

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 12, 2016

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	369,070,600	30.756
2	THAI NVDR CO., LTD*	88,982,722	7.415
3	STATE STREET BANK EUROPE LIMITED	51,903,563	4.325
4	CHASE NOMINEES LIMITED	32,393,146	2.699
5	SOCIAL SECURITY OFFICE	24,850,850	2.071
6	STATE STREET BANK AND TRUST COMPANY	20,485,245	1.707
7	CPB EQUITY CO., LTD**	19,702,000	1.642
8	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	17,826,436	1.486
9	OFFICE OF PRIVY PURSE	15,473,000	1.289
10	RANDERY BARAH MAKAN CO., LTD	15,105,600	1.259

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

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

As at February 12, 2016, the major NVDR holder was:

No.	Shareholders	No. of ordinary shares	% of total shares
1	CHASE NOMINEES LIMITED	13,818,255	1.15

2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 30, 2015)

No.	Shareholders	No. of ordinary shares	% of total shares
1	THE CROWN PROPERTY BUREAU	369,070,600	30.756
2	CPB EQUITY CO., LTD.	19,720,000	1.643

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

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

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

4) The company has imposed limitations on the number of shares which can be held by the foreigners at 25% of fully paid-up capital. As at December 30, 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 10 series* of debentures valuing 166,500 Million Baht as follows:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
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
1/2014	15,000	15,000	April 1, 2018	4.00	A
2/2014	10,000	10,000	October 1, 2018	3.90	A
1/2015 Tranche 1	15,000	15,000	April 1, 2018	3.75	A
1/2015 Tranche 2	15,000	15,000	April 1, 2019	3.90	A
2/2015	10,000	10,000	November 1, 2019	3.40	A
Total	166,500	166,500			

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 2015, the consolidated net profit amounts at 45,400 Million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders on March 30, 2016, the Board resolved to declare the annual dividends for the year 2015 at 16.00 Baht per share or equal to 42% of consolidated 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* (%)
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
2015	7.50	8.50	16.00**	42

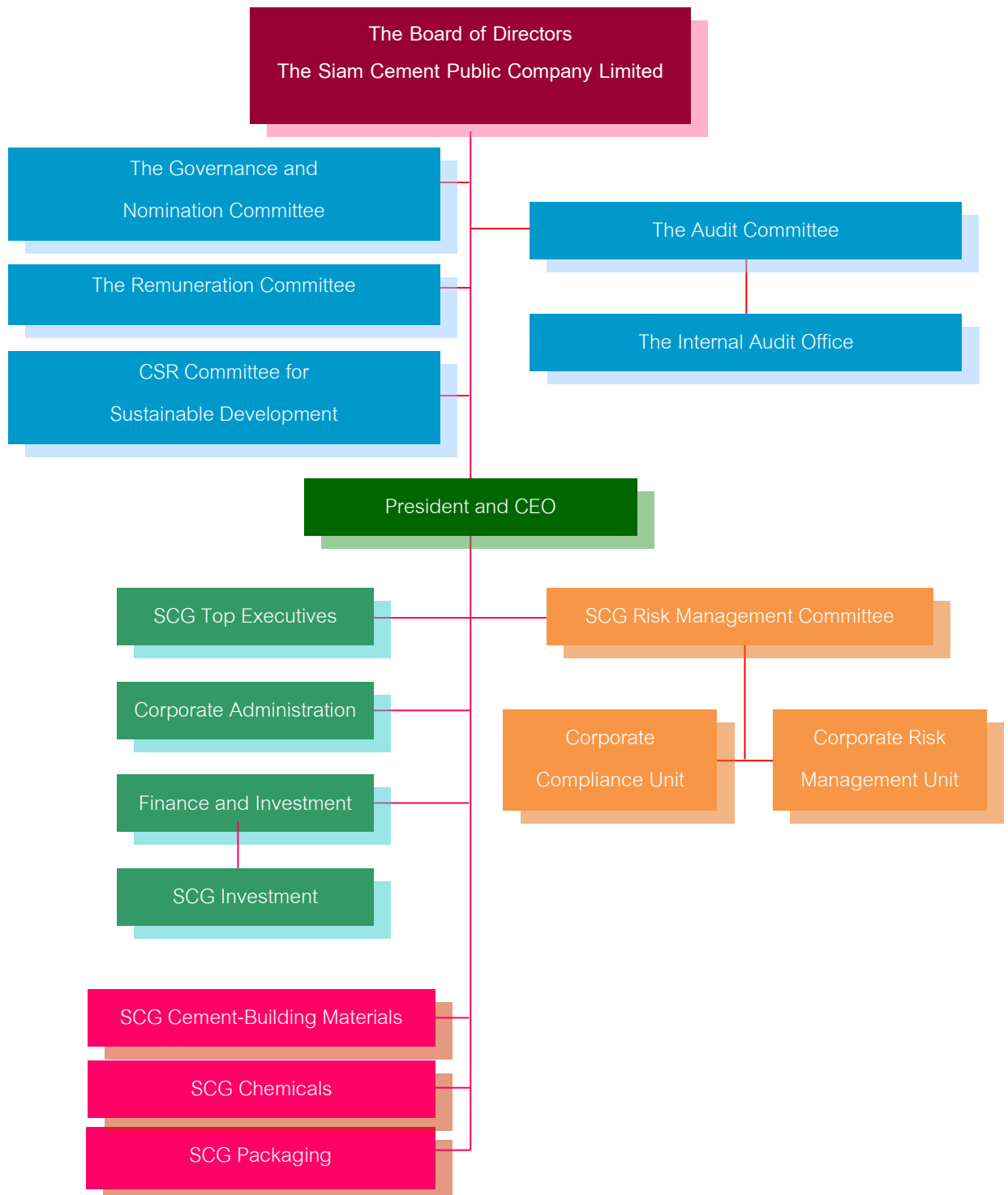
Remark:

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

** The Board of Directors resolved to propose the annual general meeting of shareholders on March 30, 2016, to approve the dividend distribution for the year 2015 at 16.00 Baht per share.

8. Management

Organization Structure (As at January 1, 2016)



8.1 The Board of Directors

comprises the following names:

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

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

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

Composition of the Board of Directors

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

Among the Board directors, three have been appointed as authorized directors, namely, Mr. Yos Euarchukiati, Mr. Panas Simasathien, and Mr. Roongrote Rangsiyopash. Any two of the authorized directors are authorized to sign jointly on behalf of the Company.

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

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

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, Mr. Tarrin Nimmanahaeminda, Mr. 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 9 members)
1. Mr. Chirayu Isarangkun Na Ayuthaya	-	-	-	Member
2. Mr. Sumet Tantivejkul	-	Chairman	-	Member
3. Mr. Picha Attavipach	Member	Member	-	-
4. Mr. Panas Simasathien	-	Member	-	-
5. Mr. Yos Euarchukiati	-	-	Member	Member
6. Mr. Arsa Sarasin	-	Member	-	Chairman
7. Mr. Chumpol NaLamlieng	-	-	Chairman	-
8. Mr. Tarrin Nimmanahaeminda	Chairman	Member	-	-
9. Mr. Pramon Sutivong	Member	-	Member	-
10. Mrs. Tarisa Watanagase	Member	-	-	-
11. Mr. Kan Trakulhoon	-	-	-	Member
12. Mr. Roongrote Rangsiyopash	-	-	-	Member

Notes:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director are number 2, 3, 6, 7, 8, 9 and 10
- Mr. Kajohnet Sangsuban, Mr. Cholanat Yanaranop and Mr. Yuttana Jiamtragan 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 2015, the Board held 10 meetings, eight scheduled meetings and two special meetings with 96% 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.

In addition, the Company holds a meeting between non-executive Directors without the Management present both after the Company's annual medium-term business plan meeting and when necessity arises in order to discuss various issues of public interest to allow non-executive Directors to express their opinions independently. In 2015, a meeting without the Management was held on August 29, 2015 to discuss the development of the formulation, proposal, and monitoring of medium-term business plans.

The Attendance of the Directors in 2015 (January 1, 2015 – December 31, 2015)

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 6 members) Total 4 times / year	The 2015 Meeting of Shareholders (Total 12 directors) Total 1 times / year
1. Mr. Chirayu Isarangkun Na Ayuthaya	9/10				3/4	1/1
2. Mr. Snoh Unakul ^{7*}	2/2				1/1	1/1
3. Mr. Sumet Tantivejkul	9/10		4/4		2/4	1/1
4. Mr. Pricha Attavipach	10/10	6/6	4/4			1/1
5. Mr. Panas Simasathien	10/10		4/4			1/1
6. Mr. Yos Euarchukiati	10/10			6/6	4/4	1/1
7. Mr. Arsa Sarasin	10/10		4/4		3/3	1/1
8. Mr. Chumpol NaLamlieng	8/10			5/6		0/1
9. Mr. Tarrin Nimmanahaeminda	9/10	6/6	4/4			1/1
10. Mr. Pramont 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				4/4	1/1
13. Mr. Roongrote Rangsiyopash	7/7				2/4	-

Notes:

- Seven independent directors are number 3, 4, 7, 8, 9, 10 and 11.
- Four members of the Audit Committee are number 4, 9, 10 and 11.
- Five members of the Governance and Nomination Committee are number 3, 4, 5, 7 and 9.
- Three members of the Remuneration Committee are number 6, 8, and 10.
- Six members of the CSR Committee for Sustainable Development are number 1, 3, 6, 7, 12 and 13.
- The 2015 Ordinary General Meeting of Shareholders was held on March 25, 2015.
- Mr. Snoh Unakul was director, a member of the Governance and Nomination Committee and the Chairman of CSR Committee for Sustainable Development since January 1 to March 25, 2015 and the persons who have been appointed/ elected to fill the vacancies were as follows:
 - Mr. Pricha Attavipach has been appointed as a member of the Governance and Nomination Committee.
 - Mr. Arsa Sarasin has been appointed as the chairman of the CSR Committee for Sustainable Development.
 - Mr. Roongrote Rangsiyopash has been elected as a director of the Company.

8.2 Top Executives

Top Executives of SCG (As at January 1, 2016) comprises

- Mr. Roongrote Rangsiyopash President & CEO, SCG
- Mr. Cholanat Yanaranop Senior Vice President, SCG
President, SCG Chemicals
- Mr. Somchai Wangwattanapanich Vice President – Operations, SCG Chemicals
- Mr. Pichit Maipoom Senior Vice President, SCG
President, SCG Cement-Building Materials

- | | |
|--------------------------------|--|
| 5. Mr. Aree Chavalitcheewingul | Vice President – Regional Business,
SCG Cement-Building Materials |
| 6. Mr. Nithi Patarachoke | Vice President – Domestic Market,
SCG Cement-Building Materials |
| 7. Mr. Chana Poomee | Vice President – Operations,
SCG Cement-Building Materials |
| 8. Mr. Tanawong Areeratchakul | President, SCG Packaging |
| 9. Mr. Chaovalit Ekabut | Vice President – Finance and Investment & CFO, SCG |
| 10. Mr. Yuttana Jiamtragan | Vice President – Corporate Administration, SCG |

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

The ten 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, 2016)

Companies	Directors									
	Mr. Roongrote Rangsiyopash	Mr. Cholanat Yanaranop	Mr. Somchai Wangwattanapanich	Mr. Pichit Maipoom	Mr. Aree Chavalitcheewingul	Mr. Nithi Patarachoke	Mr. Chana Poomee	Mr. Tanawong Areeratchakul	Mr. Chaovalit Ekabut	Mr. Yuttana Jiamtragan
SCG Cement-Building Materials										
SCG Cement Company Limited	✓			✓	✓	✓			✓	
SCG Building Materials Company Limited	✓			✓	✓	✓			✓	
SCG Distribution Company Limited	✓			✓	✓	✓				

Companies	Directors									
	Mr. Roongrote Rangsiyopash	Mr. Cholanat Yanaranop	Mr. Somchai Wangwattanapanich	Mr. Pichit Maipoom	Mr. Aree Chavalitcheewingul	Mr. Nithi Patarachoke	Mr. Chana Poomee	Mr. Tanawong Areeratchakul	Mr. Chaovalit Ekabut	Mr. Yuttana Jiamtragan
SCG Chemicals SCG Chemicals Company Limited	✓	✓	✓		✓				✓	
SCG Packaging SCG Packaging Public Company Limited	✓		✓		✓	✓		✓	✓	

Remarks: Details of directors of subsidiaries, associates, and other companies appear in the Attachments.

The Chief Officers in Accounting and Finance (as at January 1, 2015) as following:

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

Please refer to Appendix 1 for Detail of Management and Controlling Persons & Secretary.

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.

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 bonus for directors will be considered based on the growth of profits of the Company.

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

As for remuneration for the Sub-committees, the Board of Directors is entitled to set the remuneration for each committee according to Clause 40 of the Company's Articles of Association. However, to ensure transparency in tune with good corporate governance, the Board of Directors in 2014 proposed that the remuneration of all forms for the Directors be disclosed at the Annual General Meeting of Shareholders and added to the regular agenda as an item to be approved, starting from the 2015 Annual General Meeting of Shareholders.

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 2015

(January 1 – December 31, 2015)

Directors	Remuneration (Baht)				Directors' Bonus paid in 2015* (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. Sumet Tantivejkul ³	1,728,000	-	300,000	-	4,800,000	6,828,000
3. Mr. Pricha Attavipach	1,728,000	300,000	176,667	-	4,800,000	7,004,667
4. Mr. Panas Simasathien	1,728,000	-	200,000	-	4,800,000	6,728,000
5. Mr. Yos Euarchukiati	1,728,000	-	-	250,000	4,800,000	6,778,000
6. Mr. Arsa Sarasin ²	1,728,000	-	200,000	-	4,800,000	6,728,000
7. Mr. Chumpol NaLamlieng ⁴	1,728,000	-	-	337,500	4,800,000	6,865,500
8. Mr. Tarrin Nimmanahaeminda ⁵	1,728,000	450,000	200,000	-	4,800,000	7,178,000
9. Mr. Pramon Sutivong	1,728,000	300,000	-	250,000	4,800,000	7,078,000
10. Mrs. Tarisa Watanagase	1,728,000	300,000	-	-	4,800,000	6,828,000
11. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,800,000	6,528,000
12. Mr. Snoh Unakul***	404,129	-	23,333	-	3,513,812	3,941,274
13. Mr. Roongrote Rangsiyopash****	1,323,871	-	-	-	1,286,188	2,610,059
Total	21,600,000	1,350,000	1,100,000	837,500	60,000,000	84,887,500

Notes:

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

* The directors' bonus paid in 2015 consisted of the bonus payment based on the final dividend of the year 2014 paid to shareholders on April 23, 2015 and the interim dividend of the year 2015 paid on August 27, 2015 as represented in the item of "Administrative expenses" on the consolidated statements of income.

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

*** Mr. Snoh Unakul was a director and a member of the Governance and Nomination Committee in the year 2015 (Since 1 January to March 25, 2015).

**** Mr. Roongrote Rangsiyopash has been a director of the Company (replaced Mr. Snoh Unakul) in the year 2015 (Since March 26, 2015 to the present).

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, 2015)

The total remuneration for ten executives in the form of salaries, bonuses, variable pay and others amounted to 271,211,129 Baht. For 2015, the Company made contributions of 17,043,680 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, 2015)

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

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

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

- 1) Remuneration paid as money, such as monthly salary, bonus, and variable pay.
- 2) Other compensation such as provident fund contributions.

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

	Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Other compensation (Baht)
1.	SCG Cement-Building Materials Co., Ltd.	4	30,958,333	2,369,107
2.	SCG Chemicals Co., Ltd.	7	45,755,239	3,267,683
3.	SCG Packaging PLC.	9	53,848,847	3,796,741

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 2015 Annual Report.

8.5 Human Resources

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

1. Human Resources Readiness to Support Future Business Expansion

1.1 Workforce Preparation for Business Expansion

- To ensure that sufficient employees are recruited, SCG has jointly designed and set up programs dedicated to producing human resources required by SCG in collaboration with educational institutes by providing financial support and scholarships in support of human resources development. In other countries where SCG operates, apart from providing scholarships, SCG is resolved to recruit high potential university graduates as well as experienced employees to accommodate future business expansion.
- SCG provides various employment types and hiring options in response to business requirements, both short term and long term, appropriate for each job position. For research and development, SCG has carried out diverse forms of activity such as collaboration projects with various institutes and the provision of R&D grants.
- 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 Development

SCG's business expansion in the ASEAN countries has prompted a sharp increase in the number of employees. To handle accompanying challenges such as the competency development of the large number of employees to accommodate the business expansion and learning standardization across the region, SCG has implemented SCG Learning Transformation in tandem with its employee development.

For SCG Learning Transformation, SCG has defined learning strategies and guidelines to serve as goals and guidance in its operation. An example is the role-based competency development, which is implemented to keep employees informed of their expected roles, responsibilities, and standards. The three groups of competencies include Business Unit Technical Competency, Professional Competency, and Leadership Competency, which they are expected to develop through a 70:20:10 Learning Model (70 refers to learning from doing or experience, 20 refers to the process of learning from others, and the final 10 refers to classroom training or self-learning). Other initiatives within SCG Learning Transformation include the cultivation of a learning culture in which employees must be responsible for driving their own learning and self-improvement, with supervisors serving as coach; the bridging of employee learning with the talent management system and the Company's strategies; and an establishment of a committee overseeing SCG learning at different levels to ensure that the competency of every employee is enriched, nurture attitude and capable leaders into SCG's future driving forces. In addition, various components that promote learning have also been created, such as an IT-based learning management system.

However, to ensure continuous development while SCG Learning Transformation is being implemented, SCG employees at all levels, both domestic and overseas, are given opportunities from the first day of work to develop their potential for sustainable personal growth and the growth of the Company through various courses such as Ready Together, which is a course for new employees that cultivate SCG working methods, enhance business knowledge, help create networks, and foster a sense of responsibility towards society and the environment. In addition, to ensure that employees will be able to fulfill their duty with maximum efficiency, SCG also sets out to develop their business knowledge, leadership & teambuilding, as well as functional capabilities for their business areas. Some of the business courses that are offered include

Abridged Business Concept (ABC), Business Concept Development (BCD), as well as Management Development Program (MDP) and Management Acceleration Program (MAP), which are a collaboration with leading universities Wharton School of the University of Pennsylvania and Duke Corporate Education respectively. Also offered are leadership and teambuilding courses, such as the Leadership Development Programs 1, 2, 3 (LDP 1, 2, 3).

To accommodate overseas investment expansion, SCG has also prepared and equipped its employees for working abroad through its Go Regional Program, which enhances their language skill, cultural sensitivity, and knowledge of overseas business conduct. Furthermore, the Company also advances its employees' knowledge about SCG business conduct through courses such as Cross Cultural Development Program and Business Practice Program. Courses are also offered to foreign employees to ensure equal standards of competency among SCG domestic and overseas employees.

2. Corporate Competency Enhancement

2.1 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.

2.2 Corporate Competency Enhancement through Restructuring and Corporate Culture

SCG has restructured its business to reduce overlapping work, enabling the Company to better address the needs of business and customers as well as adjusting to keep up with the constantly-changing market competition.

Through diverse activities, SCG promotes 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. 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.

As the end of 2015, The Siam Cement Public Company Limited had 1,839 employees. Total employees of the Group were 53,096.

Numbers of Employees in Each SCG Business Unit

As of December 31, 2015

Companies / Business Units	Numbers of Employees
The Siam Cement Public Company Limited	1,839
SCG Cement-Building Materials	34,945
SCG Chemicals	5,205
SCG Packaging	11,004
Other	103
Total	53,096

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 government 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. It was last updated in 2014 to better align with international corporate governance standards and practices.

In 2015, SCG prepared and released the e-book version of the SCG Corporate Governance booklet to further enable easy access to the contents.

In 2015, SCG was rated on corporate governance practice by various agencies and achieved numerous awards as follows:

- Rated “Excellent” according to Corporate Governance Report of Thai Listed Companies 2015 carried out by the Thai Institute of Directors (IOD).
- Rated 99.25 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.
- Awarded the 2015 Top 50 ASEAN Publicly Listed Companies assessed by ASEAN CG Scorecard in Manila, the Philippines.
- Obtained 2015 SET Sustainability Awards and Social Enterprise Investment Awards.
- Rated Level 5 Extended, the highest level, according to the CSR and anti-corruption progress indicators for Thai listed companies by the Thaipat Institute.

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 more than 30 days before the Meeting. Such documents are submitted to shareholders more 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: 02-586-1392, 02-586-3078
- Fax: 02-586-3007
- E-mail: corporate@scg.co.th

5. For 2015, the Company held the Annual General Meeting of Shareholders on March 25, 2015. Eleven 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. Tarrin Nimmanahaeminda | Independent Director, Chairman of the Audit Committee and Member of the Governance and Nomination Committee |
| 9) Mr. Pramon Sutiwong | Independent Director, Member of the Audit Committee and Member of the Remuneration Committee |
| 10) Mrs. Tarisa Watanagase | Independent Director and Member of the Audit Committee |
| 11) Mr. Kan Trakulhoon | President & CEO and Member of CSR Committee for Sustainable Development |

6. The 2015 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3rd Floor, Plaza Athenee Bangkok A Royal Meridien Hotel as in 2014 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 2015 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 2015 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 2015 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 2015 Annual General Meeting of Shareholders, the suggestions made by the shareholders were compiled by the Management and proposed to the Governance and Nomination Committee as well as the Board of Directors for consideration. The response measures were determined as follows:

Shareholders' Suggestion	The Company's Response Measures
1. Suggestion to disclose background profile of the auditors in the agenda to consider and appoint the Company's auditors in support of good corporate governance practices	Disclose brief background profile of the auditors in the notice of the Annual General Meeting of Shareholders (AGM).
2. Suggestion to issue perpetual debentures	After studying the details of perpetual debentures, the Company deemed it appropriate to continue the current practice by issuing and offering a new batch of debentures to replace the one due to mature, allowing the Company to raise funds at an optimum interest rate. Meanwhile, the shareholders are entitled to exercising the right of preference to subscribe to the new debentures.
3. Suggestion to notify shareholders of the date and time for the AGM earlier	Continue the current practice (in which the Company notifies shareholders of the date and time for the upcoming AGM together with the meeting agenda and other fundamental details after the Board meeting in January each year through the Stock Exchange of Thailand and the Company's web site approximately two months prior to the date of the Meeting.) The notice is given earlier than many other companies.
4. Suggestion to consider that directors' remuneration should link rewards to the Company's net profit	The Remuneration Committee resolved on November 25, 2015 that the Company follow the current practice in remunerating the directors.
5. Shareholders of subsidiaries suggested that the Board propose the Meeting of Shareholders to acknowledge	Propose the 2016 Annual General Meeting of Shareholders to approve the audit fee as follows: 1. Annual audit fee for SCC's financial statements 2. Annual audit fee for consolidated financial statements, and quarterly review fee for the financial statements of SCC and SCC's consolidated financial statements

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 2016 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, 2015. 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.

In 2015, one qualified candidate was nominated by minority shareholders to be considered for election as a director of the Company. The Governance and Nomination Committee on December 11, 2015 considered the proposed four directors retiring by rotation together with the nominated person, taking into account their background, knowledge, experience and other qualifications.

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 more than 20 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 2015, 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 2015, 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, joint ventures 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.

- In case the connected transaction requires shareholders' approval, shareholders with a vested interest must abstain from voting on such agenda item as stipulated by law and the Company's regulations.

3. Role of Stakeholders

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

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 Packaging. To this effect, the Company sends out invitation letters, with reply forms included, to shareholders via post to provide an opportunity for shareholders to declare their intention to participate in activities. Shareholders have consistently expressed their interest and signed up for these activities. For each activity, the Company randomly chooses eligible candidates and announces the list of chosen participants on the SCG website as well as notify them via phone to confirm their participation.

In 2015, the Company held a total of four CSR activities for shareholders, as follows.

1. The "SCC Shareholders Do Good Deeds as a Tribute to the King" activity was held on July 9, 2015 in which shareholders visited Mrigadayavan Palace in Phetchaburi province to learn about the life of King Vajiravudh as well as the history and significance of the palace. The participants also planted trees and released marine animals at the Sirindhorn International Environmental Park to express their gratitude and to do good deeds as a tribute to the King.

2. The "Beautiful Temple: The Pride of Rattanakosin" activity which took place on November 3, 2015 took shareholders to the Lord Buddha Museum at Debsirin Temple in Bangkok where they were briefed on the history and significance of the temple, raising their awareness about conserving places of worship and maintaining Buddhism. The participants also made donations to the Lord Buddha Museum.

3. The "Step into the World of Innovations with SCG" activity was carried out on November 13, 2015 to take shareholders to the SCG Innovative Exposition 2015 at SCG Experience Building in Bangkok. They were briefed on SCG's efforts to drive innovations under the theme "Innovation That Cares", giving them both knowledge and enjoyment in experiencing a broad spectrum of innovations by SCG.

4. The “Beautiful Beach and Fish Returning Home” activity, which was held on December 9, 2015, took shareholders on a plant visit to SCG Chemicals Co.,Ltd located at RIL Industrial Land in Rayong province where they were briefed on the company’s environmentally-friendly plant management efforts and the background of the “Beautiful Beach and Fish Returning Home” project. The participants also helped construct artificial reefs to attract fish in collaboration with the Suchada beach community. The project is one of SCG’s social responsibility activities in line with SCG’s business philosophy to operate with commitment to enabling the industry, society, and the environment to coexist in a harmonious and sustainable manner.

Debenture Holder Activities

SCG Debenture Club continues to take pride in delivering exceptional service to our valued bondholders. Throughout the year, we offer various activities for every bondholders to enjoy ranging from academic seminars about the latest business and health topics to Do-It-Yourself workshops. SCG Debenture Club has also been recognized for its outstanding selections of inbound and outbound trips ensuring unforgettable travel experiences to bondholders. We strive to deliver the highest quality and service by working with the most trusted travel agency and tour operator. Furthermore, as we value the importance of education, SCG Debenture Club initiated CSR program aimed at helping primary schools in rural area and uplifting the wellbeing of students under the campaign “Support My School by SCG Debenture Club”. Together with the financial support from our bondholders, we continue to provide school supplies, shoes and backpacks as well as educational materials to underprivileged students. Apart from helping schools, SCG Debenture Club partners with non-profit organization to organize CSR activities such as workshop to help make physical therapy devices for patients’ rehabilitation. Moreover, in 2015 SCG Debenture Club launched a mobile application in which bondholders can enjoy a series of special privileges and discount on dining, shopping and leisure activities countrywide. The application also enables bondholders to apply for activity and event they are interested in. Moreover, the application features an online e-magazine version of Delight Magazine for all bondholders to enjoy.

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. The Company has taken into account cultural diversity and regional value and ensured that its labor and human rights practices comply with the laws and international standards in alignment with the highest level of the United Nations Global Impact (UNGC), which are universally-accepted guidelines in the areas of human rights, labor, the environment, and anti-corruption.

Quality of work life

- SCG attaches significance to enhancing the quality of life of employees by promoting a good work environment with the participatory involvement of employees at all levels to ensure employees' satisfaction and to foster strong ties working with SCG. This will contribute to enhanced efficiency and effectiveness in their performance of duty as well as a good work environment.
- SCG strictly upholds the SCG Core Values and Code of Conduct in carrying out business with concern for the rights of all stakeholders under the law, the Company's regulations, freedom, fairness, and equality to ensure SCG's sustainable business growth.
- 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. The content of the organizational culture is included into 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.
- Employees are given opportunities to take part in the management, allowing for various useful ideas, the exchange of experience, good relationship, acceptance of each other, strong ties with the Company, job satisfaction, and working toward common goals.
- Employees are entrusted with responsibility commensurate with their competency and experience, inspiring them to work to their fullest potential with initiative ideas. Moreover, the Company has encouraged its employees to express their creativity by awarding the Power of Innovation Award, SCG Young Talent Award, giving them a sense of pride in being part of SCG's progress and achievement.
- Having been established for more than 100 years, SCG has employed a diverse team of employees of different age ranges and lifestyles. More recently, SCG has operated in many ASEAN countries, resulting in the greater diversity in race, culture, and religion of employees. Under these circumstances, SCG has a unified human resources management policy with the focus on non-discrimination, equality, and fairness in the treatment of employees.
- 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.

Job Security

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, SCG provides training and knowledge for retiring employees, allowing them to prepare themselves, make health plans, and manage their finances after retirement effectively.

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 the rate of their choice as stipulated by law, and the Group makes monthly contributions to the fund at 5% to 13% of the members' basic salaries, depending on the length of employment.

Knowledge and Competency Enhancement

To ready itself for the rapid changes of the internal factors such as the business expansion in the region leading to a fast-growing number of employees and external factors such as intense competition and to create a sustainable growth for the company and employees, SCG has implemented SCG Learning Transformation. The objectives are to enhance the employees' capabilities and prepare them to grow with SCG in many years to come.

To that end, SCG has put in place learning platforms and other relevant human resources development and management systems to facilitate employee development. Examples include the development of employees according to their roles, responsibilities, implementation of the integrated 70 : 20 : 10 Learning Model, and adoption of the Learning Management System (LMS) to allow learning to take place anytime, anywhere and to enable effective tracking of learning. This will help build a learning and

coaching culture in which every employee takes responsibility for self-driven learning while supervisors are responsible for providing learning opportunities and support as their coaches and mentors.

SCG pledges to equip employees with knowledge in different areas including technical for each business unit, professional as well as leadership knowledge and skills. The focus is on developing employees according to their roles and responsibilities, empowering them to better address business requirements. Such development will be more on learning from experience with the emphasis on building a strong corporate culture, and nurturing moral and ethical leaders at every level who will drive SCG toward achieving the defined business goals.

In addition, to ensure ongoing development of employees - considered by the Board of Directors, the Management, and employees alike as the Company's most valuable assets since the past to the present - employees at all levels from operators to managers, both locally and overseas, are provided with the opportunities to develop the potential from the first day of their employment to prepare for their own and the Company's sustainable growth. The move aligns with the development roadmap which provides guidelines for development encompassing business acumen, leadership and management together with the functional knowledge and skills.

Each SCG's business unit offers wide-ranging fundamental courses to raise employees' environmental awareness. Chief among these are ISO14001, SHE Law & Regulations, Volatile Organic Carbons (VOCs) Inventory, and Job Impact Community Analysis (JICA). Moreover, the corporate functions are tasked with instilling a sense of environmental concern into employees at every level from the first days of work. All new employees are required to attend the SCG Ready Together orientation program where they learn and take part in various activities contributing to the environment. These activities come in many different forms to match each area, for example, constructing check dams, growing mangrove plants, planting corals, and releasing sharks into oceans. To constantly emphasize the importance of the environment among employees at every level, the Company has made it mandatory that the managers attending the Business Concept Development (BCD) course jointly design and carry out an activity contributing to environmental conservation as part of the course requirements apart from learning in the class.

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 2015.

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, the chair of the Audit Committee and the director of the Internal Audit Office 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, associates, joint ventures and other 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 2015, major investments and developments disclosed by the Company included selling shares in the Siam Mitchelin Group Co.,Ltd, increasing share-holding in Prepack Thailand Co.,Ltd, SCC (VKPC)'s investing in the packaging paper business in ASEAN, rebranding SCG Paper as SCG Packaging to align with the redefined strategy, acquiring a flexible packaging business in Vietnam, and reporting on the progress of the petrochemicals project in Vietnam.

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 2015, 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 8 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 9 but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The names of the directors are as follows:

- | | | |
|----|------------------------------------|----------------------|
| 1. | Mr. Chirayu Isarangkun Na Ayuthaya | Chairman |
| 2. | Mr. Sumet Tantivejkul | Independent Director |
| 3. | Mr. Pricha Attavipach | Independent Director |
| 4. | Mr. Panas Simasathien | Director |
| 5. | Mr. Yos Euarchukiati | Director |
| 6. | Mr. Arsa Sarasin | Independent Director |
| 7. | Mr. Chumpol NaLamlieng | Independent Director |

8.	Mr. Tarrin Nimmanahaeminda	Independent Director
9.	Mr. Pramon Sutivong	Independent Director
10.	Mrs. Tarisa Watanagase	Independent Director
11.	Mr. Kan Trakulhoon	Director
12.	Mr. Roongrote Rangsiyopash	President & CEO

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

In addition, the Board of Directors is composed of 7 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 agenda, the Company's Articles of Association, and applicable laws.
 - 2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.
 - 2.3 Sums up the Board meeting resolutions and the actions to take clearly.
 - 2.4 Sets up a Board meeting without the presence of the Executive Director.
3. Chairs meetings of shareholders according to the agenda, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.
4. Supports and be a role model in compliance with the principles of good corporate governance and SCG Code of Conduct.
5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.

6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.
7. Oversees to ensure the Board of Directors has appropriate structure and composition.
8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.
9. Oversees to ensure the performance assessment of the Board of Directors as a whole and self-assessment of directors, the Chairman, and the 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 business management.

The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human

resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

5.6 Directors' Term of Service 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 the director of another company. The matter will be proposed to the Board of Directors for approval.

Policy and Guidelines on SCG Top Executive's Directorship in Organizations outside SCG

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

- (1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.

- (2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.
- (3) Private organizations that are established for trading purposes but present no conflicts of interest with 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 8 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 / the 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 Directors as a whole and self-assessment, the Governance and Nomination Committee is tasked with reviewing the performance assessment forms for the Board of Directors and the Sub-committees, the performance assessment form of the Chairman, and information needs questionnaires used to enhance the knowledge and performance of the directors; and proposing these forms to the Board of Directors for review.

The Corporate Secretary Office distributed the assessment forms to each director for assessing the performance of the Board of Directors and the Sub-committees in which he serves. Afterwards, the Corporate Secretary Office summarized and presented the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment and later submitted the assessment results to the Chairman of the Board and the Chairman of each Sub-committee.

In 2015, 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	93
2. The Audit Committee	99	96
3. The Governance and Nomination Committee	99	99
4. The Remuneration Committee	86	91

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.

Performance Evaluation of the Board by Independent Outside Counsel

In addition to the performance evaluation of the Board as whole and the performance self-assessment, in 2014, as per suggestion of the Governance and Nomination Committee, the Board of Directors resolved to have an additional performance evaluation conducted by an independent external consultancy company in 2015 in order to assess the completeness and identify opportunities to enhance the structure, performance, and self-improvement of the Board of Directors in comparison with the standards and guidelines on good corporate governance.

Procedure The consultants gathered data related to the role of the Board of Directors regarding good corporate governance encompassing various issues such as the Board of Directors' structure, roles and responsibilities, relationship with the Management, and self-improvement. Additional data was also collected from document reviews, information published on websites, and other necessary information related to the evaluation. Furthermore, interviews with representatives of the Company's Directors, top executives, and personnel relating to the performance of the Board duties were also conducted. Afterwards, the performance of the Board was evaluated against the good corporate governance guidelines and the corporate governance levels of other companies in the same industry.

Assessment Results The consultants opined that the Board of Directors' structure, responsibility, and performance were on an excellent level and in accordance with international good corporate governance principles, especially regarding the Directors' qualifications; the delegation of roles and responsibilities between the Board and the management; the formulation of business directions, strategies, and key operation plans; the monitoring and review of the adequacy of the operation system; disclosure and transparency; and the system and standards in evaluating the performance of top executives. In addition,

the Governance and Nomination Committee exchanged ideas with the consultants to a great extent and was given advice beneficial to the improvement of the role and performance of the Board, such as increasing the variety of seminars held to enrich the knowledge of the Directors.

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 five 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.
- On Monday October 13, 2014, a dialog on “The Role of the Board of Directors in Strategy Formulation and Business Planning” was held in collaboration with Managing Director, Governance Matters Pty Limited (Australia).
- On Wednesday November 19, 2014, a dialog on “Updating regulations and new cases related to directors' duties under the Securities and Exchange Act” was held in collaboration with SCG Legal Counsel Co., Ltd.

For 2015, the Governance and Nomination Committee organized 2 dialogs as follows:

- Wednesday July 15, 2015 on “The Development of Thailand's Infrastructure and Strategies in the ASEAN Context” together with the Deputy Minister of Transport Akom Termpittayapisit and Secretary-General of Office of the National Economic and Social Development Board. The issues under discussion included:
 - Thailand's strategic moves in the ASEAN context
 - Infrastructure development
 - Special economic zone (SEZ) development

- Monday September 28, 2015 on “The Roles of Directors in Anti-corruption Efforts” together with representatives from the Anti-Corruption Organization of Thailand. The issues under discussion included:

- The vision, mission, and strategy of the Anti-Corruption Organization of Thailand
- Mechanisms to expand and instill Anti-corruption awareness

Development Activities and Training Attended by Each Director in 2015

Directors	Development Activities and Training Attended
1. Mr. Chirayu Isarangkun Na Ayuthaya	- A dialog on "The Development of Thailand's Infrastructure and Strategies in the ASEAN Context"
2. Mr. Sumet Tantivejkul	- A dialog on "The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
3. Mr. Pricha Attavipach	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
4. Mr. Yos Euarchukiati	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
5. Mr. Panas Simasathien	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
6. Mr. Arsa Sarasin	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
7. Mr. Tarrin Nimmanahaeminda	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”
8. Mr. Pramon Sutivong	- A dialog on “The Roles of Directors in Anti-corruption Efforts”
9. Mrs. Tarisa Watanagase	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and “The Roles of Directors in Anti-corruption Efforts”

Directors	Development Activities and Training Attended
10. Mr. Kan Trakulhoon	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context" and "The Roles of Directors in Anti-corruption Efforts"
11. Mr. Roongrote Rangsiyopash	- A dialog on " The Development of Thailand's Infrastructure and Strategies in the ASEAN Context "

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)

Directors Of the Company	Training Courses	Finance for Non-Finance Director (FND)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of the Chairman Program (RCP)	Role of the Compensation Committee (RCC)	Audit Committee Program (ACP)
1. Mr. Chirayu Isarangkun Na Ayuthaya					RCP 1/2000		
2. Mr. Sumet Tantivejkul		FND 5/2003		DCP 30/2003			ACP 1/2006
3. Mr. Pricha Attavipach		FND 8/2004	DAP 107/2014	DCP 39/2004			ACP 11/2006
4. Mr. Panas Simasathien				DCP 2/2000 DCP Re 1/2005			
5. Mr. Yos Euarchukiati					RCP 1/2000		
6. Mr. Arsa Sarasin		FND 39/2008	DAP 5/2003		RCP 32/2013		ACP 19/2007
7. Mr. Chumpol NaLamlieng					RCP 2/2001		
8. Mr. Tarrin Nimmanahaeminda					RCP 35/2014		
9. Mr. Pramon Sutivong			DAP 6/2003		RCP 4/2001	RCC 9/2009	ACP 45/2013
10. Mrs. Tarisa Watanagase				DCP 4/2000			
11. Mr. Kan Trakulhoon				DCP 29/2003			
12. Mr. Roongrote Rangsiyopash			DAP SCC/2004				

To support the Board's responsibilities, SCG has assigned the secretary to the Board and corporate secretary to work in coordination with the Board and the top executives. In addition, the Corporate Secretary Office is responsible for overseeing the legal matters, relevant standard practices and activities of the Board to ensure implementation of the Board's resolutions.

SCG prepared a handbook for directors, which includes the summary of laws, rules and regulations related to the directors as well as practices to keep directors informed of roles, duties, 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 4 independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mr. Tarrin Nimmanahaeminda and Mrs. Tarisa Watanagase, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's 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 4 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 Company's risk management process to ensure its full coverage, effectiveness and compliance with international standards.
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 Company's business operation, risk management, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards.
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 Company's Anti-corruption procedures to ensure the effective compliance with the governance bodies' guidelines starting from promoting and raising the awareness, assessing the risks, incorporating the proactive preventive system, auditing, as well as reviewing the self-assessment form regarding anticorruption measures as assessed by Internal Audit Office, and to ensure that the Company has exercised the Anti-corruption systems as reported in the self-assessment form guided by Thai Institute of Directors (IOD).
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:

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|-------------------------------|----------|
| 1. Mr. Sumet Tantivejkul | Chairman |
| 2. Mr. Pricha Attavipach | Member |
| 3. Mr. Panas Simasathien | Member |
| 4. Mr. Arsa Sarasin | Member |
| 5. Mr. Tarrin Nimmanahaeminda | Member |

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

The CSR Committee for Sustainable Development comprises the following nine members:

- | | |
|---------------------------------------|----------|
| 1. Mr. Arsa Sarasin | Chairman |
| 2. Mr. Chirayu Isarangkun Na Ayuthaya | Member |
| 3. Mr. Sumet Tantivejkul | Member |
| 4. Mr. Yos Euarchukiati | Member |
| 5. Mr. Kan Trakulhoon | Member |
| 6. Mr. Roongrote Rangsiyopash | Member |
| 7. Mr. Kajohndet Sangsuban | Member |
| 8. Mr. Cholanat Yanaranop | Member |
| 9. Mr. Yuttana Jiamtragan | Member |

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 judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

The term “business relationship” in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her

counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall be able to attend meetings of the Board of Directors and make independent judgment.
10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
11. Shall be able to look after the interests of all shareholders equally.
12. Shall be able to prevent conflicts of interest.

13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, 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 2015, 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.

Moreover, the Governance and Nomination Committee used 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 Governance and Nomination Committee also incorporated the list of chartered directors compiled by the IOD as additional information in the selection of candidates to replace the directors due to retire by rotation.

Rules and Procedures for the Election of Directors

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors who are retired by rotation. 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 2015, four directors were due to retire by rotation, namely Mr. Snoh Unakul, Mr. Panas Simasathien, Mr. Arsa Sarasin, and Mr. Chumpol NaLamlieng. The Board of Directors' meeting on 29 October, 2014 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 9, 2014, the Governance and Nomination Committee reviewed the list of six candidates that each Director had nominated, four of whom were retiring directors, and two of whom were external qualified candidates. (No shareholder had nominated a candidate for the election of Directors within the designated period).

The Governance and Nomination Committee's meeting, 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 three retiring Directors, namely Mr. Panas Simasathien, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, and a newly-nominated candidate, Mr. Roongrote Rangsiyopash, to be elected as the Company's Directors because they possess all the qualifications required by the Company's Nomination Guidelines, while the Directors retiring by rotation had consistently also fulfilled their duties as members of the Board of Directors and Sub-committees 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 election of the Directors at the Annual General Meeting of Shareholders in 2015. At the Annual General Meeting of Shareholders on March 25, 2015, in the election of the members of the Board of Directors to replace retiring directors by rotation, in which each candidate was elected individually, Mr. Panas Simasathien, Mr. Arsa Sarasin, Mr. Chumpol NaLamlieng, and, Mr. Roongrote Rangsiyopash received the highest numbers of votes and were thus elected as directors.

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, compliance, 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, compliance, and the internal audit systems of the subsidiaries and associates with SCG's representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company's internal control systems, efficiency, and effectiveness of operations, and financial statements. Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors a business self-audit system, which can be adjusted to suit the environment of each company, with emphasis on a holistic assessment, in order to create added values to the organizations. To this effect, the companies and the Audit Office jointly perform risk assessment, formulate the internal control system and risk warning signals, and produce risk-monitoring reports. In the presence of risk shifting, the internal control system must be modified to accommodate such a change. The assessment reports are then presented to the management, with a copy submitted to the Audit Office as supporting information for future audit plans according to the level of risk. In addition, external audits are to submit assessment reports on the internal control system to the Audit Committee every quarter.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues such as separation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders' Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

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 2015, 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 2015, the Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 50.94 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 2015

1. Fees for annual audit and quarterly review of SCC and consolidated financial statements amounted to 5.34 Million Baht.

Audit Fees		
1. Annual audit fee for SCC's financial statement	250,000	Baht
2. Fees for annual audit and quarterly review of SCC and consolidated financial statements	5.09	Million Baht
Total audit fees of the Company	5.34	Million Baht

2. Fees for the annual audit of subsidiaries and quarterly review of listed subsidiaries performed by KPMG Thailand and KPMG overseas in which the fees were absorbed by the subsidiaries were as follows:

Audit fees		
1. Fees for annual audit of the subsidiaries' financial statements and quarterly review of listed subsidiaries on the Stock Exchange of Thailand		
- Number of subsidiaries	123	Companies
- Amount	23.27	Million Baht
2. Fees for annual audit of the overseas subsidiaries' financial statements		
- Number of subsidiaries	64	Companies
- Amount	22.33	Million Baht
Total audit fees of subsidiaries	45.60	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 2.94 Million Baht and for tax consulting and other services amounting to 1.18 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 2015, the areas that the company had yet to adopt were as follows:

- 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 2015, the Governance and Nomination Committee nominated one retiring independent director, namely Mr. Arsa Sarasin, to be appointed a director for another term. With due consideration, the Committee opined that despite having served for nine consecutive years, Mr. Arsa has all the qualifications of an independent director. He is knowledgeable and possesses the experiences and expertise required by the Company. The Committee also found that Mr. Arsa has performed his duties as an independent director well.
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, four of whom are independent members, constituting more than half of the Committee, and the Chairman of the Governance and Nomination Committee is also an independent member. However, the company always reviews the membership of each member of the sub-committees on a yearly basis, taking into account the qualifications and appropriateness as specified in the charters of the Sub-committees.

The Governance and Nomination Committee will review issues that have yet to be conducted in accordance with the Corporate Governance guidelines and report its opinion to the Board of Directors for an annual review.

In addition to the practices implemented in compliance with the 5 categories of The Principles of Good Corporate Governance for Listed Companies 2012 recommended by The Stock Exchange of Thailand, the company has in place other practices relating to good corporate governance as follows:

SCG Code of Conduct

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

“ADHERENCE TO FAIRNESS DEDICATION TO EXCELLENCE
BELIEF IN THE VALUE OF THE INDIVIDUAL CONCERN FOR SOCIAL RESPONSIBILITY”

In 1987, the Board of Directors compiled a list of principles in a formal written document called the “Siam Cement Group Code of Ethics” to serve as guidelines that were aligned with SCG’s philosophies with the Company’s directors serving as role models. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

In 2015, the Governance and Nomination Committee approved of the setting up of a working team to review the topics and examples in the SCG Code of Conduct booklet and provided employees the opportunities to take part in the review by giving suggestions. In the 2015 version of the SCG Code of Conduct booklet, some topics have been combined while others separated. Apart from the added guidelines and examples, the booklet also features the definition of relevant terms to clearly convey the meaning and to align with laws, SCG policy, international best practices, and current circumstances. The booklet has been published in the forms of print and e-book.

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.

SCG also established the whistleblower policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy. In this regard, the Company has formed a

working team responsible for devising policies and providing consultancy regarding compliance with SCG Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about SCG Code of Conduct, which can be found on the SCG website under “SCG Code of Conduct” and “SCG Code of Conduct Consultation System”.

Anti-corruption Efforts

SCG stresses the importance of fighting corruption and integrates it into its corporate culture in line with one of SCG’s 4 Core Value “Adherence to Fairness” with focus on integrity, transparency, verification, and equitable treatment to all concerned parties in a respectful, sincere, friendly, and fair manner. The commitment resulted in the Siam Cement Public Company Limited having been certified by Thailand’s Private Sector Collective Action against Corruption (CAC) in 2013 (SCG Anti-corruption policy is available for download at www.scg.co.th)

Throughout 2015, SCG carried out activities in support of the anti-corruption policy and kept employees at every level in all SCG business units abreast of the efforts and compliance. To meet the requirements of Thailand’s CAC, which stipulates that the certified companies must apply for recertification every 3 years, SCG has devised more mechanisms. To that effect, the Audit Office and the business units carried out a workshop on internal control and risk assessment to provide employees with knowledge and advice, enabling them to assess corruption risk and the impact of such risk on the performance of duties both today and tomorrow as well as defining measures to reduce or mitigate the impact by themselves. At the same time, the Audit Office performed the assessment and monitoring of good governance practices and compliance with the Code of Conduct and SCG anti-corruption policy on every audit period.

The additional activities carried out in 2015

To constantly create awareness and provide knowledge and understanding about the Anti-corruption policy among directors, the Management, and employees to reduce corruption risk included:

1. Organized Preventive Pack Three activities dedicated to raising awareness, providing knowledge, and preventing corruption. The activity consisted of the following:
 - 1) Prepared “Ethics e-testing” covering the topics of Code of Ethics, SCG 4 Core Values, Code of Conduct, and the Company’s Anti-corruption policy. The test contents were designed to enable the employees to learn and understand how to comply with the policy. The employees then signed to acknowledge the results. There was also a test which the employees must pass with a score of 100%.

- 2) Conducted risk management and good control in accordance with the Three Lines of Defense Model.
 - 3) Compiled and communicated major corruption cases
2. Prepared Anti-corruption compliance which specifies indicators or signs of corruption as well as risk mitigation and control concerning the work system and performance of employees to allow for self-assessment of those working in the high risk functions such as project sales and project procurement.
 3. Assessed the internal control regarding corruption for the year 2015 in line with the COSO 2013 principles.

Activities Constantly Carried out by SCG

1. Updating the SCG Code of Conduct as well as disseminating and communicating the contents to promote understanding about SCG Code of Conduct and Anti-corruption policy among employees to enhance understanding and compliance. The message was also conveyed through a video clip entitled “This requires compliance with the Code of Conduct”, which shows how to comply with the code of conduct booklet and the Anti-corruption policy.
2. Executives meeting with employees to give details about the Company’s business operations including the Anti-corruption policy and providing them with opportunities to make any inquiries for a better understanding.
3. Communicating and publicizing compliance with the SCG Code of Conduct and Anti-corruption policy through various courses and channels to reaffirm SCG’s corporate culture as follows:
 - New Employee Orientation Course
 - SCG Ready Together Course
 - Business Concept Development Course
 - Leading Yourself Course
 - Facilitative Leadership Course
 - Good Corporate Governance Course supervisors and management employees (in each business unit)
4. IA Letter (available both in Thai and English) launch every two-month through email of every employee.
5. SCG Code of Conduct Consultation System and anti-corruption policy banners on the SCG Intranet.

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 the “SCG Supplier Code of Conduct” as guidelines for SCG suppliers since 2013. It emphasizes SCG’s

relentless commitment to social responsibility encompassing five areas: 1) Ethical Business Practices, 2) Labor Protection and Human Rights, 3) Occupational Health and Safety, 4) The Environment, and 5) Laws and Regulations. In 2015, SCG continued its efforts, requiring all new suppliers to sign the Supplier Code of Conduct agreement when they completed the Supplier Registration form. The Company also provided support and consultancy for suppliers in operating in line with the sustainable development approach. To date, the number of participating suppliers has increased steadily, giving SCG added confidence to continue to develop more good citizens for society.

Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, the Company's Articles of Association, SCG Code of Conduct, and Anti-corruption policy (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 Internal Audit Director
 - The Secretary to the Board of Directors
 - A Company Director

2. Submission of a formal document to the aforementioned persons.
 3. Email submission to an independent director at ind_dir@scg.co.th
- 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.

Informants can keep track of their complaints through a system, which is a vital mechanism in the control and prevention of corruption.

In 2015, a total of 39 complaints have been filed, 11 of which are still undergoing investigation, and 28 of which have already been investigated and categorized as follows:

- 5 complaints fall into the category of non-conformance with of Code of Conduct;
- 12 complaints fall into the category of non-compliance with the Company’s regulations;
- 11 complaints have no ground for any disciplinary action and yet are not persecution or defamation.

No complaints of violating the Anti-corruption policy have been filed. The financial impact was insignificant and caused no damage to the Company. The wrongdoers were expelled in accordance with the Human Resources Regulations.

The Company stresses the importance of compliance and punishment and has communicated and raised awareness among its employees regarding the Code of Conduct as well as used complaints to inform future preventive measures. The Internal Audit Office is responsible to monitoring, presenting, and reporting the results to the Audit Committee at every meeting.

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. SCG top executives believes that to become the leading organization, SCG must have the efficient and effective corporate governance, risk management and internal control systems that which comply with the international standards in terms of best practices and information technology. SCG has the Audit Committee who's responsible for determination of SCG's corporate governance policy, risk management, internal control and internal audit according to the following international standards:

- | | |
|------------------------|---|
| - Corporate Governance | reference organizations: Organization for Economic Co-operation and Development (OECD) / Stock Exchange of Thailand (SET) / Thai Institute of Directors Association (IOD) |
| - Risk Management | reference standards: COSO Enterprise Risk Management / ISO 31000 |
| - Legal and Regulatory | reference to relevant laws and regulations / policies and procedures |
| - Internal Control | reference standards: COSO Internal Control Framework 2013 / COBIT |

The Board of Directors, the Audit Committee and the management have formulated SCG's internal control system to comply with COSO Internal Control Framework 2013 (COSO: The Committee of Sponsoring Organization of Tradeway Commission). In agreement with this, the Internal Audit Office assessed the adequacy of SCG's Internal Control system according to Securities and Exchange Commission's assessment form (SEC) and submitted the result to SCG top executives and the Audit Committee for consideration and approval prior reporting to SCG's Board of Directors in the 202th Board of Directors meeting on November 25, 2015. The meeting was attended by 7 independent directors whom 4 of them are the members of Audit Committee.

SCG's Board of Directors considered all items in the assessment form and further inquired for more information from the Audit Committee, the management and Internal Audit Director. By this consideration, SCG has adequacy and effectiveness of internal control system for SCG's operations in compliance with laws, regulations, policies and procedures; safeguarding of assets, and efficiency of resources utilization. There was no material deficiency found in internal control system.

SCG has set up to raise corporate governance, risk management, laws and regulations together with policies and procedures compliance and internal control (GRC) awareness to the management, supervisors and employees. By consideration from the Audit Committee, SCG has sufficient number of personnel for GRC implementation, along with adequate internal control systems for monitoring of SCG's subsidiaries' operations, safeguarding of SCG's and subsidiaries' assets against the misuse or unauthorized act by directors or the management, and against transactions that might result in a conflict of interest or connected transactions.

SCG top executives; by delegated from SCG's Board of Directors, have developed various tools in response to constantly changing risks over the time, to ensure proactive preventive systems for domestic and overseas businesses. In 2015, SCG top executives approved the relevant governance/internal control principles or tools as follows:

1.1 Preventive Pack Three

SCG has expanded its businesses included in domestic and overseas. The significant factor which enables SCG to achieve the goals and be sustainable is "employees" who stand for integrity and be ethical in practice to promote moral ethics in workplace. SCG has set proactive preventive system "Preventive Pack Three" including:

- 1.1.1 Ethics e-testing: for encouraging employees to learn, understand and put moral, ethics, SCG code of conduct and Anti-corruption policy into daily practice. Every employee have to study, sign for acknowledgement and test by 100% passed score. Currently, every SCG's employee has already passed.
- 1.1.2 Risk Management and Internal Control Responsibilities through "The Three Lines of Defense" model (widely accepted in the international standard): SCG provided guideline to determine objectives, roles and responsibilities together with sample of risk and relevant internal control in each business operational' system; through communication and workshop to the management for further enhancement and communication with the employees to understand their roles, as well as work in collaborate with their colleague, supervisors, business-enabling & supporting functions and the Internal Audit Office.
- 1.1.3 Sharing cases study in areas of fraud and non-compliance with laws and regulations, policies and procedures and code of conduct: for communication to every employees and prevention of repeated cases.

1.2 Legal and Regulatory Compliance

SCG has Corporate Compliance Unit who responsible for development of SCG's compliance management system; in term of laws, regulations, policies and procedures, setting control and monitoring processes for operational functions (First Line) to implement in the operations. The system

helps to manage and reduce Compliance Risk which risk level is classified into SCG level, business unit level and company level. Compliance Risk included laws and regulations related to business operations, new investment projects and Anti-Corruption compliance. Additionally, Anti-Corruption Compliance Evaluation Checklist (as a tool) has been implemented for high corruption risk's operational functions; for self-assessment including risks and setting up controls again corruption. If there is any query, the supervisors are available for clarification. The tool will help to strengthen the Board of Directors and the management confidence that SCG had sufficient internal control system against corruption.

1.3 Risk Management and Control Guideline for Investment Project

SCG has project investments in both domestic and overseas. Each project invests with a large amount of money and in certain period of time. For reducing risk and increasing efficiency in project management, SCG has prepared the Risk management and control guideline for investment project for employees to use as operational guideline. The guideline shows steps of process, risks, controls and monitoring from the beginning till the end of process for project management.

1.4 Business Self Audit

As the Audit Committee authority, who govern and review the effectiveness of internal control system. The Audit Committee resolved to setting up Business Self Audit for raising business concept in preventive of changing risk. SCG has operated in a period of time and in compliance with COSO Internal Control Framework 2013 (COSO 2013) in area of individual and business function roles and responsibilities through "The Three Lines of Defense" model. The Internal Audit Office enhances risk management and internal control awareness to operational functions (First Line), business-enabling & supporting functions and business self audit team (Second Line) by conducting workshops which emphasized on employee's engagement in corporate governance, risk management and internal control, roles and responsibilities of First Line functions among employees and supervisors, and collaboration of First Line and Second Line functions. In addition, SCG has monitoring system to assess the adequacy and effectiveness of internal control and risk response to achieve SCG's objectives; also the monitoring of business self audit team's performance results to support audit planning and assess the internal control system.

1.5 Information Technology Governance and Security Assessment: Infrastructure and Network System

1.5.1 Currently, information technology (IT) system is the key factor for business operation; starting from business planning, setting up strategy and prompt information for decision making for serving business expansion and dynamic changes. For these reasons, SCG run to more advanced and complex information technologies. SCG set up SCG IT Governance Committee, responsible for oversight the use of IT system to achieve maximum benefits and security by recognizing of risks of rapid changing in technology, infrastructure and network

security, as well as the use of information system for business management. SCG sets up Information Security & Compliance Unit who is responsible for oversight SCG's infrastructure and information technology system. Additionally, SCG engaged external professional to performed security assessment: infrastructure and network system, having IT Audit and IT-BU join and share their experiences to develop and continually perform an evaluation of system's security to SCG.

- 1.5.2 At this present time, most of business communication and transactions do via e-mail which raises a change to hacker to hack information from both customers and suppliers. This will make the number of losses and damages to SCG. For reducing this risk, SCG announced "Guideline to provide defense against losses from commerce email hacked" to educate and communicate to SCG's employees, customers and business partners.

1.6 Development of Continuous Monitoring & Continuous Auditing System for Business Units

After the implementation of SAP ECC 6.0, SCG operating units (Auditees) generate Continuous Monitoring & Continuous Auditing report to use as a tool for analyzing, tracking irregularities in timely manner, by the same time, enhancing the effectiveness of internal control system together with business operations.

1.7 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 to other individuals.

2. Internal Audit

Audit Committee oversees the operation of Internal Audit Office that provide independent impartial, ethical and expert 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 Internal Audit Office is not only perform auditing by consideration of related risk based audit plan, but has continually developed audit projects by emphasizing proactive and preventive system's setting up for SCG's value creation, aside from providing Assurance Service and Consulting Service. The key action plans in 2015 were summarized as follows:

2.1 Creating Sustainable High Value Services

To promote comprehensive corporate governance, risk management, legal and regulatory compliance and internal control, the Internal Audit Office performed as follows:

2.1.1. Encourage Three Lines of Defense Model

Creating awareness, encouraging risk management and internal control responsibilities through "The Three Lines of Defense" model by communicating and conducting workshop to the management, supervisors and employees to understand their roles, as well as work in collaborate with business-enabling & supporting functions (Second Line) e.g. Risk Management function, Compliance function and Business Self Audit team for integrated work and exchange internal control perspectives to add value to SCG.

2.1.2. Assessment of Internal Control Effectiveness according to COSO 2013

The assessment of SCG's internal control efficiency and effectiveness is in agreement with COSO 2013 to reach 3 objectives, composed of operations, reporting and compliance. This also corresponds to Adequacy of Internal Control Assessment form raised by the Securities and Exchange Commission (SEC). The assessment's result is submitted to the Audit Committee and SCG's Board of Directors for consideration prior disclose in the Annual Report and Annual Registration Statement (Form 56-1).

2.1.3. Risk and Internal Control Assessment for New Business Operational System

The Internal Audit Office is responsible for verification, assessment and giving the recommendation to operational functions (First Line) and business-enabling & supporting functions (Second Line). These are for providing assurance to the Board of Directors and the Audit Committee that SCG has effective and efficient risk management system, together with legal and regulatory compliance system. In addition, the Internal Audit Office performs risk and internal control assessment for SCG and its subsidiaries' new operational system in SCG its subsidiaries such as Solution project etc. Once the improvement point was raised, the auditor will clarify, conduct workshop, provide the practical recommendation and monitor the performance result after the consultation. Additionally, the Internal Audit Office emphasize on safety and environmental audit to reduce Safety, Health and Environment (SHE) risk which is one significant risk in SCG key risk categories.

2.1.4. Setting up Overseas Internal Audit Teams

In 2015, the Internal Audit Office has Vietnamese and Indonesian auditors who assess the efficiency and effectiveness of governance, risk management, legal and regulatory compliance and internal control in SCG and its subsidiaries' business in overseas. The auditors are under the supervision of the Internal Audit Office in Thailand including policy and standard practices. Having foreign auditors will reduce risk incurred from culture, language, laws and regulation barriers.

2.1.5. 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 auditors will carry out the testing once again.

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 not less than 85% whereby the 2015 performance result showed 93% satisfaction level. The outcomes were presented to the Audit Committee each year and kept as supporting information for further improvement.

2.3 Developing Auditors' Competencies

To promote professional and business competent for internal auditors, the Internal Audit Office performed as follows:

2.3.1 Reviewing Internal Audit Competency

In 2015, the Internal Audit Office reviewed internal audit competency in Softside area for professional enhancement; apart from business acumen and the international standards for professional practice. The review was conducted by auditors in conjunction with their supervisors and prepared Individual Development Plan (IDP). After that, the Internal Audit Office organized training courses and seminars on professional auditing and other training in association with SCG's business for auditors.

2.3.2 Developing Internal Audit Global Knowledge

- Keep track on best practices in good corporate governance, risk management, legal and regulatory compliance and internal controls among leading audit professional institutes both locally and international, 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 2015, the Internal Audit Office had been certified by 55% of total auditors, which exceeded the KPI of 40%.

2.3.3 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.

2.3.4 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 security assessment: infrastructure and network system by external professional, who were performed the security assessment of infrastructure and network system, to share their knowledge and experiences with IT Auditor.

2.3.5 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.

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 international standards. The Committee's duties included reviewing the financial statements and corporate governance practices, monitoring the information system, assessing risk management, reviewing compliance to law and regulations, reviewing internal controls, internal audit practices and fraud investigations, as well as proposing the appointment of external auditors.

In 2015, 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 in a sustainable manner with value creation to companies under SCG, both domestically and internationally. The Committee also reviewed SCG's Internal Control System to comply with COSO Internal Control Framework 2013, together with the consideration of the internal control assessment form as 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) for the year 2015. The Committee focused on promoting all employees' roles and responsibilities through the "Three Lines of Defense" for risk management and internal control effectiveness, and Ethic e-testing, with the objective of creating acknowledgment, understanding, and awareness among approximately 34,000 employees, and monitoring compliance with SCG Four Core Values, SCG Code of Conduct and Anti-Corruption Policy. The Committee also conducted a case study of corruption, non-conformance to laws, and the Company's regulations, policies, and code of conduct. The development of company internal auditors in Vietnam and Indonesia is ongoing. Additionally, the security assessment of SCG's infrastructure and network system was performed to identify vulnerability for correction and improvement. In 2015, 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 2015, as well as the 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 the relevant laws and financial reporting standards. The Audit Committee therefore approved the Financial Statements, which were reviewed and audited by the external auditors without reservation. In addition, the Committee held a meeting with the external auditors without the 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 to be 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 2015, the external auditors did not discover any material misstatements or indications of suspicious incidents. Furthermore, to confirm that no such incidents were discovered, the Audit Committee resolved that the President & CEO reports the results received from all business units and relevant responsible parties to the Audit Committee. In 2015, the President & CEO confirmed that no indication of such suspicious incidents was found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability and transparency, and the external auditors performed their duties independently and with verifiability.

2. Review of 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 sustainable development and corporate governance principles, with reference to international standards including Organization for Economic Co-operation and Development (OECD), Stock Exchange of Thailand (SET), and Thai Institute of Directors Association (IOD). SCG has strictly implemented its own Anti-Corruption Policy and further implemented it within its subsidiaries as deemed appropriate through the communication and training through various means. The Anti-Corruption Policy has also been shared since 2013 with suppliers to adopt the SCG Supplier Code of Conduct as a guideline for its business practices; partnering in doing business as a good citizen with awareness of corporate governance and corporate social responsibility in a concrete manner in addition to the legal specifications, and as the standards for business operations. In addition, SCG has encouraged suppliers to show commitment through the endorsement of the SCG Supplier Code of Conduct. The Internal Audit Office is responsible for the assessment and monitoring of their compliance to the SCG Supplier Code of Conduct and Anti-Corruption Policy. Moreover, the Audit Committee strictly complied with the laws relating to securities and the 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

conflicts of interest as well as information regarding the relevant directors. Such information was reviewed and disclosed to the Stock Exchange of Thailand in a 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 The Audit Committee reviewed, on a quarterly basis, the assessment of the risk management model, risk dashboard, the impact, compliance, the promptness in managing risk in all business units, Furthermore, the Committee conducted quarterly reviews on 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 an acceptable level. Risk warning signals were also reviewed as per established criteria whereby the Internal Audit Office performed its duty to audit and assessed as proposed by the SCG Risk Management Committee. The SCG Risk Management Committee consists of the SCG President and CEO serving as the Chairman, and SCG Management Committee as the members, with the duty to consider the structure and approve policy for the risk management framework, and risk management plan. The Committee also reviews the risk profile and monitors SCG risk management on a monthly or quarterly basis while the Corporate Risk Management Unit is responsible for compiling risk reports and managing risks in the form of a risk dashboard. In 2015, the 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 and promote accountability from risk owners and enhance the 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 Meetings for both business unit and SCG levels. Follow-ups and improvement was regularly performed for the efficiency and effectiveness of the risk management system.

4. Review of Internal Control and Internal Audit Systems The Audit Committee reviewed the results of the internal control assessment, both in terms of the operational system and information technology system, which were reported by the Internal Audit Office on a monthly and quarterly basis, and assessed in compliance with the adequacy internal control assessment of the Securities and Exchange Commission

and the Stock Exchange of Thailand (SEC). The Committee concluded that SCG had adequate internal controls appropriate for the Company's business operations. This corresponded with the external auditor's opinion that there was no material deficiency impacting the Company's financial statements, which is one of the missions prescribed in the Internal Audit Office Charter. This year the Committee focused on creating employee awareness to promote moral principles, ethical behavior and code of conduct by building the SCG internal preventive system called "Preventive Pack Three". Preventive Pack Three comprises Ethics e-testing, responsibility guidelines for good risk management and control according to the Three Lines of Defense", and a case study of corruption, non-conformance to laws, and the Company's regulations, policies, and code of conduct. In addition, the Audit Committee compiled practice guidelines for operators to assess risk, specified adequate controls as guidelines for work performance such as the Anti-Corruption Compliance assessment, risk management guidelines and project control, guidelines for preventing damage caused by the use of e-mails in contacting, buying-selling products or raw materials with customers or suppliers, etc. The Committee adopted the Control Self Assessment (CSA) tool or set up of Business Self Audit teams to implement as deemed appropriate for each business both domestic and overseas, in accordance with the relevant laws, regulations and business readiness. To further mitigate risks for overseas companies, workshops were organized for executives/staff in each company to raise awareness on governance, risk, compliance to laws and regulations, and controls. In addition, the Internal Audit Office in collaboration with SCG business units has continuously developed the Continuous Monitoring & Continuous Auditing reports to support businesses in governance within operational responsibilities and support internal auditors in the audit process. Workshops were organized for business units by using the material findings to allow the person in charge at all levels to gain better understanding of the risks, impacts, and 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. This year the Internal Audit Office placed emphasis on the Three Lines of Defense through workshops in order to communicate with staff working in each unit, both First Line and Second Line, to understand their roles and duties, to assess risk management and internal audits according to COSO 2013 as well as SCG new businesses, work systems or new information technology systems. Additionally, Country Internal Auditor teams in Vietnam and Indonesia have been developed, under the authority of the Internal Audit Office in Thailand, to perform their duty in assessing the efficiency and effectiveness of governance, risk management, compliance to laws and regulations, and internal controls of SCG and its overseas subsidiaries.

Workshops were organized for IT representatives of business units to disseminate knowledge as relates to international standards, risk, internal control, and IT audit results. Also, SCG engaged external professionals to assess SCG's infrastructure and network system in security measures to find out risk as regards safety, and to further improve and create solutions. IT auditors adopted this assessment principle when performing the audit task. 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 and the world-class internal audit practice. Such development was also to support auditors to become certified as professional internal auditors.

5. Review of Fraud Investigations In addition to the employee's Whistleblower System, SCG further developed a Whistleblower System to enable external parties to report dishonesty via www.scg.co.th which is in operation for the third year. This channel of receiving complaints was added to the existing methods of making a complaint through phone calls, e-mails to the directors, the Internal Audit Director, and the Secretary to the Board. In 2015, 39 cases, via external party and employee Whistleblower Systems, were found in terms of fraud and non-compliance with the laws and company's regulations, Corporate Governance policy, SCG Four Core Values, SCG Code of Conduct, or Anti-Corruption Policy;

28 cases were fully investigated while 11 cases were undergoing fact-finding and investigation. No cases were recorded as regards non-conformance to the Anti-Corruption Policy. 5 cases, fully investigated, were recorded as concerns non-conformance to the Code of Conduct, 12 cases on non-compliance with the company's regulations, and 11 cases did not match the complaints which did not defame nor cause damage to others, with the non-material value and did not cause the Company damage. For example, violation of regulations or supervisors' order, or careless work performance. Complaints submitted through the system were taken into consideration for determination of future preventive measures. The Audit Committee also reviewed the investigation results of fraud and preventive measures in the operational systems; together with a 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 2016 From the selection process of 6 audit firms, 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, and share knowledge related to business in addition to auditing, therefore, the Audit Committee recommended them to the

Board of Directors. The Board of Directors agreed to seek approval at the Shareholders' Meeting for the appointment of Mr. Winid Silamongkol, Certified Public Accountant Registration No. 3378; or Mr. Wairoj Jindamaneepitak, Certified Public Accountant Registration No.3565; or Ms. Sureerat Thongarunsang, Certified Public Accountant Registration No. 4409; or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; all of KPMG Phoomchai Audit Ltd. as the Company's auditors for the year 2016; approval of the Company's audit fee for the fiscal year 2016 and the annual audit and quarterly review fee for SCG's consolidated financial statements amounting to 5.42 Million Baht and acknowledgement of the annual audit fee for the year 2016 of subsidiaries' financial statements and quarterly review fee for listed subsidiaries' financial statements which were audited by KPMG in Thailand and KPMG overseas. SCG subsidiaries were responsible for the audit fee totaling 49.84 Million Baht.

On behalf of the Audit Committee



Tarrin Nimmanahaeminda

Chairman of the Audit Committee



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เรื่อง ข้อเสนอแนะเกี่ยวกับการปรับปรุงแก้ไขจุดอ่อน
ของการควบคุมภายในด้านบัญชี

เรียน คณะกรรมการตรวจสอบ
บริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน)

ตามที่สำนักงานได้ตรวจสอบงบการเงินของบริษัท ปูนซิเมนต์ไทย จำกัด (มหาชน) สำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2558 และได้เสนอรายงานการตรวจสอบลงวันที่ 17 กุมภาพันธ์ 2559 ไปแล้วนั้น สำนักงานขอเรียนว่า ในการตรวจสอบงบการเงินดังกล่าวตามมาตรฐานการสอบบัญชีที่รับรองทั่วไป เพื่อแสดงความเห็นว่างบการเงินนั้นแสดงฐานะการเงิน ผลการดำเนินงานและกระแสเงินสด โดยถูกต้องตามที่ควรและได้ทำขึ้นตามหลักการบัญชีที่รับรองทั่วไปซึ่งได้ถือปฏิบัติเช่นเดียวกับปีก่อนหรือไม่เพียงใดนั้น สำนักงานได้ศึกษาและประเมินประสิทธิภาพระบบการควบคุมภายในด้านบัญชีของบริษัทตามที่สำนักงานเห็นว่าจำเป็น เพื่อประโยชน์ในการกำหนดขอบเขต วิธีการทดสอบและระยะเวลาที่จะใช้ในการตรวจสอบดังที่กล่าวไว้ข้างต้น ซึ่งไม่ได้ออกแบบให้ชี้ให้เห็นถึงข้อบกพร่องของการควบคุมภายในทั้งหมดที่อาจมีอยู่ในระบบการควบคุมภายในได้ ทั้งนี้ สำนักงานขอเรียนว่าสำนักงานไม่พบข้อบกพร่องของระบบการควบคุมภายในด้านบัญชี ที่เป็นจุดอ่อนการควบคุมภายในด้านบัญชีที่สำคัญ และมีผลกระทบอย่างเป็นสาระสำคัญต่อการแสดงความเห็นต่องบการเงินสำหรับปีสิ้นสุดวันที่ 31 ธันวาคม 2558

ขอแสดงความนับถือ
บริษัท เคพีเอ็มจี ภูเก็ต 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

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The Siam Cement Public Company Limited

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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 and operational authority of SCG in addition to any criteria or conditions prescribed by local communities.

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law and the government agencies' rules and regulations, and SCG policies. To carry out transactions with outside entities, in addition, the Company is required to have an approval strictly in line with the operational authority of SCG, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to SCG or outside parties.

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in terms of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

Furthermore, the Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval.

Policy or Trend of Future Connected Transactions

Connected transactions in the future will continue to be based on 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

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

Details of connected transactions between the Group and a company or a person which/who may have a potential conflict.

Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Packaging	Other	
1. Transactions with associates and joint ventures								
1.1 SCG Cement-Building Materials								
Sales			-	3,699	-	-	-	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						
	The Siam Gypsum Industry Co., Ltd.	29						
Purchases			-	1,258	124	472	-	Market price applied with third party transactions
	Sekisui-SCG Industry Co., Ltd.	49						
	Siam Global House Public Company Limited	30						
	The Siam Gypsum Industry (Songkhla) Co., Ltd.	29						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
Service income			-	741	-	-	-	Market price applied with third party transactions
	Jumbo Barges and Tugs Co., Ltd.	45						
Service expenses and others			-	96	-	-	6	Market price applied with third party transactions
	Thai Prosperity Terminal Co., Ltd.	50						
	The Siam Gypsum Industry (Saraburi) Co., Ltd.	29						
Loans from			-	235	-	-	-	Agreed interest rate
	Mariwasa Holdings, Inc.	40						
	PT M Class Industry	28						
Guarantees			-	169	-	-	-	Contract rate
	Anhui Conch-SCG Refractory Co., Ltd.	30						
1.2 SCG Chemicals								
Sales			-	-	17,688	-	-	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						
Purchases			-	27	45,375	40	-	Market price applied with third party transactions
	SCG Plastics (China) Co., Limited	58						
	SCG Plastics (Shanghai) Co., Ltd.	58						
	Siam Polyethylene Co., Ltd.	50						
	Siam Styrene Monomer Co., Ltd.	50						
	MTP HPPO Manufacturing Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	PT Styrimdo Mono Indonesia	31						
	PT Chandra Asri Petrochemical Tbk	31						
	Inter Plastic Co., Ltd.	23						



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Type of Transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)					Pricing policy
			SCC	SCG Cement-Building Materials	SCG Chemicals	SCG Packaging	Other	
Service expenses and others	Tien Phong Plastics Joint Stock Company	22						
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20						
	Binh Minh Plastics Joint Stock Company	19						
			-	54	1,703	-	33	Market price applied with third party transactions
	Siam Mitsui PTA Co., Ltd.	50						
	Siam Synthetic Latex Co., Ltd.	50						
	Rayong Terminal Co., Ltd.	50						
	MTP HPPO Manufacturing Co., Ltd.	50						
	Siam Polyethylene Co., Ltd.	50						
	Bangkok Synthetics Co., Ltd.	49						
	Thai MMA Co., Ltd.	47						
	Grand Siam Composites Co., Ltd.	46						
	Siam Tohcello Co., Ltd.	45						
	Thai MFC Co., Ltd.	45						
	Long Son Petrochemicals Co., Ltd.	44						
	Mehr Petrochemical Company (P.J.S.C.)	39						
Loans from	PT Chandra Asri Petrochemical Tbk	31						
	Thai PET Resin Co., Ltd.	20						
Guarantees			-	-	45	-	-	Agreed interest rate
	GTC Technology International, LP	25						
Guarantees			841	-	82	-	-	Contract rate
	Siam Tohcello Co., Ltd.	45						
	Mehr Petrochemical Company (P.J.S.C.)	39						
1.3 SCG Packaging								
Purchases			-	-	-	762	-	Market price applied with third party transactions
	Siam Toppan Packaging Co., Ltd.	48						
	Siam Nippon Industrial Paper Co., Ltd.	34						
Service expenses and others	Saha Green Forest Co., Ltd.	19						
			-	6	-	-	1	Market price applied with third party transactions
	Siam Nippon Industrial Paper Co., Ltd.	34						
Loans from			-	-	-	5	-	Agreed interest rate
	Saha Green Forest Co., Ltd.	19						
Guarantees			-	-	-	495	-	Contract rate
	Siam Nippon Industrial Paper Co., Ltd.	34						
1.4 Other								
Sales			-	1,424	-	-	-	Market price applied with third party transactions
	Siam Kubota Corporation 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 Packaging	Other	
Purchases	Siam Kubota Corporation Co., Ltd.	40	-	79	7	17	-	Market price applied with third party transactions
	Siam Kubota Metal Technology Co., Ltd.	40						
	Aisin Takaoka Foundry Bangpakong Co., Ltd.	30						
	The Siam Nawaloha Foundry Co., Ltd.	25						
Service income	IT One Co., Ltd.	20	436	464	194	123	1	Market price applied with third party transactions
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	-	155	-	-	1,022	Market price applied with third party transactions

2. Transactions with other companies which have SCG executives holding

2.1 Other

Sales	Siam Yamato Steel Co., Ltd.	10	-	2,185	-	-	-	Market price applied with third party transactions
	Mr. Chaovalit Ekabut / Director							
	Mr. Yuttana Jiamtragan / Director							
Purchases	Siam Yamato Steel Co., Ltd.	10	-	179	4	4	-	Market price applied with third party transactions
	Mr. Chaovalit Ekabut / Director							
	Mr. Yuttana Jiamtragan / Director							
Service expenses and others	Siam Yamato Steel Co., Ltd.	10	-	85	4	-	269	Market price applied with third party transactions
	Mr. Chaovalit Ekabut / Director							
	Mr. Yuttana Jiamtragan / Director							