</b>						
Asia Cement Public Company Limited	10	10	942	942	82	82
Finfloor S.p.A.	10	10	299	299	30	8
Holcim Cement (Bangladesh) Limited	-	10	-	375	9	22
Other companies			59	59	-	-
			<u>1,300</u>	<u>1,675</u>	<u>121</u>	<u>112</u>

	Total direct/ indirect holding (%)		in million Baht			
			Investment		Dividend income	
	2016	2015	2016	2015	2016	2015
<b>SCG Chemicals</b>						
PT Trans-Pacific Petrochemical Indotama	5	5	2,002	2,002	-	-
PT Trans-Pacific Polyethylene Indonesia *	39	39	184	184	-	-
PT Trans-Pacific Polyethylindo *	39	39	131	131	-	-
PT Trans-Pacific Styrene Indonesia	10	10	31	31	-	-
Econic Technologies Ltd.	6	6	23	23	-	-
PT Trans-Pacific Polypropylene Indonesia	10	10	22	22	-	-
Other companies			14	14	6	6
			<b>2,407</b>	<b>2,407</b>	<b>6</b>	<b>6</b>
* No existence of significant influence						
<b>SCG Packaging</b>						
			<b>33</b>	<b>33</b>	-	-
<b>Other</b>						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	2,444	2,045
Siam Yamato Steel Co., Ltd.	10	10	484	484	50	50
Siam Toyota Manufacturing Co., Ltd.	4	4	178	178	8	25
Other companies			12	12	-	-
			<b>1,555</b>	<b>1,555</b>	<b>2,502</b>	<b>2,120</b>
<b>Total</b>			<b>5,295</b>	<b>5,670</b>	<b>2,629</b>	<b>2,238</b>
Less accumulated impairment losses			2,429	2,605	-	-
<b>Net</b>			<b>2,866</b>	<b>3,065</b>	<b>2,629</b>	<b>2,238</b>

In the fourth quarter of 2016, the Group sold its entire 10.4% stake in Holcim Cement (Bangladesh) Ltd. to the existing shareholders with the proceeds from sales of Baht 589 million and recognized a gain before tax totaling Baht 386 million which is included in other income in the consolidated income statements.

The aggregate values of the above investments, based on the latest available audited financial statements as at 31 December 2016 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated impairment losses
Non-marketable securities	<b>5,295</b>	<b>10,576</b>	<b>(2,429)</b>

## 12 Non-controlling interests

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	in million Baht			
	Rayong Olefins Co., Ltd.		Map Ta Phut Olefins Co., Ltd.	
	2016	2015	2016	2015
<b>Non-controlling interests at 31 December</b>				
Non-controlling interest percentage	49.46%	49.46%	45.27%	45.27%
Current assets	10,178	8,664	10,587	10,080
Non-current assets	9,019	7,510	35,165	34,266
Current liabilities	(5,968)	(3,559)	(14,237)	(13,234)
Non-current liabilities	(858)	(237)	(2,532)	(7,233)
<b>Net assets</b>	<b>12,371</b>	<b>12,378</b>	<b>28,983</b>	<b>23,879</b>
Carrying amount of non-controlling interest	6,119	6,122	13,121	10,810
<b>For the years ended 31 December</b>				
Revenue	49,917	55,655	68,481	69,293
Profit for the year	10,597	7,373	17,265	7,419
Other comprehensive income for the year	-	(4)	-	(4)
<b>Total comprehensive income for the year</b>	<b>10,597</b>	<b>7,369</b>	<b>17,265</b>	<b>7,415</b>
Profit for the year:				
– Attributable to owners of the parent	5,356	3,726	9,449	4,060
– Attributable to non-controlling interest	5,241	3,647	7,816	3,359
Other comprehensive income for the year:				
– Attributable to owners of the parent	-	(2)	-	(2)
– Attributable to non-controlling interest	-	(2)	-	(2)
	<b>10,597</b>	<b>7,369</b>	<b>17,265</b>	<b>7,415</b>
Cash flows from operating activities	13,144	10,748	17,328	9,564
Cash flows from investing activities	(1,366)	(14)	(158)	(812)
Cash flows from financing activities	(10,604)	(9,503)	(17,177)	(8,755)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>1,174</b>	<b>1,231</b>	<b>(7)</b>	<b>(3)</b>
<b>Dividends to non-controlling interest</b>	<b>5,244</b>	<b>3,104</b>	<b>5,505</b>	<b>-</b>



## 13 Investment properties

	in million Baht		
	Land and land improvements	Buildings and structures	Total
<b>Cost</b>			
At 1 January 2015	1,711	528	2,239
Additions	147	-	147
Transfers to land development for sales	(431)	-	(431)
Transfers to property, plant and equipment	(88)	-	(88)
<b>At 31 December 2015</b>	<b>1,339</b>	<b>528</b>	<b>1,867</b>
Additions	68	1	69
Disposals	(80)	-	(80)
Transfers from other non-current assets	73	-	73
Transfers from property, plant and equipment	4	37	41
<b>At 31 December 2016</b>	<b>1,404</b>	<b>566</b>	<b>1,970</b>
<b>Accumulated depreciation and accumulated impairment losses</b>			
At 1 January 2015	304	299	603
Depreciation charge for the year	-	23	23
Impairment losses	1	4	5
<b>At 31 December 2015</b>	<b>305</b>	<b>326</b>	<b>631</b>
Depreciation charge for the year	-	20	20
Transfers from property, plant and equipment	-	12	12
<b>At 31 December 2016</b>	<b>305</b>	<b>358</b>	<b>663</b>
<b>Carrying amount</b>			
<b>At 31 December 2015</b>	<b>1,034</b>	<b>202</b>	<b>1,236</b>
<b>At 31 December 2016</b>	<b>1,099</b>	<b>208</b>	<b>1,307</b>

Investment properties were revalued as at 31 December 2016 at open market values on an existing use basis. The fair value was Baht 4,878 million (2015: Baht 3,783 million).

The fair value measurement for investment properties have been categorized as a Level 3 fair value based on the inputs, which are income approach and market approach, to the valuation technique used.

## 14 Property, plant and equipment

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<b>Cost</b>							
At 1 January 2015	26,247	57,492	344,576	6,439	6,307	30,823	471,884
Acquisitions through business combinations	129	298	1,741	74	40	13	2,295
Decrease from change of status of subsidiary	(30)	(223)	(1,015)	(3)	(112)	(4)	(1,387)
Additions	975	2,241	8,252	546	306	32,177	44,497
Disposals/written off	(64)	(107)	(3,143)	(183)	(200)	(40)	(3,737)
Transfers from investment properties	88	-	-	-	-	-	88
Transfers in (out)	1,335	4,997	18,023	1,851	317	(26,589)	(66)
Currency translation differences	(23)	252	977	30	9	(4)	1,241
<b>At 31 December 2015</b>	<b>28,657</b>	<b>64,950</b>	<b>369,411</b>	<b>8,754</b>	<b>6,667</b>	<b>36,376</b>	<b>514,815</b>
Acquisitions through business combinations	131	23	520	2,631	9	-	3,314
Additions	605	870	7,767	443	369	25,357	35,411
Disposals/written off	(193)	(325)	(3,228)	(157)	(199)	(18)	(4,120)
Transfers to investment properties	(4)	(37)	-	-	-	-	(41)
Transfers in (out)	1,123	2,294	14,985	127	354	(19,056)	(173)
Currency translation differences	23	(11)	(335)	24	(5)	(298)	(602)
<b>At 31 December 2016</b>	<b>30,342</b>	<b>67,764</b>	<b>389,120</b>	<b>11,822</b>	<b>7,195</b>	<b>42,361</b>	<b>548,604</b>

	in million Baht						
	Land and land improvements	Buildings and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2015	7,470	31,291	217,960	4,700	4,990	-	266,411
Acquisitions through business combinations	-	111	722	39	33	-	905
Decrease from change of status of subsidiary	(1)	(185)	(807)	(3)	(90)	-	(1,086)
Depreciation charge for the year	757	2,381	15,691	550	483	-	19,862
Impairment losses (reversal)	-	-	364	-	(7)	-	357
Disposals/written off	(50)	(81)	(2,895)	(157)	(189)	-	(3,372)
Transfers in (out)	83	(77)	(998)	949	(5)	-	(48)
Currency translation differences	35	124	673	18	4	-	854
<b>At 31 December 2015</b>	<b>8,294</b>	<b>33,564</b>	<b>230,710</b>	<b>6,096</b>	<b>5,219</b>	<b>-</b>	<b>283,883</b>
Acquisitions through business combinations	1	4	172	1,234	4	-	1,415
Depreciation charge for the year	900	2,804	16,600	757	530	-	21,591
Impairment losses	6	42	394	-	-	44	486
Disposals/written off	(108)	(243)	(2,879)	(143)	(190)	-	(3,563)
Transfers to investment properties	-	(12)	-	-	-	-	(12)
Transfers in (out)	(18)	(48)	(13)	6	17	-	(56)
Currency translation differences	(5)	(37)	(293)	18	(6)	-	(323)
<b>At 31 December 2016</b>	<b>9,070</b>	<b>36,074</b>	<b>244,691</b>	<b>7,968</b>	<b>5,574</b>	<b>44</b>	<b>303,421</b>
<b>Carrying amount</b>							
At 31 December 2015	20,363	31,386	138,701	2,658	1,448	36,376	230,932
At 31 December 2016	21,272	31,690	144,429	3,854	1,621	42,317	245,183

The gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2016 amounted to Baht 165,682 million (2015: Baht 153,263 million).

In 2016, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment were capitalized as part of the cost of construction in progress, amounting to Baht 201 million (2015: Baht 281 million), rates of interest capitalized at 1.75% to 4.75% per annum (2015: 1.70% to 4.85% per annum).

As at 31 December 2016, the cost of machinery and equipment held under finance leases was Baht 1,646 million (2015: Baht 1,208 million) and has carrying amount of Baht 1,162 million (2015: Baht 949 million).

During 2016, the Group had recognized an impairment loss on property, plant and equipment approximately totaling Baht 590 million, which is included in administrative expenses in the consolidated income statement.

For the purpose of impairment testing of the Group, the recoverable amount was based on its value in use and was determined by discounting the future cash flows for the period of five years and a terminal growth rate thereafter. The terminal growth rate was determined based on the long-term compound annual EBITDA growth rate estimated by management. Discount rate was determined by using weighted average cost of capital of the Group.

## 15 Goodwill and intangible assets

	In million Baht				
	Goodwill	Intangible assets			
		Software licenses & license fees	Development cost	Concession and other	Total intangible assets
<b>Cost</b>					
At 1 January 2015	10,799	6,921	1,549	3,310	11,780
Acquisitions through business combinations	976	11	-	-	11
Additions	-	781	324	424	1,529
Disposals/written off	-	(88)	(8)	(20)	(116)
Transfers in (out)	-	885	(1,099)	61	(153)
Currency translation differences	161	-	-	-	-
<b>At 31 December 2015</b>	<b>11,936</b>	<b>8,510</b>	<b>766</b>	<b>3,775</b>	<b>13,051</b>
Acquisitions through business combinations	130	-	-	625	625
Additions	-	826	508	34	1,368
Disposals/written off	-	(30)	-	(1)	(31)
Transfers in (out)	-	263	(243)	203	223
Currency translation differences	3	1	-	4	5
<b>At 31 December 2016</b>	<b>12,069</b>	<b>9,570</b>	<b>1,031</b>	<b>4,640</b>	<b>15,241</b>
<b>Accumulated amortization and accumulated impairment losses</b>					
At 1 January 2015	-	4,011	-	600	4,611
Amortization charge for the year	-	646	-	211	857
Impairment losses	412	4	-	-	4
Disposals/written off	-	(67)	-	(2)	(69)
Transfers in (out)	-	(5)	-	(13)	(18)
<b>At 31 December 2015</b>	<b>412</b>	<b>4,589</b>	<b>-</b>	<b>796</b>	<b>5,385</b>
Amortization charge for the year	-	773	-	304	1,077
Disposals/written off	-	(26)	-	-	(26)
Transfers in (out)	-	16	-	27	43
<b>At 31 December 2016</b>	<b>412</b>	<b>5,352</b>	<b>-</b>	<b>1,127</b>	<b>6,479</b>
<b>Carrying amount</b>					
<b>At 31 December 2015</b>	<b>11,524</b>	<b>3,921</b>	<b>766</b>	<b>2,979</b>	<b>7,666</b>
<b>At 31 December 2016</b>	<b>11,657</b>	<b>4,218</b>	<b>1,031</b>	<b>3,513</b>	<b>8,762</b>

In the second quarter of 2015, the Group has recognized the impairment loss on goodwill of an investment in a subsidiary of SCG Chemicals of Baht 412 million, which is included in administrative expenses in the consolidated income statement.

For the purpose of impairment testing of the Group, the recoverable amount of goodwill was based on its value in use and was determined by discounting the future cash flows for the period of five years and a terminal growth rate thereafter. The terminal growth rate was determined based on the long-term compound annual EBITDA growth rate estimated by management. Discount rate was determined by using weighted average cost of capital of the Group.

## 16 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statement of financial position as follows:

	in million Baht	
	2016	2015
Deferred tax assets	5,918	2,767
Deferred tax liabilities	(3,025)	(2,125)
<b>Net</b>	<b>2,893</b>	<b>642</b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	in million Baht					
	Credited (charged) to					
	At	profit or	other	Increase	Currency	At
	1 January	loss	comprehensive	through	translation	31 December
	2015	(note 31)	income	business	differences	2015
				combinations		
Deferred tax assets						
Loss carry forward	2,987	(1,566)	-	5	2	1,428
Investments	132	14	-	-	-	146
Property, plant and equipment	326	(33)	-	-	-	293
Employee benefit obligations	1,267	41	35	4	4	1,351
Other	764	(193)	(2)	(10)	2	561
Total	5,476	(1,737)	33	(1)	8	3,779
Deferred tax liabilities						
Investments	(471)	(76)	18	-	-	(529)
Property, plant and equipment	(2,920)	566	-	(143)	2	(2,495)
Other	(190)	62	-	13	2	(113)
Total	(3,581)	552	18	(130)	4	(3,137)
Net	1,895	(1,185)	51	(131)	12	642

in million Baht

	Credited (charged) to					At 31 December 2016
	At 1 January 2016	profit or loss (note 31)	other comprehensive income	Increase through business combinations	Currency translation differences	
<b>Deferred tax assets</b>						
Loss carry forward	1,428	2,118	-	-	3	3,549
Investments	146	(56)	4	-	-	94
Property, plant and equipment	293	139	-	-	3	435
Employee benefit obligations	1,351	110	20	-	4	1,485
Other	561	68	-	-	1	630
<b>Total</b>	<b>3,779</b>	<b>2,379</b>	<b>24</b>	<b>-</b>	<b>11</b>	<b>6,193</b>
<b>Deferred tax liabilities</b>						
Investments	(529)	(7)	(135)	-	-	(671)
Property, plant and equipment	(2,495)	153	-	(202)	15	(2,529)
Other	(113)	13	-	-	-	(100)
<b>Total</b>	<b>(3,137)</b>	<b>159</b>	<b>(135)</b>	<b>(202)</b>	<b>15</b>	<b>(3,300)</b>
<b>Net</b>	<b>642</b>	<b>2,538</b>	<b>(111)</b>	<b>(202)</b>	<b>26</b>	<b>2,893</b>

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets (liabilities) are as the following items:

	in million Baht	
	2016	2015
Deductible temporary differences		
- Inventories	120	145
- Property, plant and equipment	305	468
- Employee benefit obligations	146	209
- Other	394	145
Unused tax losses	7,505	31,581
<b>Total</b>	<b>8,470</b>	<b>32,548</b>

In the third quarter of 2016, a subsidiary had recognized deferred tax assets on the deductible temporary differences and unused tax losses totaling Baht 26,393 million due to the probability that future taxable profits will be available and can be utilized. The subsidiary recognized income tax benefit amounting to Baht 2,611 million in the consolidated income statement.

The unused tax losses on which the Group has not recognized deferred tax assets are the tax losses which do not expire under tax legislation and would be expired within 2024.

As at 31 December 2016 and 2015, no deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries and joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.



## 17 Other non-current assets

	in million Baht	
	2016	2015
Refundable tax	2,812	223
Land prepayments	1,062	1,123
Factory prepayments	738	736
Other prepayment	304	379
Assets not used in operations	195	618
Other	1,083	1,148
<b>Total</b>	<b>6,194</b>	<b>4,227</b>
Less accumulated impairment losses	161	201
<b>Net</b>	<b>6,033</b>	<b>4,026</b>

## 18 Bank overdrafts and short-term loans from financial institutions

	in million Baht	
	2016	2015
Promissory notes	14,187	13,883
Loans	1,344	2,123
Bank overdrafts and others	70	186
<b>Total</b>	<b>15,601</b>	<b>16,192</b>

As at 31 December 2016, the Group has overdraft lines with several banks amounting to approximately Baht 6,556 million (2015: Baht 5,700 million).

## 19 Long-term debts

	in million Baht	
	2016	2015
<b>Current</b>		
- Unsecured		
Current portion of long-term debts	4,493	6,878
Current portion of finance lease liabilities	149	57
	<b>4,642</b>	<b>6,935</b>
<b>Non-current</b>		
- Unsecured		
Long-term debts	7,465	13,246
Finance lease liabilities	169	104
	<b>7,634</b>	<b>13,350</b>
<b>Total</b>	<b>12,276</b>	<b>20,285</b>

The currency denomination of interest-bearing debts is as follows:

	in million Baht	
	2016	2015
Thai Baht	4,838	12,051
US Dollars	5,691	7,317
Vietnamese Dong	1,356	133
Euro	206	429
Peso	91	283
Other	94	72
<b>Total</b>	<b>12,276</b>	<b>20,285</b>

In 2016, the Group has drawn down under the loan agreements made equivalent to Baht 1,445 million (2015: Baht 2,995 million). In addition, the Group has repaid long-term loans of Baht 4,864 million to certain local financial institutions before their maturity date of the loan agreement. The average interest rates are 0.44% to 7.42% per annum (2015: 0.69% to 7.42% per annum).

As at 31 December 2016, the Group has undrawn down totaling equivalent to Baht 908 million.

The average interest rate of long-term debts in foreign currency is approximately 1.96% per annum in 2016 (2015: 1.08% per annum). The Group has mainly entered into various forward foreign exchange contracts and interest rate swap agreements to hedge the foreign exchange rate and interest rate risks as discussed in note 35.

The interest-bearing debts, excluding finance lease liabilities, can be classified by periods to maturity as follows:

	in million Baht	
	2016	2015
Within 1 year	4,493	6,878
After 1 year but within 5 years	7,328	13,014
After 5 years	137	232
<b>Total</b>	<b>11,958</b>	<b>20,124</b>

#### Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 9 years. Finance lease liabilities as at 31 December are as follows:

	in million Baht		
	Principal	Interest	Payments
<b>Year 2016</b>			
Within 1 year	149	12	161
After 1 year but within 5 years	165	24	189
After 5 years	4	-	4
<b>Total</b>	<b>318</b>	<b>36</b>	<b>354</b>
<b>Year 2015</b>			
Within 1 year	57	1	58
After 1 year but within 5 years	97	2	99
After 5 years	7	-	7
<b>Total</b>	<b>161</b>	<b>3</b>	<b>164</b>

## 20 Debentures

As at 31 December 2016, the Company had issued unsubordinated and unsecured debentures totaling Baht 166,500 million (2015: Baht 166,500 million) as follows:

Debentures no.	in million Baht		Interest rate (% p.a.)	Term	Maturity date	Fair value *	
	2016	2015				2016	2015
Debentures - The Siam Cement Public Company Limited							
1/2012	-	25,000	4.15	4 years	1 April 2016	-	1,006
2/2012	-	25,000	4.15	4 years	1 November 2016	-	1,026
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,073	1,081
1/2013	25,000	25,000	4.00	4 years	1 April 2017	1,015	1,027
2/2013	20,000	20,000	4.25	4 years	1 October 2017	1,014	1,040
1/2014	15,000	15,000	4.00	4 years	1 April 2018	1,033	1,045
2/2014	10,000	10,000	3.90	4 years	1 October 2018	1,048	1,059
1/2015	15,000	15,000	3.75	3 years	1 April 2018	1,032	1,039
1/2015	15,000	15,000	3.90	4 years	1 April 2019	1,056	1,047
2/2015	10,000	10,000	3.40	4 years	1 November 2019	1,039	1,029
1/2016	25,000	-	3.00	4 years	1 April 2020	1,017	-
2/2016	25,000	-	3.00	4 years	1 November 2020	1,030	-
Total	166,500	166,500					
Less Debentures							
held by subsidiaries	387	394					
Net	166,113	166,106					
Less Current portion	44,889	49,904					
Net	121,224	116,202					

\* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2016 and 2015.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

## 21 Employee benefit obligations

The Group operates post-employment benefits and pension plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

*Employee benefit obligations in consolidated statements of financial position as at 31 December*

	in million Baht	
	2016	2015
Post-employment benefits		
Legal severance payments plan	6,485	5,986
Pension	116	101
Other long-term employee benefits	508	512
Other employee benefits	163	172
<b>Total</b>	<b>7,272</b>	<b>6,771</b>
Less plan assets of foreign subsidiaries	88	81
<b>Net</b>	<b>7,184</b>	<b>6,690</b>

*Movements in the present value of the defined benefit obligations*

	in million Baht	
	2016	2015
Defined benefit obligations at 1 January	6,599	6,217
<b>Included in profit or loss</b>		
Current service costs	555	458
Interest on obligation	227	230
Actuarial losses (gains)	7	(226)
	<b>789</b>	<b>462</b>
<b>Included in other comprehensive income</b>		
Actuarial losses	151	203
Currency translation differences	5	(15)
	<b>156</b>	<b>188</b>
<b>Other</b>		
Benefits paid	(447)	(300)
Acquisitions through business combinations	12	15
Transferred from other employee benefits	-	17
	<b>(435)</b>	<b>(268)</b>
<b>Defined benefit obligations at 31 December</b>	<b>7,109</b>	<b>6,599</b>

*Movements in the fair value of plan assets of foreign subsidiaries*

	in million Baht	
	2016	2015
Plan assets at 1 January	81	78
Contributions paid into the plan	19	6
Benefits paid	(14)	(3)
Actuarial gains	2	-
<b>Plan assets at 31 December</b>	<b>88</b>	<b>81</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	in million Baht	
	2016	2015
<b>For the years ended 31 December</b>		
Demographic assumptions	-	(724)
Financial assumptions	-	244
Experience adjustment	149	683
<b>Total</b>	<b>149</b>	<b>203</b>

**Actuarial assumptions**

*Principal actuarial assumptions at the end of the reporting period*

	%	
	2016	2015
<b>For the years ended 31 December</b>		
Discount rate *		
- Thailand	2.62 - 3.76	2.62 - 3.76
- Vietnam	6.55 - 6.97	6.55 - 6.97
- Indonesia	8.00 - 8.51	8.50 - 9.20
- Other	5.86 - 5.90	4.67 - 5.90
Salary increase rate	3.00 - 9.00	3.00 - 9.00
Employee turnover rate **	1.00 - 35.00	1.00 - 35.00
Mortality rate ***	25.00 of TMO2008	25.00 of TMO2008

\* Market yields on government's bonds for legal severance payments plan and pension

\*\* Upon the length of service

\*\*\* Reference from TMO2008: Thai Mortality Ordinary Table 2008

## Sensitivity analysis

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit plans by the amounts shown below.

### Effect on the defined benefit plans at 31 December

	in million Baht	
	Increase (decrease)	
	2016	2015
Discount rate		
0.5% increase	(345)	(333)
0.5% decrease	376	364
Salary increase rate		
1.0% increase	823	736
1.0% decrease	(702)	(630)
Employee turnover rate		
10.0% increase	(225)	(201)
10.0% decrease	238	212

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

### Plan assets of foreign subsidiaries

	%	
	2016	2015
<b>For the years ended 31 December</b>		
Discount rate	5.86 - 5.90	4.67 - 5.90

## 22 Other non-current liabilities

	in million Baht	
	2016	2015
Deferred revenue	252	293
Accrued dividend and interest of debentures	227	143
Other	455	855
<b>Total</b>	<b>934</b>	<b>1,291</b>



## 23 Share capital

		in million shares / million Baht			
	Par	2016		2015	
	value	Number		Number	
	(in Baht)	of shares	Value	of shares	Value
<i>Authorized</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
<b>At 31 December</b>					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
<b>At 31 December</b>					
- ordinary shares	1	1,200	1,200	1,200	1,200

## 24 Reserves and other components of shareholders' equity

### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

### Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of the Group's foreign operations.

### Fair value changes in available-for-sale investments

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

## 25 Business segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

## Business segments

The Group comprises the following main business segments:

<i>SCG Cement-Building Materials</i>	Manufacture and sale of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribution of cement, building and decorative products of the Group companies through distributors, as well as importing fuel products, waste paper and scrap iron.
<i>SCG Chemicals</i>	Manufacture and sale of olefins, polyolefins and other chemical products.
<i>SCG Packaging</i>	Manufacture and sale of pulp, printing and writing paper, gypsum linerboard, kraft paper, corrugated and flexible packaging
<i>Other</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components and steel, as well as other services.

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

Information relating to business segments for the years ended 31 December was as follows:

in million Baht						
	Total assets		Revenue from sales		EBITDA (1)	
	2016	2015	2016	2015	2016	2015
Consolidated SCG	539,688	509,981	423,442	439,614	96,227	82,690
<b>Business Segments</b>						
SCG Cement-Building Materials	203,068	187,976	170,944	178,988	23,186	24,395
SCG Chemicals	193,465	185,583	188,163	200,433	59,700	42,900
SCG Packaging	85,369	83,218	74,542	70,907	10,745	10,831
Other	289,326	281,443	86	83	2,669	4,683

in million Baht				
	Profit for the year (2)		Depreciation and amortization	
	2016	2015	2016	2015
Consolidated SCG	56,084	45,400	22,710	20,770
<b>Business Segments</b>				
SCG Cement-Building Materials	8,492	10,250	10,473	9,162
SCG Chemicals	42,084	28,488	6,131	6,135
SCG Packaging	3,565	3,463	5,302	4,852
Other	2,195	3,457	804	621

(1) Represents profit before share of profit of associates and joint ventures, finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

(2) Represents profit for the year attributable to owners of the parent.

## Operating results of business segments

in million Baht

	SCG Cement- Building Materials		SCG Chemicals		SCG Packaging	
	2016	2015	2016	2015	2016	2015
<b>Information from</b>						
<b>statements of financial position</b>						
Current assets	58,279	56,348	49,274	45,769	24,558	24,295
Investments in associates and joint ventures	13,315	13,607	61,185	57,464	881	893
Other long-term investments	1,269	1,467	41	3,822	16	17
Property, plant and equipment	111,260	100,191	75,603	74,361	56,017	54,105
Other non-current assets	18,945	16,363	7,362	4,167	3,897	3,908
<b>Total assets</b>	<b>203,068</b>	<b>187,976</b>	<b>193,465</b>	<b>185,583</b>	<b>85,369</b>	<b>83,218</b>
Short-term loans	73,496	74,741	31,731	41,926	19,536	21,630
Other current liabilities	22,650	23,427	22,195	23,198	8,235	7,527
Long-term loans	1,821	2,074	7,156	12,229	3,227	3,986
Other non-current liabilities	5,231	5,000	3,239	2,465	1,619	1,749
Total liabilities	103,198	105,242	64,321	79,818	32,617	34,892
Shareholders' equity	99,870	82,734	129,144	105,765	52,752	48,326
<b>Total liabilities and shareholders' equity</b>	<b>203,068</b>	<b>187,976</b>	<b>193,465</b>	<b>185,583</b>	<b>85,369</b>	<b>83,218</b>
<b>Supplementary information</b>						
Increase in non-current assets	24,625	29,362	7,785	5,597	7,731	13,526

in million Baht

	Other		Intersegment Elimination		Consolidated SCG	
	2016	2015	2016	2015	2016	2015
<b>Information from</b>						
<b>statements of financial position</b>						
Current assets	140,189	148,068	(116,309)	(126,084)	155,991	148,396
Investments in associates and joint ventures	20,126	18,947	(9)	(21)	95,498	90,890
Other long-term investments	119,493	105,335	(111,605)	(98,259)	9,214	12,382
Property, plant and equipment	3,295	3,416	(992)	(1,141)	245,183	230,932
Other non-current assets	6,223	5,677	(2,625)	(2,734)	33,802	27,381
<b>Total assets</b>	<b>289,326</b>	<b>281,443</b>	<b>(231,540)</b>	<b>(228,239)</b>	<b>539,688</b>	<b>509,981</b>
Short-term loans	46,707	50,051	(106,134)	(115,136)	65,336	73,212
Other current liabilities	2,636	3,271	(2,984)	(3,318)	52,732	54,105
Long-term loans	121,234	116,213	(4,579)	(4,950)	128,859	129,552
Other non-current liabilities	2,093	2,058	(1,039)	(1,166)	11,143	10,106
Total liabilities	172,670	171,593	(114,736)	(124,570)	258,070	266,975
Shareholders' equity	116,656	109,850	(116,804)	(103,669)	281,618	243,006
<b>Total liabilities and shareholders' equity</b>	<b>289,326</b>	<b>281,443</b>	<b>(231,540)</b>	<b>(228,239)</b>	<b>539,688</b>	<b>509,981</b>
<b>Supplementary information</b>						
Increase in non-current assets	777	1,071	-	(93)	40,918	49,463

in million Baht

	SCG Cement- Building Materials		SCG Chemicals		SCG Packaging	
	2016	2015	2016	2015	2016	2015
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	163,450	170,696	187,328	199,690	72,578	69,145
Intersegment	7,494	8,292	835	743	1,964	1,762
Total revenue from sales	170,944	178,988	188,163	200,433	74,542	70,907
Cost of sales	(133,374)	(137,970)	(134,362)	(156,062)	(61,499)	(58,237)
Gross profit	37,570	41,018	53,801	44,371	13,043	12,670
Other income	2,407	1,897	2,108	1,522	447	691
Profit before expenses	39,977	42,915	55,909	45,893	13,490	13,361
Operating expenses	(27,607)	(28,058)	(11,432)	(11,477)	(8,058)	(7,391)
Profit before finance costs						
and income tax expense	12,370	14,857	44,477	34,416	5,432	5,970
Finance costs	(2,522)	(2,278)	(402)	(2,894)	(773)	(1,210)
Profit before income tax expense	9,848	12,579	44,075	31,522	4,659	4,760
Income tax expense	(1,936)	(2,250)	(2,501)	(3,274)	(533)	(587)
Profit after income tax expense	7,912	10,329	41,574	28,248	4,126	4,173
Share of profit (loss) of associates						
and joint ventures	884	604	14,220	7,199	5	(91)
<b>Profit for the year</b>	<b>8,796</b>	<b>10,933</b>	<b>55,794</b>	<b>35,447</b>	<b>4,131</b>	<b>4,082</b>
Profit attributable to:						
<b>Owners of the parent</b>	<b>8,492</b>	<b>10,250</b>	<b>42,084</b>	<b>28,488</b>	<b>3,565</b>	<b>3,463</b>
Non-controlling interests	304	683	13,710	6,959	566	619
	8,796	10,933	55,794	35,447	4,131	4,082

in million Baht

	Other		Intersegment Elimination		Consolidated SCG	
	2016	2015	2016	2015	2016	2015
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	86	83	-	-	423,442	439,614
Intersegment	-	-	(10,293)	(10,797)	-	-
Total revenue from sales	86	83	(10,293)	(10,797)	423,442	439,614
Cost of sales	(15)	(11)	10,229	10,769	(319,021)	(341,511)
Gross profit	71	72	(64)	(28)	104,421	98,103
Other income	4,560	6,308	(324)	(284)	9,198	10,134
Profit before expenses	4,631	6,380	(388)	(312)	113,619	108,237
Operating expenses	(3,449)	(2,928)	315	193	(50,231)	(49,661)
Profit before finance costs						
and income tax expense	1,182	3,452	(73)	(119)	63,388	58,576
Finance costs	(2,360)	(2,806)	73	112	(5,984)	(9,076)
Profit (loss) before income tax expense	(1,178)	646	-	(7)	57,404	49,500
Income tax benefit (expense)	562	226	(210)	(192)	(4,618)	(6,077)
Profit (loss) after income tax expense	(616)	872	(210)	(199)	52,786	43,423
Share of profit of associates						
and joint ventures	2,812	2,586	12	(5)	17,933	10,293
<b>Profit for the year</b>	<b>2,196</b>	<b>3,458</b>	<b>(198)</b>	<b>(204)</b>	<b>70,719</b>	<b>53,716</b>
Profit attributable to:						
<b>Owners of the parent</b>	<b>2,195</b>	<b>3,457</b>	<b>(252)</b>	<b>(258)</b>	<b>56,084</b>	<b>45,400</b>
Non-controlling interests	1	1	54	54	14,635	8,316
	2,196	3,458	(198)	(204)	70,719	53,716

## Geographical segment

The Group has expanded its investment and operating in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

## Geographical segment information

	in million Baht			
	Revenue from sales		Non-current assets	
	2016	2015	2016	2015
Thailand	257,723	264,963	199,366	196,502
Vietnam	32,426	30,802	17,088	14,925
Indonesia	27,668	26,464	20,830	18,000
China	23,818	29,570	-	-
Other	81,807	87,815	29,626	21,931
<b>Total</b>	<b>423,442</b>	<b>439,614</b>	<b>266,910</b>	<b>251,358</b>

## Major customer

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

## 26 Other income

	in million Baht	
	2016	2015
Dividend income from other companies	2,821	2,427
Management fee income	2,078	2,157
Gain from sales of investments and others	869	2,278
Interest income from financial institutions	791	917
Gain on disposals of scrap and others	655	602
Rental income and royalty fee income	205	194
Income from penalty/delay payment	70	87
Other	1,709	1,472
<b>Total</b>	<b>9,198</b>	<b>10,134</b>

## 27 Selling expenses

	in million Baht	
	2016	2015
Freight	11,305	12,555
Sales promotion and advertising expenses	3,277	3,551
Other	1,420	1,565
<b>Total</b>	<b>16,002</b>	<b>17,671</b>

## 28 Administrative expenses

	in million Baht	
	2016	2015
Salary, welfare and personnel expenses	23,106	21,214
Depreciation and amortization expenses	1,851	1,599
Outside wages	1,719	1,721
Professional fees	1,215	956
Publication and donation	1,144	1,010
Tax, license fees and others	1,140	761
Supplies, repair and maintenance	1,131	1,112
Impairment loss on goodwill, investments and assets	746	905
Research and development	715	539
Communication and transportation	273	279
Interest cost of employee benefits	227	230
Utility expenses	209	220
Loss from financial instruments	-	464
Other	753	980
<b>Total</b>	<b>34,229</b>	<b>31,990</b>

## 29 Employee benefit expenses

	in million Baht	
	2016	2015
Salaries and wages	35,235	33,486
Welfares and others	4,395	4,289
Contribution to defined contribution plans	1,933	1,883
Contribution to defined benefit plans	789	462
Early retirement expenses	106	52
<b>Total</b>	<b>42,458</b>	<b>40,172</b>

The Group has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Group are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.

## 30 Finance costs

		in million Baht	
	Note	2016	2015
Interest - Thai Baht loans		7,174	7,763
Interest - Foreign loans		354	447
Interest - Provident funds and other		220	373
Loss (gain) on exchange rate		(1,563)	774
		<b>6,185</b>	<b>9,357</b>
Capitalized as cost of construction in progress	14	(201)	(281)
<b>Net</b>		<b>5,984</b>	<b>9,076</b>

## 31 Income tax

### Income tax recognized in profit or loss

		in million Baht	
	Note	2016	2015
<b>Current tax</b>			
Current tax		6,578	4,885
Under provided in prior years		578	7
		<b>7,156</b>	<b>4,892</b>
<b>Deferred tax</b>			
Movement in temporary differences	16	(2,538)	1,185
<b>Total</b>		<b>4,618</b>	<b>6,077</b>



# Income tax recognized in other comprehensive income

		in million Baht	
	Note	2016	2015
Actuarial losses		(28)	(40)
Gains (losses) on remeasuring available-for-sale investments		131	(18)
<b>Total</b>	16	<b>103</b>	<b>(58)</b>

# Reconciliation of effective tax rate

		2016		2015	
		Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense			75,337		59,793
Share of profit of associates and joint ventures			(17,933)		(10,293)
			57,404		49,500
Income tax using the Thai corporation tax rate	20		11,481	20	9,900
Tax rates in foreign jurisdictions			(129)		(51)
Income not subject to tax			(593)		(507)
Tax privileges			(4,871)		(3,902)
Expenses deductible at a greater amount			(272)		(233)
Expenses not deductible for tax purposes and others			846		741
Tax losses increase (used)			116		(1,063)
<b>Current tax</b>			<b>6,578</b>		<b>4,885</b>
Under provided in prior years			578		7
Movement in temporary differences			(2,538)		1,185
<b>Income tax expense</b>	8		<b>4,618</b>	12	<b>6,077</b>

# Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## 32 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December was based on the profit for the year attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the years as follows:

	In million Baht / million shares	
	2016	2015
Profit for the year attributable to owners of the parent	56,084	45,400
Weighted average number of ordinary shares outstanding	1,200	1,200
<b>Basic earnings per share (in Baht)</b>	<b>46.74</b>	<b>37.83</b>

## 33 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2015, the shareholders resolved to declare total dividends for the year 2014 at Baht 12.50 per share, totaling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receive the dividends, totaling Baht 6,581 million, and was paid on 28 August 2014. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totaling Baht 8,368 million, and was paid on 23 April 2015.

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2016, the shareholders resolved to declare total dividends for the year 2015 at Baht 16.00 per share, totaling approximately Baht 19,200 million. The interim dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receive the dividends, totaling Baht 8,982 million, and was paid on 27 August 2015. The final dividend was paid at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends, totaling Baht 10,200 million, and was paid on 28 April 2016.

At the Board of Directors' Meeting of the Company held on 27 July 2016, the directors approved to pay interim dividend for the year 2016 at Baht 8.50 per share to the shareholders entitled to receive dividends, totaling Baht 10,198 million and was paid on 25 August 2016.

## 34 Agreements

As at 31 December, the Group had:

- a) Certain subsidiaries have entered into agreements with several foreign companies for the latter to provide technical information, technical know-how and technical assistance to manufacture licensed products. As at 31 December 2016, the subsidiaries are committed to pay technical know-how fees for a lump sum amount, and royalty fees based on a percentage of net sales of products as indicated in the agreements.
- b) Certain subsidiaries have entered into various different long-term agreements with local and foreign companies in order to purchase raw materials, receive services, lease assets, acquire assets, and construct plants and other assets. Additionally, the Group has obtained concession licenses from the government and has to comply with conditions specified in the applicable laws.

## 35 Financial instruments

### *Liquidity risk*

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

### *Credit risk*

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilization and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

### *Interest rate risk*

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivables mature were as follows:

### *Loans receivable*

		in million Baht			
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2016					
Current					
Short-term loans	4.25, 4.50 MLR plus 0.50	150	-	-	150
Long-term loans	MLR plus 0.50	17	-	-	17
Non-current					
Long-term loans	2.00 - 6.75 MLR plus 0.50	-	-	124	124
Total		167	-	124	291
Year 2015					
Current					
Short-term loans	4.25, 4.50	126	-	-	126
Non-current					
Long-term loans	2.00, 5.50	-	-	162	162
Total		126	-	162	288

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

*Financial liabilities*

		in million Baht			
	Effective interest rates (% p.a.)	After 1 year			Total
		Within 1 year	but within 5 years	After 5 years	
Year 2016					
Current					
Bank overdrafts and short-term loans from financial institutions	1.30 - 5.50 MOR / MMR MLR - 2.00	15,601	-	-	15,601
Short-term loans	2.52	204	-	-	204
Long-term loans from financial institutions	2.00 - 7.42 Cost of fund plus (0.50 - 0.80) LIBOR plus (0.36 - 0.70) EURIBOR plus 0.75 MLR minus (1.00 - 2.35)	4,493	-	-	4,493
Finance lease liabilities	2.30 - 11.55	149	-	-	149
Debentures	4.00, 4.25	44,889	-	-	44,889
Non-current					
Long-term loans from financial institutions	2.00 - 4.95 Cost of fund plus (0.50 - 0.80) LIBOR plus (0.36 - 0.70) MLR minus (1.00 - 2.35)	-	7,328	137	7,465
Finance lease liabilities	2.30 - 11.55	-	169	-	169
Debentures	3.00 - 4.40	-	121,224	-	121,224
Total		65,336	128,721	137	194,194

		in million Baht			
	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2015					
Current					
Bank overdrafts and short-term loans from financial institutions	1.30 - 7.38 MOR / MMR	16,192	-	-	16,192
Short-term loans	2.56	182	-	-	182
Long-term loans from financial institutions	2.00 - 7.42 MLR minus (2.35 - 2.50) LIBOR plus (0.36 - 0.70) EURIBOR plus 0.65 THBFIX plus 1.30	6,878	-	-	6,878
Finance lease liabilities	2.30 - 11.70	57	-	-	57
Debentures	4.15	49,904	-	-	49,904
Non-current					
Long-term loans from financial institutions	2.00 - 7.42 MLR minus (2.125 - 2.50) LIBOR plus 0.70 EURIBOR plus 0.65 THBFIX plus 1.30	-	13,014	232	13,246
Finance lease liabilities	2.30 - 11.70	-	104	-	104
Debentures	3.40 - 4.40	-	116,202	-	116,202
Total		73,213	129,320	232	202,765

#### Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Group's foreign currency interest-bearing financial liabilities are as follows:

	in million Baht					
	Current		Non-current		Total	
	2016	2015	2016	2015	2016	2015
US Dollars	2,386	1,931	3,869	5,705	6,255	7,636
Peso	342	600	12	122	354	722
Vietnamese Dong	684	528	1,156	81	1,840	609
Euro	206	220	-	215	206	435
Yen	18	17	72	47	90	64
Other	57	65	5	5	62	70
<b>Total</b>	<b>3,693</b>	<b>3,361</b>	<b>5,114</b>	<b>6,175</b>	<b>8,807</b>	<b>9,536</b>

The Group uses derivative financial instruments to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

The financial derivatives utilized are forward exchange contract, cross currency swap and interest rate swap to hedge the foreign exchange rate and interest rate risks of short-term and long-term loans as discussed in note 35. Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

#### Fair values of financial assets and liabilities

The fair value of current portion of financial assets and liabilities are taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair value of long-term loans and borrowings carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

Other financial assets and liabilities not stated above had the fair and carrying value at 31 December as follows:

	in million Baht			
	2016		2015	
	Contract amount	Fair value Level 2	Contract amount	Fair value Level 2
<b>Current</b>				
Current portion of long-term loans	4,493	4,501	6,878	7,058
Forward exchange contracts *				
Forward receivable	5,219	5,228	10,787	10,906
Forward payable	3,851	3,817	5,722	5,792
Cross currency swap *				
Swap loans	1,401	1,638	1,401	1,641
Commodity contracts *	2,381	2,636	451	462
<b>Non-current</b>				
Long-term loans	7,465	7,487	13,246	13,113
Cross currency swap *				
Swap loans	2,398	2,819	3,799	4,468

\* The fair values of forward exchange contracts, cross currency swap, and commodity contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts.

The Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

### 36 Commitments and contingent liabilities

As at 31 December, the Group had:

	in million Baht	
	2016	2015
a) Guarantees on loans of non-consolidated related parties	976	1,587
b) Bank guarantees issued by banks to government, state enterprises and private sectors	1,068	1,682
c) Unused letters of credit	414	1,302
d) Commitments		
- for purchase of raw material contracts	75,309	70,409
- for rental and service agreements	4,849	3,805
- for purchasing land, construction and installation of machinery, and others	9,461	16,479

Commitment for construction and installation of machinery included construction cement plants in Laos and Myanmar amounted to US Dollars 465 million, equivalent to Baht 16,044 million for the entire project. However, as at 31 December 2016, there has been construction cost occurred totaling US Dollars 438 million, equivalent to Baht 15,096 million (2015: US Dollars 326 million, equivalent to Baht 11,996 million).

- e) The Group had entered into forward contracts and swap contracts with several local and foreign banks to hedge against the risk from foreign investment, payment of borrowings, payment for goods, machinery and equipment purchased, and money received from sales of goods. The details of the contracts are as follows:

	in million / in million Baht			
	Contract amount - Swap loans			
	Currency		Equivalent to Baht	
	2016	2015	2016	2015
US Dollars	128	175	3,799	5,200

The above contracts will be gradually due within April 2020 (2015: due within April 2020).



in million / in million Baht								
Contract amount								
	Forward receivable				Forward payable			
	Currency		Equivalent to Baht		Currency		Equivalent to Baht	
	2016	2015	2016	2015	2016	2015	2016	2015
US Dollars	134	269	4,781	9,657	83	117	2,957	4,187
Euro	3	19	136	749	17	33	678	1,324
Yen	8	24	2	7	532	544	180	158
Other			302	374			62	53
<b>Total</b>			<b>5,221</b>	<b>10,787</b>			<b>3,877</b>	<b>5,722</b>

The above contracts will be gradually due within January 2018 (2015: due within April 2017).

- f) The Group had entered into interest rate swap contracts with various foreign banks to hedge against the risk of interest on foreign loans of US Dollars 100 million (2015: US Dollars 147 million), whereby exchanging floating interest rates based on LIBOR with fixed interest rates from 2.67% to 4.60% per annum (2015: from 2.67% to 4.60% per annum). These contracts will be gradually due within July 2018 (2015: due within July 2018). The Group determined Level 2 fair values for interest rate swap contracts has unrealized loss from fair values Baht 90 million.
- g) The Group had entered into commodity hedging contracts with various local banks and foreign banks to hedge against the risk of price changes amounting to US Dollars 66 million, equivalent to Baht 2,381 million (2015: US Dollars 12 million, equivalent to Baht 451 million). These contracts will be gradually due within December 2017 (2015: due within December 2016).
- h) The Company had entered into cross currency swap with various local banks of US Dollars 30 million, equivalent to Baht 1,080 million to hedge against the risk in exchange rate of cash flows from commercial transactions with the Group. The above contracts will be gradually due within June 2017.
- i) A joint venture had entered into the contract for purchasing raw materials from a certain company in Vietnam with the contract period of 17 years.
- j) The Company had entered into the service agreements with two local companies. Those companies will provide information and technology outsourcing services to the Group. The commencement price is approximately Baht 6,500 million. The agreements period is for 7 years with the commencement date in June 2016.
- k) On 28 April 2016, the Supreme Court has made the judgment ordering a subsidiary to pay tax penalty and surcharge resulting from the assessment to the Revenue Department in the amount of Baht 131 million, which was paid in the second quarter of 2016. In addition, another subsidiary has received the notice to adjust net tax losses from the Revenue Department. Such subsidiary has filed an appeal to the Board of Appeal. On 16 June 2016, the Ministry of Finance issued a notification granting exemptions on penalty and surcharge for the tax payers who have not set off any losses from one BOI project against profits from other BOI projects in the same year. Under this notification, the exemptions shall be granted when the tax payers pay the additional tax liability due to the Revenue Department and withdraw the appeal on the tax assessment within 1 August 2016. Therefore, the aforementioned subsidiary has made additional tax payment and withdrew the appeal on the tax assessment in accordance with the notification. There is no further pending issue on this matter.

- l) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Currently, Thailand Securities Depository Co., Ltd., the co-defendant, is in the process of filing a petition to the Supreme Court for an interpretation on the judgment. Once the interpretation procedure is final, the Company shall prepare for a civil lawsuit against all relevant persons for recourse.

## **37 Capital Management**

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

## **38 Other**

On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court and the Central Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totaling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non-serious impact projects are able to continue their operations, except for 1 project of the Group which fall within the list. Around the end of 2012, such project has complied with the paragraph 2 of Article 67 of the Constitution B.E. 2550. The Industrial Estate Authority of Thailand (IEAT) was of the opinion that the project has fulfilled the requirements and accordingly, IEAT has submitted the issue to the prosecutor, requesting the prosecutor to request the Supreme Administrative Court to revoke the temporary suspension order in order to allow the project to resume construction. On 1 April 2013, the prosecutor has filed the petition to the Supreme Administrative Court. Later, in July 2014, the Supreme Administrative Court has revoked the temporary suspension of the project. In October 2014, the Group obtained a permit from IEAT and the project is able to operate as normal.

At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

## 39 Events after the reporting period

- a) At the Board of Directors' Meeting of the Company held on 25 January 2017, the directors approved the following matters:
- 1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2016 at the rate of Baht 19.00 per share, totaling approximately Baht 22,800 million. An interim dividend of Baht 8.50 per share was paid on 25 August 2016, as discussed in note 33. The final dividend will be at the rate of Baht 10.50 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 12,600 million and is scheduled for payment on 27 April 2017. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 29 March 2017.
  - 2) To issue debentures No. 1/2017 on 1 April 2017, amount of Baht 25,000 million. Term of the new debenture is for 4 years with fixed interest rate at 3.25% per annum, and is to replace the debentures No. 1/2013 amounting to Baht 25,000 million to be retired for redemption.
  - 3) To submit for approval at the Annual General Meeting of Shareholders, the increase another Baht 50,000 million to be the ceiling of the issuance and offering of debentures, totaling Baht 300,000 million, increasing from the Baht 250,000 million ceiling amount approved at the Annual General Meeting of Shareholders held on 25 March 2015. This is for the purpose of raising fund to support the continued expansion of investment both in Thailand and ASEAN region.
- b) On 27 July 2016, the Board of Directors of the Company had a resolution to approve the proposal to delist securities of Thai Plastic and Chemicals Public Company Limited ("TPC"), a subsidiary under SCG Chemicals, from The Stock Exchange of Thailand ("SET"). At the Extraordinary General Meeting of Shareholders of TPC held on 17 October 2016, the shareholders approved to delist such securities, and the SET Board of Governors approved the request for delisting on 31 October 2016. The Group submitted the Tender Offer to purchase securities of TPC from all shareholders totaling 78.22 million shares, representing 8.94% of issued and paid-up shares of TPC at the price of Baht 40 per share for a total consideration of not exceeding Baht 3,129 million, with Tender Offer period from 4 November 2016 to 11 January 2017.
- After Tender Offer period, the Group had purchased securities of 76.26 million shares from the offeree, representing 8.72%, totaling Baht 3,050 million. As a result, the Group's ownership was increased from 91.06% to 99.78%. The SET Board of Governors had issued an order to delist securities of TPC from the SET from 30 January 2017 onwards.
- c) In the first quarter of 2017, the Group had sold the entire marketable equity securities and recognized the revenue from this transaction totaling approximately Baht 3,800 million.

## 40 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these consolidated financial statements. The new and revised TFRSs that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRSs early.

TFRS	Topic	Effective year
TAS 1 (revised 2016)	Presentation of Financial Statements	2017
TAS 2 (revised 2016)	Inventories	2017
TAS 7 (revised 2016)	Statement of Cash Flows	2017
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors	2017
TAS 10 (revised 2016)	Events After the Reporting Period	2017
TAS 11 (revised 2016)	Construction Contracts	2017
TAS 12 (revised 2016)	Income Taxes	2017
TAS 16 (revised 2016)	Property, Plant and Equipment	2017
TAS 17 (revised 2016)	Leases	2017
TAS 18 (revised 2016)	Revenue	2017
TAS 19 (revised 2016)	Employee Benefits	2017
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance	2017
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates	2017
TAS 23 (revised 2016)	Borrowing Costs	2017
TAS 24 (revised 2016)	Related Party Disclosures	2017
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans	2017
TAS 27 (revised 2016)	Separate Financial Statements	2017
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures	2017
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies	2017
TAS 33 (revised 2016)	Earnings Per Share	2017
TAS 34 (revised 2016)	Interim Financial Reporting	2017
TAS 36 (revised 2016)	Impairment of Assets	2017
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	2017
TAS 38 (revised 2016)	Intangible Assets	2017
TAS 40 (revised 2016)	Investment Property	2017
TAS 41 (revised 2016)	Agriculture	2017
TAS 104 (revised 2016)	Troubled Debt Restructuring	2017
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities	2017
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation	2017

TFRS	Topic	Effective year
TFRS 2 (revised 2016)	Share-based Payment	2017
TFRS 3 (revised 2016)	Business Combinations	2017
TFRS 4 (revised 2016)	Insurance Contracts	2017
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations	2017
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Assets	2017
TFRS 8 (revised 2016)	Operating Segments	2017
TFRS 10 (revised 2016)	Consolidated Financial Statements	2017
TFRS 11 (revised 2016)	Joint Arrangements	2017
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities	2017
TFRS 13 (revised 2016)	Fair Value Measurement	2017
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities	2017
TSIC 15 (revised 2016)	Operating Leases - Incentives	2017
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders	2017
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease	2017
TSIC 29 (revised 2016)	Disclosure - Service Concession Arrangements	2017
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services	2017
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs	2017
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2017
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease	2017
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2017
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies	2017
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment	2017
TFRIC 12 (revised 2016)	Service Concession Arrangements	2017
TFRIC 13 (revised 2016)	Customer Loyalty Programmes	2017
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2017

TFRS	Topic	Effective year
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate	2017
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners	2017
TFRIC 18 (revised 2016)	Transfers of Assets from Customers	2017
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine	2017
TFRIC 21 (revised 2016)	Levies	2017
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities	2017

The Group has made a preliminary assessment of the potential initial impact on the consolidated financial statements of these new and revised TFRSs and expects that there will be no material impact on the consolidated financial statements in the period of initial application.

# Financial Statements

The Siam Cement Public Company Limited

## Independent auditor's report

### To the Shareholders of The Siam Cement Public Company Limited

#### *Opinion*

I have audited the financial statements of The Siam Cement Public Company Limited (the "Company"), which comprise the statement of financial position as at 31 December 2016, the income statement and statement of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Impairment testing of investments in associates and subsidiaries	
Refer to Notes 2 and 7 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the impairment indicators of investments in associates and subsidiaries given rise to impairment testing by focusing on the business that its performance was consistently below expectations. The impairment testing of investments in associates and subsidiaries highly involves management judgments in identifying whether there are impairment indicators on the investment, including estimating the recoverable amount of the investment, in particular the forecasting of future cash flows derived from financial budget of investments in associates and subsidiaries, expected growth rates and discount rate for those future cash flows, this is focus area in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of impairment indicators and the key assumptions which underpin the recoverable amount of investment in associates and subsidiaries.</p> <p>I evaluated the reasonableness of impairment indicators with reference to current market situations and its operating environment, my knowledge of the business, and other information obtained during the audit.</p> <p>I challenged significant assumptions which underpin management's discounted future cash flows with reference to recent performance, trend analysis, and tested the mathematical accuracy of the impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of historical financial performances in prior period by comparing to the actual operating results. Additionally, I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and discount rate.</p> <p>I also considered the adequacy of the Company's disclosures in accordance with the financial reporting standard.</p>

#### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



**Winid Silamongkol**  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2017

# Statement of financial position

As at 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

Assets	Note	2016	2015
<b>Current assets</b>			
Cash and cash equivalents	6	15,893,804	4,794,733
Temporary investments	6	9,833,853	16,284,158
Other receivables	4	2,316,728	2,594,346
Short-term loans	4	103,121,587	113,847,171
Other current assets		32,692	588,157
Non-current assets held for sale	5	3,202,906	-
<b>Total current assets</b>		<b>134,401,570</b>	<b>138,108,565</b>
<b>Non-current assets</b>			
Available-for-sale investments	6	6,344,340	8,886,209
Investments in associates	7	373,441	577,442
Investments in subsidiaries	7	118,748,482	105,403,417
Other long-term investments	8	3,030,058	3,030,058
Investment properties	9	1,938,950	1,952,844
Property, plant and equipment	10	3,235,223	3,373,269
Intangible assets	11	2,756,180	2,655,764
Other non-current assets		804,888	294,831
<b>Total non-current assets</b>		<b>137,231,562</b>	<b>126,173,834</b>
<b>Total assets</b>		<b>271,633,132</b>	<b>264,282,399</b>

On behalf of the Board of Directors



**Chirayu Isarangkun Na Ayuthaya**

Chairman



**Roongrote Rangsiyopash**

President & CEO

The accompanying notes are an integral part of these financial statements.

# Statement of financial position

As at 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

Liabilities and shareholders' equity	Note	2016	2015
<b>Current liabilities</b>			
Other payables	4	533,557	690,682
Current portion of debentures	13	45,000,000	50,000,000
Short-term loans	4	6,657,547	4,127,278
Accrued interest expense		1,436,332	1,556,587
Income tax payable		4,073	-
Other current liabilities		373,612	333,692
<b>Total current liabilities</b>		<b>54,005,121</b>	<b>56,708,239</b>
<b>Non-current liabilities</b>			
Debentures	13	121,500,000	116,500,000
Deferred tax liabilities	12	126,242	109,005
Employee benefit obligations	14	678,995	647,904
Other non-current liabilities		1,390,698	1,389,134
<b>Total non-current liabilities</b>		<b>123,695,935</b>	<b>118,646,043</b>
<b>Total liabilities</b>		<b>177,701,056</b>	<b>175,354,282</b>
<b>Shareholders' equity</b>			
Share capital	15		
Authorized share capital - Ordinary share		<b>1,600,000</b>	<b>1,600,000</b>
Issued and paid-up share capital - Ordinary share		1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	16	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		80,609,496	75,784,029
Other components of shareholders' equity		1,446,580	1,268,088
<b>Total shareholders' equity</b>		<b>93,932,076</b>	<b>88,928,117</b>
<b>Total liabilities and shareholders' equity</b>		<b>271,633,132</b>	<b>264,282,399</b>

The accompanying notes are an integral part of these financial statements.

# Income statement

For the year ended 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

	Note	2016	2015
<b>Revenues</b>			
Dividend income	4	24,067,112	18,575,945
Intellectual property income	4	2,808,115	2,988,070
Management fees for administration	4	2,550,347	2,207,679
Other income	17	2,120,770	2,771,507
<b>Total revenues</b>		<b>31,546,344</b>	<b>26,543,201</b>
<b>Expenses</b>			
Administrative expenses	18	(3,539,531)	(2,724,950)
<b>Profit before finance costs and income tax expense</b>		<b>28,006,813</b>	<b>23,818,251</b>
Finance costs	4, 20	(2,450,976)	(3,611,678)
<b>Profit before income tax expense</b>		<b>25,555,837</b>	<b>20,206,573</b>
Income tax expense	21	(329,470)	(381,911)
<b>Profit for the year</b>		<b>25,226,367</b>	<b>19,824,662</b>
<b>Basic earnings per share (in Baht)</b>	22	<b>21.02</b>	<b>16.52</b>

On behalf of the Board of Directors



**Chirayu Isarangkun Na Ayuthaya**

Chairman



**Roongrote Rangsiyopash**

President & CEO

The accompanying notes are an integral part of these financial statements.

# Statement of comprehensive income

For the year ended 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

	Note	2016	2015
Profit for the year		25,226,367	19,824,662
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to profit or loss</b>			
Defined benefit plan actuarial losses	14	(3,054)	(58,774)
Income tax on other comprehensive income			
relating to items that will not be reclassified	21	611	11,755
<b>Items that will be reclassified to profit or loss</b>			
<b>    when specific conditions are met</b>			
Gains (losses) on remeasuring available-for-sale investments	6	223,115	(77,251)
Income tax on other comprehensive income			
relating to items that will be reclassified	21	(44,623)	15,450
<b>Other comprehensive income for the year,</b>			
<b>    net of income tax</b>		<b>176,049</b>	<b>(108,820)</b>
<b>Total comprehensive income for the year</b>		<b>25,402,416</b>	<b>19,715,842</b>

The accompanying notes are an integral part of these financial statements.



# Statement of changes in shareholders' equity

For the year ended 31 December 2016

The Siam Cement Public Company Limited

	Note	Issued and paid-up share capital
Balance at 1 January 2015		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	23	-
Total transactions with owners, recorded directly in shareholders' equity		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2015		1,200,000
Balance at 1 January 2016		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
Dividends	23	-
Total transactions with owners, recorded directly in shareholders' equity		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2016		1,200,000

The accompanying notes are an integral part of these financial statements.

in thousand Baht

Retained earnings			Other components of shareholders' equity	Total shareholders' equity
Appropriated		Unappropriated		
Legal reserve	General reserve		Gains (losses) on remeasuring available-for-sale investments	
160,000	10,516,000	73,356,105	1,329,889	86,561,994
-	-	(17,349,719)	-	(17,349,719)
-	-	(17,349,719)	-	(17,349,719)
-	-	19,824,662	-	19,824,662
-	-	(47,019)	(61,801)	(108,820)
-	-	19,777,643	(61,801)	19,715,842
160,000	10,516,000	75,784,029	1,268,088	88,928,117
160,000	10,516,000	75,784,029	1,268,088	88,928,117
-	-	(20,398,457)	-	(20,398,457)
-	-	(20,398,457)	-	(20,398,457)
-	-	25,226,367	-	25,226,367
-	-	(2,443)	178,492	176,049
-	-	25,223,924	178,492	25,402,416
160,000	10,516,000	80,609,496	1,446,580	93,932,076

# Statement of cash flows

For the year ended 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

	2016	2015
<b>Cash flows from operating activities</b>		
Profit for the year	25,226,367	19,824,662
<b>Adjustments for</b>		
Depreciation and amortization	779,362	598,903
Interest income	(4,619,477)	(5,215,089)
Interest expense	6,485,693	6,663,698
Unrealized loss (gain) on foreign currency exchange	6,529	(68,432)
Dividend income	(24,067,112)	(18,575,945)
Employee benefit expense	63,713	93,163
Income tax expense	329,470	381,911
Gain on sales of investments and others	(1,370,686)	(1,873,136)
<b>Profit provided by operating activities before changes in operating assets and liabilities</b>	<b>2,833,859</b>	<b>1,829,735</b>
<b>Decrease (increase) in operating assets</b>		
Other receivables	195,304	105,915
Other current assets	23,060	(107,459)
Other non-current assets	4,191	26,159
<b>Net decrease in operating assets</b>	<b>222,555</b>	<b>24,615</b>
<b>Increase (decrease) in operating liabilities</b>		
Other payables	(207,050)	237,835
Other current liabilities	39,474	31,965
Employee benefit obligations	(35,230)	(53,041)
Other non-current liabilities	(104,977)	(284,062)
<b>Net decrease in operating liabilities</b>	<b>(307,783)</b>	<b>(67,303)</b>
<b>Cash generated from the operations</b>	<b>2,748,631</b>	<b>1,787,047</b>
Income tax paid	(336,104)	(399,402)
<b>Net cash provided by operating activities</b>	<b>2,412,527</b>	<b>1,387,645</b>

The accompanying notes are an integral part of these financial statements.

# Statement of cash flows

For the year ended 31 December 2016

The Siam Cement Public Company Limited

in thousand Baht

	Note	2016	2015
<b>Cash flows from investing activities</b>			
Interest received		4,683,671	5,142,446
Dividends received		24,063,127	20,957,157
Temporary investments		(29,922,985)	(40,636,947)
Available-for-sale investments		(2,558,277)	(1,161,653)
Investments in associates, subsidiaries and other companies	7	(13,345,065)	(9,426)
Proceeds from sales of investments		40,041,896	34,740,583
Income tax paid from sales of investments		-	(371,349)
Purchases of property, plant and equipment and intangible assets		(533,470)	(1,099,063)
Proceeds from sales of property, plant and equipment and intangible assets		1,787	15,668
Payment received from loans to (loans to) related parties		10,725,585	(10,207,755)
<b>Net cash provided by investing activities</b>		<b>33,156,269</b>	<b>7,369,661</b>
<b>Cash flows from financing activities</b>			
<b>Borrowings</b>			
Interest paid		(6,601,536)	(6,541,309)
Proceeds from (payments of) short-term loans		2,530,268	(1,614,666)
Proceeds from issuance of debentures		50,000,000	40,000,000
Redemption of debentures		(50,000,000)	(25,000,000)
<b>Net increase (decrease) in borrowings</b>		<b>(4,071,268)</b>	<b>6,844,025</b>
Dividends paid		(20,398,457)	(17,349,719)
<b>Net cash used in financing activities</b>		<b>(24,469,725)</b>	<b>(10,505,694)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>11,099,071</b>	<b>(1,748,388)</b>
Cash and cash equivalents at beginning of the year		4,794,733	6,543,121
<b>Cash and cash equivalents at end of the year</b>		<b>15,893,804</b>	<b>4,794,733</b>

## Supplementary information for cash flows

### Non-cash transactions

Account payables from purchases of assets	228,717	13,940
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The accompanying notes are an integral part of these financial statements.

# Notes to the financial statements

For the year ended 31 December 2016

The Siam Cement Public Company Limited

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages, and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 16 February 2017.

## **1 General information**

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company was listed on the Stock Exchange of Thailand on 25 April 1975.

The Company holds investments in the following core business segments: SCG Cement-Building Materials, SCG Chemicals and SCG Packaging.

## **2 Basis of preparation of the financial statements**

### **(a) Statement of compliance**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRSs effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRSs did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Company.

In addition to the above new and revised TFRSs, the FAP has issued a number of new and revised TFRSs which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRSs are disclosed in note 28.

**(b) Basis of measurement**

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- available-for-sale financial assets are measured at fair value;
- the present value of the defined benefit obligations.

**(c) Functional and presentation currency**

The financial statements are prepared and presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

**(d) Use of estimates and judgments**

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note 6, 7, 8, 9, 10 and 11	Measurement of the recoverable amounts of each asset and cash-generating units
Note 12 and 21	Recognition of deferred tax assets
Note 14	Measurement of defined benefit obligations: - key actuarial assumptions
Note 25	Recognition and measurement of provisions and contingent liabilities.



### *Measurement of fair values*

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Company Audit Committee.

When measuring the fair value of an asset or a liability, the Company uses market observable data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1      quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2      inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3      inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 6	Cash and cash equivalents and other investments;
Note 9	Investment properties;
Note 13	Debentures; and
Note 24	Financial instruments.

### 3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

#### (a) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

#### (b) Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is primarily assessed on analysis of payment histories and future expectations of receivable payments. Bad debts are written off when incurred.

Bad debts recovered are recognized in other income in profit or loss.

#### (c) Non-current assets held for sale

Non-current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets (or disposal group) are measured at the lower of their carrying value and fair value less cost to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets. Impairment losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

#### (d) Investments

##### *Investments in associates and subsidiaries*

Investments in associates and subsidiaries are accounted for using the cost method.

##### *Investments in other debt and other equity securities*

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost, less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences on available-for-sale monetary items are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

#### *Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

### **(e) Investment properties**

Investment properties are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labor, and other costs directly attributable to bringing the investment properties to a working condition for its intended use and capitalized borrowing costs.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	5, 20, 40 years

#### *Reclassification to property, plant and equipment*

When the use of an investment properties changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

#### **(f) Property, plant and equipment**

##### *Owned assets*

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different consumption patterns or useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income or other expenses in profit or loss.

##### *Leased assets*

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

#### *Reclassification to investment properties*

When the use of a property changes from owner-occupied to investment properties, its carrying amount is recognized and reclassified as investment properties.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

#### *Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Buildings and structures	5, 20, 40 years
Plant, machinery and equipment	5, 10, 20 years
Transportation and equipment	5 years
Furniture, fixtures and office equipment	3, 5 years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

#### **(g) Intangible assets**

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortization and accumulated impairment losses.

#### *Subsequent expenditure*

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

### *Amortization*

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

License fee	term of agreements
Software licenses	3, 5, 10 years
Other	5, 10, 25 years

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

### **(h) Impairment**

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

#### *Calculation of recoverable amount*

The recoverable amount of the Company's investments in held-to-maturity securities carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

#### *Reversals of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

#### **(i) Trade and other payables**

Trade and other payables are stated at cost.

#### **(j) Employee benefits**

##### *Defined contribution plans*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

##### *Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.



Remeasurements of the net defined benefit liability, actuarial gain or loss are recognized immediately in OCI. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

#### *Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognized in profit or loss in the period in which they arise.

#### *Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **(k) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

### **(l) Revenue**

Revenue excludes value added taxes.

#### *Service fee income*

Intellectual property income, management income and service income are recognized on an accrual basis in accordance with the terms of agreement.

#### *Rental income*

Rental income is recognized in profit or loss on a straight-line basis over the term of the rent. Lease incentives granted are recognized as expenses in which they are incurred.

#### *Interest and dividend income*

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

### **(m) Expenses**

#### *Operating leases*

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

#### *Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

#### *Early retirement expenses*

The Company offered certain qualifiable employees the option to take early retirement from the Company. Eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance.

### **(n) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

### *Current tax*

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

### *Deferred tax*

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and interests in joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(o) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currency of the Company at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency using the foreign exchange rates ruling at the dates of the transactions. Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the foreign exchange rates ruling at the dates when the fair value was measured.

**(p) Derivative financial instruments**

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

## 4 Related parties

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control, common control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	in million Baht		
	2016	2015	Pricing policies
<i>Associates</i>			
Intellectual property income, management income, services and others	1,051	542	Mainly based on percentage of revenue from sales
Dividend income	414	465	Upon declaration
<i>Subsidiaries</i>			
Intellectual property income, management income, services and others	4,130	4,542	Mainly based on percentage of revenue from sales
Dividend income	20,881	15,733	Upon declaration
Interest income	4,122	4,600	Contract rate
Interest expense	46	45	Contract rate
<i>Other</i>			
Intellectual property income, management income, services and others	267	264	Mainly based on percentage of revenue from sales
Dividend income	2,615	2,210	Upon declaration

In the income statement for the year ended 31 December 2016, the Company presents finance costs of Baht 2,451 million (2015: Baht 3,612 million), which is comprised of interest expense and financial charges of Baht 6,573 million (2015: Baht 8,212 million) and interest income from related parties of Baht 4,122 million (2015: Baht 4,600 million).

Balances as at 31 December with related parties were as follows:

*Other receivables*

	in million Baht	
	2016	2015
<i>Current accounts</i>		
<i>Associates</i>		
Siam Kubota Corporation Co., Ltd.	329	159
Other companies	63	55
	392	214
<i>Subsidiaries</i>		
Thai Polyethylene Co., Ltd.	394	448
The Concrete Products and Aggregate Co., Ltd.	187	182
The Siam Cement (Ta Luang) Co., Ltd.	112	109
Siam Kraft Industry Co., Ltd.	82	108
The Siam Cement (Kaeng Khoi) Co., Ltd.	74	81
SCG Chemicals Co., Ltd.	73	72
SCG Cement-Building Materials Co., Ltd.	65	113
SCG Logistics Management Co., Ltd.	53	52
The Siam Cement (Thung Song) Co., Ltd.	52	80
The Siam Fibre-Cement Co., Ltd.	50	65
Thai Ceramic Co., Ltd.	38	40
SCG Trading Co., Ltd.	35	42
The Siam Cement (Lampang) Co., Ltd.	31	34
Siam Mortar Co., Ltd.	24	30
Thai Paper Co., Ltd.	24	30
SCG Packaging Public Company Limited	23	21
SCG Cement Co., Ltd.	22	66
The Siam Refractory Industry Co., Ltd.	22	21
Map Ta Phut Olefins Co., Ltd.	20	23
Other companies	226	377
	1,607	1,994
<i>Other</i>		
Siam Yamato Steel Co., Ltd.	29	20
Other companies	21	14
	50	34
<b>Total</b>	<b>2,049</b>	<b>2,242</b>

*Short-term loans*

	in million Baht	
	2016	2015
<i>Notes receivable</i>		
<i>Subsidiaries</i>		
The Concrete Products and Aggregate Co., Ltd.	59,096	54,588
SCG Chemicals Co., Ltd.	20,400	29,020
SCG Packaging Public Company Limited	12,467	12,786
The Siam Fibre-Cement Co., Ltd.	9,396	14,631
SCG Cement-Building Materials Co., Ltd.	1,257	-
Cementhai Ceramics Co., Ltd.	501	769
Siam Innovation Product and Solution Co., Ltd.	5	7
SCG Distribution Co., Ltd.	-	2,046
<b>Total</b>	<b>103,122</b>	<b>113,847</b>

Movements during the years on short-term loans to related parties were as follows:

	in million Baht	
	2016	2015
At 1 January	113,847	103,593
Increase	23,185	34,703
Decrease	(33,910)	(24,449)
<b>At 31 December</b>	<b>103,122</b>	<b>113,847</b>

*Other payables*

	in million Baht	
	2016	2015
<i>Current accounts</i>	<b>145</b>	<b>142</b>



### Short-term loans

	in million Baht	
	2016	2015
<i>Notes payable</i>		
<i>Subsidiaries</i>		
Cement Thai Holding Co., Ltd.	2,249	1,605
SCG Distribution Co., Ltd.	1,636	-
The Siam Iron and Steel Co., Ltd.	1,293	1,304
Cement Thai Captive Insurance Pte. Ltd.	398	324
Property Value Plus Co., Ltd.	392	296
SCG Accounting Services Co., Ltd.	274	258
Bangsue Industry Co., Ltd.	170	170
SCG Learning Excellence Co., Ltd.	119	79
SCG Legal Counsel Limited	70	55
CTO Management Co., Ltd.	53	33
Other companies	4	3
<b>Total</b>	<b>6,658</b>	<b>4,127</b>

Movements during the years on short-term loans from related parties were as follows:

	in million Baht	
	2016	2015
At 1 January	4,127	5,742
Increase	6,902	1,060
Decrease	(4,371)	(2,675)
<b>At 31 December</b>	<b>6,658</b>	<b>4,127</b>

### Key management compensation

	in million Baht	
	2016	2015
<b>For the years ended 31 December</b>		
Short-term employee benefits	175	209
Post-employment benefits	7	20
<b>Total</b>	<b>182</b>	<b>229</b>

Management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, others and contribution to defined contribution plans.

## 5 Non-current assets held for sale

As at 31 December 2016, an investment in marketable equity securities amounting to Baht 3,203 million was classified as non-current assets held for sale. The Company sold the investment in the first quarter of 2017.

## 6 Cash and cash equivalents and other investments

		in million Baht	
	Note	2016	2015
<b>Cash and cash equivalents</b>			
Cash on hand and at banks		13,862	3,640
Highly liquid short-term investments		2,000	1,122
Cash (Private funds)		32	33
<b>Cash and cash equivalents in the statement of financial position</b>		<b>15,894</b>	<b>4,795</b>
<b>Temporary investments</b>			
Available-for-sale debt securities (Private funds)		9,834	16,284
<b>Available-for-sale investments</b>			
Available-for-sale debt securities (Private funds)		6,344	5,532
Marketable equity securities	5	-	3,354
<b>Total</b>		<b>6,344</b>	<b>8,886</b>

As at 31 December 2016, the value of private funds invested by 3 independent assets management companies was totaling Baht 16,210 million (2015: Baht 21,849 million). Those private funds had invested in debt securities which had high liquidity and rating as investment grade with return rates from 1.34% to 3.45% per annum (2015: from 1.41% to 3.59% per annum).

## Fair values

The fair values of available-for-sale investment together with the carrying amounts in the statement of financial position as at 31 December 2016 are as follows:

	in million Baht	
	Carrying amount	Fair Value Level 2
<b>Temporary investments</b>		
Available-for-sale debt securities (Private funds)	<u>9,834</u>	<u>9,834</u>
<b>Available-for-sale investments</b>		
Available-for-sale debt securities (Private funds)	<u>6,344</u>	<u>6,344</u>

The table above analyzes recurring fair value measurements for available-for-sale investment. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels 2 to the Company's investments are defined as inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

## 7 Investments in associates and subsidiaries

Movements for the years ended 31 December in investments in associates and subsidiaries accounted for using the cost method were as follows:

	in million Baht	
	2016	2015
<b>At 1 January</b>	<b>105,981</b>	<b>105,971</b>
Acquisitions and additional investments	13,345	10
Disposals	(42)	-
Impairment losses	(162)	-
<b>At 31 December</b>	<b>119,122</b>	<b>105,981</b>

Investments in associates and subsidiaries as at 31 December and dividend income from these investments in the years ended at the same date, were as follows:

	Ownership interest (%)		in million Baht							
	2016	2015	At Cost		Accumulated impairment losses		Net		Dividend income	
			2016	2015	2016	2015	2016	2015	2016	2015
SCG Cement-Building Materials	100	100	55,841	42,499	111	111	55,730	42,388	635	4,895
SCG Chemicals	100	100	44,084	44,084	-	-	44,084	44,084	19,711	10,368
SCG Packaging	99	98	17,175	17,172	-	-	17,175	17,172	770	769
Other	100	100	2,436	2,478	303	141	2,133	2,337	179	166
<b>Total</b>			<b>119,536</b>	<b>106,233</b>	<b>414</b>	<b>252</b>	<b>119,122</b>	<b>105,981</b>	<b>21,295</b>	<b>16,198</b>

During 2016, the Company purchased ordinary shares and paid for the capital increase in SCG Cement-Building Materials Co., Ltd. and the Concrete Products and Aggregate Co., Ltd., which are the subsidiaries, for a total consideration of Baht 13,342 million.

In the fourth quarter of 2016, the Company sold the entire 21% stake in Musashi Auto Parts Co., Ltd. to the existing partner with the proceeds from sales of Baht 970 million and recognized a gain before tax of Baht 928 million, which is included in other income in the income statement.

In addition, the Company performed impairment testing of investment in an associate company and recognized loss from impairment in the associate company amounting to Baht 162 million which is included in administrative expenses in the income statement.

## 8 Other long-term investments

	Ownership interest (%)		in million Baht			
	2016	2015	Investment		Dividend income	
			2016	2015	2016	2015
<b>At Cost</b>						
Asia Cement Public Company Limited	10	10	1,119	1,119	82	82
Toyota Motor Thailand Co., Ltd.	10	10	881	881	2,444	2,045
Siam Yamato Steel Co., Ltd.	10	10	401	401	50	50
Siam Toyota Manufacturing Co., Ltd.	4	4	329	329	8	25
Finfloor S.p.A.	10	10	299	299	30	8
Other companies	-	-	10	10	-	-
<b>Total</b>			<b>3,039</b>	<b>3,039</b>	<b>2,614</b>	<b>2,210</b>
Less accumulated impairment losses			9	9	-	-
<b>Net</b>			<b>3,030</b>	<b>3,030</b>	<b>2,614</b>	<b>2,210</b>

The aggregate values of the above investments, based on the latest available audited financial statements as at 31 December 2016 are as follows:

	in million Baht		
	Cost	Interests in carrying amount	Accumulated Impairment losses
Non-marketable securities	3,039	10,316	(9)

## 9 Investment properties

	in million Baht		
	Land and land improvements	Buildings and structures	Total
<b>Cost</b>			
At 1 January 2015	1,611	616	2,227
Additions	8	-	8
<b>At 31 December 2015 and 2016</b>	<b>1,619</b>	<b>616</b>	<b>2,235</b>
<b>Accumulated depreciation</b>			
At 1 January 2015	107	159	266
Depreciation charge for the year	-	16	16
<b>At 31 December 2015</b>	<b>107</b>	<b>175</b>	<b>282</b>
Depreciation charge for the year	-	14	14
<b>At 31 December 2016</b>	<b>107</b>	<b>189</b>	<b>296</b>
<b>Carrying Amount</b>			
<b>At 31 December 2015</b>	<b>1,512</b>	<b>441</b>	<b>1,953</b>
<b>At 31 December 2016</b>	<b>1,512</b>	<b>427</b>	<b>1,939</b>

Investment properties were revalued as at 31 December 2016 at open market values on an existing use basis. The fair value was Baht 3,330 million (2015: Baht 2,797 million).

The fair value measurement for investment properties have been categorized as a Level 3 fair value based on the inputs, which are income approach and market approach, to the valuation technique used.

## 10 Property, plant and equipment

	in million Baht						
	Land and land improvements	Building and structures	Plant, machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<b>Cost</b>							
At 1 January 2015	813	2,623	1,021	39	441	52	4,989
Additions	80	206	44	2	64	11	407
Disposals/written off	-	(8)	(30)	(17)	(13)	-	(68)
Transfers in (out)	1	25	1	-	22	(49)	-
<b>At 31 December 2015</b>	<b>894</b>	<b>2,846</b>	<b>1,036</b>	<b>24</b>	<b>514</b>	<b>14</b>	<b>5,328</b>
Additions	9	143	21	-	66	38	277
Disposals/written off	(3)	(11)	(15)	(3)	(36)	-	(68)
Transfers in (out)	-	4	1	-	1	(6)	-
<b>At 31 December 2016</b>	<b>900</b>	<b>2,982</b>	<b>1,043</b>	<b>21</b>	<b>545</b>	<b>46</b>	<b>5,537</b>
<b>Accumulated depreciation</b>							
At 1 January 2015	210	985	164	34	299	-	1,692
Depreciation charge for the year	127	100	54	1	47	-	329
Disposals/written off	-	(7)	(30)	(17)	(12)	-	(66)
<b>At 31 December 2015</b>	<b>337</b>	<b>1,078</b>	<b>188</b>	<b>18</b>	<b>334</b>	<b>-</b>	<b>1,955</b>
Depreciation charge for the year	131	155	63	1	62	-	412
Disposals/written off	(3)	(10)	(15)	(1)	(36)	-	(65)
<b>At 31 December 2016</b>	<b>465</b>	<b>1,223</b>	<b>236</b>	<b>18</b>	<b>360</b>	<b>-</b>	<b>2,302</b>
<b>Carrying amount</b>							
<b>At 31 December 2015</b>	<b>557</b>	<b>1,768</b>	<b>848</b>	<b>6</b>	<b>180</b>	<b>14</b>	<b>3,373</b>
<b>At 31 December 2016</b>	<b>435</b>	<b>1,759</b>	<b>807</b>	<b>3</b>	<b>185</b>	<b>46</b>	<b>3,235</b>

The gross carrying amount of fully depreciated property, plant and equipment that is still in use as at 31 December 2016 amounted to Baht 1,143 million (2015: Baht 1,175 million).

## 11 Intangible assets

	in million Baht			
	Software licenses	Software licenses development cost	Other	Total
<b>Cost</b>				
At 1 January 2015	1,336	726	514	2,576
Additions	591	8	37	636
Disposals/written off	(1)	-	(13)	(14)
Transfers in (out)	684	(716)	32	-
<b>At 31 December 2015</b>	<b>2,610</b>	<b>18</b>	<b>570</b>	<b>3,198</b>
Additions	427	36	-	463
Disposals/written off	(1)	-	(10)	(11)
Transfers in (out)	1	(12)	11	-
<b>At 31 December 2016</b>	<b>3,037</b>	<b>42</b>	<b>571</b>	<b>3,650</b>
<b>Accumulated amortization</b>				
At 1 January 2015	284	-	5	289
Amortization charge for the year	247	-	7	254
Disposals/written off	-	-	(1)	(1)
<b>At 31 December 2015</b>	<b>531</b>	<b>-</b>	<b>11</b>	<b>542</b>
Amortization charge for the year	341	-	12	353
Disposals/written off	(1)	-	-	(1)
<b>At 31 December 2016</b>	<b>871</b>	<b>-</b>	<b>23</b>	<b>894</b>
<b>Carrying amount</b>				
At 31 December 2015	2,079	18	559	2,656
At 31 December 2016	2,166	42	548	2,756



## 12 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the statement of financial position as follows:

	in million Baht	
	2016	2015
Deferred tax assets	240	209
Deferred tax liabilities	(366)	(318)
<b>Net</b>	<b>(126)</b>	<b>(109)</b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	in million Baht			
	At 1 January 2015	Credited (charged) to		At 31 December 2015
		profit or loss	other comprehensive income (note 21)	
<b>Deferred tax assets</b>				
Available-for-sale investments	1	7	-	8
Investments in associates and subsidiaries	52	-	-	52
Employee benefit obligations	117	11	12	140
Provision for the case of share certificates compensation	70	(70)	-	-
Unrealized loss on hedging contracts	102	(102)	-	-
Other	9	-	-	9
<b>Total</b>	<b>351</b>	<b>(154)</b>	<b>12</b>	<b>209</b>
<b>Deferred tax liabilities</b>				
Available-for-sale investments	(332)	-	15	(317)
Others	-	(1)	-	(1)
<b>Total</b>	<b>(332)</b>	<b>(1)</b>	<b>15</b>	<b>(318)</b>
<b>Net</b>	<b>19</b>	<b>(155)</b>	<b>27</b>	<b>(109)</b>

in million Baht

	At 1 January 2016	Credited (charged) to		At 31 December 2016
		profit or loss	other comprehensive income (note 21)	
<b>Deferred tax assets</b>				
Available-for-sale investments	8	-	4	12
Investments in associates and subsidiaries	52	-	-	52
Employee benefit obligations	140	7	1	148
Other	9	19	-	28
<b>Total</b>	<b>209</b>	<b>26</b>	<b>5</b>	<b>240</b>
<b>Deferred tax liabilities</b>				
Available-for-sale investments	(317)	-	(49)	(366)
Other	(1)	1	-	-
<b>Total</b>	<b>(318)</b>	<b>1</b>	<b>(49)</b>	<b>(366)</b>
<b>Net</b>	<b>(109)</b>	<b>27</b>	<b>(44)</b>	<b>(126)</b>

## 13 Debentures

As at 31 December 2016, the Company had issued unsubordinated and unsecured debentures totaling Baht 166,500 million (2015: Baht 166,500 million) as follows:

Debentures No.	in million Baht		Interest Rate	Term	Maturity Date	Fair Value *	
	2016	2015	(%p.a.)			2016	2015
1/2012	-	25,000	4.15	4 years	1 April 2016	-	1,006
2/2012	-	25,000	4.15	4 years	1 November 2016	-	1,026
3/2012	6,500	6,500	4.40	7 years	12 October 2019	1,073	1,081
1/2013	25,000	25,000	4.00	4 years	1 April 2017	1,015	1,027
2/2013	20,000	20,000	4.25	4 years	1 October 2017	1,014	1,040
1/2014	15,000	15,000	4.00	4 years	1 April 2018	1,033	1,045
2/2014	10,000	10,000	3.90	4 years	1 October 2018	1,048	1,059
1/2015	15,000	15,000	3.75	3 years	1 April 2018	1,032	1,039
1/2015	15,000	15,000	3.90	4 years	1 April 2019	1,056	1,047
2/2015	10,000	10,000	3.40	4 years	1 November 2019	1,039	1,029
1/2016	25,000	-	3.00	4 years	1 April 2020	1,017	-
2/2016	25,000	-	3.00	4 years	1 November 2020	1,030	-
Total	166,500	166,500					
Less Current portion	45,000	50,000					
<b>Net</b>	<b>121,500</b>	<b>116,500</b>					

\* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2016 and 2015.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

## 14 Employee benefit obligations

The Company operates post-employment benefits based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

*Employee benefit obligations in statements of financial position as at 31 December*

	in million Baht	
	2016	2015
Post-employment benefits		
legal severance payments plan	657	625
Other long-term employee benefits	21	22
Other employee benefits	1	1
<b>Total</b>	<b>679</b>	<b>648</b>

*Movements in the present value of the defined benefit obligations*

	in million Baht	
	2016	2015
Defined benefit obligations at 1 January	647	548
<b>Included in profit or loss :</b>		
Current service costs	34	32
Interest on obligation	21	22
Actuarial losses (gains)	1	(12)
Transfer of employee benefit obligations from subsidiaries	1	38
	<b>57</b>	<b>80</b>
<b>Included in other comprehensive income</b>		
Actuarial losses	3	59
	<b>3</b>	<b>59</b>
<b>Other</b>		
Benefits paid	(29)	(40)
<b>Defined benefit obligations at 31 December</b>	<b>678</b>	<b>647</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	in million Baht	
	2016	2015
<b>For the years ended 31 December</b>		
Demographic assumptions	-	(129)
Financial assumptions	-	36
Experience adjustment	3	152
<b>Total</b>	<b>3</b>	<b>59</b>

## Actuarial assumptions

*Principal actuarial assumptions at the end of the reporting period*

	%	
	2016	2015
<b>For the years ended 31 December</b>		
Discount rate *	3.25 - 3.39	3.25 - 3.39
Salary increase rate	3.00 - 8.32	3.00 - 8.32
Employee turnover rate **	2.50 - 11.00	2.50 - 11.00
Mortality rate ***	25.00 of TMO2008	25.00 of TMO2008

\* Market yields on government bonds for legal severance payments plan

\*\* Upon the length of service

\*\*\* Reference from TMO2008: Thai Mortality Ordinary Table 2008

## Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

### Effect on the defined benefit plans at 31 December

	in million Baht	
	Increase (decrease)	
	2016	2015
Discount rate		
0.5% increase	(37)	(37)
0.5% decrease	41	40
Salary increase rate		
1.0% increase	89	80
1.0% decrease	(76)	(69)
Employee turnover rate		
10.0% increase	(22)	(20)
10.0% decrease	23	21

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

## 15 Share capital

		in million shares / million Baht			
	Par	2016		2015	
	Value	Number		Number	
	(in Baht)	of shares	Value	of shares	Value
<i>Authorized</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
<b>At 31 December</b>					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
<b>At 31 December</b>					
- ordinary shares	1	1,200	1,200	1,200	1,200

## 16 Reserves and other components of shareholders' equity

### Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

### Fair value changes in available-for-sale investments

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

## 17 Other income

	in million Baht	
	2016	2015
Income from sales of investments	1,542	1,872
Interest income from financial institutions	485	615
Guarantee fee income	56	105
Gain on stores sold and others	31	29
Reversal of provision for the case of share certificates compensation	-	148
Other	7	3
<b>Total</b>	<u>2,121</u>	<u>2,772</u>

## 18 Administrative expenses

	Note	in million Baht	
		2016	2015
Salary, welfare and personnel expenses		3,605	3,213
Publication		820	601
Depreciation and amortization expenses		774	595
Outside wages		424	401
Repair and maintenance		304	280
Professional fees		227	111
Rent		196	194
Impairment losses of investment	7	162	-
Utility expenses		95	98
Tax, license fees and others		45	50
Reimbursed amounts		(3,305)	(2,948)
Other		193	130
<b>Total</b>		<b>3,540</b>	<b>2,725</b>

## 19 Employee benefit expenses

	in million Baht	
	2016	2015
Salaries and wages	2,792	2,442
Welfares and others	200	177
Contribution to defined contribution plans	203	176
Contribution to defined benefit plans	56	42
Contribution to transfer of employees from subsidiaries	1	38
Early retirement expenses	1	24
	<b>3,253</b>	<b>2,899</b>
Capitalized as cost of construction in progress	(8)	(27)
<b>Net</b>	<b>3,245</b>	<b>2,872</b>

The Company has provident fund plans to provide retirement and gratuity benefits to employees. For most of the plans, the benefits made solely by the Company are payable to the employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Company for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.



## 20 Finance costs

	in million Baht	
	2016	2015
Interest expense -Thai Baht loans	6,513	6,704
Interest expense - Foreign loans	-	31
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	46	45
Interest income - Affiliated companies	(4,122)	(4,600)
Loss on exchange rate	16	1,455
	<b>2,453</b>	<b>3,635</b>
Capitalized as cost of construction in progress	(2)	(23)
<b>Net</b>	<b>2,451</b>	<b>3,612</b>

## 21 Income tax

### Income tax recognized in profit or loss

		in million Baht	
	Note	2016	2015
<b>Current tax</b>			
Current tax		340	224
Under provided in prior years		16	3
		<b>356</b>	<b>227</b>
<b>Deferred tax</b>			
Movement in temporary differences	12	(27)	155
<b>Total</b>		<b>329</b>	<b>382</b>

### Income tax recognized in other comprehensive income

		in million Baht	
	Note	2016	2015
Gains (Losses) on remeasuring available-for-sale investments		45	(15)
Actuarial losses		(1)	(12)
<b>Total</b>	12	<b>44</b>	<b>(27)</b>

## Reconciliation of effective tax rate

	2016		2015	
	Rate		Rate	
	(%)	(in million Baht)	(%)	(in million Baht)
Profit before income tax expense		25,556		20,207
Income tax using the Thai corporation tax rate	20	5,111	20	4,041
Income not subject to tax		(4,806)		(3,714)
Expenses deductible at a greater amount		(28)		(12)
Expenses not deductible for tax purposes and other adjustments		63		(91)
<b>Current tax</b>		<b>340</b>		<b>224</b>
Under provided in prior years		16		3
Movement in temporary differences		(27)		155
<b>Income tax expense</b>	<b>1.3</b>	<b>329</b>	<b>1.9</b>	<b>382</b>

### Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

## 22 Basic earnings per share

The calculation of basic earnings per share for the years ended 31 December was based on the profit for the year attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding during the years as follows:

	in million Baht / million shares	
	2016	2015
Profit for the year attributable to ordinary shareholders	25,226	19,825
Weighted average number of ordinary shares outstanding	1,200	1,200
<b>Basic earnings per share (in Baht)</b>	<b>21.02</b>	<b>16.52</b>

## 23 Dividends

At the Annual General Meeting of the Shareholders of the Company held on 25 March 2015, the shareholders resolved to declare total dividends for the year 2014 at Baht 12.50 per share, totaling approximately Baht 15,000 million. The interim dividend was paid at the amount of Baht 5.50 per share to the shareholders entitled to receive the dividends, totaling Baht 6,581 million, and was paid on 28 August 2014. The final dividend was paid at the amount of Baht 7.00 per share to the shareholders entitled to receive the dividends, totaling Baht 8,368 million, and was paid on 23 April 2015.

At the Annual General Meeting of the Shareholders of the Company held on 30 March 2016, the shareholders resolved to declare total dividends for the year 2015 at Baht 16.00 per share, totaling approximately Baht 19,200 million. The interim dividend was paid at the amount of Baht 7.50 per share to the shareholders entitled to receive the dividends, totaling Baht 8,982 million, and was paid on 27 August 2015. The final dividend was paid at the amount of Baht 8.50 per share to the shareholders entitled to receive the dividends, totaling Baht 10,200 million, and was paid on 28 April 2016.

At the Board of Directors' Meeting of the Company held on 27 July 2016, the directors approved to pay interim dividend for the year 2016 at Baht 8.50 per share to the shareholders entitled to receive dividends, totaling Baht 10,198 million and was paid on 25 August 2016.

## 24 Financial instruments

### *Liquidity risk*

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

### *Interest rate risk*

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature were as follows:

### *Loans receivable*

	Effective interest rates (% p.a.)	in million Baht	
		Within 1 year	Total
<b>Year 2016</b>			
<b>Current</b>			
Short-term loans to related parties	4.06	103,122	103,122
<b>Total</b>		<b>103,122</b>	<b>103,122</b>
<b>Year 2015</b>			
<b>Current</b>			
Short-term loans to related parties	4.63	113,847	113,847
<b>Total</b>		<b>113,847</b>	<b>113,847</b>

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

*Financial liabilities*

	Effective interest Rate (% p.a.)	in million Baht		
		Within 1 year	After 1 year but within 5 years	Total
Year 2016				
Current				
Short-term loans from related parties	0.73	6,658	-	6,658
Debentures	4.00 - 4.25	45,000	-	45,000
Non-current				
Debentures	3.00 - 4.40	-	121,500	121,500
Total		51,658	121,500	173,158
Year 2015				
Current				
Short-term loans from related parties	1.07	4,127	-	4,127
Debentures	4.15	50,000	-	50,000
Non-current				
Debentures	3.40 - 4.40	-	116,500	116,500
Total		54,127	116,500	170,627

*Foreign exchange risk*

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

The Company uses derivative financial instruments to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

**Fair value**

Since the majority of the financial assets and liabilities classified as short-term and loans are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2016 and 2015, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value.

## 25 Commitments and contingent liabilities

As at 31 December, the Company had:

	in million Baht	
	2016	2015
a) Guarantees on loans of related parties	5,394	7,953
b) Bank guarantees issued by banks to government, state enterprises and private sectors	101	452
c) Commitments		
- for rental agreements	91	86
- for construction and improvement of office building and implementation project	197	98
- for title sponsor agreement	550	90
d) The Company had entered into commodity hedging contracts with a local bank and several foreign banks amounting to US Dollars 2 million, equivalent to Baht 76 million, to hedge the risk of price changes of commodity for the affiliates. These contracts will be gradually due in May 2017.		
e) The Company had entered into forward contracts with several local banks amounting to US Dollars 30 million, equivalent to Baht 1,080 million, to hedge against the risk in exchange rates from its cash flows of commercial transactions to the affiliates. These contracts will be gradually due within June 2017.		
f) The Company had entered into the service agreements with two local companies. Those companies will provide information and technology outsourcing services to the Company and affiliates. The commencement price is approximately Baht 6,500 million. The agreements period is for 7 years with the commencement date in June 2016.		
g) In the first quarter of 2009, the Company lodged a complaint with the police officers against an ex-employee for the theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.		

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Currently, Thailand Securities Depository Co., Ltd., the co-defendant, is in the process of filing a petition to the Supreme Court for an interpretation on the judgment. Once the interpretation procedure is final, the Company shall prepare for a civil lawsuit against all relevant persons for recourse.

## **26 Capital management**

The management of the Company has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Company considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

## **27 Events after the reporting period**

At the Board of Directors' Meeting of the Company held on 25 January 2017, the directors approved the following matters:

- a) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2016 at the rate of Baht 19.00 per share, totaling approximately Baht 22,800 million. An interim dividend of Baht 8.50 per share was paid on 25 August 2016, as discussed in note 23. The final dividend will be at the rate of Baht 10.50 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 12,600 million and is scheduled for payment on 27 April 2017. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 29 March 2017.
- b) To issue debentures No. 1/2017 on 1 April 2017, amount of Baht 25,000 million. Term of the new debenture is for 4 years, with fixed interest rate 3.25% per annum and is to replace the debentures No. 1/2013 amounting to Baht 25,000 million to be retired for redemption.
- c) To submit for approval at the Annual General Meeting of Shareholders, the increase another Baht 50,000 million to be the ceiling of the issuance and offering of debentures, totaling Baht 300,000 million, increasing from the Baht 250,000 million ceiling amount approved at the Annual General Meeting of Shareholders held on 25 March 2015. This is for the purpose of raising fund to support the continued expansion of investment both in Thailand and ASEAN region.

## **28 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective**

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these financial statements. The new and revised TFRSs that may be relevant to the Company's operations, which becomes effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company does not plan to adopt this TFRS early.

TFRS	Topic	Effective year
TAS 1 (revised 2016)	Presentation of Financial Statements	2017
TAS 2 (revised 2016)	Inventories	2017
TAS 7 (revised 2016)	Statement of Cash Flows	2017
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors	2017
TAS 10 (revised 2016)	Events After the Reporting Period	2017
TAS 11 (revised 2016)	Construction Contracts	2017
TAS 12 (revised 2016)	Income Taxes	2017
TAS 16 (revised 2016)	Property, Plant and Equipment	2017
TAS 17 (revised 2016)	Leases	2017
TAS 18 (revised 2016)	Revenue	2017
TAS 19 (revised 2016)	Employee Benefits	2017
TAS 20 (revised 2016)	Accounting for Government Grants and Disclosure of Government Assistance	2017
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates	2017
TAS 23 (revised 2016)	Borrowing Costs	2017
TAS 24 (revised 2016)	Related Party Disclosures	2017
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans	2017
TAS 27 (revised 2016)	Separate Financial Statements	2017
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures	2017
TAS 29 (revised 2016)	Financial Reporting in Hyperinflationary Economies	2017
TAS 33 (revised 2016)	Earnings Per Share	2017
TAS 34 (revised 2016)	Interim Financial Reporting	2017
TAS 36 (revised 2016)	Impairment of Assets	2017
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets	2017
TAS 38 (revised 2016)	Intangible Assets	2017
TAS 40 (revised 2016)	Investment Property	2017
TAS 41 (revised 2016)	Agriculture	2017
TAS 104 (revised 2016)	Troubled Debt Restructuring	2017

TFRS	Topic	Effective year
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities	2017
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation	2017
TFRS 2 (revised 2016)	Share-based Payment	2017
TFRS 3 (revised 2016)	Business Combinations	2017
TFRS 4 (revised 2016)	Insurance Contracts	2017
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations	2017
TFRS 6 (revised 2016)	Exploration for and Evaluation of Mineral Assets	2017
TFRS 8 (revised 2016)	Operating Segments	2017
TFRS 10 (revised 2016)	Consolidated Financial Statements	2017
TFRS 11 (revised 2016)	Joint Arrangements	2017
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities	2017
TFRS 13 (revised 2016)	Fair Value Measurement	2017
TSIC 10 (revised 2016)	Government Assistance - No Specific Relation to Operating Activities	2017
TSIC 15 (revised 2016)	Operating Leases - Incentives	2017
TSIC 25 (revised 2016)	Income Taxes - Changes in the Tax Status of an Enterprise or its Shareholders	2017
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease	2017
TSIC 29 (revised 2016)	Disclosure - Service Concession Arrangements	2017
TSIC 31 (revised 2016)	Revenue - Barter Transactions Involving Advertising Services	2017
TSIC 32 (revised 2016)	Intangible Assets - Web Site Costs	2017
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2017
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease	2017
TFRIC 5 (revised 2016)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2017
TFRIC 7 (revised 2016)	Applying the Restatement Approach under TAS 29 (revised 2016) Financial Reporting in Hyperinflationary Economies	2017



TFRS	Topic	Effective year
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment	2017
TFRIC 12 (revised 2016)	Service Concession Arrangements	2017
TFRIC 13 (revised 2016)	Customer Loyalty Programmes	2017
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2017
TFRIC 15 (revised 2016)	Agreements for the Construction of Real Estate	2017
TFRIC 17 (revised 2016)	Distributions of Non-cash Assets to Owners	2017
TFRIC 18 (revised 2016)	Transfers of Assets from Customers	2017
TFRIC 20 (revised 2016)	Stripping Costs in the Production Phase of a Surface Mine	2017
TFRIC 21 (revised 2016)	Levies	2017
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities	2017

The Company has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRSs and expects that there will be no material impact on the financial statements in the period of initial application.

## References

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Mr. Viroj Jindamaneejitak (Certificated Public Accountant Registration No. 3565) or  
Ms. Sureerat Thongarunsang (Certificated Public Accountant Registration No. 4409) or  
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### Trustee of

### Debenture Holders

### TMB Bank Public Company Limited

(Only for debenture SCC174A, SCC170A, SCC184A, SCC180A, SCC184B and SCC194A)

#### Address

3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900

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#### Website

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### Trustee of

### Debenture Holders

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(Only for debenture SCC19NA, SCC204A and SCC20NA)

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## Investor Information

<b>Stock Code</b>	SCC (Listed on the Stock Exchange of Thailand-SET)
<b>Registration No.</b>	0107537000114
<b>Type of Business</b>	Holding Company
<b>Website</b>	www.scg.co.th
<b>Year of Establishment</b>	1913
<b>First Trade Date</b>	April 30, 1975
<b>Headquarter Address</b>	1 Siam Cement Road, Bangsue, Bangkok 10800
<b>Registered Capital</b>	1,600 Million Baht
<b>Paid-up Capital</b>	1,200 Million Baht Comprised of 1,200 Million Ordinary shares
<b>Par Value</b>	1 Baht par value
<b>Preferred Share</b>	None
<b>Fiscal Year</b>	January 1 – December 31 of each year
<b>Shareholders</b>	The Crown Property Bureau Group holds approximately 32.3% of shares while the remaining shares are held by other institutional and individual shareholders

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#### Independent Directors as Minority

#### Shareholders' Representative

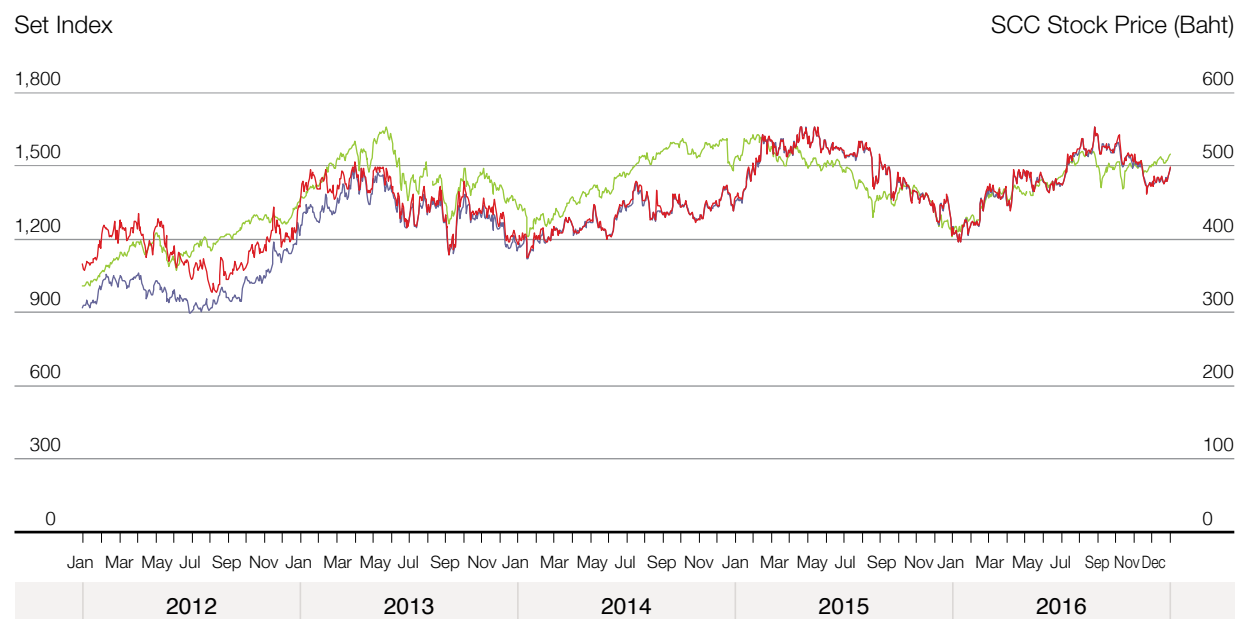
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### 5 YEARS SHARE PRICES (2012 - 2016)

#### Compared to SET Index

— SET — SCC Local — SCC Foreign





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