

7. Securities and Shareholders

7.1 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 unanimously 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 Department of Commerce on April 17, 2003.)
- The Company does not issue other types of shares, except from ordinary shares.

7.2 Shareholders

- 1) First 10 major shareholders as at February 13, 2015

| No. | Shareholders | No. of ordinary shares | % of total shares |
|-----|--------------------------------------------|------------------------|-------------------|
| 1 | THE CROWN PROPERTY BUREAU | 360,000,000 | 30.00 |
| 2 | THAI NVDR CO., LTD* | 111,478,725 | 9.29 |
| 3 | STATE STREET BANK EUROPE LIMITED | 46,990,144 | 3.92 |
| 4 | CHASE NOMINEES LIMITED 42 | 32,758,432 | 2.73 |
| 5 | BNP PARIBAS SECURITIES SERVICES LUXEMBOURG | 25,349,236 | 2.11 |
| 6 | STATE STREET BANK AND TRUST COMPANY | 20,609,053 | 1.72 |
| 7 | HSBC (SINGAPORE) NOMINEES PTE LTD | 20,097,092 | 1.67 |
| 8 | SOCIAL SECURITY OFFICE | 20,077,600 | 1.67 |
| 9 | CPB EQUITY CO., LTD** | 19,220,000 | 1.60 |
| 10 | OFFICE OF PRIVY PURSE | 15,473,000 | 1.29 |

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.

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

As at February 13, 2015, the first major 2 NVDR holders were as follows:

| No. | NVDR holders | No. of ordinary shares | % of total shares |
|-----|----------------------------------|------------------------|-------------------|
| 1 | STATE STREET BANK EUROPE LIMITED | 9,469,499 | 0.79 |
| 2 | CHASE NOMINEES LIMITED | 7,460,700 | 0.62 |

2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at February 13, 2015)

| No. | Shareholders | No. of ordinary shares | % of total shares |
|-----|---------------------------|------------------------|-------------------|
| 1 | THE CROWN PROPERTY BUREAU | 360,000,000 | 30.00 |
| 2 | CPB EQUITY CO., LTD. | 19,220,000 | 1.60 |

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

3) Minor Shareholders (As at February 21, 2015)

Total number of Minor Shareholders (Free float) is 20,345, equivalent to 67.70%

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 February 13, 2015, the company declared that 25% of fully paid-up capital shares are held by the foreigners.

7.3 Issuance of Other Securities

The Siam Cement Public Company Limited issued 9 series* of debentures valuing 151,500 Million Baht as follows:

| Lots of Debentures | Total Issue Amount (Million Baht) | Outstanding Debenture (Million Baht) | Maturity Date | Coupon Rate (%) | Credit Rating |
|--------------------|-----------------------------------|--------------------------------------|------------------|-----------------|---------------|
| 1/2011 | 15,000 | 15,000 | April 1, 2015 | 4.00 | A |
| 2/2011 | 10,000 | 10,000 | November 1, 2015 | 4.50 | A |
| 1/2012 | 25,000 | 25,000 | April 1, 2016 | 4.15 | A |
| 2/2012 | 25,000 | 25,000 | November 1, 2016 | 4.15 | A |
| 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 |

| Lots of Debentures | Total Issue Amount (Million Baht) | Outstanding Debenture (Million Baht) | Maturity Date | Coupon Rate (%) | Credit Rating |
|--------------------|-----------------------------------|--------------------------------------|-----------------|-----------------|---------------|
| 1/2014 | 15,000 | 15,000 | April 1, 2018 | 4.00 | A |
| 2/2014 | 10,000 | 10,000 | October 1, 2018 | 3.90 | A |
| | 151,500 | 151,500 | | | |

Remarks: * Debenture were rated as from Fitch Ratings (Thailand) Limited.

7.4 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 irregular situations, and uncontrollable factors, accordingly. In 2014, the consolidated net profit amounts at 33,615 Million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders on March 25, 2015, the Board resolved to declare the annual dividends for the year 2014 at 12.50 Baht per share or equal to 45% of net profit.

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

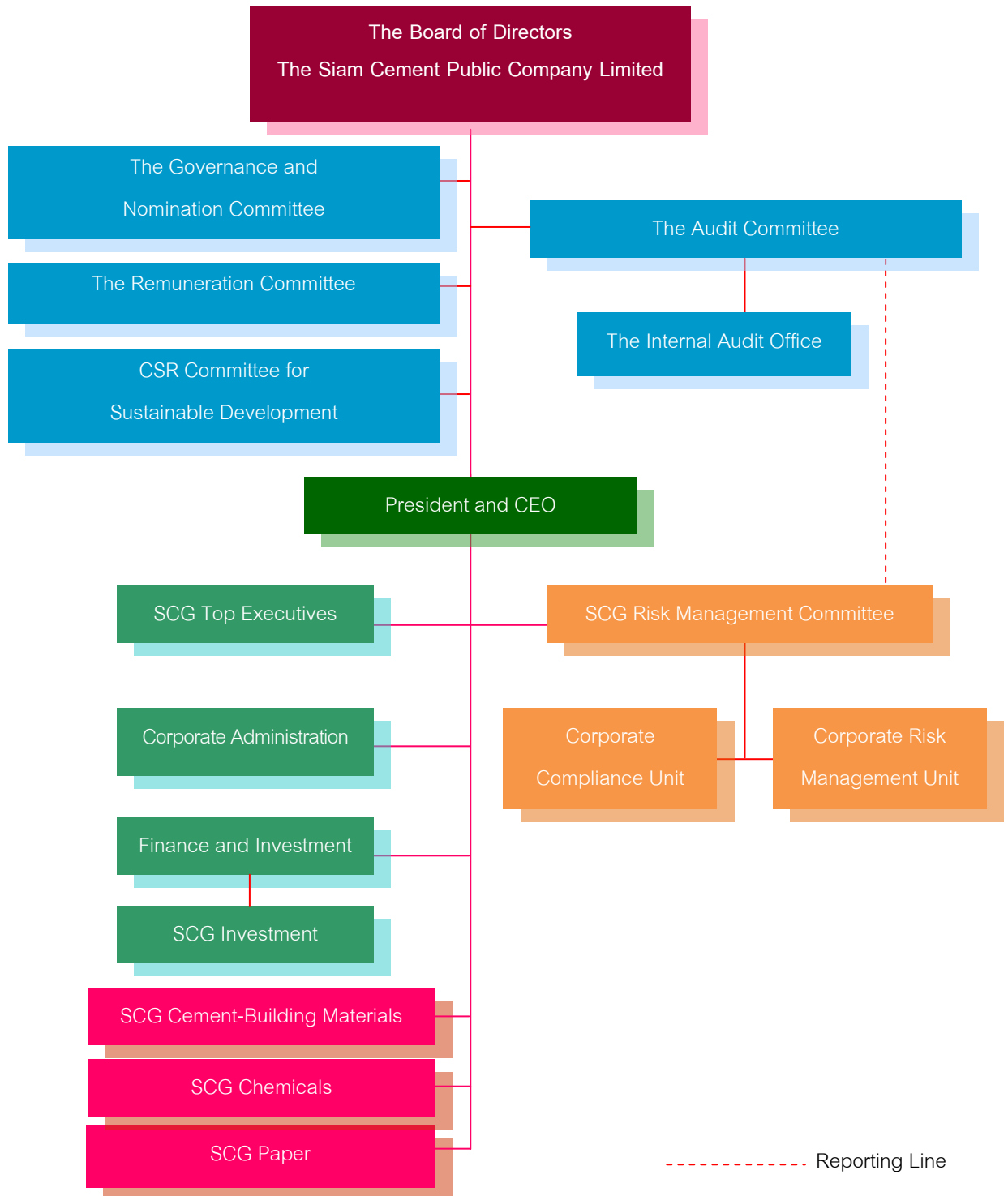
Detail of Dividend Distribution in the past 5 years

| Year | Interim dividends (Baht/share) | Final dividends (Baht/share) | Annual dividend (Baht/share) | Dividends payout ratio on net profit (%) |
|------|--------------------------------|------------------------------|------------------------------|------------------------------------------|
| 2010 | 4.50 | 8.00 | 12.50 | 40 |
| 2011 | 5.50 | 7.00 | 12.50 | 55 |
| 2012 | 4.50 | 6.50 | 11.00 | 56 |
| 2013 | 8.50 | 7.00 | 15.50 | 51 |
| 2014 | 5.50 | 7.00* | 12.50 | 45 |

*Remark: The Board of Director resolved to propose the annual general meeting of shareholders on March 25, 2015, to approve the final dividend distribution at 7.00 Baht per share.

8. Management

Organization Structure (As at January 1, 2015)



8.1 The Board of Directors

comprises the following names:

| | | |
|-----|------------------------------------|----------------------|
| 1. | Mr. Chirayu Isarangkun Na Ayuthaya | Chairman |
| 2. | Mr. Snoh Unakul | Director |
| 3. | Mr. Sumet Tantivejkul | Independent Director |
| 4. | Mr. Pricha Attavipach | Independent Director |
| 5. | Mr. Panas Simasathien | Director |
| 6. | Mr. Yos Euarchukiati | Director |
| 7. | Mr. Arsa Sarasin | Independent Director |
| 8. | Mr. Chumpol NaLamlieng | Independent Director |
| 9. | Mr. Tarrin Nimmanahaeminda | Independent Director |
| 10. | Mr. Pramon Sutivong | Independent Director |
| 11. | Mrs. Tarisa Watanagase | Independent Director |
| 12. | Mr. Kan Trakulhoon | 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, four have been appointed as authorized directors, namely, Mr. Snoh Unakul, Mr. Yos Euarchukiati, Mr. Panas Simasathien, and Mr. Kan Trakulhoon. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

11 non-executive directors

One executive director, who is the Company's President & CEO

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

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. Pramon 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 (Total 4 members) | The Governance and Nomination Committee (Total 5 members) | The Remuneration Committee (Total 3 members) | The CSR Committee for Sustainable Development (Total 8 members) |
|---------------------------------------|------------------------------------------|--------------------------------------------------------------|-------------------------------------------------|--------------------------------------------------------------------|
| 1. Mr. Chirayu Isarangkun Na Ayuthaya | - | - | - | Member |
| 2. Mr. Snoh Unakul | - | Member | - | Chairman |
| 3. Mr. Sumet Tantivejkul | - | Chairman | - | Member |
| 4. Mr. Pricha Attavipach | Member | - | - | - |
| 5. Mr. Panas Simasathien | - | Member | - | - |
| 6. Mr. Yos Euarchukiati | - | - | Member | Member |
| 7. Mr. Arsa Sarasin | - | Member | | - |
| 8. Mr. Chumpol NaLamlieng | - | - | Chairman | - |
| 9. Mr. Tarrin Nimmanahaeminda | Chairman | Member | - | - |
| 10. Mr. Pramon Sutivong | Member | - | Member | - |
| 11. Mrs. Tharisa Watanagase | Member | | | |
| 12. Mr. Kan Trakulhoon | - | - | - | Member |

Notes:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 3, 4, 7, 8, 9, 10 and 11
- Mr. Kajohnet Sangsuban, Mr. Roongrote Rangsiyopash and Mr. Tanawong Areeratchakul are 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 decisions regarding them. 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 2014, the Board held 10 meetings, eight scheduled meetings and two special meetings with 95% of the board of directors attending. Individually, each director attended more than 75% of the total number

of meeting. 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 or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

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

In addition, 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.

Non-executive directors hold a meeting among themselves to discuss the succession plan for top executives and to evaluate the performance of the President & CEO. The President & CEO, the only executive director, is excused during the assessment of his own performance and the consideration of relevant agenda items. In addition, if deemed necessary, a meeting might be held to discuss issues related to the management that have drawn public attention without the management present, so that non-executive directors can express their opinions independently.

The Attendance of the Directors in 2014 (January 1 – December 31, 2014)

| Directors | Board of Directors (Total 12 directors) Total 10 times / year | The Audit Committee (Total 4 members) Total 6 times / year | The Governance and Nomination Committee (Total 5 members) Total 4 times / year | The Remuneration Committee (Total 3 members) Total 6 times / year | The CSR Committee for Sustainable Development (Total 5 members) Total 4 times / year | The 2014 Meeting of Shareholders (Total 12 directors) Total 1 times / year |
|---------------------------------------|-------------------------------------------------------------------------|----------------------------------------------------------------------|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| 1. Mr. Chirayu Isarangkun Na Ayuthaya | 10/10 | | | | 4/4 | 1/1 |
| 2. Mr. Snoh Unakul | 10/10 | | 4/4 | | 4/4 | 1/1 |
| 3. Mr. Sumet Tantivejkul | 8/10 | | 3/4 | | 3/4 | 1/1 |
| 4. Mr. Pricha Attavipach | 10/10 | 6/6 | | | | 1/1 |
| 5. Mr. Panas Simasathien | 10/10 | | 4/4 | | | 1/1 |
| 6. Mr. Yos Euarchukiati | 9/10 | | | 6/6 | 4/4 | 1/1 |
| 7. Mr. Arsa Sarasin | 9/10 | | 4/4 | | | 1/1 |
| 8. Mr. Chumpol NaLamlieng | 8/10 | | | 6/6 | | 1/1 |
| 9. Mr. Tarrin Nimmanahaeminda | 10/10 | 6/6 | 3/4 | | | 1/1 |
| 10. Mr. Pramon Sutivong | 10/10 | 6/6 | | 6/6 | | 1/1 |
| 11. Mrs. Tharisa Watanagase | 10/10 | 6/6 | | | | 1/1 |
| 12. Mr. Kan Trakulhoon | 10/10 | | | | 3/4 | 1/1 |

- Notes:
1. Six independent directors are number 3, 4, 7, 8, 9, 10 and 11
 2. Four members of the Audit Committee are number 4, 9, 10 and 11
 3. Five members of the Governance and Nomination Committee are number 2, 3, 5, 7 and 9
 4. Three members of the Remuneration Committee are number 6, 8 and 10
 5. Five members of the CSR Committee for Sustainable Development are number 1, 2, 3, 6 and 12
 6. The 2014 Ordinary General Meeting of Shareholders held on March 26, 2014.

8.2 Top Executives

Top Executives of SCG (As at January 1, 2015) comprises

1. Mr. Kan Trakulhoon President & CEO, SCG
2. Mr. Roongrote Rangsiyopash Executive Vice President, SCG
President, SCG Paper
3. Mr. Cholanat Yanaranop Senior Vice President, SCG
President, SCG Chemicals
4. Mr. Somchai Wangwattanapanich Vice President – Operations, SCG Chemicals
5. Mr. Pichit Maipoom Senior Vice President, SCG
President, SCG Cement-Building Materials
Vice President – Operations, SCG Cement-Building Materials



- | | |
|--------------------------------|---------------------------------------------------------------------------------|
| 6. Mr. Aree Chavalitcheewingul | Vice President – Regional Business, SCG Cement-Building Materials |
| 7. Mr. Nithi Patarachoke | Vice President – Domestic Market, SCG Cement-Building Materials |
| 8. Mr. Chaovalit Ekabut | Vice President – Finance and Investment & CFO, SCG President, SCG Investment |
| 9. Mr. Tanawong Areeratchakul | 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, 2015)

| Companies \ Directors | Mr. Kan Trakulhoon | Mr. Roongrote Rangsiyopash | Mr. Cholanat Yanaranop | Mr. Somchai Wangwattanapanich | Mr. Pichit Maipoom | Mr. Aree Chavalitcheewingul | Mr. Nithi Patarachoke | Mr. Chaovalit Ekabut | Mr. Tanawong Areeratchakul |
|----------------------------------------|--------------------|----------------------------|------------------------|-------------------------------|--------------------|-----------------------------|-----------------------|----------------------|----------------------------|
| SCG Cement-Building Materials | | | | | | | | | |
| SCG Cement Company Limited | ✓ | ✓ | | | ✓ | ✓ | ✓ | ✓ | |
| SCG Building Materials Company Limited | ✓ | | | | ✓ | ✓ | ✓ | ✓ | |
| SCG Distribution Company Limited | ✓ | | | | ✓ | ✓ | ✓ | | |
| SCG Chemicals | | | | | | | | | |
| SCG Chemicals Company Limited | ✓ | ✓ | ✓ | ✓ | | ✓ | | ✓ | |

| <div>Companies</div> <div>Directors</div> | Mr. Kan Trakulhoon | Mr. Roongrote Rangsiyopash | Mr. Cholanat Yanaranop | Mr. Somchai Wangwattanapanich | Mr. Pichit Maipoom | Mr. Aree Chavalitcheewingul | Mr. Nithi Patarachoke | Mr. Chaovalit Ekabut | Mr. Tanawong Areeratchakul |
|-----------------------------------------------------|--------------------|----------------------------|------------------------|-------------------------------|--------------------|-----------------------------|-----------------------|----------------------|----------------------------|
| SCG Paper SCG Paper Public Company Limited | ✓ | ✓ | | ✓ | | ✓ | ✓ | ✓ | |
| SCG Investment Cementhai Holding Company Limited | ✓ | ✓ | ✓ | | | ✓ | | ✓ | ✓ |

8.3 The Secretary to the Board of Directors and the Company Secretary

The Secretary to the Board of Directors

The Board appointed Mr. Worapol Jannapar 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.

8.4 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.

Apart from ordinary remuneration, the Shareholder's Meeting on March 24, 2004 passed a resolution approving the Company to pay a bonus to the Board of Directors in an amount not exceeding 0.5% of total dividends paid to shareholders. The Board of Directors is responsible for consideration of the appropriate amount of bonus and the amount to be paid to each director. The resolution is effective from the date of approval until any subsequent resolution. 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 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 found it appropriate to seek from the Shareholders' Meeting the approval of the remuneration for three committees, namely, the Audit Committee, the Governance and Nomination Committee, and the Remuneration Committee.

In 2014, the Board of Directors proposed that the remuneration of all forms for the Board of Directors be disclosed at the Annual General Meetings of Shareholders and added it to the agenda for approval, starting at the Annual General Meetings of Shareholders in 2015 onwards, in line with the principles of good corporate governance of the Stock Exchange of Thailand, Thai Institute of Directors (IOD), and the criteria of ASEAN CG Scorecard.

Director Remuneration

In the 11th 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 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/ The Remuneration Committee | Chairman | 150,000 | 37,500 |
| | Director | 100,000 | 25,000 |

The Remuneration for the Board of Directors and the Sub-committees in 2014

(January 1 – December 31, 2014)

| Directors | Remuneration (Baht) | | | | Directors' Bonus paid in 2014* (Baht) | Total (Baht) |
|----------------------------------------------------|---------------------------|------------------------|-----------------------------------------------|----------------------------------|---------------------------------------------|-------------------|
| | The Board of Directors | The Audit Committee | The Governance and Nomination Committee | The Remuneration Committee | | |
| 1. Mr. Chirayu Isarangkun Na Ayuthaya ¹ | 2,592,000 | - | - | - | 7,200,000 | 9,792,000 |
| 2. Mr. Snoh Unakul ² | 1,728,000 | - | 200,000 | - | 4,800,000 | 6,728,000 |
| 3. Mr. Sumet Tantivejkul ³ | 1,728,000 | - | 262,500 | - | 4,800,000 | 6,790,500 |
| 4. Mr. Pricha Attavipach | 1,728,000 | 300,000 | - | - | 4,800,000 | 6,828,000 |
| 5. Mr. Panas Simasathien | 1,728,000 | - | 200,000 | - | 4,800,000 | 6,728,000 |
| 6. Mr. Yos Euarchukiat | 1,728,000 | - | - | 250,000 | 4,800,000 | 6,778,000 |
| 7. Mr. Arsa Sarasin | 1,728,000 | - | 200,000 | - | 4,800,000 | 6,728,000 |
| 8. Mr. Chumpol NaLamlieng ⁴ | 1,728,000 | - | - | 375,000 | 4,800,000 | 6,903,000 |
| 9. Mr. Tarrin Nimmanahaeminda ⁵ | 1,728,000 | 450,000 | 175,000 | - | 4,800,000 | 7,153,000 |
| 10. Mr. Pramon Sutivong | 1,728,000 | 300,000 | - | 275,000 | 4,800,000 | 7,103,000 |
| 11. Mrs. Tarisa Watanagase | 1,728,000 | 300,000 | - | - | 4,800,000 | 6,828,000 |
| 12. Mr. Kan Trakulhoon | 1,728,000 | - | - | - | 4,800,000 | 6,528,000 |
| Total | 21,600,000 | 1,350,000 | 1,037,500 | 900,000 | 60,000,000 | 84,887,500 |

- Notes: 1. Chairman of the Board of Directors
2. Chairman of the CSR Committee for Sustainable Development**
3. Chairman of the Governance and Nomination Committee
4. Chairman of the Remuneration Committee
5. Chairman of the Audit Committee

* The directors' bonus paid in 2014 consisted of the bonus payment based on the final dividend of the year 2013 paid to shareholders on April 24, 2014 and the interim dividend of the year 2014 paid on August 28, 2014 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, 2014)

The total remuneration for nine executives in the form of salaries, bonuses, variable pay and others amounted to 220,592,989 Baht. For 2014, the Company made contributions of 14,964,280 Baht to the provident fund for the executives as the employees of the Company.

The remuneration for the directors and top executives of subsidiaries, which are SCG's core businesses (As at December 31, 2014)

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 Paper 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. | 4 | 27,305,798 | 2,200,081 |
| 2. | SCG Chemicals Co., Ltd. | 7 | 41,192,127 | 3,128,578 |
| 3. | SCG Paper PLC. | 9 | 48,807,347 | 3,605,368 |

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 the top executives of The Siam Cement Public Company Limited which are listed on the 2014 Annual Report.

8.5 Human Resources

At SCG, "Belief in the value of the individual" is one of our philosophies. Therefore, employees are SCG's most valuable assets. SCG has continuously improved the human resources management and has strengthened corporate culture to better correspond with our business strategies. The Group has drawn up human resources management strategies for the next 5 years as follows:

1. Human Resources Readiness to Support Future Business Expansion

1.1 Workforce Preparation for Business Expansion

- Strategic Workforce Planning: Workforce in a period of three to five years is estimated with the Strategic Workforce Planning in an attempt to elevate the competency level that a business requires in the future in tandem with current manpower planning.
- Diversity and Inclusion Framework: SCG has established a framework for diversity and inclusion to accommodate a potential increase in the diversity of the future workforce in regardless of generations, nationalities, gender, etc. This framework will be used for boosting engagement with a more diverse pool of employees.
- Talent Management: SCG has implemented a talent management system which takes holistic care of employees with high potential and high performance in various aspects including compensation, remuneration, career growth, development as well as the assignment of tasks that are commensurate with employees' talent.

1.2 Employee Competency Development and Enrichment

To support the sharp increase in the number of employees, SCG has to develop the potential and competency of its employees to stay ahead and be able to cope with the challenges and exponential growths in the business. Therefore, SCG has elevated and

standardized its employee development methods across region, clearly specifying the competencies that need to be developed according to the main duties of each job and establishing a 70:20:10 employee development approach (70% refers to learning from hands-on operations and the employee's direct experience, 20% refers to the process of learning from others, and the final 10% refers to formal learning or seminars). In this regard, SCG has created on-job learning opportunities such as giving challenging tasks with supervisors acting as coaches.

SCG employees at each level will be given an opportunity to develop their business knowledge. SCG has created suitable courses for employees at each level such as Abridged Business Concept (ABC) for junior employees to give some fundamental business knowledge, Business Concept Development (BCD) for supervisors to give business knowledge, field trips, and exchange of experience on business issues with leading companies. Furthermore, SCG also offers courses jointly created with world's leading universities such as Management Development Program (MDP), a collaboration with the Wharton School of the University of Pennsylvania and Duke Corporate Education to develop knowledge of business strategies, Executive Development Program (EDP), a cooperation with International Institute for Management Development (IMD) designed to foster leadership in high-level management employees, and Advanced Management Program (AMP), in which executives are sent abroad to take short courses at leading universities such as Harvard Business School, Harvard University and the Wharton School of the University of Pennsylvania.

In addition to business courses, SCG also offers leadership and teamwork development courses to promote and facilitate collaboration and transfer of SCG's best practices from senior staff to junior staff for the organization's sustainable development. In this regard, supervisors will assume the role of coaches with respects to both the job itself and working methods involved. Moreover, SCG is also committed to developing its employees' potential by offering courses aimed at developing specialized knowledge and skills in their professional areas so as to enable them to fulfill their duties with maximum efficiency.

Furthermore, in anticipation of investment expansion overseas, SCG has also boosted employees' competencies for overseas operations with its Go Regional Program for employees entrusted with overseas operations to foster their language skills, cultural awareness, knowledge of business conduct overseas, and SCG's business conduct such as Cross Cultural Development Program and Business Practice Program. In addition, SCG has also offered courses for local employees in each country where SCG makes an investment in order to encourage them to develop themselves, allowing both domestic and overseas employees to achieve an equal level of competency.

1.3 Human Resources Management System Enhancement

The e-HR Suites, SCG's holistic human resources management system that covers from the selection and employee competency development systems to the personal information management system, has been enhanced with up-to-date software and technology to support usage on mobile devices and on the Internet. This improvement has increased the capability and efficiency of the HR Information System of every company under SCG, both domestic and overseas.

For overseas investment, an effective human resources management system with quality on par with SCG and appropriateness for the locality is of paramount importance. SCG has applied its various excellent practices such as SCG Career Camp; people management through a HR committee; SCG HR Platform; "e-HR", a human resources management software; employee development systems; TQM and TPM; and safety principles to the business management at each overseas company where SCG makes an investment as proof of SCG's commitment to long-term and sustainable investments in each country.

2. Strengthen Corporate Culture to Support Innovative Organization

2.1 Cultivate the Organizational Culture to be an Innovative Organization

Through diverse activities, SCG aims to promote its "SCG People" working culture so that the Group is recognized as an innovative organization. Governed by SCG Code of Conduct, every employee is to live SCG 4 Core Values and demonstrate "Open & Challenge" way of working through assertiveness in their thinking and speaking, open-mindedness, and willingness to challenge and improve themselves.

2.2 Develop Employees' Competency to Support Innovative Culture

To develop employees' competency in supporting innovative culture, SCG has arranged number of programs to develop them at each level. These programs are, for instance, Thinking Skills for Innovation, Coaching for Innovation, Leadership Development Program, and Inno-Executive Coaching. In the meantime, SCG has developed SCG Inno Facilitators in every business to act as promoters of innovative culture within the organization.

2.3 Improve Human Resources Management to Foster an Innovative Culture

SCG believes that its commitment to develop its human resources and equip them with knowledge, competency, and integrity will allow the Group to achieve the goal of becoming an innovative organization on an international level and attain sustainable growth, both domestically and among the ASEAN countries. SCG has improved human resources management as follows:

- Improvement of the recruitment process by developing the internal transferal via SCG Career Click to allow employees to choose their own career paths.

- Review of the Performance Management System to encourage employees and teams to drive for innovation in terms of both results and working processes.
- Improvement of the Compensation Management system and Career Development for researchers and specialists in each business.
- Cooperation with leading educational institutes and organization, both domestic and international, for R&D such as the Asian Institute of Technology (AIT), Chulalongkorn University, the Massachusetts Institute of Technology (MIT), University of Oxford, the New Jersey Institute of Technology (NJIT), the National Science and Technology Development Agency (NSTDA), and The Thailand Research Fund (TRF).
- Skill development for technicians in mechanical technology in cooperation of King Mongkut's University of Technology North Bangkok, and the technician for Industry Model School Project , in cooperation with the Vocational Education Committee to support and develop SCG' s future technology.

As the end of 2014, The Siam Cement Public Company Limited had 1,739 employees with a compensation of Baht 2,516 million. Total employees of the Group were 51,100 with a compensation of Baht 35,356 million. (Compensation includes salary, bonuses, provident fund, and welfare)

Numbers of Employees in Each SCG Business Unit

As of December 31, 2014

| Companies / Business Units | Numbers of Employees |
|----------------------------------------|----------------------|
| The Siam Cement Public Company Limited | 1,739 |
| SCG Cement-Building Materials | 34,135 |
| SCG Chemicals | 5,082 |
| SCG Paper | 10,043 |
| Other | 101 |
| Total | 51,100 |

9. Corporate Governance

9.1 Corporate Governance Policy

SCG conducts business with responsibility, transparency and fairness, adhering to principles it has long practiced. SCG's business principles are defined by its ethical framework and constantly improved in view of economic and social changes. These principles call for balancing both sustainable benefits and the respectful treatment of all stakeholders with the Board of Directors behaving as role models in compliance with SCG's principles of corporate governance and Code of Conduct.

SCG's corporate governance is considered an integral part of its business policy. The Governance and Nomination Committee is entrusted with overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates the corporate governance practices 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.

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.

Guidelines 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 Scoreboard) 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.

Realizing that corporate governance is an internationally accepted management practice and in line with SCG Core Values and SCG Code of Conduct, the Board of Directors compiled experiential knowledge

and practices in management with commitment to virtues, ethics, and social responsibility, the business practices 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 policy which was first published in 2003.

In 2014, the Board of Directors demanded that the booklet be updated to reflect changing socio-economic circumstances as well as the global social context that has pushed forward the international standards of practices and criteria in management in accordance with the principles of corporate governance to create confidence among stakeholders and promote sustainable growth. SCG thereby updated its corporate governance guidelines in compliance with the criteria of the Stock Exchange of Thailand and Thai Institute of Directors (IOD) which have been updated and amended to conform with the ASEAN CG Scorecard aiming to enhance corporate governance standards and practices of ASEAN listed companies up to international standards.

Furthermore, the Board of Directors approved, as proposed by the Governance and Nomination Committee, the revision of the charters of the Board of Directors and Sub-Committees to correspond to their current scope of duties as well as laws and good practices. The revised charters are disclosed on SCG's website.

In 2014, SCG was rated on corporate governance practice by various agencies and achieved numerous awards as follows:

- Rated "Excellent" with 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.
- Rated "Very Good" according to Corporate Governance Report of Thai Listed Companies 2014 carried out by the Thai Institute of Directors (IOD).
- Scored in a range of 80-89 points according to the ASEAN CG Scorecard.
- Received the "Excellence" Sustainability Report Award 2014 from Thai Listed Companies Association in cooperation with The Securities and Exchange Commission (SEC) and Thai Pat Institute.
- Achieved the SET Awards 2014 for Best Corporate Responsibility Awards. This was the SET Award of Honor awarded to SCG for having pursued outstanding corporate responsibility for 7 consecutive years.

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. Each shareholder has the right to vote at meetings according to the number of shares owned whereby one share is entitled to one vote, and no particular shareholder allows privilege over the rights of other shareholders.

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

1. 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 all shareholders receive clear and sufficient detailed information concerning the Shareholders' Meeting, allowing them to have adequate time to study the information before attending the Meeting, SCG will notify shareholders of the venue, date, time, and proposed agenda items. The information in Thai and English will be posted on the Stock Exchange of Thailand (SET) portal and SCG's website 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 at least 30 days before the Meeting. Such documents are submitted to shareholders no less than 21 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 at the Ministry of Commerce allow the 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 with no conflict of interests on the agenda to elect the directors proposed by the Company to serve as proxies for shareholders. The proxy forms in Thai and English can be downloaded from SCG's website.

For 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 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 or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:

- Address: 19th Floor, SCG 100th year Building
1 Siam Cement Road, Bangsue, Bangkok 10800
- Tel: 02-586-3016, 02-586-1392
- Fax: 02-586-3007
- E-mail: corporate@scg.co.th

5. For 2014, the Company held the Annual General Meeting of Shareholders on March 26, 2014. Twelve directors attended the Meeting as follows:

- | | |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| 1) Mr. Chirayu Isarangkun Na Ayuthaya | Chairman of the Board and Member of CSR Committee for Sustainable Development |
| 2) Mr. Snoh Unakul | Chairman of CSR Committee for Sustainable Development and Member of the Governance and Nomination Committee |
| 3) Mr. Sumet Tantivejkul | Independent Director, Chairman of the Governance and Nomination Committee, and Member of CSR Committee for Sustainable Development |
| 4) Mr. Pricha Attavipach | Independent Director and Member of the Audit Committee |
| 5) Mr. Panas Simasathien | Member of the Governance and Nomination Committee |

- | | | |
|-----|----------------------------|-------------------------------------------------------------------------------------------------------------|
| 6) | Mr. Yos Euarchukiati | Member of the Remuneration Committee and Member of CSR Committee for Sustainable Development |
| 7) | Mr. Arsa Sarasin | Independent Director and Member of the Governance and Nomination Committee |
| 8) | Mr. Chumpol NaLamlieng | Chairman of the Remuneration Committee |
| 9) | Mr. Tarrin Nimmanahaeminda | Independent Director, Chairman of the Audit Committee and Member of the Governance and Nomination Committee |
| 10) | Mr. Pramon Sutiwong | Independent Director, Member of the Audit Committee and Member of the Remuneration Committee |
| 11) | Mrs. Tarisa Watanagase | Independent Director and Member of the Audit Committee |
| 12) | Mr. Kan Trakulhoon | President & CEO and Member of CSR Committee for Sustainable Development |
6. The 2014 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3rd Floor, Plaza Athenee Bangkok A Royal Meridien Hotel as in 2013 to facilitate the increased number of shareholders, allowing them to raise questions and express opinions in the same meeting room, thereby ensuring a smooth, efficient meeting. Moreover, 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. Prior to the Meeting, the Secretary to the Board explained to the Meeting the procedures of voting, counting of votes, and announcing of voting results, which can be summarized as follows:

- 8.1 In voting for each agenda item, each Shareholder or a proxy authorized by any Shareholder to vote on his/her behalf was entitled to vote equal to the number of shares held, whereby one share would be equal to one vote. Votes were to be cast by the raising of hands.
- 8.2 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.
- 8.3 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.
9. 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.
10. 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.
11. 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, specialists in specific fields were available to answer queries under the authority of the Board with representatives from the Auditor of the company as witnesses.

12. 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.
13. The agenda of the 2014 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.
14. The Company disclosed the voting results and resolutions for each agenda item at the 2014 Annual General Meeting of Shareholders to the public via SET Portal and SCG website after the Meeting ended.
15. 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 2014 Annual General Meeting of Shareholders' and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the date of the meeting as stipulated by law. They were disseminated on the Company's website.
16. Following the Annual General Meeting of Shareholders, the Governance and Nomination Committee will consider the questions and suggestions made by shareholders at the Meeting and propose them to the Board of Directors to determine appropriate response measures and improve the next shareholders' meeting. For the 2014 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 |
|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Suggestion to make the Board of Directors' remuneration an agenda item for consideration rather than for acknowledgement | To report every type of Board of Directors' remuneration at the Shareholders' Meeting and make the Board's remuneration an agenda item for consideration every year, starting from the 2015 Annual General Meeting of Shareholders |
| Suggestion to separate the Company's quarterly review fee from the annual audit fee in the Notice to Shareholders for clarity | To improve the report of the Company's audit fee by clearly separating it as follows: <ul style="list-style-type: none"> - the audit fee for the Company's financial |

| Shareholders' Suggestion | The Company's Response Measures |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>statements</p> <ul style="list-style-type: none"> - the annual audit fee and quarterly review fee for SCG's consolidated financial statements - the annual audit fee for subsidiaries |
| Suggestion to record the names of shareholders making the inquiries in the Minutes of the Shareholders' Meeting | To comply with the current practice by recording the summary of the issues being inquired or discussed |
| Suggestion to report on the progress of the implementation of suggestions made by the Shareholders in the previous meeting | To comply with the current practice by reporting on the progress of material issues such as legal disputes. The progress report of issues suggested by shareholders will be included in the Company's Annual Report/Sustainability Report |
| Suggestion to organize activities for children of the shareholders to familiarize them with SCG's business operations since most minority shareholders tend to be long-term shareholders who will pass their shares on to their children | To comply with the current practice in which children of the shareholders can join the activities for youths organized by SCG |

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 3 months prior to the end of the Company's accounting period. Such rules and procedures are posted on SET Portal and the Company's website.

For the 2015 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, 2014. 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. 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.

However, during that period, no shareholder proposed any agenda item or candidate prior to the Meeting.

Empowering shareholders unable to attend the Meeting to assign proxies to vote in their place

Shareholders unable to attend the Meeting are entitled to appoint the Independent Director of the Company with no conflict of interests on the agenda to act as a proxy to vote in their place, using one of the two proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce. The Company delivered the two proxy forms, the documents and evidence required prior to attending the Meeting, proxy procedure, and registration together with the Notice to Shareholders' Meeting, in Thai and English, to shareholders 21 days prior to the Meeting date. The documents, in Thai and English, were also publicized on the Company's website more than 30 days prior to the Meeting date.

Assigning Independent Directors to Take Care of the Interests of the Company and Shareholders

Independent directors play a key role in overseeing the Company's business operations. Realizing the important role of independent directors in supporting the policies useful for shareholders or objecting to the policies that affect Shareholders' interests, the Company provides channels for shareholders to give suggestions, express opinions, or file complaints to independent directors via email: ind_dir@scg.co.th. The independent directors are responsible for handling each matter appropriately, for example, investigating and seeking an appropriate solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of

Directors' meeting for consideration and include it on the agenda of the Shareholders' Meeting. In 2014, there were no comments or complaints from shareholders.

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 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 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 2014, 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 BE 2535 (1992) and to use such information for monitoring and preventing any conflict of interests.

- The Company discloses its shareholder structure in subsidiaries, associates, jointly-controlled entities, and other companies as well as authorized directors to ensure that the Company has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interests with any party.

- 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.

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.

With increasing stakeholder influence on the business conduct, 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, to increase confidence that stakeholder engagement was conducted thoroughly, appropriately, and justly, 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'.

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 and the environment as well as opened up opportunities for shareholders to visit the sites of the Company's three business units, namely Cement-Building Materials, Chemicals, and Paper. 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. Throughout the past five years, 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 2014, the Company held a total of three CSR activities for shareholders, as follows.

1. “SCG Chemicals: Conserving Mae Rumpung” was held on June 26, 2014. Shareholders were given a tour of Map Ta Phut Olefins plants in Rayong and a lecture summarizing the green manufacturing management of the plants. An additional lecture on the royally initiated new farming theory was also given at Suan Yai Da. In addition, with SCG Chemicals employees, shareholders also partook in the improvement of the landscape of Mae Rumpung beach, one of the areas in which SCG Chemicals has consistently supported in terms of ecological improvement, in line with SCG’s business conduct, which centers on the harmonious and sustainable co-existence between industries, society, and the environment.

2. “SCC Shareholders Grand Palace Visit” was held on July 22, 2014 at the Grand Palace. Shareholders were given a tour of the Grand Palace as well as inside the Chakri Maha Prasat Throne Hall to promote and support the conservation of Thai art, culture, traditions, and customs. On this occasion, scholarships and educational instruments were also given to the Royal Craftsman School (male division).

3. “SCG HEIM Plant Visit and CSR for Children” was held on October 7, 2014. Shareholders visited Sekisui-SCG Industry Co., Ltd., Saraburi, to view pre-fabricated house construction innovations and learn about SCG HEIM houses. In addition, shareholders paid a visit to the Siam Cement (Ta Luang) Co., Ltd. and Wat Satue School, Phra Nakorn Si Ayutthaya, to paint the buildings and give sport equipment to the school. Wat Satue School is one of the schools in the communities in the vicinity of the plant to which SCG has provided consistent support both in terms of the improvement of the quality of life and the potential enhancement of the youths.

Debenture Holder Activities

SCG has consistently attached significance to the care of debenture holders. For over ten years, SCG has held an array of activities to cater to the preferences and lifestyles of each group of debenture holders such as informative seminars that provide updates on news relevant to the debenture holders such as economy and health and DIY workshops that are aimed at something participants can adopt as hobbies. In addition, SCG has also held excursions to popular and renowned destinations, both domestic and abroad, and because of the carefully-handpicked routes, the quality food and accommodations, the excellent service of the tour companies, and the small participant size for each trip, these excursions have garnered a staunch fan base. Another quality activity that SCG has hosted is ‘SCG Debentures for Rural Schools.’ In recognition of the importance of the basic education, SCG has joined force with its debenture holders to raise funds to purchase and donate educational equipment to schools in remote rural areas on a regular basis. Furthermore, other special activities and privileges are also provided to the members of our SCG Debenture Club all year round to live up to the slogan “Good Value, Great Experience.”

2) Employees

SCG believes in and recognizes the value of humans as invaluable resources in driving SCG toward success. As a result, SCG is committed to caring and improving the quality of life of its employees to the best of its ability. To this end, the Company has consistently adhered to a number of operational guidelines such as SCG Corporate Governance Guidelines and SCG Code of Conduct, taken into account cultural diversity and regional values, as well as complied with the principles stipulated by the United Nations Global Compact (UNGC), which are universally-accepted guidelines in the areas of human rights, labor, the environment and anti-corruption.

Cultivation of Organization Culture – SCG has cultivated its organizational culture, encompassing SCG Core Values, SCG Code of Conduct, and the ‘open and challenge’ organizational culture, which encourages the audacity to think and preparedness for excellence, in employees at every level through various means commensurate with their roles and responsibilities and the expectations of the organizational culture according to the employees’ levels. These means are such as ‘1 Say 3 Acts Leader Roles’ for management employees and the addition of the content of the organizational culture to the employee development courses, namely the ‘SCG Ready Together, We are SCG’ course for new employees, the Business Concept Development (BCD) and Leadership Development Program (LDP) for primary executives, as well as development courses such as Orientation International Program, BCD Inter Program, LDP Inter Program for employees who operate in countries where SCG makes an investment to foster an understanding of the Company’s business conduct and pride in SCG.

Knowledge and Competency Enhancement – To foster mutual sustainable growth of both the organization and employees, SCG has promoted the enhancement of its employees’ knowledge and competency on business, leadership & co-working, and professional area, a strong generation-to-generation transferal of the organizational culture, and the development of leaders with competency, integrity, and ethics at every level, all of which will help lead SCG to achieve its business goals.

SCG training is based on real practices under the coaching of supervisors such as on-the-job training, domestic and overseas operation assignment, regular job rotation, to ensure that employees gain new experience and learn through experience from an exchange with colleagues or through assignments. In addition, classroom training is offered. On average, each employee annually receives approximately ten days of classroom training on business, relevant professional skills, leadership, and co-working.

Furthermore, to accommodate overseas business expansion and develop SCG employees to achieve an equal level of potential and competence, SCG has enhanced its current training into a more systematic and integrated system, focusing on assigning jobs for employees for practical experience with supervisors assuming the role of coaches who give more advice. In addition, classroom training is

enhanced to include blended learning and digital learning, with an evaluation system that tracks employees' development in respects that are associated with business results. Also, a knowledge transferal system is put in place to enable the passing of knowledge from previous to later generations of employees and improve the continuation of learning.

In 2014, SCG's expenses on employee development through internal and external classroom training and related matters as well as scholarship expenses totaled at 1,472.8 Million Baht.

Employee Activities – SCG attaches great significance on ensuring employees physical and mental health. To this effect, the Company has initiated the Holistic Health Program, SCG Employee Club, and employee activities clubs such as the running club, the mental development for health club, as well as the provision of a sport center for employees to exercise.

Employee Remuneration and Benefits – SCG has put in place appropriate remunerations policies for employees on all level. In the short term, remunerations are made in line with the Company's annual financial performance and the remuneration of other companies in the same industry, the data of which is garnered through surveys of wages and remunerations of employees on all levels in external institutes. In addition, the Consumer Price Index from a governmental agency is also regularly taken into account in adjusting the wages and remunerations. In the long term, an employee performance and potential assessment is clearly prescribed. The Company gives commensurate remunerations to employees with high competence and provides career growth in correspondence with the Company's succession plan. In addition to remuneration, the Company also provides appropriate employee benefits in a number of areas, which are regularly reviewed to stay in alignment with shifting economic and social circumstances, such as medical and dental benefits, annual checkups, allowances, and travel expenses.

Furthermore, the Company has also established 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 2% to 13% of the members' basic salaries, and the Group makes monthly contributions to the fund at 5% to 13% of the members' basic salaries, depending on the length of employment.

Environment, Health, and Safety – SCG is committed to promoting employees' environment, health, and safety as well as cultivating a consciousness in its employees and relevant personnel to adhere to SCG Code of Conduct in these areas through regular training and informative sessions. In addition, SCG also attaches great significance to compliance with standard guidelines and measures for international-level efficiency in terms of environment conservation.

As for employee health and safety, SCG has always recognized its importance and considered it another risk of the Company. As a result, SCG has consistently carried out measures in this regard,

ranging from including it in SCG Code of Conduct, formulating an occupational health and safety policy, promoting an appropriate occupational health and safety management system in each operational unit, in the hope of fostering a safety culture.

Furthermore, SCG has clear safety policies and guidelines that employees have to strictly adhere to. In addition, employees are trained to foster an awareness of occupational safety. Employees in the production process are also trained on principles of risk assessment, prevention, and control as well as given regular practices.

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.

In 2013, SCG drew up 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 and 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 interest of society and the environment. The Code of Conduct also serves as mutual standards for business conduct and comprises five principles, namely 1) Business Ethics, 2) Labor & Human Rights, 3) Occupational Health & Safety, 4) Environment, and 5) Laws and Regulations. SCG suppliers are required to sign the acknowledgment of SCG Supplier Code of Conduct before conducting business with the Company.

In 2014, 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 qualification, 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 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 2014.

8) Government Agencies

SCG attaches significance to government agencies as one of the Company's stakeholders and has clearly defined guidelines for engaging in transactions with government agencies in 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, and destroying competitors' reputations with defamatory and untruthful statements. In addition, the Company supports and promotes free trade.

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: 0-2586-6098, E-mail: corporate@scg.co.th |
| Investor relations | Tel: 0-2586-3309, 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 Whistleblower System via SCG intranet (for employees) and 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.

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 disclosed via the SET Portal of the Stock Exchange of Thailand and SCG's website shall be complete, sufficient, transparent, reliable and up-to-date, written in both Thai and English.

Furthermore, the Board of Director is committed to adhering to SCG's guidelines for disclosure of relevant information to systematize SCG's practice of disclosure, prevent potential damage that results from inappropriate disclosure, and ensure shareholders, investors, the public, and stakeholders that the Company's disclosure is accurate, clear, compliant with the law, and equitable in accordance with the disclosure policy established in 2008. To this effect, SCG has defined parties entitled to disclosing key information not yet publically 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 obeying the law, and the regulations and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure that SCG is up-to-date in its adherence to laws, regulations and obligations, and to guarantee 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, which include:

- 1.1 Report of the holding of the company's securities upon the first appointment as the company's director or executive (Form 59-1) within 30 days of the date of appointment.
- 1.2 Report of change in holding upon every purchase, sale, transfer or acceptance of transfer of the company's securities (Form 59-2), within three days from the date of such change.
- 1.3 Disclosure of names of the directors and executive of the company that issues the securities (Form 35E-1), within seven business days from the date of appointment.
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. The criteria and reporting procedures are as follows:
 - Report when first taking office as a director or executive.
 - Report every time there is a change in director's or executive's vested interests.
 - Report at every-year-end
 - In the event that a director retires by rotation and is re-elected, he is not required to submit another report if there is no change to his stakes.
 - Directors and executives must submit their Reports on Interests via the company's secretary, who submits copies to the chair of the Board of Directors and the chair of the Internal Audit Committee within seven working days upon receiving the reports.
3. In 2010, the Board of Directors 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 minor children, to the Board of Directors every quarter.

In addition, in 2013, the Board of Directors announced a policy requiring all management to disclose their securities holdings, both direct and indirect, as well as the changes in securities holdings of the directors and top executives by reporting the number of shares they held 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. Disclose accurate, complete and timely financial information and non-financial information
6. Publish Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end.

7. Publish minutes of the latest Annual General Meeting of Shareholders on the Company's website.
8. 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.
9. Disclose the date of the director's appointment in the Company's annual report.
10. Disclose the Board member selection process and the Board's performance assessment.
11. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.
12. Disclose details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).
13. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.
14. Disclose the audit fee and other fees in the Company's annual report.
15. Disclose the Company's Memorandum of Association and Articles of Association on the Company's website.
16. Disclose policy on environmental and social responsibility and related performance.
17. Disclose corporate governance policies and related performance.
18. 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 2014, the Company disclosed details of many investment projects. With regard to SCG Cement-Building Materials, such projects included the construction of a cement plant in Laos, the expansion of investment in a mortar business, a joint venture with Florim in producing ceramic tiles in Italy, share acquisition of Panel World Co., Ltd, and a joint venture in construction-related retail business in ASEAN. As for SCG Paper, disclosed projects included investment in a flexible packaging business, the acquisition of converter box plant, and investment in research and development (R&D).

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.
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. In 2014, 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 eight events were held.
- Meetings for the President of each business unit to meet with analysts and domestic institutional investors to inform and communicate business strategies and directions, providing them with knowledge and insights into each of SCG’s business.
- Analyst Conferences held on a quarterly basis total 4 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: 0-2586-3309
- Fax: 0-2586-3307
- E-mail: 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 nine 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 Na Ayuthaya | Chairman |
| 2. | Mr. Snoh Unakul | Director |
| 3. | Mr. Sumet Tantivejkul | Independent Director |
| 4. | Mr. Pricha Attavipach | Independent Director |
| 5. | Mr. Panas Simasathien | Director |
| 6. | Mr. Yos Euarchukiati | Director |
| 7. | Mr. Arsa Sarasin | Independent Director |
| 8. | Mr. Chumpol NaLamlieng | Independent Director |
| 9. | Mr. Tarrin Nimmanahaeminda | Independent Director |
| 10. | Mr. Pramon Sutivong | Independent Director |
| 11. | Mrs. Tarisa Watanagase | Independent Director |
| 12. | Mr. Kan Trakulhoon | 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

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. Directing SCG's visions, missions, and business strategies, with an annual revision and approval.
3. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.
4. 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.
5. 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.

6. 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.
7. 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.
8. 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.
9. 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.
10. 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.
11. 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, conducting the business transparently, disclosing information accurately and adequately, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.
12. 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.
13. 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.
14. 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.

15. 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.
16. 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

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

9. Oversees to ensure the performance assessment of the Board of Directors as a whole and self-assessment of directors, Chairman, and Sub-committee members. The assessment results are reviewed to find ways to improve their performance and enhance the knowledge and capabilities of the directors and Sub-committee members.

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, 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, 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 management of the business.

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 on Board

Duration of Each Term

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. 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 time sufficient to handle their duties. The Board of Directors has agreed to set the policy prescribing that each director should hold directorship of a maximum of five listed companies. In addition, SCG has a guideline in case the President & CEO is appointed as director of another company. The matter will be proposed to the Board of Directors for approval.

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 SCG 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.

The performance appraisal of the Board both as a whole and self-assessment comprises eight major topics as follows:

1. Knowledge and understanding about the role and responsibilities of a director in accordance with the laws, rules, and regulations stipulated by various agencies or institutions such as SEC, SET, or Federation of Accounting Professions.
2. Strategy-setting and policy-making.
3. Performance of duties as director /committee.
4. Monitoring financial performance and reporting.
5. Board of Directors' meetings.
6. Nomination of the Company's directors and President & CEO.
7. Setting remuneration for the directors and top executives.
8. Performance appraisal of the President & CEO.

In 2009, SCG created the performance assessment form of 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 on other duties.

As for the performance assessment of the Board of Director 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. In 2014, the Board of Directors approved the modification of the performance assessment forms for the Board of Directors and the Sub-committees and the performance assessment form of the Chairman as proposed by the Governance and Nomination Committee to better correspond with the 2013 revised Charter of the Board of Directors and Charter of the Sub-committees. As for the performance assessment form of the Remuneration Committee, the Board resolved that the 2013 form should be used.

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 2014, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows.

| Board of Directors/ Sub-committees | Performance assessment results for the committee as a whole (%) | Performance assessment results for the committee Self-assessment (%) |
|-----------------------------------------------|--------------------------------------------------------------------------|-------------------------------------------------------------------------------|
| 1. The Board of Directors | 95 | 92 |
| 2. The Audit Committee | 98 | 97 |
| 3. The Governance and Nomination Committee | 99 | 99 |
| 4. The Remuneration Committee | 93 | 89 |

The Assessment of SCG President & CEO and SCG Top Executives

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration in

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.

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. In the years past, the Company held three dialogs, allowing for an exchange of opinions among the directors, top executives, and outside experts as follows:

- On Wednesday July 6, 2011, a dialog on the "Laws, Rules, and Regulations Concerning the Listed Companies Essential to Directors and Suggestion for Preventive Measures" was held, allowing for an exchange of views between the directors and officers of the SEC and the Stock Exchange of Thailand (SET).
- On Monday July 23, 2012, a dialog on "Corporate Governance and Risk Management" between the Company's Board of Directors, top executives, and Dr. Bandid Nijathaworn, President & CEO of Thai Institute of Directors Association (IOD).
- On Thursday July 25, 2013, a dialog on "The Roles of the Board of Directors in Mergers and Acquisitions" was held in collaboration with Mr. Kitipong Urapeepatanapong, the Chairman of Baker & McKenzie Co., Ltd.

In 2014, the Governance and Nomination Committee hosted a dialog between the Company's directors and the Managing Director of Governance Matters Pty Limited (Australia) on "The Role of the Board of Directors in Strategy Formulation and Business Planning" as per the results of the Information Needs Questionnaire results. Held on Monday October, 13, 2014, the dialog focused on the following issues:

- What is SCG strategy and how does that translate to issues of strategic direction for the future?

- Answering the big questions about the future; the meaning of the Big “S” and zone of uncertainty
- The board’s responsibility for strategy; executing and monitoring
- Structure Follows Strategy: What structure will best deliver our preferred future?
- What big goals do we need to achieve the vision?
- Summary of strategic outcomes

In addition, on Wednesday November 19, 2014, the Management assigned SCG Legal Counsel Co., Ltd. to hold for the members of the Board of Directors a session on directors’ duties-related laws and regulations on the topic “Updating regulations and new cases related to directors’ duties under the Securities and Exchange Act”.

Development Activities and Training Attended by Each Director in 2014

| Directors | Development Activities and Training Attended |
|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Mr. Sanoh Unakul | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 2. Mr. Sumet Tantivejkul | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 3. Mr. Pricha Attavipach | - Director Accreditation Program (DAP) 107/2014 held by the Thai Institute of Directors - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 4. Mr. Panas Simasathien | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 5. Mr. Arsa Sarasin | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 6. Mr. Tarrin Nimmanahaeminda | - Role of the Chairman Program (RCP) 35/2014 held by the Thai Institute of Directors - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 7. Mrs. Tarisa Watanagase | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |
| 8. Mr. Kan Trakulhoon | - A dialog on "The Role of the Board of Directors in Strategy Formulation and Business Planning" |

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 Directors Of the Company | 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) |
|-------------------------------------------------|-------------------------------------------------|-----------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------------|----------------------------------------|
| 1. Mr. Chirayu Isarangkun Na Ayuthaya | | | | RCP 1/2000 | | |
| 2. Mr. Snoh Unakul | | DAP 32/2005 | | | | |
| 3. Mr. Sumet Tantivejkul | FND 5/2003 | | DCP 30/2003 | | | ACP 1/2006 |
| 4. Mr. Pricha Attavipach | FND 8/2004 | DAP 107/2014 | DCP 39/2004 | | | ACP 11/2006 |
| 5. Mr. Panas Simasathien | | | DCP 2/2000 DCP Re 1/2005 | | | |
| 6. Mr. Yos Euarchukiati | | | | RCP 1/2000 | | |
| 7. Mr. Arsa Sarasin | FND 39/2008 | DAP 5/2003 | | RCP 32/2013 | | ACP 19/2007 |
| 8. Mr. Chumpol NaLamlieng | | | | RCP 2/2001 | | |
| 9. Mr. Tarrin Nimmanahaeminda | | | | RCP 35/2014 | | |
| 10. Mr. Pramon Sutivong | | DAP 6/2003 | | RCP 4/2001 | RCC 9/2009 | ACP 45/2013 |
| 11. Mrs. Tarisa Watanagase | | | DCP 4/2000 | | | |
| 12. Mr. Kan Trakulhoon | | | DCP 29/2003 | | | |

In addition, the directors also attended national events designed to promote good corporate governance and allow for the exchange of opinions with regionally-renowned experts such as The 3rd National Director Conference 2014 organized by the IOD. Moreover, during the Board of Directors' meetings, the Audit Committee reported on cases of corruption or accounting cover-ups at other companies, both domestic and foreign, to keep the directors and top executives informed of the cases to prevent such fraud from happening to the Company and its subsidiaries.

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, principles and practices for a director. 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 such as anti-corruption legislation.

In 2012, the Company distributed a handbook for independent directors published by the Stock Exchange of Thailand to every Board member with a concise summary for the Governance and Nomination Committee during the Board of Directors' meeting. However, the Board recommended producing a document or publication to enhance the directors' knowledge and understanding about the applicable laws and regulations. The Governance and Nomination Committee deemed it appropriate for the management to compile rules, requirements, and information useful for the directors' performance of duties into a publication with an executive summary for easy understanding and reference.

Therefore, in 2013 the Company revised its handbook for directors in both wording and presentation of information, making it more concise and easier to understand as well as modifying and adding rules in accordance with the currently prescribed regulations.

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 Articles of Association, SCG's directors 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.

9.2 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 four 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 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 or specialists, 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. Picha Attavipach | Member |
| 3. Mr. Pramon Sutivong | Member |
| 4. Mrs. Tarisa Watanagase | Member |

The Audit Committee's Term on Board

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

The Audit Committee is authorized to fulfill the following duties:

1. Review the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.

2. Promote the development of financial reporting systems in compliance with International Financial Reporting Standards.
3. 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.
4. 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.
5. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.
6. Review the corporate risk management system.
7. 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.
8. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblower system.
9. Review the correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest updates and improvements as needed.
10. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
11. Review the execution of the audit committee members for the performance assessment, both as a whole and self-assessment, of the audit committee annually.
12. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with external auditors.
13. 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.
14. Consider, 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 external auditor and evaluate the effectiveness of external auditor's performance.
15. Organize meetings with the Company's external auditor, without the attendance of management, at least once a year.
16. Review the execution of the Internal Audit Office for the performance assessment according to international standards.
17. Approve the internal audit plan, budget and manpower of the Internal Audit Office.

18. Provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.
19. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command.
20. Review the self-assessment form on anti-corruption measures which has been verified and assessed by the Internal Audit Office to ascertain that there are anti-corruption systems according to the report made in accordance with the Thai Institute of Directors' Private Sector (IOD) self-assessment form.
21. 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 other 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. Snoh Unakul | Member |
| 3. | Mr. Panas Simasathien | Member |
| 4. | Mr. Arsa Sarasin | Member |
| 5. | Mr. Tarrin Nimmanahaeminda | Member |

The Governance and Nomination Committee's Term on Board

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

The Governance and Nomination Committee is authorized to fulfill the following duties:

1. Draw up the scope and policy of SCG's corporate governance and present them to the Board of Directors.
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. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.

6. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.
7. Recommend methods to assess the performance of the Board of Directors and the committees and review them annually. In addition, follow up and conclude the assessment results to the Board of Directors for acknowledgement and utilize such information for the improvement of work efficiency and enhancement of the directors' knowledge and capabilities.
8. Report regularly on progress and performance results to the Board of Directors after every meeting of the Governance and Nomination Committee.
9. 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.
10. 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.
11. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.
12. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the committees. Should there be an alteration to the Charter of the Board of Directors and the committees, the recommendations in keeping it up-to-date. Governance and Nomination Committee shall review and make appropriate.
13. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.
14. 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 members, one of whom is the Chairman of the Remuneration Committee. 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 Remuneration Committee's Term on Board

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

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 committees appointed by the Board of Directors, including bonus and attendance fee.
2. Recommend the policy on SCG management incentives 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 five 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 eight members:

- | | |
|---------------------------------------|----------|
| 1. Mr. Snoh Unakul | 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. Kajohndet Sangsuban | Member |
| 7. Mr. Roongrote Rangsiyopash | Member |
| 8. Mr. Tanawong Areeratchakul | Member |

9.3 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 office of Securities and Exchange Commission)

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, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgement, 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, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.

14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

In 2014, 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.

Nomination and Appointment 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 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, 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 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, gender, etc.

In 2014, the Board of Directors approved the use of the Board Skill Matrix as supporting information in the selection of candidates to replace the retiring directors. The Matrix is divided into three categories as follows:

- **Macro-management knowledge, experience, or expertise**

This category is further divided into several subcategories, ranging from SCG-related business or industry, administration, organization management, human resources management in the government or private sectors, economy, and investment to policy and strategy formulation, marketing or public relations, foreign affairs, and risk management.

- **Specific knowledge, experience or, expertise**

This category is divided into three subcategories, namely laws, rules, and governmental regulations related to business operations, accountancy and finance, with specific knowledge on financial statement; accounting standards, or current/prior position as a member of an audit committee of a listed company; and telecommunication, communication, and information technology.

- **Corporate Governance knowledge, experience, or expertise**

This category is divided into two subcategories, namely corporate compliance, including the formulation of relevant policies and guidelines; and treatment of stakeholders

In addition, the list of chartered directors compiled by the IOD is also incorporated as additional information in the selection of candidates to replace the directors due to retire by rotation in 2015.

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. The nominees will then be listed for consideration for election during the Meeting. 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.

In 2014, four directors were due to retire by rotation, namely Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Yos Euarchukiati, and Mr. Kan Trakulhoon. The Board of Directors' meeting on 30 October, 2013, had formulated guidelines for the nomination of qualified candidates to replace the retiring directors as proposed by the Governance and Nomination Committee, which advised that each director nominated no more than four qualified candidates to replace the retiring directors and the retiring directors should not nominate themselves as candidates.

On December 11, 2013, the Governance and Nomination Committee reviewed the list of five candidates that each Director had nominated, four of whom were the directors who were retiring at the end of their terms, and the other one of whom was an external qualified candidate. (No shareholder had nominated a candidate for the election of Directors within the designated period.

The Governance and Nomination Committee's meeting, presided over by Mr. Snoh Unakul, with no members having conflict of interests present, held an extensive discussion, taking into consideration the selection guidelines drawn up on December, 22 2004 and the guidelines published in the SCG Corporate Governance Handbook, as well as the guidelines for defining the qualifications and expertise of a director as per suggestions of the Thai Institute of Directors (IOD). After a careful and thorough consideration of each candidate's qualifications, the Committee passed a unanimous resolution to propose to the Board of Directors the four retiring Directors, namely Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Yos Euarchukiati, and Mr. Kan Trakulhoon, to be re-elected as they all possessed credentials in a wide range of professions, excellent leadership, a breadth of vision, a proven record of ethics and integrity, as well as the ability to share their opinions independently, and had consistently fulfilled their duties as Directors with excellence.

After an extensive discussion and a careful consideration of the qualifications of each individual candidate, the Board of Directors, excluding the members with conflict of interests, resolved to endorse the list proposed by the Governance and Nomination Committee and proposed the re-election of the four Directors who were retiring by rotation at the Annual General Meeting of Shareholders in 2014. At the Annual General Meeting of Shareholders on March 26, 2014, in the election of the members of the Board of Directors to replace retiring directors by rotation, in which each candidate was elected individually, the four directors received the highest numbers of votes and were thus re-elected as directors for another term.

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.

9.4 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; disposal or acquisition 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, 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.

9.5 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 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 2014, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

9.6 Audit fee

For the fiscal year 2014, the Siam Cement Public Company Limited and its subsidiaries paid an audit fee of 40.18 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 2014

| | |
|---------------------------------------------------------------------------------------|--------------------|
| 1. Annual audit fee for SCC's financial statements. | 250,000 Baht |
| 2. Annual audit fee and quarterly review fee for consolidated financial statements | 7.27 Million Baht |
| 3. Annual audit fee of subsidiary | |
| - 120 Thai subsidiaries | 21.24 Million Baht |
| - 40 overseas subsidiaries | 11.42 Million Baht |
| Total audit fees of The Siam Cement Public Company Limited and its subsidiaries | 40.18 Million Baht |

Non-audit fee

For this fiscal year, the subsidiaries paid a non-audit fee, which was for reviewing compliance with the conditions of the BOI Promotion Certificate amounting to 1.88 Million Baht and for tax consulting services amounting to 1.76 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

9.7 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 2014, 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 Board of Directors should limit the terms of an independent director to no more than nine consecutive years, starting from the day of the first appointment. For that independent director to continue serving, the Board of Directors should consider the rationale of such a necessity.
 - In 2014, two directors were due to retire by rotation, namely Mr. Sumet Tantivejkul and Mr. Pricha Attavipach, both of whom had served as independent directors for more than nine consecutive years. However, because both possessed all the qualifications of an independent director specified in the company's regulations, knowledge and experience in the areas that the company was in need of, and because both had consistently fulfilled their duties as independent directors with efficiency, the Board of Directors proposed at the Annual General Meeting of Shareholders for the two independent directors to be re-elected.
3. 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.
4. All members of the Nomination Committee are independent members.
 - Currently, the Governance and Nomination Committee comprises five members, three 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. After four revision, with the latest revision in 2007, the Code was renamed the “SCG Code of Conduct” and modified to better correspond with the evolution of SCG and suit the shifting economic and social climate. In the Code of Conduct, guidelines from each business are compiled, categorized, and furnished with examples, with a list of codes clearly specified for greater clarity and readiness of use. The Board of Directors 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”.

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. In addition to the publication of SCG Code of Conduct on the website, the Company has published 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 that a clear understanding and strict adherence in performing their duties. This has also been included as a key factor in the yearly employee performance assessment.

Furthermore, since 2012, SCG has consistently raised awareness about compliance with the Code of Conduct through video clips simulating cases described in the Code of Conduct Manual and allowed employees to ask questions and share their experience to make the Code of Conduct more accessible and promote greater application in everyday life. These video clips are distributed in the form of e-Newsletter via email to every employee and published on the SCG intranet as well.

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.

Anti-corruption Efforts

Since 2012, SCG has been a member of UN Global Compact to demonstrate its commitment to compliance with a list of ten universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption, which neatly correspond SCG's business conduct, which adheres to good corporate governance guidelines, ethical practices, and the SCG Code of Conduct.

In addition, SCG has consistently attached significance to anti-corruption and cultivated it as part of the organization culture in accordance with the Company Philosophy regarding "adherence to fairness, which encompasses honest, transparent, verifiable work conduct and respectful, sincere, friendly, and fair treatment of all relevant parties." Such commitment has rendered The Siam Cement Public Co., Ltd. the first conglomerate company in Thailand to be certified by the Thailand's Private Sector Collective Action Coalition against Corruption Council on July 5, 2013. (The Anti-corruption policy is available for download on www.scg.co.th) and has consistently been communicated to employees in SCG business units at every level.

Throughout 2014, SCG consistently raised awareness and promote the culture of good governance. To that effect, the Audit Office held workshops for employees of every business unit so that they could assess various risks in current and future operations, their possibility, and potential impact in order to formulate risk-reducing or risk-averting measures to alleviate threats from risks on their own, in accordance to "the Three

Lines of Defense” Guideline. In addition, the Audit Office assessed and monitored adherence to good corporate governance, ethical practices, and anti-corruption policies upon every regular inspection.

To promote real application, SCG has communicated and raised awareness about ethical practices and anti-corruption policies through various courses/channels to reinforce the SCG culture. These courses and channels 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)
- The bi-monthly IA Letter (available both in Thai and English) through email of every employee.
- Informative video clips and interactive quiz shows on SCG Code of Conduct
- SCG Code of Conduct Consultation System and anti-corruption policy banners on the SCG Intranet.

Furthermore, to demonstrate 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 the wider society. To that effect, SCG has compiled “SCG Supplier Code of Conduct” as guidelines for SCG suppliers. In addition, SCG also held the Supply Chain Sustainability Forum under the theme of “Walking Together to Contribute to a Sustainable Society and the Environment” in 2013 (with approximately 400 suppliers attending). In the beginning, SCG required suppliers with a volume worth more than one Million Baht to sign the acknowledgment of the SCG Supplier Code of Conduct. To further promote the SCG Supplier Code of Conduct among its suppliers, in 2014, SCG started to require every new supplier to sign the acknowledgment of the Code of Conduct in the SCG supplier application and offer counsel for suppliers in order to foster a management that is in line with the sustainable development guidelines. SCG has also reinforced its commitment to SCG’s social corporate responsibility through five principles listed below:

- 1) **Ethical Business Practices:** Conduct business on the basis of honesty, integrity, transparency and, strict compliance with laws and regulations related to business conduct. Suppliers shall not engage in any corruption-related action, bribery through offers or promises of money, properties, objects, or other benefits as incentive for oneself or another party, obtain inappropriate benefits, as well as creating unfair business advantages.
- 2) **Labor Protection and Human Rights:** Avoid discriminatory employment practices, and give importance to labor protection especially child labor, female employees, and foreign workers.

Suppliers must not use or exploit forced labor. They shall pay workers accurately and fairly including wages, benefits and define the working hours according to the laws.

- 3) **Occupational Health and Safety**: Provide a safe and healthy work environment as well as controlling accident risks and health impacts associated with the performance of duty. Suppliers shall also provide sufficient and reliable personal protective equipment.
- 4) **Environment**: Operate with concern for natural resources and the environment consistent with the 3Rs concept: Reduce, Reuse/Recycle, and Replenish.
- 5) **Laws and Regulations**: Abide by all applicable laws, rules, and regulations.

As a result of the Company's continuous commitment to anti-corruption efforts, SCG was given four (which means "certified") out of the full score of five on the sustainable development assessment for listed companies in the Anti-Corruption Progress Indicator of the Thaipat Institute. The categories that were assessed included 1) pledges and policy, 2) implementation, and 3) result monitoring.

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, and SCG Code of Conduct (Whistleblower Policy)

SCG has given priority to good corporate governance and opened up opportunities for its employees and stakeholders to report or inform any irregularity in the business operations of SCG such as corporate governance, ethical practices, corruption, financial transactions, the Code of Conduct, and compliance with legal requirements, regulations, or anti-corruption policy through specific channels provided. This is to ensure investigation on complaints are conducted according to the process specified in the "SCG Whistleblower 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 published on the Company's website.

To assure 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 Whistleblower 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 Director of the Internal Audit Office
 - 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
- As for external parties, complaints can be lodged on www.scg.co.th under the “SCG Whistleblower 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.

Recently, a total of 26 complaints have been filed, eight of which are still being investigated and 18 of which have already been investigated. Among the 18 complaints, one falls into the category of fraud, and another falls into the category of non-compliance, in which the financial impact was insignificant and the employee was expelled in accordance with the Human Resources regulations. In addition, 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. Currently, the Internal Audit Office is responsible to monitoring, presenting, and reporting the results to the Audit Committee at every meeting.

10. Corporate Social Responsibility

Details of SCG's social responsibility activities are available in the annual Sustainability Report, which has been published each year at www.scg.co.th

11. Internal Control and Risk Management

Internal control and risk management

1. Internal control

SCG's vision is to be recognized as an innovative workplace and a role model in corporate governance and sustainable development in ASEAN. The Management believes that to become the leading organization, SCG must have the efficient and effective corporate governance, risk management and internal control systems that comply with the international standards in terms of best practices and information technology. SCG has set up the Audit Committee who oversees the corporate governance policy; including risk management, internal control and internal audit which are consistent with the international standards as follows:

- | | |
|------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| - 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 |
| - Internal Control | reference standards: COSO Internal Control Framework 2013 / COBIT |

The Board of Directors, the Audit Committee, and the Management of SCG have committed that SCG's internal control system to comply with COSO Internal Control Framework 2013 (COSO: The Committee of Sponsoring Organization of Treadway Commission), in all 5 components, 17 principles and 91 points of focus.

In this regard, the Internal Audit Office assessed the adequacy of SCG's Internal Control system according to the Securities and Exchange Commission's assessment form and submitted the results to the Management and the Audit Committee for consideration and approval prior to seeking approval from the Board of Directors in the 194th Board of Directors meeting on 19 November 2014. The meeting was attended by seven independent directors whom four of them be the members of Audit Committee.

In consideration of the aforementioned assessment, The Board of Directors gave the opinion that the Internal Control system has been reasonably adequate to ensure the effectiveness of the operations for SCG businesses, safeguarding of SCG assets, and the efficiency of resources utilization. In addition, there was no material deficiency found in SCG's Internal Control system.



SCG's Management, supervisors and all employees have been well aware of their roles on corporate governance, risk management and internal control. The Board of Directors considered that SCG has sufficient number of personnel for the system's implementation coupled with adequate internal control systems for monitoring of SCG subsidiaries' operations, safeguarding of SCG's and its subsidiaries' assets against the misuse or unauthorized act by directors or executives, and against transactions that might result in a conflict of interest or connected transactions.

As been delegated from the Board of Directors, the Management has developed various tools in response to constantly changing risks to ensure proactive preventive measures for domestic and overseas businesses. In 2014, the Management approved the relevant governance/ internal control principles or tools as follows:

1.1 Compliance Practice Guideline

1.1.1 Control Self Assessment Guideline for Overseas Business

SCG has expanded its businesses in ASEAN in various forms e.g. greenfield projects, mergers and acquisitions, etc., facing risks of each country in terms of political, economic, social, legal and environment. To build awareness on internal control and mitigate risks, in 2014, the Management agreed to apply Control Self Assessment Guideline for overseas business as a preventive tools, particularly for supervisors and employees as 1st Line of Defense. Each company has been advised to apply the Guideline as deemed proper to its operations, laws and cultures of each country as well as business readiness in addition to the implementation of SCG's Overseas Compliance Guideline in last year.

1.1.2 Review and Development of Approval Authority Manuals

Decentralization, segregation of duties and delegation and job assignment for each level of employees are essential for doing SCG businesses systematically and with flexibility in which the Approval Authority Manual be used to specify the authority of supervisors at respective levels. In 2014, SCG further expanded its overseas businesses which simultaneously required new Approval Authority Manuals. Therefore, the Internal Audit Office provided Approval Authority Manual Guideline for SCG businesses so they understand the process and jointly work with the Internal Audit Office to complete and implement Approval Authority Manuals amid limited timeframe. In this regard, the Internal Audit Office organized workshops for management and employees for mutual understanding and standardized practices.

1.2 Information Technology System Control

At present, information technology (IT) is considered vital for business operation as facilitating and data-gathering tools to support business plans, strategies and decision making in timely manner. For these reasons, SCG requires more advanced and complex information technologies and set up SCG IT Governance Committee, responsible for oversight the use of IT system to achieve maximum benefits and security. In 2014, the Committee reviewed the policy and guidelines for the use of Information Technology (SCG e-Policy 2014) with the addition of 5 more items from previous 8 items to cope with emerging risks. At the same time, the communications were done to create IT internal control awareness among employees and related external stakeholders and ensure policy compliance. Recognizing the high risks of rapidly changing technology, network security, and management information system, SCG approved the establishment of the Information Security & Compliance Unit who is responsible for oversight SCG's infrastructure and network security. The external professional was engaged to assess the security of SCG's infrastructure and network system, having IT Audit and IT-BU join and share their experiences to develop skills for IT system's security assessment in the future.

1.3 Development of Continuous Monitoring and Continuous Auditing System for Business Units

SCG operating units (Auditees), in conjunction with audit teams, continued to develop Continuous Monitoring & Continuous Auditing system to be used as a tool for analyzing, tracking irregularities in timely manner. This would enable the prompt preventive measures which would enhance more efficient internal control system and business operations. In 2014, SCG had developed additional system for the analysis of irregularities in the production and sales processes.

1.4 Three Lines of Defense Model for Business Self Audit

The Audit Committee, responsible for oversight the effectiveness of internal control, approved that Business Self Audit must be conducted as a proactive preventive measure to continuously changing risks. SCG had, for a period of time, implemented this measure corresponding to the new COSO (COSO 2013), which defines roles and responsibilities through the "Three Lines of Defense" for risk management and internal control effectiveness. To enhance the awareness on governance, risk management as well as internal control among SCG personnel, the Internal Audit Office organized several workshops for business units, supporting functions and Business Self Audit teams by focusing on role of the 1st Line as well as the collaboration among 1st Line and 2nd Line. Moreover, the Internal Audit Office, 3rd Line, assessed and monitored the adequacy and efficacy of SCG's internal control system and provided consulting which respond to risks to meet corporate objectives. The Internal Audit Office also monitored performance of Business Self Audit teams to support audit plan and evaluation of the internal control system.

1.5 Development of SCG Whistleblower System

SCG continuously develops SCG Whistleblower 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, included fraudulent acts. SCG employees can report via SCG Intranet while other stakeholders report via <https://whistleblower.scg.co.th>. Complainants may follow up on their reports via the system. Whistleblower 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 steps password verification and a separate server from other operations. These measures help to ensure data security and prevent data leakage.

2. Internal Audit

The Audit Committee oversees the Internal Audit Office performance to ensure that it works with independence, integrity, ethics and professional in line with the International Standard 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 stated the missions, scope of work, authority, duties, and responsibilities, as well as auditing guidelines which would be reviewed annually for any update.

The Audit Committee approved the Medium Term Plan (2014 – 2016) of the Internal Audit Office towards “Sustainable Global Internal Audit Excellence as a Trusted Advisor in Governance Risk and Control (GRC)” which focuses on maintaining and enhancing internal audit professional quality based on international standards in a sustainable manner. This is an extension of 2013 internal assessment on Quality Assurance Review (QAR), which was conducted to ensure independent and impartial quality in assurance service and consulting service for value creation and the improvement of SCG's operations. Key action plans are as follows:

2.1 Creating High Value Services

To promote comprehensive corporate governance, risk management and internal control.

2.1.1. Follow up and development of SCG corporate governance process; including review, assessment and advisory on current practices to be in accordance with SET and IOD standards.

2.1.2. Create awareness and monitoring system on risk management and internal control through Three Lines of Defense model. This is implemented through Control Self Assessment (CSA) tool and Business Self Audit teams for SCG businesses in both domestic and overseas which should be adjusted to the relevant laws, regulations and readiness of each business.

2.1.3. Strengthen and develop Proactive Preventive Audit for both domestic and overseas businesses, especially for large investment projects. Internal Audit Teams together with

business units identified high risk areas in key business processes, set critical control points or mitigation plans and monitoring systems/warning signals and then develop the Guideline for oversight and managing the investment project, particularly in high-risk processes e.g. procurement process etc.

- 2.1.4. To emphasize on advisory role for business units, during audit period or internal control assessment, internal audit team educated and organized workshops to advise appropriate process flows with good controls under “Value Chain Concept” from the beginning to after-sales service with an aim to increase efficiency and reduce the redundant work. After the consultation, the follow-up process was done by the audit teams to prevent mistake from recurring.

2.2 Evaluation of the Internal Audit Office’s Performance

The Internal Audit Office set criteria for auditees/ business units’ satisfaction evaluation to ensure effective audit performance in accordance with the internal audit policy and plan. The Key Performance Indicators (KPIs) for assurance service was set no less than 85% whereby the 2014 performance result showed 94% satisfaction level. In addition, new KPIs on consulting service was introduced in 2014 no less than 85% criteria in which the evaluation result showed 99% satisfaction level. This would support the direction towards Medium Term Plan (2014 – 2016) as a trusted advisor for business in Governance Risk and Control (GRC). The outcomes were presented to the Audit Committee on a quarterly basis for future improvement.

2.3 Setting up Overseas Internal Audit Teams

With SCG’s vision of sustainable business leader in ASEAN region, SCG significantly expanded its investments in various countries. To ensure overseas operations effectiveness in accordance with SCG policies, the Internal Audit Office has redesigned its overseas audit performing to meet international business practices as follows:

- 2.3.1. Setting up Country Internal Auditor team, to evaluate the efficiency and effectiveness of corporate governance, risk management, and internal control. The team is under the supervision of the Director of SCG Internal Audit Office, including policy and standard practices.
- 2.3.2. For those Company Internal Auditors in Vietnam and Indonesia, they would be provided with the advices, on-the-job training and skills development by SCG overseas audit team to ensure the international standards of internal audit practices.

2.4 Improvement Effectiveness and Adequacy of Internal Control System in accordance with International Standards

The Internal Audit Office had revised SCG’s Internal Control Assessment form and method to comply with COSO 2013, including 17 principles and 91 points of focus under its 5 components. The “Present”

and “Functioning” of internal control system were examined to ascertain that 3 objectives we were achievable, in term of operations, reporting and compliance. The revision was also in line with assessment form regarding the adequacy of internal control system from the Securities and Exchange Commission.

2.5 Audit Guideline

The Internal Audit Office regularly revised and developed the audit guidelines for better response to SCG’s business environment and daily operating processes so that the internal auditors could use as a guideline to perform audit tasks and assess risks covering all significant risks in each business operation; e.g. cash receipt & cash lapping audit guideline and sales & revenue recognition audit guideline. The guidelines can be used to improve operation efficiency and control weakness, mitigate risks as well as prevent fraudulent cases. Besides, Anti-corruption audit guideline is regularly reviewed for any update.

2.6 Information Technology Audit

As SCG’s rapidly expanded the businesses in both domestic and overseas with changing operating system specifically for each business unit, SCG has to develop new core IT systems. In this regard, representatives from Internal Audit Office were appointed as consultants to advise the appropriate control points and testing of control system. After the system is completed, IT audit will carry out the testing again. In 2014, there was a reorganizing of the IT audit team with the aim to enhance audit efficiency on high risk IT system’s security area for each business unit.

2.7 Developing Auditors’ Competencies

To promote professional and business competent for internal auditors and Business Self Audit teams, the Internal Audit Office focuses on organizing trainings and seminars for continuously developing audit expertise as follows:

2.7.1. Reviewing Internal Audit Competency

In 2014, the Internal Audit Office reviewed SCG’s internal audit competency to comply with the international standards on professional and SCG performance standards. The review was conducted by auditors in conjunction with their supervisors and prepared Individual Development Plan (IDP). As a result, the Internal Audit Office organized training courses and seminars on professional auditing and other related professional practices related to SCG’s business for auditors.

2.7.2. Developing Internal Audit Global Knowledge

- Keep track on best practices in good corporate governance, risk management and internal controls among leading audit professional institutes both locally and overseas, and applied appropriate practices in line with SCG’s business.

- Encourage the internal auditors' development through continuous training both internally and externally to be well equipped with knowledge, competence and expertise in internal auditing, as well as other skills needed by SCG.
- Promote and support the internal auditors to become certified as professional internal auditors or to attain other related professional certification, based upon designated 40% Key Performance Indicators (KPIs). In 2014, the Internal Audit Office had been certified by 55% of total auditors, well exceeded the KPI of 40%.

2.7.3. Development of Business Knowledge

- Enhance internal auditors' business acumen by inviting experts from each business unit and external experts to share and discuss on current business trend and major business changes for auditors to better assess risks and to provide practical advisory.
- Set up a policy to recruit competent personnel from other business units to serve as internal auditors. On the other hand, the internal auditors are rotated to business units for broadening experiences.
- Organize knowledge – sharing sessions on interesting issues or significant findings in audit work on a regular basis.

2.7.4. Information Technology Knowledge

- Apply IT knowledge to support the audit process, for faster analysis and detection of warning signals/red flags as well as mitigate risks from operational errors and business frauds.
- Support internal auditors to develop IT audit skills for enabling them on effective auditing and recommendations according to IT Audit International Standard. For example, it encouraged personnel to obtain the Certified Information System Auditor (CISA).
- Promote IT auditing expertise in infrastructure and network security by external professional, who were engaged in assessment of SCG's infrastructure and network system, to share their knowledge and experiences with IT Auditor.

2.7.5. Enhancing of Integrated Audit Project

The Internal Audit Office promoted integrated auditing by setting up a team, comprised of both IT and functional internal auditors; jointly assess risks, make suggestions on improvements and monitor any irregularities through the use of IT tools to enhance audit efficiency. In 2014, the IT audit function was divided to support each business audit team to strengthen their specialization for each business.

The Audit Committee's Report

The Audit Committee independently performed its duties, as assigned by the Board of Directors, in accordance with the Charter of Leading & Monitoring Audit Committee to review and monitor strategic planning and business strategies towards SCG goals. In addition, the Committee supported the implementation of adequate corporate governance to be in line with the regulations and good practice guidelines from the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as the international standards. The Committee's duties included reviewing the financial statements and corporate governance practices, assessing risk management, reviewing internal control and internal audit practices and fraud investigations; as well as proposing the appointment of external auditors.

In 2014, the Committee held six meetings with 100% attendance by the members. Additionally, the Committee considered the process to maintain and develop internal audit quality in providing independent and objective assurance service and consulting service on a sustainable manner and with value creation to SCG. The Committee also reviewed SCG's Internal Control System to comply with COSO Internal Control Framework 2013, including all 5 components, 17 principles and 91 points of focus; together with the consideration of internal control assessment form as per stipulated by the Securities and Exchange Commission prior to the proposal to the Board of Directors on the disclosure in the Annual Report and Annual Registration Statement (56-1 Form). The Committee focused on promoting all employees' roles and responsibilities through the "Three Lines of Defense" for risk management and internal control effectiveness, as well as assessed and monitored the compliance with SCG code of conduct and Anti-corruption policy. Additionally, the recruitment and continued development of company internal auditors in Vietnam and Indonesia, who are well-versed with the local language, culture, legal practices, and regulations, be done to enhance the effectiveness of internal audit. An assessment of SCG's infrastructure and network system was performed to identify vulnerability for correction and improvement. In 2014, 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 2014, as well as consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared as per Thai Financial Reporting Standards (TFRS) 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 the notes to the financial statements were in compliance with 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 presence of 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 beneficial to users of these financial statements, 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 2014, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to confirm that no such incident was found, the Audit Committee resolved that the President & CEO report the results received from all business units and relevant responsible parties to the Audit Committee. In 2014, the President & CEO confirmed that no indication of such suspicious incident 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 Corporate Governance The Audit Committee reviewed compliance with the SCG Code of Conduct and SCG Corporate Governance and revealed that the directors and employees strictly followed the prescribed principles. The Board of Directors consistently and continuously instilled a sense of ethics and morality within its employees. This year, SCG continues to conduct its business in accordance with the sustainable development and corporate governance principles, as reference to international standards including Organization for Economic Co-operation and Development (OECD), Stock Exchange of Thailand (SET), Thai Institute of Directors Association (IOD). SCG has strictly implemented Anti-corruption policy and further applied with its subsidiaries as deemed appropriate through the communication and trainings in various means. The Anti-corruption policy was also shared to suppliers to adopt SCG Supplier Code of Conduct as a guideline for its business practices; partnering in doing business as good citizen with awareness in corporate governance and corporate social responsibility. In addition, SCG encouraged suppliers to show the commitment by the endorsement of SCG Supplier Code of Conduct. The Internal Audit Office is responsible for the assessment and monitoring of their compliance to SCG Supplier Code of Conduct and Anti-corruption policy. Moreover, the Audit Committee strictly complied with the laws relating to securities and stock exchange, the Stock Exchange of Thailand's regulations as well as other laws related to business conduct, especially in terms of connected transactions and those which might result in conflict of interest as well as the information regarding related directors. Such information was reviewed and disclosed to the Stock Exchange of Thailand in timely manner.

The Audit Committee had conducted the committee's overall performance assessment and self-assessment, with a highly satisfactory result similar to the previous year. Matters assessed included the

Committee's preparedness, financial reports, meetings with the external auditors, review of connected transactions, disclosure of information in other reports, risk management and internal control, the Audit Committee meetings, as well as the performance of the Internal Audit Office and the Audit Committee's secretary.

3. Review of Risk Management Assessment SCG Risk Management Committee, in which SCG President & CEO serves as the Chairman and the SCG Management Committee as the members, takes the roles to consider structure and approve policy for risk management framework and action plan. The Committee also reviews risks profile and monitors SCG risk management on a quarterly basis while the Corporate Risk Management Unit is responsible for compiling risk reports and managing risks. In 2014, SCG risk management process was communicated to key relevant persons in SCG; including, the Board of Directors, the top to the middle executives, and the risk champions of each business unit for better understanding and effective implementation as well as quality improvement of risk management reports at all levels (SCG, Business Unit, Business Supply Chain, Company, and Country Risk Level). This will also be extended to encourage promote accountability from risk owners and enhance quality of risk management reports. Risk culture was embedded into daily operations through seminars and training sessions on the importance, objectives and processes of risk management. To support SCG Risk Management, there were agenda for risk management included in Executive Committee for both business unit and SCG levels. Follow – ups and improvement was regularly performed for the efficiency and effectiveness of the risk management system. Furthermore, the Committee conducted quarterly reviews on risk management assessment in all business units, risks from major global and regional economic changes, overseas investment, and business interruption, by considering the internal and external factors, likelihood, impacts, and managing risk to be at acceptable level. Risk warning signals were also reviewed as per established criteria.

4. Review of Internal Control and Internal Audit Systems The Audit Committee reviewed the results of internal control assessment which were reported by the Internal Audit Office on monthly and quarterly basis and concluded that SCG had adequacy internal control appropriated to the Company's business operations. This was correspondent with the external auditor's opinion that there was no material deficiency impacting the Company's financial statements. The Management gave priorities to the proactive preventive system through further development of "SCG Business Self Audit" principle from control self assessment concept to self-monitoring. These methods allowed businesses to anticipate risks and set forth the mitigation plans across the entire value chain. In 2014, the Internal Audit Office had revised SCG's Internal Control Assessment form and method to comply with COSO 2013, including 17 principles and 91 points of focus under its 5 components. The "Present" and "Functioning" of internal

control system were examined to ascertain that 3 objectives were achievable, in term of operations, reporting and compliance. The revision was also in line with assessment form of the adequacy of Internal Control system from the Securities and Exchange Commission. The Committee focused on creating employee awareness, on roles and responsibilities of risk management and internal control effectiveness through the “Three Lines of Defense” by adopting Control Self Assessment (CSA) tool or set-up of Business Self Audit teams to implement as per deemed proper for each business in 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/staffs in each company to raise awareness on Governance, Risk and Control (GRC). The guidelines were provided for preventive audit on cash receipt, cash lapping and updated labor outsourcing laws in Indonesia and Vietnam etc. In addition, the Internal Audit Office in collaboration with SCG business units had continuously developed Continuous Monitoring & Continuous Auditing reports to support businesses in governance within operational responsibilities and support internal auditor in audit process. Workshops were organized for business units by using material findings to allow the person in charge at all levels to gain better understanding in risks, impacts, and internal controls involved in the operations.

Regarding the 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 for supporting SCG’s vision of sustainable business leader in ASEAN region. Currently, SCG had significantly expanded investments in various countries. This year, Country Internal Auditor team was set up, under the authority of the Director of the Internal Audit Office in Thailand; including Company Internal Auditor teams in Vietnam and Indonesia. The teams are under the advices, on the job training and skills development provided by SCG overseas audit team from Thailand to advance their audit skills for significant risk mitigation to businesses. Besides, SCG engaged external professional to assess SCG’s infrastructure and network system in security measures to ensure data security and prevent data leakage. The Audit Committee reviewed the Audit Office’s performance according to the approved medium-term plan and annual plan. This review showed that established targets and key performance indicators were achieved. With regard to audit development, the Internal Audit Office emphasized leveraging auditors’ competency as well as developing audit tools in accordance with the international standards for the Professional Practice of Internal Auditing of the IIA and the world-class internal audit practices. Such development was also to support auditors to become certified as professional internal auditors.

5. **Review of Fraud Investigations** In addition to employees’ Whistleblower System, SCG further developed a Whistleblower System to enable external parties to report dishonesty via www.scg.co.th. In 2014, 26 cases, via external parties and employees Whistleblower Systems, were found in terms of fraud, non-compliance with the laws and company’s regulations, Corporate Governance policy, SCG Four Core

Values, SCG Code of Conduct, Anti-corruption policy and SCG Stakeholder Engagement policy; 8 cases were during fact-finding and appointment of the investigation committee while 18 cases were completely investigated, of which 1 case was found as fraud case and 1 case was found as non-compliance with company's regulations, but the amount of financial impact was insignificant. However, the employee involved was penalized by dismissal from employment. SCG gives importance to strict enforcement of the company regulations and severe disciplinary actions. These principles are communicated and emphasized to increase employee's awareness in business code of conduct. Complaints submitted through the system were taken into consideration for determination of future preventive measures. The Audit Committee also reviewed the investigation results and preventive measures in operational systems; together with reviewed fraud audit based on risk assessment and investigation policy to keep them updated and appropriate for continuous business operations.

6. Appointment of the External Auditor and Review of the Audit Fee for 2015 According to the selection process of 6 leading audit firms with expanding audit scope to cover overseas companies to ensure standard auditing practices for all subsidiaries' financial statements. KPMG Phoomchai Audit Ltd. has been selected and appointed as the external auditor 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, 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, and/or Ms. Sureerat Thongarunsang, Certified Public Accountant Registration No. 4409, and/or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; all of KPMG Phoomchai Audit Ltd.; as the Company's auditors for the year 2015; approval of the Company's audit fee for the fiscal year 2015 amounting to 0.25 Million Baht and acknowledgement of annual and quarterly audit fees for SCC and subsidiaries and consolidated financial statements amounting to 28.45 Million Baht.

On behalf of the Audit Committee



Tarrin Nimmanahaeminda

Chairman of the Audit Committee



KPMG Phoomchai Audit Ltd.
50th-51st Floors, Empire Tower
1 South Sathorn Road
Bangkok 10120, Thailand

บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด
ชั้น 50-51 เอ็มไพร์ทาวเวอร์
1 ถนนสาทรใต้
กรุงเทพฯ 10120

Tel: +66 2677 2000
Fax: +66 2677 2222
www.kpmg.co.th

วันที่ 19 กุมภาพันธ์ 2558

เรื่อง ข้อเสนอแนะเกี่ยวกับการปรับปรุงแก้ไขจุดอ่อน
ของการควบคุมภายในด้านบัญชี

เรียน คณะกรรมการตรวจสอบ
บริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน)

ตามที่สำนักงานได้ตรวจสอบงบการเงินของบริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน) สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2557 และได้เสนอรายงานการตรวจสอบลงวันที่ 19 กุมภาพันธ์ 2558 ไปแล้วนั้น สำนักงานขอเรียนว่า ในการตรวจสอบงบการเงินดังกล่าวตามมาตรฐานการสอบบัญชีที่รับรองทั่วไป เพื่อแสดงความเห็นว่างบการเงินนั้นแสดงฐานะการเงิน ผลการดำเนินงานและกระแสเงินสด โดยถูกต้องตามที่ควรและได้ทำขึ้นตามหลักการบัญชีที่รับรองทั่วไปซึ่งได้ถือปฏิบัติเช่นเดียวกับปีก่อนหรือไม่เพียงใดนั้น สำนักงานได้ศึกษาและประเมินประสิทธิภาพระบบการควบคุมภายในด้านบัญชีของบริษัทตามที่สำนักงานเห็นว่าจำเป็น เพื่อประโยชน์ในการกำหนดขอบเขต วิธีการทดสอบและระยะเวลาที่จะใช้ในการตรวจสอบดังที่กล่าวไว้ข้างต้น ซึ่งไม่ได้ออกแบบให้ชี้ให้เห็นถึงข้อบกพร่องของการควบคุมภายในทั้งหมดที่อาจมีอยู่ในระบบการควบคุมภายในได้ ทั้งนี้ สำนักงานขอเรียนว่าสำนักงานไม่พบข้อบกพร่องของระบบการควบคุมภายในด้านบัญชี ที่เป็นจุดอ่อนการควบคุมภายในด้านบัญชีที่สำคัญ และมีผลกระทบอย่างเป็นสาระสำคัญต่อการแสดงความเห็นต่องบการเงินสำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2557

ขอแสดงความนับถือ
บริษัท เคพีเอ็มจี ภูมิไชย สอบบัญชี จำกัด

(นายวินิจ ศิลามงคล)
กรรมการบริหาร

KPMG Phoomchai Audit Ltd., a Thai limited liability company and
a member firm of the KPMG network of independent member
firms affiliated with KPMG International Cooperative
("KPMG International"), a Swiss entity.



SCG

Part 2 Management and Corporate Governance / 11. Internal Control and Risk Management

The Siam Cement Public Company Limited

12. 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 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 terms and conditions as agreed upon honestly. The Company shall also avoid making transactions that may cause trouble or damage to outside parties. 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 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 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. However, in accordance with the SCG Code of Conduct and SCG Corporate Governance Policy, SCG has revised its Stakeholder Engagement Policy, making it clearer. Transactions will be based on a market price mechanism, which is a standard and efficient tool used throughout the Company's business operations.

Future Connected Transaction

Connected transactions in the future will continue to be based on the 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 individuals from connected transactions.

Connected Transactions in 2014

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

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 Paper | Other | |
| 1. Transactions with associates and joint ventures | | | | | | | | |
| 1.1 SCG Cement-Building Materials | | | | | | | | |
| Service expenses and others | Thai Prosperity Terminal Co., Ltd. | 50 | - | 102 | - | - | 6 | Market price applied with third party transactions |
| | The Siam Gypsum Industry (Saraburi) Co., Ltd. | 29 | | | | | | |
| Sales | | | - | 3,667 | - | - | - | Market price applied with third party transactions |
| | Sekisui-SCG Industry Co., Ltd. | 49 | | | | | | |
| | Noritake SCG Plaster Co., Ltd. | 40 | | | | | | |
| | The Siam Gypsum Industry (Saraburi) Co., Ltd. | 29 | | | | | | |
| | The Siam Gypsum Industry (Songkhla) Co., Ltd. | 29 | | | | | | |
| Purchases | | | - | 1,215 | 88 | 526 | - | Market price applied with third party transactions |
| | Sekisui-SCG Industry Co., Ltd. | 49 | | | | | | |
| | Siam Global House Public Company Limited | 30 | | | | | | |
| | The Siam Gypsum Industry (Saraburi) Co., Ltd. | 29 | | | | | | |
| The Siam Gypsum Industry (Songkhla) Co., Ltd. | 29 | | | | | | | |
| | | | - | 217 | - | - | - | Agreed interest rate |
| | Mariwasa Holdings, Inc. | 40 | | | | | | |
| | PT M Class Industry | 28 | | | | | | |
| Service income | Jumbo Barges and Tugs Co., Ltd. | 45 | - | 773 | - | - | - | Market price applied with third party transactions |
| 1.2 SCG Chemicals | | | | | | | | |
| Service expenses and others | Siam Mitsui PTA Co., Ltd. | 50 | - | 55 | 1,825 | - | 33 | Market price applied with third party transactions |
| | Siam Polyethylene Co., Ltd. | 50 | | | | | | |
| | Rayong Terminal Co., Ltd. | 50 | | | | | | |
| | Siam Synthetic Latex Co., Ltd. | 50 | | | | | | |
| | MTP HPPO Manufacturing Co., Ltd. | 50 | | | | | | |
| | 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 | | | | | | |
| | Mehr Petrochemical Company (P.J.S.C.) | 39 | | | | | | |
| | PT Chandra Asri Petrochemical Tbk | 31 | | | | | | |
| | Thai PET Resin Co., Ltd. | 20 | | | | | | |
| Sales | | | - | 2 | 22,471 | - | - | Market price applied with third party transactions |
| | Siam Polyethylene Co., Ltd. | 50 | | | | | | |
| | 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 | | | | | | | |



SCG

Part 2 Management and Corporate Governance / 12. Connected Transactions

The Siam Cement Public Company Limited

187

| Type of Transaction | Connected companies / Relationship | Total Direct / Indirect Holding (%) | Amount (Million Baht) | | | | | Pricing policy |
|-----------------------------|--------------------------------------------------|----------------------------------------|-----------------------|-------------------------------|---------------|-----------|-------|----------------------------------------------------|
| | | | SCC | SCG Cement-Building Materials | SCG Chemicals | SCG Paper | Other | |
| Purchases | | | - | 34 | 61,303 | 10 | - | Market price applied with third party transactions |
| | SCG Plastics (Shanghai) Co., Ltd. | 58 | | | | | | |
| | Siam Polyethylene Co., Ltd. | 50 | | | | | | |
| | Siam Styrene Monomer Co., Ltd. | 50 | | | | | | |
| | Siam Synthetic Latex Co., Ltd. | 50 | | | | | | |
| | MTP HPPO Manufacturing Co., Ltd. | 50 | | | | | | |
| | Bangkok Synthetics Co., Ltd. | 49 | | | | | | |
| | Thai MMA Co., Ltd. | 47 | | | | | | |
| | Grand Siam Composites Co., Ltd. | 46 | | | | | | |
| | Nawacam Co., Ltd. | 36 | | | | | | |
| | PT Styrimdo Mono Indonesia | 31 | | | | | | |
| | PT Chandra Asri Petrochemical Tbk | 31 | | | | | | |
| | Mitsui Advanced Composites (Zhongshan) Co., Ltd. | 20 | | | | | | |
| | Binh Minh Plastics Joint Stock Company | 19 | | | | | | |
| Loans from | | | - | - | 47 | - | - | Agreed interest rate |
| | GTC Technology International, LP | 25 | | | | | | |
| Guarantees | | | 897 | - | 93 | - | - | Contract rate |
| | Siam Tohcello Co., Ltd. | 45 | | | | | | |
| | Mehr Petrochemical Company (P.J.S.C.) | 39 | | | | | | |
| 1.3 SCG Paper | | | | | | | | |
| Service expenses and others | | | - | 1 | 1 | - | - | Market price applied with third party transactions |
| | Siam Nippon Industry Paper Co., Ltd. | 34 | | | | | | |
| Purchases | | | - | - | 42 | 397 | - | Market price applied with third party transactions |
| | Siam Toppan Packaging Co., Ltd. | 48 | | | | | | |
| 1.4 Other | | | | | | | | |
| Service income | | | 446 | 421 | 153 | 122 | 1 | Market price applied with third party transactions |
| | IT One Co., Ltd. | 20 | | | | | | |
| Service expenses and others | | | - | 90 | - | - | 1,009 | Market price applied with third party transactions |
| | Siam Kubota Corporation Co., Ltd. | 40 | | | | | | |
| Sales | | | - | 2,148 | - | - | - | Market price applied with third party transactions |
| | The Siam Gypsum Industry (Saraburi) Co., Ltd. | 40 | | | | | | |

| Type of Transaction | Connected companies / Relationship | Total Direct / Indirect Holding (%) | Amount (Million Baht) | | | | | Pricing policy |
|---------------------|--------------------------------------------|-------------------------------------|-----------------------|-------------------------------|---------------|-----------|-------|----------------------------------------------------|
| | | | SCC | SCG Cement-Building Materials | SCG Chemicals | SCG Paper | Other | |
| Purchases | Siam Kubota Corporation Co., Ltd. | 40 | - | 83 | 4 | 26 | - | Market price applied with third party transactions |
| | Aisin Takaoka Foundry Bangpakong Co., Ltd. | 30 | | | | | | |
| | The Nawaloha Industry Co., Ltd. | 30 | | | | | | |
| | The Siam Nawaloha Foundry Co., Ltd. | 25 | | | | | | |

2. Transactions with other companies which have SCG executives holding

2.1 Other

| | | | | | | | | |
|-----------------------------|--------------------------------------------------------------------------|----|---|-------|----|---|-----|----------------------------------------------------|
| Service expenses and others | Siam Yamato Steel Co., Ltd. | 10 | - | 115 | 11 | - | 325 | Market price applied with third party transactions |
| | Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director | | | | | | | |
| Sales | Siam Yamato Steel Co., Ltd. | 10 | - | 2,384 | - | - | - | Market price applied with third party transactions |
| | Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director | | | | | | | |
| Purchases | Siam Yamato Steel Co., Ltd. | 10 | - | 467 | 11 | 2 | - | Market price applied with third party transactions |
| | Mr. Chaovalit Ekabut / Director Mr. Tanawong Areeratchakul / Director | | | | | | | |



SCG