

Part 2

Management and Corporate Governance

7. Securities and shareholders

Equity Securities

Registered capital, as at December 31, 2013, worth Baht 70,000 million, divided into:

3,415,491,642 common shares	par value	10	Baht
3,584,508,358 preferred shares	par value	10	Baht

Paid-in capital, as at December 31, 2013, worth Baht 33,992 million, divided into:

3,394,010,513 common shares	par value	10	Baht
5,181,685 preferred shares	par value	10	Baht

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand ("SET") are as follows:

1. Common shares
2. Preferred shares

1. Common shares

Number	3,394,010,513 shares as at December 31, 2013
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Trading	Traded on both the Main Board and Foreign Board by: <ul style="list-style-type: none"> - Using the symbol SCB on the Main Board - Using the symbol SCB-F on the Foreign Board

2. Preferred shares

Number	5,181,685 shares as at December 31, 2013
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Preferred share features	Preferred rights of preferred shares were valid for 10 years, starting from the date the Ministry of Finance made an initial payment for the preferred shares to the Bank, and expired on May 10, 1999. Therefore, the rights of holders of preferred shares become the same as those of holders of common shares. Shareholders can proceed with the conversion of preferred shares to common shares in accordance with the conversion schedule and method determined by the Bank.
Conversion rate	Preferred share can be converted to common share at the ratio of 1:1.
Conversion price	Nil

Conversion schedule	<p>On a quarterly basis on March 31, June 30, September 30 and December 31 of each year.</p> <ul style="list-style-type: none"> - Conversion on March 31, submit application on March 16-30. - Conversion on June 30, submit application on June 5-29. - Conversion on September 30, submit application on September 15-29 - Conversion on December 31, submit application on December 16-30. <p>If the conversion date falls on a non-business day of the Bank, the conversion date shall be the last business day immediately proceeding such non-business day.</p>
Conversion method	<p>(1) Preferred shareholders can file an application for conversion of preferred shares to common shares with Thailand Securities Depository Co., Ltd. or securities brokerage firms during office hours.</p> <p>(2) Preferred shareholders obtain the application from Thailand Securities Depository Co., Ltd. or securities brokerage firms.</p> <p>(3) Preferred shareholders wishing to convert preferred shares to common shares must submit the following documents:</p> <ol style="list-style-type: none"> 1. Application for Conversion of Preferred Shares to Common Shares according to SCB format. 2. Preferred Share Certificates or warrants (according to SET format). 3. If the shareholder is an individual, a certified (signed) copy of an ID card, or alien ID, or passport. <p>If the shareholder is a juristic person, a certified copy of the license issued within the preceding year together with a certified (signed) copy of an ID card of an authorized director.</p>
Application filing venue	<p>(1) Thailand Securities Depository Co., Ltd. or</p> <p>(2) Securities brokerage firms</p>

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding through NVDR

As at December 31, 2013, the Bank's registered and paid-up shares total 3,399,192,198 shares, of which 151,058,521 shares (4.44% of total shares) are held through Thai NVDR Co., Ltd. The shares held by Thai NVDR Co., Ltd. comprise 151,055,521 common shares (4.45% of the total common shares) and 3,000 preferred shares (0.06% of the total preferred shares). Also, Thai NVDR has declared its intention to abstain from attending and voting at shareholder meetings, except for shareholder meetings involving an agenda for delisting from the SET. Investors can check the number of the Bank's shares held through NVDR from the website of the Stock Exchange of Thailand at www.set.or.th/nvdr

Note: NVDR or non-voting depositary receipt refers to a trading instrument evidencing investors' entitlement to benefits associated with underlying shares listed on SET. Thai NVDR Co., Ltd. is a juristic person holding shares on behalf of foreign investors. As a result, foreign investors investing through Thai NVDR Co., Ltd. will be free from the foreign limit.

Policy on Rights Issue

The Bank does not have a plan for a rights issue.

Dividend Payment PolicyDividend Payment Policy of the Bank

The Bank has a policy to pay dividends at the rate of 30-50% of net profits according to the consolidated financial statements in any year where the Bank, after deduction of all statutory and other reserves, reports profits, provided that there is no accumulated loss and the Bank can maintain sufficient statutory capital funds.

In 2013, the dividend from the Bank's 2012 operating results was paid to holders of the Bank's preferred and common shares at the rate of Baht 4.50 per share equivalent to Baht 15,296 million or 39% of the Bank's 2012 net profit based on the Bank's consolidated financial statements.

Dividend Payment Policy of Subsidiaries

For non-listed subsidiaries in which the Bank has full controlling power, dividends shall be paid from their net profits at the highest rate possible after appropriation for legal reserve or other business requirements.

For listed subsidiaries or subsidiaries in which the Bank does not have full controlling power, dividend payment shall be in accordance with policies announced by such subsidiaries and applicable laws, rules and regulations.

Shareholders**Principal Shareholders (as at March 14, 2014)**

No.	Name	Common shares	Preferred shares	Total of shares	Percentage of shares
1	BUREAU OF THE CROWN PROPERTY AND GROUP	805,309,758	-	805,309,758	23.69
2	VAYUPAK MUTUAL FUND 1	785,798,200	-	785,798,200	23.12
3	CHASE NOMINEES LIMITED 42	166,463,800	-	166,463,800	4.90
4	LITTLEDOWN NOMINEES LIMITED	144,419,800	-	144,419,800	4.25
5	STATE STREET BANK EUROPE LIMITED	140,607,439	-	140,607,439	4.14
6	THAI NVDR COMPANY LIMITED	134,647,099	-	134,647,099	3.96
7	STATE STREET BANK AND TRUST COMPANY	124,366,354	-	124,366,354	3.66
8	HSBC (SINGAPORE) NOMINEES PTE LTD	72,683,790	-	72,683,790	2.14
9	GIC PRIVATE LIMITED - C	48,466,700	-	48,466,700	1.43
10	CHASE NOMINEES LIMITED 1	45,922,696	94,600	46,017,296	1.35
11	OTHERS	925,393,543	5,018,419	930,411,962	27.37
TOTAL ISSUED SHARE CAPITAL		3,394,079,179	5,113,019	3,399,192,198	100.00

THAI SHAREHOLDERS	2,110,982,163	4,748,096	2,115,730,259	62.24
FOREIGN SHAREHOLDERS	1,283,097,016	364,923	1,283,461,939	37.76

Remark: The Ministry of Finance holds 3,071,786 common shares, representing 0.09% of total share capital.

Debt Securities

At the end of 2013, debt issued was as follows:

	Amount	Interest rate	Year of maturity
Senior Unsecured Notes	USD 400 million	3.9%	November 2016
Senior Unsecured Notes	USD 1,100 million	3.375%	September 2017
Subordinated Debenture No. 1/2012*	Baht 20,000 million	4.5%	2022
Subordinated Debenture No. 2/2012*	Baht 20,000 million	4.65%	2024
Bill of Exchange	Baht 5,222 million	3.00%-4.83%	2014

* The issuer has the right to early redemption.

8. Organization Structure

Organization Structure

Governance Structure

Board of Directors

Board Committees

Executive Committee

(Chairperson: Dr. Vichit Suraphongchai)

Audit Committee

(Chairperson: Mr. Maris Samaram)

Nomination, Compensation, and Corporate Governance Committee

(Chairperson: Mr. Chumpol NaLamlieng)

Corporate Social Responsibility Committee

(Chairperson: Prof. Vicharn Panich)

Advisor to the Board of Directors

Mr. Apisak Tantivorawong

Management Committees

Management Committee

(Chairperson: Mrs. Kannikar Chalitaporn)

People Development Committee

(Chairperson: Dr. Vichit Suraphongchai)

Change Program Steering Committee

(Chairperson: Mrs. Kannikar Chalitaporn)

Risk Management Committee

(Chairperson: Mrs. Kannikar Chalitaporn)

Assets and Liabilities Management Committee

(Chairperson: Dr. Vichit Suraphongchai)

Equity Investment Management Committee

(Chairperson: Mrs. Kannikar Chalitaporn)

For the details of the Bank's committees, senior executive officer, company secretary and remuneration of Directors and Executive are shown in corporate governance. For the details of the Bank's staff is shown in corporate social responsibilities.

9. Corporate Governance

Corporate Governance Report 2013

The Board recognizes the critical importance of corporate governance (CG) in the Bank's pursuit of sustainable and profitable growth, creating long-term shareholder value, and securing the trust of all stakeholders, including shareholders, customers, employees and the community. As a result the Board consistently adheres to good corporate governance principles and practices. These practices have contributed to the Bank's financial success over the past decade, and won recognition from several organizations including the "Best CG Report" award for the fourth consecutive year from the Stock Exchange of Thailand (SET Awards 2013) and the "Corporate Governance Asia Recognition Award" for the seventh consecutive year from Corporate Governance Asia. In the 2013 CG assessment results announced by the Thai Institute of Directors (IOD), the Bank was recognized as an organization with excellent corporate governance practices and for its continuous development of such practices over the past nine years, from 2005 to 2013. Also, the Thai Investors Association awarded the Bank a 'full' score of 100 points for the fourth consecutive year in its assessment of shareholders' meetings (from 2010-2013).

As part of the Bank's commitment to sustainable development, SCB supports the efforts of Thai society in promoting and adhering to the principles of the 'Sufficiency Economy' philosophy. As a financial institution, the Bank recognizes the importance and applicability of the Sufficiency Economy principles of risk management, balance, reasonableness, ethics, and knowledge management in both forming business strategy and conducting everyday operations. Indeed, these principles are the bedrock by which corporate governance is implemented at the Bank, as further highlighted in SCB's first Sustainability Report, published this year together with the Annual Report.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to formulate the Corporate Governance Policy and monitor compliance with the Policy. The Committee also reviews and revises the Policy to ensure that it is appropriate and in line with the guidelines issued by supervisory authorities, as well as with internationally accepted standards for corporate governance. The Bank's Corporate Governance Policy encompasses the following:

- 1) The Policy requires that Bank must have in place a clear vision, mission and code of conduct governing practices of the directors, managers and employees of the Bank. The Board has approved the Bank's vision to serve as **"The Bank of Choice for Our Customers, Shareholders, Employees and Community,"** as well as the Bank's mission of becoming **"The Best Universal Bank in Thailand"**.
- 2) The Policy formalizes, among others, the structure, inclusive of roles and responsibilities, composition, and tenure of members, of the Board and the Board

committees, the Board's meeting procedure, nomination and appointment of members of the Board, orientation for the Board's new members, the holding of positions by the directors in other companies, separation of position and roles among the chairman of the Board, the chairman of Executive Committee and the president, remuneration of directors and persons with authority to manage its operations, assessment of performance of the Board and persons with authority to manage its operations, succession planning, and roles and functions of the company secretary.

- 3) The policy enumerates the rights and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, dividend payments, and transparency through disclosure of information.
- 4) The Policy restricts the use of confidential and non-public information by directors and employees and specifies rules governing connected transactions, conflict of interest, and conflict-of-interest reporting.

In this regard, the Corporate Governance Policy is publicly disclosed and available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

2013 Corporate Governance

The Bank's corporate governance practices in 2013 were as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Bank through easily accessible channels. In addition, shareholders are entitled to take part in material business decisions, e.g., payment of dividends, appointment and removal of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval for special transactions (if any) (e.g., capital increase or reduction, acquisition or disposal of assets, or connected transactions.) The shareholders may cast their votes on the aforesaid matters according to details provided in the Notice of the Annual General Meeting of Shareholders or, if applicable, the Extraordinary General Meeting. The principles adopted by the Bank in respect of treatment of shareholders are shown in detail on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

1.1 Shareholders' Meeting

In 2013, the Bank held its Annual General Meeting of Shareholders (AGM) No. 190 on 4 April 2013. The Bank conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with law, relevant regulations and good governance practices.

1) The Bank ensures that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents. To this end, the Bank posted the Notice of the AGM and proxy forms both in Thai and English on its website 31 days prior to the meeting date. Then, the Notice of the AGM, in both in Thai and English, together with the 2012 Annual Report (in CD-ROM format) was sent via post to shareholders 14 days in advance of the meeting date. The aforesaid Notice of the AGM contained information such as date, time and venue of the meeting, and details of each agenda item (including factual background, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. Furthermore, the Bank posted the Notice of the AGM on bulletin boards at its head office and all its branches. The Meeting Notice was also advertised for three consecutive days in newspapers at least three days prior to the date of the AGM. Shareholders were entitled to receive the printed 2012 Annual Report before the date of the meeting from the company secretary upon request.

2) To encourage participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM and exercise their rights in an equitable manner, the Bank delivered the Notice of the AGM together with the Proxy Form B to the shareholders for the appointment of proxies to attend the meeting on their behalf in the event that the shareholders were unable to attend the AGM in person. Furthermore, institutional investors such as fund managers or custodians were invited to nominate their representatives to attend the meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.

3) To facilitate attendance by all shareholders and proxy holders, the AGM was held on a working day at the Bank's head office. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. The Bank's meeting registration service made use of a bar code system whereby different counters were set up for each shareholder by type, i.e., individuals, juristic persons, and fund managers or custodians. For efficiency and convenience, the Bank allocated to each shareholder or proxy holder the ballots bearing the same bar code as their registration bar code for voting on each agenda item. The meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

4) During the meeting, the chairman of the Board presided as the chairman of the meeting and all 16 directors of the Bank attended the meeting together with the Bank's senior executives and the external auditors in order to clarify and respond to the questions or issues raised by shareholders or their proxies. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting procedure for each agenda item. Holders of the Bank's ordinary and preferred shares including the proxy holders who attended the meeting were entitled to cast their votes based on the one-share-one-vote rule. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. Voting and ballot counting were conducted openly and a bar code system and personal digital assistant (PDA) were employed in tabulating and reporting votes. SCG Legal Counsel Limited was assigned by the Bank to review and inspect the validity of the proxy appointments, adequacy of quorum, and

tabulation and reporting of votes. As a result, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner.

5) Multimedia presentations were shown at the meeting including Year 2012 performance highlights and a brief summary of the 2013 business strategies. The chairman of the meeting allowed shareholders the opportunity to ask questions and/or make recommendations on an equitable treatment basis and provided comprehensive responses to all questions or issues raised. The directors and management jointly replied to shareholders' questions and clarified issues. Minutes of the meeting and votes cast under each agenda item were recorded by the company secretary. Additionally, the meeting proceeded in accordance with the announced agenda, and the Bank did not switch, add, or revise any agenda items or modify previously issued information during the meeting.

6) Immediately following the meeting, the resolutions adopted were posted in both Thai and English on websites of the Stock Exchange of Thailand and the Bank. Such disclosure was made in compliance with applicable requirements prescribing that the AGM resolutions must be posted at least one hour in advance of trading hours of the Stock Exchange of Thailand. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website within 14 days following the meeting to allow shareholders early access and for all other stakeholders to note and study the Bank's AGM proceedings. The minutes were available for future reference, and each material matter proposed at the meeting was recorded in these minutes. These material matters included the name list of directors and senior executives who attended the meeting, the voting procedure, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and senior executives, the resolutions reached together with the number of approval, disapproval and abstention votes.

1.2 Dividend Payment

The Bank has a dividend policy that provides guidance that dividend payout will usually be in the range of 30-50% of its consolidated annual net profit and such payout would take into account the long-term return to all shareholders. Dividends will be considered in any year where the Bank, after deduction of all statutory and other reserves, posts a profit provided that there are no accumulated losses and the Bank is able to maintain adequate capital funds in compliance with the regulatory requirements as well as the need to preserve capital for near-term business needs. The interim dividends and annual dividends will be paid within 30 days after the date the dividend payment is approved by the Board or the shareholders' meeting.

At the AGM No. 190 held on 4 April 2013, the meeting resolved to approve the dividend payment from the Bank's 2012 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 4.50 per share, equivalent to a total of Baht 15,296 million or approximately 38.0% of the 2012 net profit according to the Bank's consolidated financial statements. The dividend payment for 2012 was paid as follows:

1) The Board in its meeting No. 9/2012 dated 28 August 2012 resolved to approve an interim dividend payment at the rate of Baht 1.00 per share to holders of the Bank's preferred and ordinary

shares. The interim dividends were paid to holders of the Bank's preferred and ordinary shares on 21 September 2012 (24 days from the date of approval for the interim dividend payment by the Board); and

2) The final dividend was paid at the rate of Baht 3.50 per share to holders of the Bank's preferred and ordinary shares on 3 May 2013 (29 days from the date of approval for the dividend payment by the shareholders' meeting).

1.3 Communication among the Bank's Shareholders

The Bank does not seek to prevent communication among its shareholders. Shareholders may freely share information and request a copy of the name list of the Bank's shareholders from the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to common shareholder rights and to be treated on an equitable and fair basis. The principles of equitable treatment of shareholders to which the Bank has adhered are provided on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship and Questions in Advance of Shareholders' Meeting

The Bank's shareholders are invited to propose matters to be included as meeting agenda items, qualified candidates for directorship, and questions in advance of the shareholders' meeting based on the criteria announced on the Bank's website. Such proposals and questions are to be submitted to the company secretary via post or e-mail (at company_secretary@scb.co.th). The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submission to the Board for further consideration. The decision on the proposal will be notified to the concerned shareholders for acknowledgment. Any proposals that are accepted will be included in the agenda at the next AGM.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2013 AGM three months prior to the end of the Bank's accounting period, i.e., between 1 October and 31 December 2012.

2.2 Proxy Appointments for Shareholders' Meeting

To promote shareholders' rights, the Bank has made available at each shareholders' meeting three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development, Ministry of Commerce, in order that shareholders who cannot attend a shareholders' meeting in person may appoint proxies to attend the meeting on their behalf and exercise their rights as shareholders.

At the 2013 AGM, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the Bank who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as their proxy. In addition, shareholders were able to download Proxy Form A and Proxy Form C from the Bank's website for their use as and when applicable.

2.3 Ballots for Shareholders' Meeting

In the 2013 AGM, ballots were used for voting on every agenda item, but only the ballots of disapproval and abstention votes were collected. In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and PDA were employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the ballots cast for each agenda item were retained for future examination.

2.4 Election of Director on an Individual Basis

At every AGM, one-third of the directors retire by rotation; and at the 2013 AGM six directors retired by rotation. The Bank arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to voting on other agenda items, only disapproval and abstention ballots were tabulated. The AGM minutes show the voting results for each director appointed by the shareholders in 2013.

2.5 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association, a director is entitled to receive remuneration from the Bank, namely through gratuities, meeting allowances, rewards, bonuses or any other nature of interests pursuant to the consideration of the shareholders' meeting. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to recommend directors' remuneration to the Board and to seek approval from the shareholders' meeting on an annual basis. The Board has set as a policy that directors' remuneration should be appropriate and commensurate with directors' scope of duties and responsibilities; to be comparable to other major listed companies and commercial banks; and to be in line with prevailing business conditions and trends.

2.6 Internal Control

The Board recognises the need to prevent the use of confidential and non-public information for inappropriate gains by directors, executives and employees. To this end, the Board has established the Corporate Governance Policy and procedures for handling connected transactions in order to prevent conflict of interest and require disclosure of connected interest in compliance with regulatory requirements. Relevant details are published on the Bank's website (www.scb.co.th) under the

sequence of menu headings “About SCB,” “Corporate Governance,” “Corporate Governance Policy” and then “Internal Control,” and can be summarized as follows:

1) Internal Controls over the Use of Inside Information by Directors and Employees: The Board has formulated comprehensive guidelines for the disclosure of information, the prevention of conflict of interest and the inappropriate or illegal use of non-public information, as summarized below:

- Establishing a code of conduct for directors and employees, covering such matters as the use of non-public information and the requirement to maintain confidentiality of customer information. This code of conduct has been disseminated to directors, executives and staff, and strict compliance is expected.
- Establishing regulations governing securities trading by directors, executives and employees that prohibit insider trading. These regulations also apply to related parties of directors, executives and employees.
- Imposing non-trading periods on directors, executives and employees involved in the preparation of financial statements, prohibiting them from trading the Bank’s securities and securities which have SCB ordinary shares as underlying assets during the 14-day period preceding the announcement of quarterly, semi-annual and annual financial statements.
- Requiring directors and persons with management authority (as defined in the Securities and Exchange Act, B.E. 2535 (A.D. 1992)) to disclose information on their shareholdings and trading in the Bank’s securities and securities having the Bank’s ordinary shares as underlying assets to the Bank and the Office of Securities and Exchange Commission within three working days. The company secretary is responsible for compiling reports on shareholding changes and including these reports as a regular agenda item at Board meetings.
- Establishing regulations against the use of non-public information in order to prevent leakage of confidential and/or non-public information of the Bank and/or its customers as well as to prevent use of inside information by persons having access to such information for personal gain or benefit of others. In this regard, the Bank has assigned the Compliance and Operational Control Division to monitor securities trading of persons with access to non-public information to ensure compliance with relevant regulations.

2) Internal Control for Connected and Conflict-of-Interest Transactions: The Bank’s policy and guidelines regarding the approval process and engagement in connected or conflict-of-interest transaction is as follows:

- To strictly follow the regulations and notifications of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board governing connected transactions and conflict-of-interest transactions whereby directors and executives are prohibited from participating in the consideration of any matter in which they might have an interest. The company secretary takes notes of their related interests in the minutes of the meeting.
- To set a pricing policy and conditions for related-party transactions to ensure that such pricing and conditions are in line with those of other regular business (Arm’s Length Principle).
- To require that the Board alone (excluding directors with connected interest) is vested with the authority to consider and approve credit facilities, investment, contingent liabilities or credit-like transactions between the Bank and its major shareholders or businesses related to the

Bank, directors, or persons with management authority or their related parties (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008))

Detailed information regarding transactions between the Bank and related parties during the year is provided in this Annual Report.

3) Conflict-of-Interest Report

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008)) to report to the company secretary on a quarterly basis any conflict of interest arising for themselves and their related parties as well as changes to any existing reported items. The company secretary collects and submits such reports to the chairman of the Board and the chairman of the Audit Committee in compliance with the Securities and Exchange Act, B.E. 2535 (A.D. 1992). This information is further used by the Bank for monitoring transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with legal requirements.

Finally, the Bank requires the appointment of an independent adviser (if a connected transaction exceeds certain pre-determined thresholds) whose role is to provide an opinion on connected transactions, particularly as it relates to the acquisition or disposal of significant assets of the Bank and its subsidiaries, merger or any other transactions as prescribed by law. The Board has assigned the Audit Committee to review the procedures and oversight of all material transactions to ensure that they are compliant with applicable laws and/or regulations.

3. Role of Stakeholders

3.1 Treatment of Stakeholders

As one of the largest organizations within the Kingdom, with a long heritage of service to the country as the first Thai bank, the Bank recognizes that it needs to respond to the interests of a broad range of stakeholders. This is made explicit in the Bank's vision 'to be the Bank of Choice for our Customers, Shareholders, Employees and the Community.' This issue is covered in more detail within the Sustainability Report. The essence is summarized below:

Customers: The Bank exists to serve its customers, who encompass almost the entire spectrum of Thai society. For all of them, the Bank aspires to provide a full range of products and services and to service their needs through using branch, electronic and direct channels. The overriding aim is for the Bank to be viewed as the main financial services partner for customers through reliable services, innovative products and trustworthy conduct. The Bank measures its success through regular customer surveys and by consistently attaining a market-leading score.

Shareholders: The Bank's existence is made possible by the capital contributions of a large number of shareholders. To all of them the Bank aspires to provide transparent and market-leading disclosure, parity of treatment, and an above industry-average sustainable return on equity. Today, its success in this context is evident from the Bank maintaining the highest market capitalization across the Thai financial services sector.

Employees: Employees will always remain the Bank's most valuable asset, and the recruitment, retention and development of employees is central to the Bank's business strategies. Employee interests are addressed through market-based compensation practices, skill-enhancement programs, career advancement opportunities and a range of employee benefits. Equally, the Bank actively supports diversity in the workforce and prohibits any discrimination based on gender, age, religious belief or disability. The Bank allows employees to exercise their right to join labour unions and encourages all employees to suggest ideas for improving the Bank's policies, practices, products, procedures and services. As with customers, the Bank conducts regular employee engagement surveys and benchmarks the results against global databases, with the target of scoring in the top 10% of this global database.

Community (including business partners, competitors, creditors and suppliers): the Bank aspires to be a model corporate citizen in Thailand. To that end it: behaves in an ethical and transparent way with competitors and business partners; honors its obligations and covenants toward creditors and suppliers; follows transparent procurement practices that will ensure that procurement is transparent and free from corruption and; does not participate in activities that might be detrimental to Thai society or the quality of life of its residents. Further, SCB recognizes and supports the Universal Declaration of Human Rights and ensures that its business activities, particularly lending, are conducted so that the tenets of this Declaration are observed.

Moreover, to express our willingness on the implementation of anti-corruption efforts, we have participated in the "Declaration of Intent" as promoted by the Thailand's Private Sector Collective Action Coalition Against Corruption. To reach that goal, the Bank is in the process of formulating its anti-corruption policy which will be further proposed to the Board for approval and implementation. The Bank is prepared to work in cooperation with all segments of the Thai society to foster cleaner business practices and strengthen ethical behavior in all business activities. Moreover, in 2013, we trained over 35% of our workforce on anti-money laundering to support our anti-corruption efforts.

Finally, the Bank has an active CSR program that encourages employee participation.

Environment: SCB abides with all applicable environmental laws and regulations and implements effective safety and environmental management measures to prevent negative impact on local communities. Further, SCB supports the conservation of natural resources and the environment through awareness-raising campaigns and programs to educate and engage staff, business partners, customers and other CSR networks in supportive programs and activities. The Bank increases internal energy-use efficiency by upgrading lighting and electronic systems, reduces use of paper through paperless forms and reports, and trims carbon emissions by recycling as well as by using less paper.

The Bank's implementation of environmental principles is further detailed in the Sustainability Report.

3.2 Contact Channels for Stakeholders

The Bank provides multiple channels for various groups of stakeholders to directly contact the relevant unit as follows:

- *Customers* and/or third parties can communicate with the Bank through staff at branches or relationship managers or through the Call Center at 0-2777-7777, or by writing to a senior executive of the Bank. All communications are tracked and usually responded to within a pre-determined period.

- *Employees* are informed that the Bank has multiple channels to accept complaints and reports of employee misconduct. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct directly to their supervisors or through other channels, anonymously if preferred, as follows:

- SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's regulations, rules and code of conduct as well as unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. To report complaints, fraud or non-compliance, any employee can submit an e-mail to whistleblower@scb.co.th or a letter to the chief audit and compliance officer, Audit and Compliance Group, who is the secretary to the Audit Committee. A summary report on such matters raised is submitted to the Audit Committee on a quarterly basis.
- Through the Ethics Hot Line at 0-2544-2500 employees can avail of consultation and make complaints about unethical practices or misconduct.
- The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.
- "Purple People Talk" is a channel through which employees can voice their opinions, report issues or consult with the head of Human Resources Group via e-mail (purple_talk@scb.co.th) in order to make SCB a great workplace.

It is the Bank's policy to protect the confidentiality and anonymity of employees reporting information or complaints in order to prevent retaliation or adverse effects on them. An independent, issue-specific investigation team is set up quickly by the Bank to investigate any issue and/or fraud complaint submitted by employees when warranted. If the grounds for a complaint are proven, the matter is escalated for disciplinary action in accordance with the following procedure:

- Employees submit opinions, reports, or fraud complaints via a range of channels, whereby they can choose to remain anonymous if they so wish, and the matter will be treated as confidential.
- The Working Team conducts a preliminary investigation. The progress will be reported to the informants if they have chosen to be identified.
- The Working Team submits well-grounded complaints and reports to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Fraud Management Division for further action.

The Bank takes action as deemed appropriate for each case without disclosing the sources of information to protect confidentiality of the informants.

Further, all stakeholders can raise complaints, or make suggestions or comments to the Board and management of the Bank through the following address:

- Board Secretariat and Shareholder - Company Secretary
Services
Board Secretariat and Shareholder Services
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Jatujak,
Bangkok 10900
Telephone: 0-2544-4221
Fax: 0-2937-7931
E-mail: company_secretary@scb.co.th

The Bank has established a clear policy and procedure for handling complaints from customers, employees and other stakeholders. All complaints received are kept confidential, investigated and resolved (as applicable) as well as reported to the Audit Committee and the Board.

4. Disclosure and Transparency

4.1 Disclosure Policy and Practice

The Bank's disclosure policy and procedures are incorporated within the Corporate Governance Policy and Investor Relations has been assigned the role and responsibility to provide disclosure of the Bank's information in accordance with the following principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis;
- 2) Disclosure must comply with all applicable rules and regulations;
- 3) Stakeholders including shareholders, investors, analysts and interested persons must have equal right of access to the information disclosed by the Bank; and
- 4) Information that could affect the price of the Bank's shares or influence investors' decisions or affect the rights of shareholders must be immediately disclosed to the public through the Stock Exchange of Thailand.

The Bank has designated officers and Investor Relations to be responsible for disclosure as well as maintaining the operating results disclosure schedule as specified in its Corporate Governance Policy. Audited annual financial statements are released within 60 days from the end of each financial year. Quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) to help investors better understand the Bank's operating results.

In addition, the Bank's Corporate Governance Policy requires directors and management to disclose their holdings of the Bank's shares. Changes in the holdings of the Bank's shares by directors and management in 2013 are shown in the "Report of Bank Ordinary Shareholding of Directors and Senior Management" in the Supplementary Information section of this Annual Report.

In 2013, disclosure activities undertaken by Investor Relations are summarized below:

Form of activity	Frequency (times)
One-on-one meetings/conference calls with investors and equity analysts	134
General meetings with equity analysts	3
Investor conferences	7
Global road shows	3

The Bank also regularly held press conferences and media events and issued press releases to publicize and promote its activities.

Interested persons can contact Investor Relations at:

Investor Relations
The Siam Commercial Bank PCL, Head Office
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Telephone: 0-2544-4358
Fax: 0-2544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

4.2 Investor Relations

Investor Relations is a functional unit of the Bank and is responsible for the accuracy, adequacy and clarity of disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable requirements and regulations. Other than planned activities such as meetings with investors and analysts, participation at investor events and arranging roadshows, Investor Relations is the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The president, CFO and other senior executives participate in investor relations activities.

The Investor Relations Code of Conduct will be published, in the near future, on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," and then "Investor Relations Code of Conduct."

4.3 Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the Bank and its subsidiaries, management, major shareholders or related parties thereof. The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the list of qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

Details regarding the audit fees and other service fees paid by the Bank to the auditor as well as the auditor's report for 2013 are available in the sections titled "Audit Fees" and "Audit Report of Certified Public Accountant" of this Annual Report.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2013, there were 16 directors, and the number of directors is commensurate with the Bank's size and the nature of its business. The Bank selects its Board based on criteria set forth by relevant regulators and with the aim of creating diversity in terms of knowledge, experience and other key attributes.

The 16 directors consist of 4 women and 12 men with diversified professional backgrounds in finance, banking, business administration, marketing, law, auditing and accounting, corporate governance, social and community responsibility, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The nine independent directors^{*} (representing 56% of the total directors) are Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Prof. Vicharn Panich M.D., Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat, Mr. Prasan Chuaphanich, Khunying Jada Wattanasiritham and Mr. Robert Ralph Parks.
- Four directors representing the major shareholders are Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti and Pol. Gen. Adul Sangsingkeo.
- Three executive directors (representing 19% of the total directors) are Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich.

In this context, three non-executive directors possess experience in the banking industry, namely Khunying Jada Wattanasiritham, Mr. Robert Ralph Parks and Mr. Ekamol Kiriwat.

In 2013, the Bank appointed Mr. Apisak Tantivorawong as an advisor to the Board with the role and responsibility of attending Board meetings in order to provide consultation and/or opinions to the Board on matters as assigned by the Board.

^{*} The term "independent director" has the meaning specified in the Bank of Thailand's Notification No. SorNorSor. 13/2552 Re: Corporate governance of financial institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 28/2551, Re: Application and approval for offering newly issued shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5% of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of not more than 0.5% is the Bank's standard, which is a higher standard than that set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1% of the total voting shares of the company of which he/she is a director.

The names of the Bank's directors and their respective number of years as directors of the Bank are provided in Table 1.

Table 1: Board of Directors

Name	Position	Date of appointment as director	Number of years in directorship ³⁾
1.Mr. Anand Panyarachun	Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee	6 March 1984	1 st round: 7 years (1984-1991)
		2 October 1992	2 nd round: 21 years 3 months (1992-present)
2. Dr. Vichit Suraphongchai	Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	10 December 1999	14 years 1 month
3. Mr. Maris Samaram	Independent Director and Chairman of the Audit Committee	25 February 2003	10 years 10 months
4. Prof. Vicharn Panich M.D.	Independent Director and Chairman of the Corporate Social Responsibility Committee	29 September 2006	7 years 3 months
5. Mr. Chumpol NaLamlieng	Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee	30 March 1998	1 st round: 1 year 8 months (1998-1999)
		5 April 2007	2 nd round: 6 years 9 months (2007-present)
6. Assoc. Prof. Dr. Kulpatra Sirodom	Independent Director and Member of the Audit Committee	19 June 2009	4 years 6 months
7. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	2 years 9 months
8. Mr. Prasan Chuaphanich ¹⁾	Independent Director and Member of the Audit Committee	4 April 2013	9 months
9.Dr. Chirayu Isarangkun Na Ayuthaya	Director and Member of the Corporate Social Responsibility Committee	18 September 1987	26 years 3 months
10. M.R. Disnadda Diskul	Director and Member of the Corporate Social Responsibility Committee	22 November 1996	1 st round: 2 years 2 months (1996-1999)
		5 April 1999	2 nd round: 14 years 9 months (1999 - present)
11. Khunying Jada Wattanasiritham ²⁾	Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	2 February 1999	14 years 11 months (Independent director: 4 years 2 months)
12. Miss Supa Piyajitti	Director and Member of the Nomination, Compensation and Corporate Governance Committee	3 April 2009	4 years 9 months
13. Mr. Robert Ralph Parks	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	23 March 2010	3 years 9 months

Name	Position	Date of appointment as director	Number of years in directorship ³⁾
14. Pol.Gen. Adul Sangsingkeo ¹⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	4 April 2013	9 months
15. Mrs. Kannikar Chalitaporn	Director, President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	21 January 2002	11 years 11 months
16. Mr. Bodin Asavanich	Director, Member of the Executive Committee, and Senior Executive Vice President, Group General Counsel	21 January 2002	11 years 11 months

Remark: 1) Mr. Prasan Chuaphanich and Pol. Gen. Adul Sangsingkeo were appointed as directors by the AGM No. 190 on 4 April 2013.

2) Khunying Jada Wattanasiritham qualified as an independent director from 19 October 2009.

3) Information as of 31 December 2013.

5.2 Directors' Term of Position

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Those directors who have held office for the longest time period are selected to retire. In case the number of directors is not a multiple of three, the number of directors to retire shall be the number closest to one-third of all directors. Retiring directors may be re-elected to continue office.

To enhance transparency and corporate governance, the Bank has adopted the principle that, generally speaking, the tenure of an independent director should not exceed three consecutive terms. As regards the tenure of directors as members of board committees, namely the Audit Committee, the Corporate Social Responsibility Committee and the Nomination, Compensation and Corporate Governance Committee, their tenure shall be concurrent with their directorships. In 2013, an independent director who completed his three consecutive terms was Mr. Sumate Tanthuanit.

5.3 Segregation of Positions

The Bank has clearly segregated the positions and authority of the chairman of the Board, the chairman of the Executive Committee, and the president to enhance the effectiveness of performance, governance and transparency of internal operations as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not serve as the chairman of the Executive Committee or the president of the Bank, or be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending board members to voice their opinions and ask questions; and to ensure that board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the

chairman is to ensure that the Bank's governance practices such as the composition of the Board, directors' performance of duties, and succession planning for top executives is in compliance with adopted policies.

Chairman of the Executive Committee - The chairman of the Executive Committee is a Board-appointed director with powers and duties to manage and control the business of the Bank as delegated by the Board. The chairman of the Executive Committee is empowered to develop and implement key strategies and practices relating to the business of the Bank in addition to responsibilities from appointments on other Board committees. The role of the chairman of the Executive Committee also includes overseeing the Executive Committee's compliance with its charter, and execution of documents or contracts on behalf of the Bank. The Executive Committee Charter is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committee."

President – As provided by the Articles of Association, the president is an ex-officio member of the Executive Committee and has such powers and duties as may be assigned by the Board including the power to execute documents and/or contracts on behalf of the Bank. The powers and duties of the president in general are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

5.4 Directorships of Other Companies

The Bank has laid down a clear policy regarding holding of positions by the Bank's directors (and the president) in other companies, which is in line with practices prescribed by the relevant supervisory bodies such as the Bank of Thailand and the Stock Exchange of Thailand. The Stock Exchange of Thailand has recommended that a director of a listed company should not be a director of more than five other listed companies; and the Bank of Thailand requires that a director and/or a senior executive of any commercial bank may be the chairman, an executive director, or an authorized director of other companies but only up to three businesses. In addition, the SCB Board has endorsed a policy that each of its directors can hold positions in up to five listed companies and/or non-listed subsidiaries of the Bank.

Further to the aforesaid policies, the Bank has established an internal guideline pertaining to holding of positions in other companies. This requires directors to notify the Nomination, Compensation and Corporate Governance Committee of assuming any position in companies or organizations so that the Nomination, Compensation and Corporate Governance Committee can review the appropriateness of the appointment and compliance with relevant laws and regulations. The company secretary shall regularly report changes in positions of directors to the Board of Directors. Information about positions held by the Bank's directors in other companies is disclosed to shareholders in this Annual Report. In this regard, no directors hold positions in more than five listed companies or non-listed subsidiaries of the Bank, and no executive directors or senior executives of the Bank (executive vice president and above) may hold positions in more than three listed companies outside the SCB Group.

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursue the highest standards of ethical conduct and comply with related legal requirements. The Board's roles, duties and responsibilities shall be in accordance with those specified by law, the Bank's Memorandum and Articles of Association, and the resolutions of the shareholders. In addition, the Board's roles and responsibilities are stipulated in the Charter of the Board of Directors, which includes determining, approving and overseeing the implementation of policies, strategies, financial targets and business directions proposed by management, with the aim of maximizing long-term shareholder value taking account of the best interests of all relevant stakeholders. The Board is also tasked with establishing the structure and processes that ensure that there are appropriate systems and processes for risk management, compliance governance, audit, and internal control. Such systems and processes shall be regularly reviewed to ensure that they are appropriate and adequate for the Bank's business. *(Details of the roles, responsibilities, and authority of the Board are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Charter of the Board and Board Committee," and then "Charter of the Board of Directors.")*

In addition to complying with the relevant laws and regulations as mentioned above, the Board is committed to abiding with the following principles as stated in the Directors Code of Conduct: a) maintaining honesty, fairness and integrity in discharging their responsibilities, b) conducting personal transactions, if any, on an arms-length basis, c) maintaining the confidentiality of information, d) disclosing any conflict of interest, e) abiding with the law, and f) not accepting any inappropriate payments, gifts, entertainment or travel benefits from third parties. Moreover, the Board, including the Bank's executives and employees, are committed to pursuing the principles under the Corporate Code of Conduct and the Employee Code of Conduct. *(Details regarding the Corporate Code of Conduct, the Directors Code of Conduct, and the Employee Code of Conduct are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct.")*

5.6 Committees

The following committees have been set up by the Board and delegated to review or oversee specific matters to support the Board's performance of duties.

5.6.1 Board Committees

At present, the Bank has four board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee. The roles and responsibilities of each board committee are clearly defined in its charter, which is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committees." A summary of each committee's operations in 2013 is as follows:

- ***Executive Committee***

The Executive Committee is appointed by the Board and comprises a number of directors and executives at the level of senior executive vice president. For members of the Executive Committee serving as the Bank's directors, their term on the Executive Committee is concurrent with their directorship. Currently, the Executive Committee has nine members comprising three directors, namely Dr. Vichit Suraphongchai (chairman of the Executive Committee), Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich, and six executives of the Bank at the level of senior executive vice president.

The major functions and responsibilities of the Executive Committee are to manage and oversee the Bank's business in accordance with the Bank's strategies and policies and the Board's business direction, including screening matters prior to submission to the Board and approving requests within the scope of delegation assigned by the Board. The Executive Committee held 37 meetings in 2013.

- ***Audit Committee***

The Board initially appointed an Audit Committee in 1998 with responsibilities to review the Bank's financial statements to ensure the accuracy and adequacy of such statements; to ensure that the Bank has appropriate and effective internal control and internal audit systems; to review the Bank's compliance with regulatory and legal requirements; to review the adequacy of the Bank and SCB Financial Group's risk management process and policies including the effectiveness of the implementation of the risk management systems; and to perform other duties as stipulated in the Charter of the Audit Committee. Another key role of the Audit Committee is to nominate qualified auditors and propose audit fees to the Board for consideration prior to seeking approval from the shareholders' meeting. Further, the Audit Committee is tasked with assessing the auditors' performance on an annual basis.

Currently, the Audit Committee is comprised of four independent directors, namely Mr. Maris Samaram (chairman of the Audit Committee), Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat and Mr. Prasan Chuaphanich. Their tenures on the Audit Committee are concurrent with their directorships. Every member of the Audit Committee possesses extensive knowledge and experience in the review of financial statements of banks. In 2013, the Audit Committee held 12 meetings, and details of its activities are provided in this Annual Report.

- ***Nomination, Compensation and Corporate Governance Committee***

The main responsibilities of the Nomination, Compensation and Corporate Governance Committee are to nominate directors and senior executives of the Bank as well as to propose for the Board's endorsement the appropriate remuneration of the Board and the Board Committees prior to referring the matter to the shareholders' meeting for approval. In addition, the Nomination, Compensation and Corporate Governance Committee is assigned to assure that the compensation offered to the Bank's executives is commensurate with their roles and responsibilities, and to formulate the Bank's policy in respect of corporate governance and propose it to the Board for consideration and approval. Details regarding roles and responsibilities of the Nomination,

Compensation and Corporate Governance Committee are elaborated in the Charter of the Nomination, Compensation and Corporate Governance Committee.

The Nomination, Compensation and Corporate Governance Committee is currently composed of five members, namely Mr. Chumpol NaLamlieng (chairman of the Nomination, Compensation and Corporate Governance Committee), Khunying Jada Wattanasiritham, Miss Supa Piyajitti, Mr. Robert Ralph Parks, and Pol. Gen. Adul Sangsingkeo. Three of them (including the chairman) are independent directors, and the remaining two members are non-executive directors. Their tenures on the Nomination, Compensation and Corporate Governance Committee are concurrent with their directorships. In 2013, the Nomination, Compensation and Corporate Governance Committee had six meetings, and details of its activities are provided in this Annual Report.

- ***Corporate Social Responsibility Committee***

The roles and responsibilities of the Corporate Social Responsibility Committee are to develop the Bank's business direction as well as to monitor, supervise and assess the Bank's performance and activities in terms of contribution to the country's economy and social welfare and the environment. The Corporate Social Responsibility Committee focuses on building a strong foundation, furthering initiatives, developing networks and sustaining success based on the following three principles: 1) developing human resources, especially among youth, 2) establishing volunteer networks in order to promote volunteer involvement and awareness which will eventually lead to a better quality of life, and 3) developing initiatives that protect the environment, which is crucial for sustainable development.

All seven members of the Corporate Social Responsibility Committee are directors, namely Prof. Vicharn Panich M.D. (chairman of the Corporate Social Responsibility Committee), Mr. Anand Panyarachun, Dr. Chirayu Isarangkun Na Ayuthaya, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, M.R. Disnadda Diskul and Mrs. Kannikar Chalitaporn. Their tenures on the Corporate Social Responsibility Committee are concurrent with their directorships. In 2013, the Corporate Social Responsibility Committee held eight meetings, and their dedication has led to the Bank's success in implementing CSR activities and projects in accordance with the framework and policy set by the Board, details of which are shown in the Sustainability Report.

5.6.2 Major Committees Relating to Management of the Bank

There are six key committees relating to the management of the Bank, namely the Management Committee, the People Development Committee, the Change Program Steering Committee, the Risk Management Committee, the Assets and Liabilities Management Committee and the Equity Investment Management Committee. The roles and responsibilities of each committee are described in the Bank's Corporate Governance Policy, which can be summarized as follows:

- ***Management Committee***

In early 2011, the Bank restructured and renamed the Strategy and Review Committee as the Management Committee. In 2013, the Management Committee held 18 meetings in order to perform duties in accordance with its roles and responsibilities, mainly to discuss and exchange

views on the Bank's business operations; and to consider and/or approve new products, services and work processes.

- ***People Development Committee***

The People Development Committee was set up in 2010 to formulate and review policies and strategies of the Bank's human resource management as well as to monitor and supervise implementation of, and compliance with, such policies and strategies. In 2013, the People Development Committee held eight meetings.

- ***Change Program Steering Committee***

The Change Program Steering Committee is in charge of developing and establishing frameworks or programs related to the Bank's development and transformation, including monitoring such programs. In 2013, the Change Program Steering Committee held 16 meetings.

- ***Risk Management Committee***

In 2002, the Board of Directors established the Risk Management Committee, which is responsible for the formulation of risk management policies and guidelines for the SCB Financial Group. The Risk Management Committee is also tasked with control and monitoring of risk, and supervising and assessing the performance of the SCB Financial Group in accordance with risk management policies and criteria as imposed by the Bank and the Bank of Thailand. In 2013, the Risk Management Committee held 12 meetings.

- ***Assets and Liabilities Management Committee***

The Assets and Liabilities Management Committee is part of the Bank's risk management for market risk, interest rate risk on the banking book, and liquidity risk. The Committee held 16 meetings in 2013 to formulate strategies for management of liquidity risk, interest rate risk, market risk and exchange rate risk.

- ***Equity Investment Management Committee***

The Equity Investment Management Committee is in charge of formulating policies for the Bank's equity investment strategy and approving or making proposals for acquisition/disposal of investments to the Executive Committee or the Board, as prescribed by its authority, as well as keeping operational oversight of the Bank's equity investment portfolio. In 2013, the Equity Investment Management Committee held five meetings.

5.7 Board Meetings

Meetings of the Board of Directors and the Board committees are held in accordance with the rules and procedures specified in the Charter of the Board, the charters of the relevant Board committees, and the Corporate Governance Policy. The meeting schedules of the Board and its committees are planned in advance for the entire year. The chairman of the Board and the chairman of the Executive Committee determine agendas of the Board meetings. The president or directors can propose agenda items through the company secretary. In addition, the Board sets a policy that a meeting of

non-executive directors shall be held on a semi-annual basis. Meeting documents are delivered to directors seven days in advance of each Board meeting in order that the directors will have sufficient time to study the documents. Directors can request additional information through the company secretary.

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their responsibilities in order to provide relevant information for the directors. Such discussion and meeting between directors and executives are also beneficial for executive succession planning.

In 2013, there were 13 Board meetings (including two Board Retreats) and two non-executive directors' meetings. Details of directors' meeting attendance are as shown in Table 2.

Table 2: Details of Attendance Record in 2013

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Annual General Meeting of Shareholders No. 190
1. Mr. Anand Panyarachun	13/13	-	-	8/8	-	1/1
2. Dr. Vichit Suraphongchai	11/13	33/37	-	-	-	1/1
3. Mr. Maris Samaram	13/13	-	12/12	-	-	1/1
4. Prof. Vicharn Panich M.D.	13/13	-	-	8/8	-	1/1
5. Mr. Chumpol NaLamlieng	13/13	-	-	-	6/6	1/1
6. Mr. Sumate Tanthuanit ¹⁾	4/4	-	2/3	-	-	1/1
7. Assoc. Prof. Dr. Kulpatra Sirodom	13/13	-	12/12	-	-	1/1
8. Mr. Ekamol Kiriwat	12/13	-	12/12	-	-	1/1
9. Mr. Prasan Chuaphanich ²⁾	8/9	-	9/9	-	-	-
10. Dr. Chirayu Isarangkun Na Ayuthaya	13/13	-	-	8/8	-	1/1
11. M.R. Disnadda Diskul	13/13	-	-	6/8	-	1/1
12. Khunying Jada Wattanasiritham	13/13	-	-	8/8	6/6	1/1
13. Miss Supa Piyajitti	12/13	-	-	-	6/6	1/1
14. Mr. Robert Ralph Parks	9/13	-	-	-	3/6	1/1
15. Pol. Gen. Adul Sangsingkeo ³⁾	5/9	-	-	-	1/4 ⁴⁾	-
16. Prof. Dr. Thosaporn Sirisamphand ¹⁾	3/3	-	-	-	2/2	1/1
17. Mrs. Kannikar Chalitaporn	13/13	36/37	-	-	-	1/1
18. Mr. Bodin Asavanich	11/13	30/37	-	-	-	1/1

Remark:

- 1) Mr. Sumate Tanthuanit and Prof. Dr. Thosaporn Sirisamphand left office as director on 4 April 2013.
- 2) Mr. Prasan Chuaphanich was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Audit Committee by the Board of Directors on 4 April 2013.
- 3) Pol. Gen. Adul Sangsingkeo was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Nomination, Compensation and Corporate Governance Committee by the Board of Directors on 4 April 2013.
- 4) Pol. Gen. Adul Sangsingkeo attended the Nomination, Compensation and Corporate Governance Committee Meeting No. 5/2013 on 18 October 2013 via teleconference.

5.8 Board and Senior Executive Assessment

5.8.1 Board Assessment

The Board assessment is divided into four parts covering: 1) self-assessment of individual directors; 2) assessment of the chairman of the Board; 3) assessment of the Board as a whole; and 4) assessment of Board committees.

The Board assessment is conducted annually. Comments and recommendations acquired from the assessment are considered and used for enhancing the effectiveness of the Board performance and the Bank's good corporate governance practices. Furthermore, performance assessment provides the supporting information for the Board's opinions on re-election of directors retiring by rotation, which are presented to shareholders for consideration and approval.

In 2012, an external consulting firm with expertise and experience in corporate governance was engaged in the Board assessment. In 2013, the Bank used an assessment format that was refined by the external consulting firm and that encompassed the four performance assessment components mentioned above. The forms were submitted to all directors for their assessment and opinions on the Board performance. The assessment results were then analyzed and proposed to the Board for consideration. Main assessment topics in the whole board assessment form included, for example, Board composition/structure, strategies and planning/managing company performance, monitoring and supervision, corporate governance, director and management development, and executive succession plan. Performance of Board committees was also evaluated in dimensions such as undertaking of duties and responsibilities as set forth in the charters concerned, meeting effectiveness, and communication of the results or meetings resolutions to directors. The Board chairman's performance was also assessed in aspects such as his conduct of Board meetings and shareholders' meetings. According to the results of 2013 Board performance assessment, the average score was at the 'good' level, i.e., most performance of the Board meets or exceeds expectation. Nevertheless, in order to enhance the effectiveness of the Board's performance, the Board has endorsed certain actions, such as regularly arranging development programs to ensure that directors are equipped with skills and knowledge that are current and related to their performance as members of the Board of Directors and Board committees, and keeping the Board informed of the progress and implementation of the Bank's Whistleblower Policy.

5.8.2 Senior Executive Assessment

Prior to proposing the matter to the Board for approval, the Nomination, Compensation and Corporate Governance Committee is responsible for assessing the performance of the Bank's senior executives, namely chairman of the Executive Committee, the president, and senior executives at the level of executive vice president and above on an annual basis. Details are provided in the Sustainability Report.

5.9 Procedure for Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for screening and proposing to the Board qualified candidates to serve as directors and members of Board committees based on the candidates' knowledge, capabilities, and experience required for the director positions falling vacant, as well as, in the case of independent directors, their independence. With regard to the directors representing major shareholders, in principle the major shareholders are required to propose individuals to be elected as the Bank's directors as deemed appropriate. The Board only has duty to verify that the qualifications of individuals nominated are not contrary to relevant laws. The Board proposes the nominated candidates to the shareholders for election at the AGM. Further, to conform to the Bank's policies governing directors' holding position in other companies, the Nomination, Compensation and Corporate Governance Committee refrains from considering candidates who hold positions in five or more listed companies and/or non-listed subsidiaries of the Bank. The Nomination, Compensation and Corporate Governance Committee will consider candidates proposed by shareholders and individual directors and, after scrutiny of their qualifications to ensure compliance with laws and regulations, propose selected candidates to the Board. Following the Board's endorsement of the nominated candidates, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the directors to the shareholders for approval.

The Nomination, Compensation and Corporate Governance Committee is also responsible for reviewing and screening qualifications of persons nominated for senior executive positions, i.e., the positions of chairman of the Executive Committee, president, senior executive vice president, first executive vice president, and executive vice president, prior to proposing the nominations to the Board for approval and subsequently to the Bank of Thailand for endorsement of the appointment.

As regards the appointment of senior management below the level of executive vice president, the head of each relevant functional group and the Human Resources Group are responsible for considering, screening and proposing such appointment to the president for approval.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee and relevant management without discrimination against any person on the grounds of difference in race, religious belief, gender, marital status or disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to be responsible for succession planning in order to ensure that the Bank has in place a succession plan that incorporates the nomination, selection and training for key positions, particularly the positions of the chairman of the Executive Committee, president and executives at executive vice president level and above, to ensure their readiness and continuity of the Bank's management and business operations when executive positions become vacant due to job transfer, retirement or resignation. Details of succession planning are described in the Sustainability Report.

5.11 Director and Executive Remuneration

The Board requires that director remuneration should be commensurate with the duties and responsibilities that directors undertake to fulfill stakeholders' expectations and in accordance with applicable laws and regulations. It is implicit that the Bank's directors must possess appropriate experience and qualifications and be offered remuneration appropriate for their contributions and responsibilities. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of directors and members of Board committees to the Board for consideration and proposal to shareholders for annual approval

5.11.1 Director Remuneration

The current remuneration of director was approved by shareholders at the 2013 AGM. The chairman of the Board receives a remuneration of Baht 1.8 million per year, and each member of the Board receives a remuneration of Baht 1.2 million per year. The rates are the same as those adopted since 2000. In 2013, the Board of Directors, totaling 18 persons, received an aggregate remuneration of Baht 19.80 million.

At the said AGM, shareholders approved a bonus payment to directors at a rate of not more than 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. As shareholders approved a dividend payment of Baht 15,296 million or Baht 4.50 per share for the Bank's 2012 operating results, the total directors' bonus for 2012 performance was Baht 60 million or 0.4% of the dividend.

Current Remuneration of the Board Committees as Approved by Shareholders at the 2013 AGM

Committee	Monthly remuneration (Baht)	Attendance fee (Baht/meeting)
Executive Committee		
▪ Chairman	-	-
▪ Member	-	-
Audit Committee		
▪ Chairman	75,000	15,000
▪ Member	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000
Corporate Social Responsibility Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000

Remark: The chairman of the Executive Committee, president, and director and senior executive vice president, Group General Counsel do not receive remuneration for serving on Board committees.

In 2013, members of the Board committees, i.e., the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Corporate Social Responsibility Committee, totalling 15 persons, received remuneration of Baht 7.88 million.

Remuneration of individual directors is shown in Table 3.

Table 3 Details of Remuneration of Individual Directors in 2013.

Unit: Million Baht

<i>Name</i>	<i>Board of Directors</i>	<i>Executive Committee</i>	<i>Audit Committee</i>	<i>Corporate Social Responsibility Committee</i>	<i>Nomination, Compensation and Corporate Governance Committee</i>	<i>Directors' bonus for 2012 performance</i>
1. Mr. Anand Panyarachun	1.80	-	-	0.44	-	5.49
2. Dr. Vichit Suraphongchai	1.20	-	-	-	-	3.66
3. Mr. Maris Samaram	1.20	-	1.08	-	-	3.66
4. Prof. Vicharn Panich M.D.	1.20	-	-	0.66	-	3.66
5. Mr. Chumpol NaLamlieng	1.20	-	-	-	0.63	3.66
6. Assoc. Prof. Dr. Kulpatra Sirodom	1.20	-	0.72	-	-	3.66
7. Mr. Ekamol Kiriwat	1.20	-	0.72	-	-	3.66
8. Mr. Prasan Chuaphanich ¹⁾	0.90	-	0.54	-	-	-
9. Dr. Chirayu Isarangkun Na Ayuthaya	1.20	-	-	0.44	-	3.66
10. M.R. Disnadda Diskul	1.20	-	-	0.42	-	3.66
11. Khunying Jada Wattanasiritham	1.20	-	-	0.44	0.42	3.66
12. Miss Supa Piyajitti	1.20	-	-	-	0.42	3.66
13. Mr. Robert Ralph Parks	1.20	-	-	-	0.39	3.66
14. Pol. Gen. Adul Sangsingkeo ²⁾	0.90	-	-	-	0.28	-
15. Mrs. Kannikar Chalitaporn	1.20	-	-	-	-	3.66
16. Mr. Bodin Asavanich	1.20	-	-	-	-	3.66
17. Mr. Sumate Tanthuanit ³⁾	0.31	-	0.18	-	-	3.66
18. Prof. Dr. Thosaporn Sirisamphand ³⁾	0.31	-	-	-	0.11	1.79
19. Mr. Thevan Vichitakul ⁴⁾	-	-	-	-	-	1.52
Total	19.80	-	3.23	2.40	2.25	60.00

Remark: 1) Mr. Prasan Chuaphanich was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Audit Committee by the Board of Directors on 4 April 2013.

2) Pol. Gen. Adul Sangsingkeo was appointed as director by the Annual General Meeting of Shareholders No. 190 and as member of the Nomination, Compensation and Corporate Governance Committee by the Board of Directors on 4 April 2013.

3) Mr. Sumate Tanthuanit and Prof. Dr. Thosaporn Sirisamphand left office as director on 4 April 2013.

4) Mr. Thevan Vichitakul left office as director on 1 June 2013.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives to the Board for endorsement. The remuneration should be appropriate

for, and in line with, the Bank's policies as well as reflect corporate and individual performance. The remuneration consideration is based on the transparent criteria, scope of responsibilities, and competitiveness of the Bank as compared to leading financial institutions and companies in Thailand.

In accordance with the definition determined by the Office of Securities and Exchange Commission, the term "executives" refers to "executives at the senior executive vice president level and above, including executives of the finance or accounting department." In 2013, the Bank's executives according to such definition totaled 11 persons, and they received remuneration in the form of monthly salary, bonus and allowance amounting to Baht 363.91 million. On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives at executive vice president level and above; and the Bank's executives according to such definition totaled 69 persons and in 2013 they received the remuneration in the form of monthly salary, bonus and allowance amounting to Baht 1,012.57 million.

5.11.3 Other Benefits for Directors and Executives

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. In 2013, one non-executive director and three executive directors of the Bank obtained medical expenses reimbursement of Baht 23,588.50 and Baht 1.71 million respectively. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees such as medical welfare, annual medical check-up, life and accident insurance, welfare loans, and provident fund contribution. In 2013, the Bank's provident fund contribution for 9 executives as defined by the Office of Securities and Exchange Commission (i.e., the senior executive vice president level and above including executives of the finance or accounting department) was Baht 9.01 million, while the provident fund contribution for 66 executives as defined by the Bank of Thailand (i.e., the executive vice president level and above) was Baht 33.11 million.

5.12 Director Orientation

The Bank arranges orientation meetings for all new directors. At these meetings, briefings on the Bank's vision, strategies, key business targets and operations plans are given by the president and senior executives. Important documents are also provided for new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, and the Directors' Code of Conduct. Such documents provide key information regarding roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, and roles and responsibilities of the Board committees.

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to the development of its directors and encourages directors to participate in such courses or activities as will serve to enhance their knowledge and performance as members of the Board of Directors and Board committees. These courses and activities are usually arranged by the Stock Exchange of Thailand, the Office of Securities and Exchange Commission,

and the Thai Institute of Directors, such as Director Certification Program (DCP), Director Accreditation Program (DAP), Audit Committee Program (ACP), and Monitoring the Internal Audit Function (MIA). Directors are also encouraged to attend overseas seminars and activities that promote corporate governance practices at a national level such as the 2nd National Director Conference 2013 arranged by the Thai Institute of Directors. In this regard, the Bank regularly keeps directors informed of relevant training courses in advance for their consideration.

Further, the Board of Directors has directed the Bank to regularly arrange development programs to ensure that directors are equipped with skills and knowledge that are current and related to their performance as members of the Board of Directors and Board committees and incorporate such programs in Board meetings at least once per year.

5.13.2 Executive and Employee Development

The Bank strongly believes that continuous development of its human resources at all levels is a key foundation for sustainable growth and business success, both in the short- and long-term. Therefore, the Bank has focused its efforts on encouraging executives and employees to develop their skills and capabilities as well as offering them with opportunities to advance their careers. In pursuing its goal of becoming a learning organization, the Bank continued its implementation of a blended learning and development approach to promote learning-outside-the-classroom in 2013. In particular, internal skills development projects became more integrated to business realities. Other major programs implemented by the Bank in 2013 included coaching programs, e-learning, leadership development programs, scholarship programs for domestic and overseas educational programs, and a project named I-Plearn, which offers new and innovative edutainment learning tools.

Details of executive and employee development are shown in the Sustainability Report.

5.14 Oversight of Subsidiaries and Affiliates

The Bank, as the parent company of companies in SCB Financial Group, attaches importance to aligning the business direction of companies in SCB Financial Group to the Bank's policies and processes, as this contributes to synergy and operational effectiveness of the SCB Financial Group.

The Board of Directors has delegated to the Executive Committee the authority to nominate the Bank's executives with the right business acumen and expertise as representative directors of companies in the SCB Financial Group in order to partake in the formulation of the policies and management direction of the affiliate and bring them in line with the Bank's key policies. In this regard, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors as well as provides guidelines for representative directors who have a key role in protecting the rights and interests of the Bank and its shareholders.

Also, to promote transparency and prevent conflict of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in the SCB Financial Group based on applicable regulatory and legal requirements.

Further, the Risk Management Committee is established by the Board of Directors and tasked with monitoring and supervising risk management practices of all companies in the SCB Financial Group to ensure their compliance with risk management policies and regulations as imposed by the Bank and the Bank of Thailand. Risk management policies for companies in SCB Financial Group have been developed to provide standard guidelines for identifying, assessing, controlling, monitoring and reporting material risks specific to each company in the SCB Financial Group.

5.15 Board Support Unit

The Bank provides support to and recognizes the importance of the following units and personnel responsible for ensuring the Bank's proper compliance with laws and regulations as well as the Board's adherence to statutory and good corporate governance practices:

5.15.1 Chief Audit and Compliance Officer

The Audit and Compliance Group has been established to monitor and govern compliance of the Bank and companies in the SCB Financial Group with laws, regulatory requirements and the Bank's Compliance Policy. The Audit and Compliance Group also functions as an independent and neutral body responsible for auditing operations, providing advice, recommending improvements to internal control and risk management systems, and enhancing corporate governance practices. Audit and Compliance Group is led by Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, who is responsible for ensuring that the aforesaid roles and responsibilities are effectively carried out. The chief audit and compliance officer reports operationally to the president, and functionally to the Audit Committee. The Audit Committee has the duty to review the suitability of the chief audit and compliance officer in terms of qualifications and performance, as well as to endorse the appointment, removal, transfer, or dismissal of the chief audit and compliance officer, including performance assessment.

5.15.2 Company Secretary

The Board of Directors has appointed Mrs. Siribunchong Uthayophas as company secretary to support the Board with respect to statutory and supervisory requirements, good corporate governance as well as other duties and responsibilities as specified in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel. Functions of the company secretary are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Company Secretary."

Educational background, work experience, and training records of the two persons mentioned above are provided in this Annual Report.

10. Corporate Social Responsibility

To reflect our firm efforts to reach global standards, in 2012 SCB started a non-financial report under the Global Reporting Initiatives (GRI) covering SCB responsibilities toward stakeholders in various sectors and society as a whole. From that beginning, the report has now emerged to become a full and proper Sustainability Report detached from the annual report.

In this report, SCB provides data and commentary compliant with global standards of corporate responsibility while highlighting our corporate alignment with Thai values and traditions for good business practice.

SCB's 2013 Sustainability Report, covering the January – December 2013 fiscal year, is a milestone for SCB in adopting sustainability indicators that will shed light on the Bank's operations and help the Bank contribute meaningfully to the creation of long-term value for all of its stakeholders.

The Bank's engagement with its core stakeholders – customers, shareholders, employees, communities and the environment – are described in this report. The report format follows the recommendations of the Global Reporting Initiative G4 guidelines for disclosure.

The report is 'in accordance' with the G4's 'Core' option for both the General and Specific Standard Disclosures. The 'Core' option contains the essential elements of sustainability achievement and a background discussion whereby SCB presents its economic, environmental, social, and governance performance during the reporting period. The GRI Content Index and Financial Services Supplement are attached in the last section of this report to complete the full presentation of SCB's disclosure compliance.

Our Strategy

Like Thailand itself, SCB is experiencing a transitional period of macroeconomic, social, and political changes affecting the organization, the region, and the world. These changes call for visionary leadership and change management skills that recognize the importance of adaptability for sustainable prosperity.

SCB'S vision is to be the bank of choice for our customers, shareholders, employees, and the community. Our strategy for managing the significant economic, social and environmental impacts on our stakeholders is to conduct our banking business guided by our core values – **iSCB** (innovation, **S**ocial responsibility, **C**ustomer focus, and **B**uilding our people) – and guided by our corporate code of conduct.

This sustainability report incorporates our recognition of the importance of international standards for sustainability and our long-term organizational strategy and success. The Bank is using the GRI framework while maintaining awareness of other standards and indices in order to strengthen our

ways of doing business and developing indicators to measure our progress. The aim is to benchmark against international practice in a more holistic way in the years to come, starting from today.

To integrate the sustainability mind-set in our organization, SCB is emphasizing the board's and senior management's vision of iSCB, and tying it into its daily operations and engagement with society at large.

Our Stakeholders

SCB relations and long-term stakeholder value are the touchstones of SCB's longevity. The key stakeholder groups SCB addresses are our customers, shareholders, employees, business partners, competitors, creditors and suppliers and, society and the environment. In this globalized era of constant change, SCB seeks to grow long-term stakeholder value and to maintain an ongoing dialogue with our stakeholders.

SCB's Impact on Stakeholders – Associated Challenges & Opportunities

Economic

SCB has exceeded its financial performance targets for the past few years. The Bank is sensitive to the fact that our growth comes with rewards, opportunities, and risks. It is an SCB priority to manage our risks and growth with utmost awareness and financial scrutiny.

Social

SCB is determined to help individual customers achieve a sense of financial reliability and to gain financial security and support both public and private sector to enhance the well-being of the society as a whole.

Environmental

In the past few years, SCB has made it a priority to upgrade operational systems not only to keep ahead of the changing demands of today's customers by capitalizing on technological advancements but also to improve efficiency and resource management.

Engaging Our Stakeholders

	Stakeholders	Methods of engagement	Expectation	Responses
C u s t o m e r s	<ul style="list-style-type: none"> - Retail - SMEs - Commercial - Corporate 	<ul style="list-style-type: none"> - Feedback surveys - Call center - Training programs - Standard procedure 	<ul style="list-style-type: none"> - Introduce quality products and services - Impartial treatment - Protect of clients' confidential data - Trust and confidence in financial position - Participate in the bank's activities 	<ul style="list-style-type: none"> - Develop new innovative products and services continuously to meet clients' expectation - Clients' data protection procedure and measure - Hold training to enhance financial knowledge for clients - Social contribution activities for client participation
S h a r e h o l d e r s	<ul style="list-style-type: none"> - Major Shareholders - Minor Shareholders 	<ul style="list-style-type: none"> - Annual General Meeting (AGM) - Annual report - Shareholder updates - Quarterly financial - Announcements - Meetings/conference calls with investors and equity analysts - General meetings with equity analysts - Investor conferences - Global road shows - Audit system and Risk management 	<ul style="list-style-type: none"> - Manage business to ensure excellent operating performance in a regular way - All shareholders get an equal right and treatment - The internal control and audit systems are made available - The risk management system is efficient 	<ul style="list-style-type: none"> - Proper dividend yield - Disclose information transparently
E m p l o y e e s	<ul style="list-style-type: none"> - Permanent Employees 	<ul style="list-style-type: none"> - Performance surveys - Satisfaction surveys - Engagement survey - Employee development programs - Recognition awards - HR Call Center 	<ul style="list-style-type: none"> - Appropriate employee welfare arrangement - Employee competence development plan - Career advancement and security 	<ul style="list-style-type: none"> - Respect human rights and treat employees impartially - Employee development program - Employee engagement activities

	Stakeholders	Methods of engagement	Expectation	Responses
B u s i n e s s P a r t n e r s a n d C o m p e t i t o r s	- Other banks in Thailand	<ul style="list-style-type: none"> - Inter-banking Agreements and Transactions - Meetings with the Joint Standing Committee on Commerce Industry and Banking (JSCCIB), the Thai Bankers' Association (TBA), Securities and Exchange Commission Thailand (SEC), and the Thai Chamber of Commerce (TCC) - Economic Intelligence Center 	<ul style="list-style-type: none"> - Treat trade partners and rivals fairly - Maintain confidentiality under the regulation and law concerned - Refrain from seeking data of trade partners and rivals dishonestly and/or unfairly 	<ul style="list-style-type: none"> - Have a code of ethics for running business transparently and adhering to the rules of fair competition - Employee Code of Conduct

	Stakeholders	Methods of engagement	Expectation	Responses
Creditors and Suppliers	<ul style="list-style-type: none"> - Financial Institute - Contractors - Vendors 	<ul style="list-style-type: none"> - Seminars - Events - Online resources 	<ul style="list-style-type: none"> - Strictly comply with terms and conditions provided to all types of creditors - Enjoy sustainable growth together and treat trade partners fairly and responsibly 	<ul style="list-style-type: none"> - Have regulations that are fair and responsible to creditors - Able to make loan repayments and other payments as scheduled
Society	<ul style="list-style-type: none"> - Communities / Society near the branch - Remote Communities / Society 	<ul style="list-style-type: none"> - Initiatives implemented and supported by SCB and Siam Commercial Foundation through knowledge management and various programs involving SCB staff - Focus on youth development, volunteerism and quality of life and environmental management 	<ul style="list-style-type: none"> - Run business with social responsibility, particularly concerning public benefits - Promote and participate in activities that benefit communities and the whole society - Encourage compliance with human rights principles and anti-corruption practices under the business conduct with social responsibility 	<ul style="list-style-type: none"> - Volunteer staff participate in activities that benefit communities and society - Support reliable public charities - Hold training for employees on anti-corruption practices in all forms

	Stakeholders	Methods of engagement	Expectation	Responses
E n v i r o n m e n t	<ul style="list-style-type: none"> - Natural Forest - Conserve Foundation with wildlife and forest - Ministry of Energy 	<ul style="list-style-type: none"> - Conservation of natural resources through awareness-raising campaigns - Programs to educate and engage staff, business partners, customers and other CSR networks in volunteer activities - Promoting energy efficiency through upgraded lighting and electronic systems - Paper use reduction through paperless practices resulting in carbon emissions reduction 	<ul style="list-style-type: none"> - Strictly comply with the regulation and law governing environment protection - Attentive to the safety and environment 	<ul style="list-style-type: none"> - Promote natural resources and environment conservation projects - Hold volunteerism-based activities and programs for employees, business partners, clients and people in other segments - Enhance efficiency of energy consumption

Our Market Leading Position

SCB sets the pace for many banking industry activities. In return, our rewards have been both quantifiable and qualifiable, with recognition from many organizations.

Financial Performance and Management Excellence Awards

Best Bank in Thailand Awards

- Best Bank in Thailand (2011-2013) from Euromoney (UK)
- Bank of the year in Thailand (2008, 2009, 2012) from The Banker
- Best Bank in Thailand (2006-2013) from Global Finance
- Best Bank in Thailand (2011-2013) from FinanceAsia
- First rank among Thai commercial banks in Forbes magazine's "Forbes Global 2000" 6th consecutive year (2008-2013)
- Money & Banking Magazine (2012-2013)

Corporate Social Responsibility and Corporate Governance Awards

- Top Corporate Governance Report Awards (4th year consecutive) (2010-2013)
- Outstanding Corporate Social Responsibility from Stock Exchange (3th year consecutive), (2011-2013)
- Best Investor Relations (2012-2013)
- Best Environmental Responsibility from Corporate Governance Asia (2013)

SCB Going Forward

Sustainability Trends and Implications for SCB

SCB has identified several sustainability trends that are having an enduring impact on our business environment.

Shift in Consumer Behaviour

Changes in consumer preferences and behaviour are being largely driven by rapid shifts in technology towards a more digital economy. There is more demand for instant responsiveness and proactive customer engagement through social media. The risks associated with these trends revolve around securing customer data and related issues with IT systems and partnerships. The Bank is taking advantage of new opportunities to deliver innovative products as well as promoting financial literacy to our customers both on line, Smartphone application through our website and SCB Thailand, and our social media: twitter, facebook, YouTube.

Increase in Demand for Wealth Management

Rising income in Thailand is driving demand for wealth management services for a growing middle class. Thailand's aging population will lead to other changing needs. These developments will lead to inherent opportunities such as customized services and investment advice for older, lifestyle-oriented customers.

ASEAN Economic Community (AEC) Integration

In two years, the AEC will come into being. Thailand, as a regional hub and centre of economic growth in recent decades, is to become an even more important investment destination. The Bank must prepare for regional integration to the benefit of all ASEAN countries, with appropriate financing and investment procedures. A new approach to intra-regional financial services is in the works to ensure responsible financing, cross-border compliance, and the protection of long-term stakeholder value.

Increasing Pressure from Policy Makers and Society

Increasingly complex regulatory requirements, more stringent consumer protection laws, and growing pressure from society militate for greater care and innovation on behalf of SCB stakeholders. Some might see these expectations as obstacles: The Bank sees them as incentives to embed the concept of professionalism and shared value into our operation in order to deliver quality banking services and returns to our stakeholders.

Being able to deal with these trends presumes a solid business foundation. SCB has such a foundation, as shown in the next section: "Banking & Responsibility."

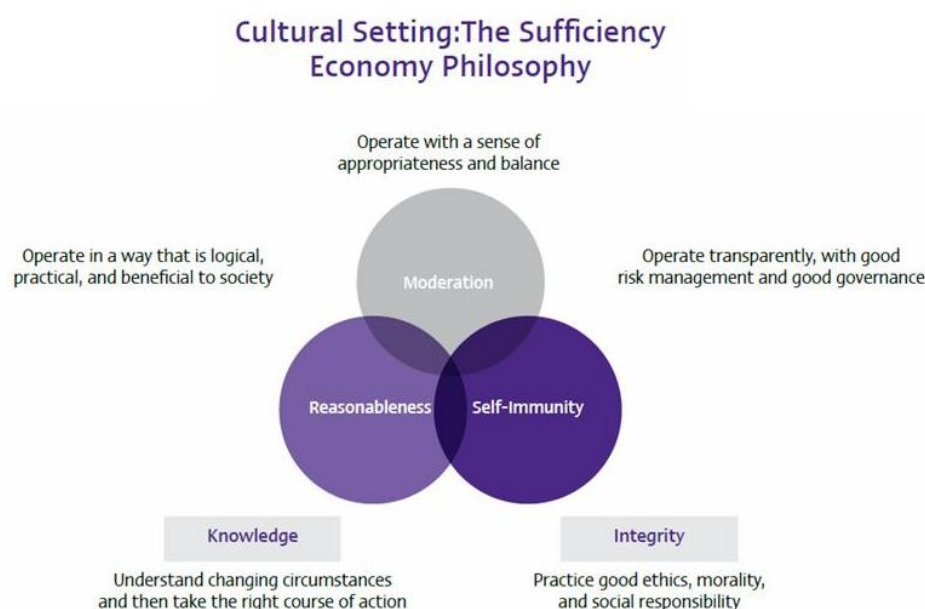
BANKING & RESPONSIBILITY

How does SCB incorporate responsibility into its long-term strategy and day-to-day operations?

Our commitment is to be the best universal bank in Thailand. SCB prides itself on its contribution to the national well-being for the past 107 years through its financing capability and through its commitment to business development and economic growth. As a member of the financial services community, The Bank naturally believes in the importance of sustaining a high level of both economic performance and customer engagement.

To accomplish our mission as a universal bank serving the people and the nation through commercial lending, financial services, and financial intermediation, SCB has fine-tuned processes to deliver top customer service at a reasonable cost. SCB is a leadership contenders over a range of retail and wholesale products and services. Our extensive branch network and ATM system are assets in this regard.

However, SCB does not operate in a cultural vacuum. Our stakeholders, especially our employees, are the products of a unique environment, one which we will depict next.



For SCB, the themes of service and risk management dominate our business vision and mission. SCB takes view of the Sufficiency Economy as a long term. As a result SCB focuses upon sustainability growth rather the short term gains as consistantly with the Sufficiency Economy perspective.

We are mindful as we develop our growth strategy, as this enables us to create shared value for business and society. This care is reflected in our steady expansion within the retail banking sector, which we originally entered with housing loans to help customers meet basic needs before taking on riskier and more profitable niches such as automobile loans.

The mindset nurtured by an appreciation of the Sufficiency Economy Philosophy provides the inspiration and impetus driving much of our work. One of the prime activities that directly reflect our ethos is governance.

Corporate Governance

Sufficiency Economy principles provide the cultural backdrop to SCB's approach to stakeholder interaction. These principles can also advise the metrics by which to evaluate corporate governance. In the Sufficiency Economy context, good governance implies moderation in reach, reasonableness in decision-making, and concern for enterprise resilience and sustainability in practice. If we lack good governance, the Bank cannot be in alignment with Sufficiency Economy principles.

Governance Structure

As of December 2013, SCB's Board consisted of 16 members – four women and twelve men – with nine directors independent of management and of major shareholders. The tenure of independent directors may not exceed three consecutive terms. A term is three years.

The Chairman of the Board is an Independent Director, but cannot be the Chairman of the Executive Committee or the President of SCB. Nor can the Board Chairman become involved in routine management. This ensures segregation of roles between policy formulation and day-to-day management oversight.

The Chairman of the Board formulates meeting agendas and conducts Board and shareholder meetings. The Chairman has the responsibility to advocate the long-term vision and mission of SCB. It is the Chairman's responsibility to ensure that performance is routinely on the Board's agenda.

The Board appoints one of its members as Chairman of the Executive Committee. The Chairman of the Executive Committee manages and controls the business operations. The Bank President serves as an ex-officio member of the Executive Committee, and as a director.

The following Board Committees support the Board of Directors:

- Executive Committee
- Audit Committee
- Nomination, Compensation and Corporate Governance Committee
- Corporate Social Responsibility Committee

Conflict of Interest

SCB has detailed regulations for managing conflicts of interest among members of the Board. For example, directors shall not hold positions in more than five other listed companies. Executive directors shall not hold positions in more than two other listed companies outside the SCB group. Board members are not allowed to trade company shares during the two weeks prior to the release of financial statements. Directors and others with decision-making authority must report on a quarterly basis their financial interests and those of their related parties. Finally, SCB regulations

prevent employees from personally benefiting from knowledge of company intentions and transactions or from other material business opportunities that arise from their employment.

Remuneration and Benefits of Board Members

In 2013, the Chairman of the Board received a fixed annual remuneration of Baht 1.8 million, the same amount as in 2012. Additionally, in 2012 and 2013, the Chairman of the Board received Baht 0.44 million for his engagement in Board Committees. Board members each received, in both 2012 and 2013, fixed annual remuneration of Baht 1.2 million. Furthermore, at the 2013 Annual General Meeting shareholders approved a bonus payment to directors at maximum of 0.5 % of the dividend. By exercising its discretionary powers, the Board of Directors authorized a bonus payment of 0.4% of the dividend, or Baht 60 million.

Assessment of Directors, Senior Management, and Employees

Chairman of the Executive and the President Assessment

The Nomination, Compensation and Corporate Governance Committee is responsible for the performance assessment of the Chairman of the Executive Committee, the President, and senior executives at the level of Executive Vice President and above on an annual basis. The Chairman of the Executive Committee and the President are assessed on the basis of the Bank's strategic plan and Key Performance Indicators (KPIs). Performance outcome is compared with the goals, as well as with the Bank's historical performance in order to have a long-term view of a sustainable assessment. The assessment is presented to the Board of Directors for feedback and approval.

Senior Executive Assessment

Senior executives at the level of Executive Vice President and above present a strategic plan for their responsible business unit to the President, the Executive Committee, and the Board of Directors. Their performance is assessed based on their Key Performance Indicators. The Nomination, Compensation and Corporate Governance Committee is responsible for filtering the strategic plans and determining the senior executive compensation and other benefits based on the performance assessment.

Among other human resource management improvements in 2013, SCB enhanced its approach to employee performance assessments, performance rating and performance rating distribution, to attain better measurements across the Bank's different units and departments both at high executive level and non executive level.

Employee Assessment

Employee performance assessment is carried out annually as part of the Bank's overall performance assessment, which covers strategy planning and execution, collaborative planning between superiors and subordinates (including setting KPIs and Individual Development Plans), performance monitoring, performance advisory, and tying performance to compensation and benefits. The key assessment elements for employees in sustaining a stable organization are competence, skills, individual and team development, professionalism, and ethics.

The enhanced methods cover both absolute performance ratings and relative ratings that compare individuals to group results at the same level. The enhancements have made assessment definitions more concrete, with a uniform approach for each staff level, and will help management and employees better compare performance outcomes and goals.

Human Rights

SCB supports the Universal Declaration of Human Rights and other internationally accepted human rights standards. The Bank has consulted experts to ensure that its operations are in line with international human rights standards. SCB's lending committee reviews larger lending commitments with human rights issues in mind. Should there be any issues which may be subject to rights violations, the management will alert and seek the consent from the Chairman of the Board, the Chairman of the Audit Committee and the Chairman of the Nomination, Compensation and Corporate Governance Committee.

New employees receive mandatory training and assessment via e-learning on the Code of Conduct, including human rights policies. In 2013, the Bank initiated a Whistle Blower Policy. It provides employees a channel through which they can report complaints, fraud or non-compliance, and unfair treatment. Human rights training and the Whistle Blower Policy are in place to exemplify SCB's adherence to the principles of transparency and good governance.¹

There were no reported human rights violations in 2013. This is true for the Bank's employees, suppliers as well as for indigenous people at operation sites. The Bank's operations had neither actual nor potential negative impacts on local communities.

Anti-Corruption

The Bank takes a zero-tolerance approach towards any act of bribery or corruption. In 2012, SCB joined in signing the Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption and is now actively engaged in anti-corruption efforts and in the process of obtaining relevant certification. In 2013, the Bank trained over 7,000 equivalent to 35% of total staff, on anti-money laundering as part of its ongoing anti-corruption efforts.

Audit and Compliance

The Audit and Compliance Group is responsible for ensuring that the Bank and the Financial Group conduct themselves in compliance with the laws and regulatory requirements as well as with our own compliance policies. Led by chief audit and compliance officer, the Group also functions as an independent and neutral unit in auditing tasks and providing systematic advice, enhancement of internal control and risk management systems, and corporate governance. Because of the Bank's

¹To report complaints, fraud, or non-compliance, employees can email whistleblower@scb.co.th or send a letter to the chief audit and compliance officer, Audit and Compliance Group. A collation of these complaints is submitted to the Audit Committee on a quarterly basis.

strict adherence to law and regulation, no significant fines or non-monetary sanctions for non-compliance have been imposed the year.

Good corporate governance is fundamental to risk management, to which we now turn.

Risk Management

SCB believes that one way to drive success is to hone our risk management skills and practices. This can also pave the way for sustainable growth and profitability in changing times. The Board of Directors is responsible for the establishment and oversight of the risk management framework of the Bank and its subsidiaries.



The Board of Directors has assigned three committees to deal with risk management matters as follows:

The Executive Committee is responsible for, among other matters, reviewing risk management policies and recommending them to the Board of Directors. In addition, the Executive Committee is authorized to approve loans and investments, and to administer related functions as determined by the Board of Directors.

The Audit Committee is comprised of independent members of the Board who are responsible for reviewing the adequacy of the Bank's risk management processes and policies and the effectiveness of implementation of the Bank's and SCB Financial Group's risk management systems.

The Risk Management Committee is responsible for reviewing risk management policies and recommending them to the Executive Committee and the Board of Directors; determining risk management strategies consistent with guidance by the Board of Directors; and managing overall risks of the Bank.

In addition, specific areas of risks are assigned to committees such as Liabilities Management Committee, Equity Investment Management Committee, Credit Committee, Retail Credit Committee, Special Assets Committee and Underwriting Risk Committee.

Mitigation of risk in banking demands close supervision of non-performing loans (NPLs) and non-performing assets (NPAs). The Special Business Group has been established accordingly to assume responsibility for managing SCB's portfolio of NPLs and NPAs. The Special Business Group is also

responsible for preventing new NPLs by monitoring high risk clients during difficult business conditions.

Offering a variety of financial products, and diversifying within SCB's existing product portfolio, also safeguards SCB's exposure. From the Board of Directors to the Bank's operations staff, risk awareness permeates the organization, helping to insulate it against unacceptable losses in coming years.

The Bank has developed risk parameters for a pricing model to optimize risk-adjusted returns as well as to maintain a sufficient capital adequacy in order to absorb unexpected loss under stress test conditions.

For more details of the Risk Management, please refer to Risk Management and Risk Factors section in the 2013 Annual Report.

Customer Focus

SCB serves customers and clients across Thailand in over 1,100 locations. To merit customer trust and loyalty, SCB creates products and services with an eye to integrity and long-term value, anticipating customer needs, being responsive, and providing integrated financial solutions.

Customer at Heart

SCB does not require independent confirmation of the degree of our customer satisfaction: it is in operation daily. Walk into any branch of SCB at any time of the day and you can feel the buzz.

Nonetheless, SCB can also quantify its strong and steady customer satisfaction track record as concrete testimony to our level of customer focus. The Bank has commissioned an independent service provider to assess customer satisfaction with the help of a systematic survey at our business locations. For 2013, the Index Score on overall customer satisfaction (based on retention) has averaged 90. The Index Score on customer satisfaction at SCB branches averaged just over 97.

The Bank staffs do everything possible and practiced in the interest of customer satisfaction. Customers can make inquiries, offer suggestions, and voice complaints via multiple channels - phone, email, or social media. The nearly 9,000 complaints the Bank received in 2013 represented a decrease of 6% from 2012.

Keeping customer data secure and safeguarded against misuse is a priority. The Bank has controls in place to protect customer information, and the Bank is progressively complying with the Payment Card Industry Data Security Standard. The data centers have several layers of security to prevent hacking. And the Bank has have instituted a data leak prevention system to safeguard confidential customer data.

Being customer focused is of course not confined to customer satisfaction-related issues; customers should also be empowered to make informed choices. To that end, the Bank provides customers with information about products and services via various sources, including leaflets and our webpage. Its staff is ready to provide any type of information to our products and services. In 2013,

at SCB, there were no incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling. Similarly, there were no incidents of non-compliance with regulations and voluntary codes concerning marketing communications. The Bank does not sell banned or disputed products to customers. Moreover, in 2013, SCB had no significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.

Financial Literacy

A successful and sustainable society prospers when there are employment opportunities, the perception of fair wealth distribution, and financial literacy. Not only do citizens require access to financial products and services, they also need to understand the skills for making financial decisions in everyday life. As a leading financial institution, SCB promotes financial literacy for Thailand's long-term economic development and stability. The Bank leverages its market presence to help enhance financial literacy among all stakeholders.

SCB discourages customers from taking excessive financial risks, as mentioned elsewhere. It assesses client collateral prior to making loans and advises customers to take only those loans that they are able to repay. Additionally, it preaches financial literacy. For example, the Bank regularly publishes information materials explaining savings and investment techniques, and circulates them via social media.

SCB hosts seminars to build our customers' financial literacy. In 2013, the Bank hosted three seminars for wholesale customers, two seminars for retail customers, two seminars for SMEs, and training for young entrepreneurs, women entrepreneurs, and journalists.

Table 2: Promoting Financial Literacy

	Event	Description	Target	Frequency
R e t a i l B a n k i n g G r o u p	Investment Symposium	Seminar for retail customers for general knowledge of economics and investment	Wealth Management Clients and general investors (500 persons)	2 times per year
	Seminar for Wealth Management Clients	Sub-group seminar in investment guideline and strategy	Wealth Management Clients and general investors (20 – 500 persons)	10 – 12 times per year
B u s i n e s s	Intelligent Entrepreneur Program (IEP)	In cooperation with Chulalongkorn University, organizing a seminar for business owners	Business owners who are Business Banking clients	2 times per year
	Youth Entrepreneur Program (YEP)	In cooperation with Thammasat University, organizing a seminar for family business heirs	New generation of family business owners who are Business Banking clients	2 times per year

	Event	Description	Target	Frequency
B a n k i n g G r o u p	Cluster Seminar	In cooperation with The Federation of Thai Industries (FTI), organizing a cluster seminar	FTI members	4 times per year
	Seminar on “Doing Business in Myanmar”	Seminar on country business profile	50 – 70 Wholesale Banking clients	1-2 times per year
	Seminar on “Doing Business in China”	Seminar on stock exchange and investment in China	50 – 70 Wholesale Banking clients	1-2 times per year
W h o l e s a l e B a n k i n g G r o u p	Seminar on “Doing Business in Cambodia”	Seminar on investment opportunities in Cambodia	50 – 70 Wholesale Banking clients	1-2 times per year

SCB Economic Intelligence Center

The Economic Intelligence Center (EIC) is a unit of SCB that provides business executives and the general public with valuable insights for financial decision making. The EIC offers an in-depth macroeconomic outlook and sectorial impact analyses based on hands-on research and dialogue

with businesses. Also, EIC organizes the SCB Annual Conference on the Economy, together with distinguished executives from both public and private sectors, to share views and insights on the upcoming challenges and opportunities in a year head.

In line with Sufficiency Economy principles, EIC's in-depth information provides knowledge promoting more astute and sustainable business growth through the lenses of risk management, balance, resilience, and continuous learning.

A resource such as EIC is particularly valuable when seeking out-of-the box, innovative solutions to complex problems.

Innovation

At SCB, innovation is incorporated into the core values of the organization. The Bank sees it as a means to competitive advantage in the industry. SCB leverages the latest technological developments to improve operational efficiency and the banking experience of our customers. This has ancillary benefits such as reducing resource use and preserving the environment. Internally, we hold an "Innovation Competition" to solicit creative service solutions for the bank and for our customers.

Retail

At SCB, several innovative products and services are part of the retail activities:

- Slipless process
- SCB Tid Tid
- SCB Smart Kids Saving
- SCB UP2ME

Slipless process

With the aim to upgrade the service and sales experience across our branch network, SCB launched the slipless process at the counter by elimination of handwritten forms for 80% of branch transactions e.g. cash deposit, cash withdrawal and transfers. This new process provides a hassle-free experience, improved service cycle time and increased productivity.

SCB Tid Tid

The most recent outcome of the Bank's "Innovation Contest" has been *SCB Tid Tid*, which won first prize in the first innovation contest. *SCB Tid Tid* is a service that allows customers to generate a quick response (QR) code themselves via smart phones, replacing manual fill-in slips for common banking transactions such as deposits, withdrawals, money transfers and bill payment. With special lanes in selected branches, *SCB Tid Tid* helps shorten the waiting time in branches, minimize human error at the counter, improve working conditions and employee satisfaction at branches, and engage tech-savvy customers.

SCB Smart Kids Saving

SCB Smart Kids Savings is a savings account for children under the age of 15. It is aimed at cultivating good savings habits and financial discipline.

SCB UP2ME

Up2Me is a new product range targeted at the younger generation. Up2Me encourages young customers to set financial goals, save money, and keep track of their success. It is an integration of new technologies that makes financial matters fun for today's connected generation.

Up2Me offers a Smartphone application, a web-based account, and a credit card. The package incorporates three innovative solutions: SCB Easy Pay, for online and Smartphone transactions; UP2ME for saving Card, for ATM, debit, and credit needs; and My Goal My Savings.

Business Banking Group

SCB supports the development of small and medium enterprises, an important sector of the Thai Economy.

The dynamism and strength of small and mid-scale entrepreneurs are the driving forces of the country's wealth and well-being. SCB SME is designed to offer the services most needed by SME customers. Being Customer Centric, SCB understands that small and mid-sized businesses develop in stages; starting up, growing, or stabilizing. The Bank positions as a partner of entrepreneurial customers, working closely with them and to serve their different needs. It believes firmly that if Thai SMEs thrive, SCB thrives, and Thailand thrives.

The Bank supports SME development through:

- Online support for SME customers
- Sponsorship of the Bai Po Business Awards

Website for SME customers

SCBSME.com is a portal for the new generation of business entrepreneurs who increasingly turn to online services. The portal is a source of knowledge and networking for SME entrepreneurs to share potential business partners and information concerning different types of business ventures.

SCB has developed a website (www.scbsme.com), and SME community site embracing the idea "We Share" to be a center for the SME community. There, it offers useful tools for visitors and clients to assess their financial status. Too, it make it easy for customers to find the most suitable products from SCB for their business and personal needs.

BaiPo Business Awards

SCB celebrates innovative small businesses in Thailand with the annual *Bai Po Business Awards* co-organized with the Sasin Graduate Institute of Business Administration of Chulalongkorn University. Each year, these awards honor Thailand's top SMEs and reflect the strong potential and high quality of local SMEs. The awards aim to inspire local business operators to be more active in steadily

building capacity while becoming role models for other SMEs. Winning companies are judged on various aspects, including customer focus, innovation, quality, adaptability to changes, value creation, branding, efficiency, leadership & team building, social responsibility and entrepreneurship. They become promoters of shared value and creativity among Thailand's SMEs.

Wholesale Banking Group

SCB Bank Payment Obligation (BPO)

The BPO is an alternative means of international payment settlement. It can be likened to an electronic letter of credit (L/C) with payment obligation by the importer's bank. Unlike conventional systems, BPO uses an automated computer system for export data verification. This can help reduce mistakes made during manual entry, and save on transaction times. It enables exporters and importers to undertake financial transactions more efficiently, with confirming payment obligations by the importer's bank similar to those that take place with an L/C.

Green Energy Projects

In the long run, Thailand's well-being depends not only on economic growth, political stability, and the integrity of the financial system, but also on energy security. To establish sustainable energy production in Thailand, a green infrastructure is vital. SCB finances a number of green energy projects, all related to solar power. These investments vary in amounts from Baht 200 million to Baht 5 billion, and total well over Baht 10 billion.

Responsible Investment

The Bank promotes sustainable credit practices for both wholesale and retail customers. Additionally, it invests in green energy projects. These are two of the ways it contributes to a greener and more sustainable future.

Credit Practice

The Bank is committed to responsible lending. SCB has an obligation to market products and services responsibly and in conformity with the stakeholder expectations. This principle underpins its commitment to corporate responsibility, to sustainable practice, and to its daily business dealings. When faced with opportunities whose technical ramifications exceed its own capacity, the Bank immediately consults outside, independent experts to help keep the Bank on track.

Reputational Risk

The Bank is sensitive to the need to protect SCB's reputation from risks associated with sensitive political or social entanglements. As a consequence, it has established a reputational risk management framework in accordance with accepted risk materiality assessment guidelines as endorsed by the Internal Capital Adequacy Assessment Process (ICAAP). The format provides for identification, assessment, monitoring and reporting, and reviewing of all potential risk factors.

The Bank categorizes transactions that could be reputational-sensitive into one of five classifications:

- Hostile takeover loan
- Credit for politicians or political parties
- Credit for businesses which harm the environment
- Credit for businesses associated with potentially divisive social issues
- Credit for enterprises practicing unacceptable business methods like using child labor

The Bank's Management Committee is fully responsible for approval of any reputational sensitive transactions, with agreement from the Chairman of the Board, Chairman of the Audit Committee and Chairman of the Nomination, Compensation and Corporate Governance Committee.

Being competent in the field of financial services is what you would expect from a bank. Another skill set altogether is necessary if the bank is to be adept at handling the impact of the many activities it undertakes the next challenge.

PEOPLE & SOCIETY

How does SCB empower its internal and external stakeholders?

The outcome of SCB's business success translates into value creation for its shareholders and employees, its communities, and for Thai society. Internally, the Bank's people related strategy is to encourage lifelong employment through providing a great workplace. As a means to contribute to society's knowledge and resilience, the Bank dedicates its social engagement efforts towards youth development, promoting volunteerism and environmental protection.

There is much to be learned from working with people from other organizational divisions of the Bank on tasks that are unfamiliar to all. Community work helps to build character in younger employees, and to broaden skill sets in more senior staff. This is why SCB endeavors to engage its employees in community outreach programs, which also adds a sense of purpose to and pride in working at SCB. This helps develop talent acquisition, retention, and development related goals.

Internal Stakeholders

Personal and professional development of the Bank's staff is a priority. In 2010 the Bank set up the People Development Committee to formulate and review policies and strategies regarding human resource management. Employees are the very essence of the Bank, which is why it provide benefits and working conditions that exceed legal requirements and help ensure that working at SCB always remains an enriching experience. Training and development programs enable the SCB workforce to quickly respond to economic changes in a way that will satisfy rising customer expectations. These efforts combined have helped to maintain SCB's status as an employer of choice.

Diversity & Inclusion

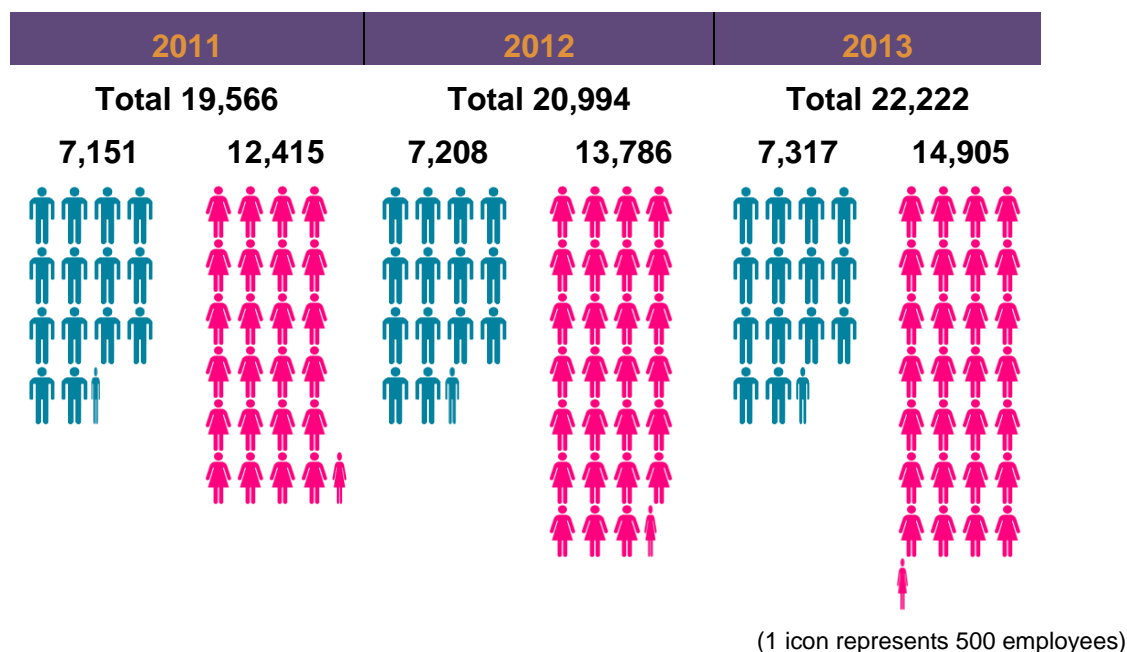
It is important to SCB that its workforce is representative of the community. The most visible example of its commitment to equal opportunity is the fact that SCB's past two presidents have been women. As of December 2013, SCB has a total of 22,222 employees – up 5.85% from December 2012. Two out of three employees are female. This proportion reflects the reality that in the Thai banking sector, the majority of employees are female. Furthermore, the ratio of male to female staff at executive level (Assistant Vice President to President) is 1 to 1.43. On the Bank's board of directors, we have four female members out of a total of sixteen directors.

As for age diversity, the number of employees aged 55 and above increased steadily in the past two years from 396 in 2012 to 428 in 2013.

While SCB provides support and career opportunity for persons with disabilities, SCB currently employs only five disabled employees.² Clearly this is an area where the Bank must try and do better in future.

Furthermore, in an effort to promote gender equality, SCB promotes equal pay between male and female employees and is nearing that mark. As of December 2013, the ratio of the average salary between male and female employees has been 1.04 to 1.0 at the executive level, 1.21 to 1.0 at the operational level, and 1.11 to 1.0 at the staff level. With time, the Bank expects that there will be parity across both genders.

² Thai government regulations call for one percent of the workforce to be disabled. Failing that, a company must pay into a special welfare fund benefiting the disabled.

Employee profile**Diversity**

	2011	2012	2013
Ratio of male to female staff at executive level (Assistant Vice President - President)	1.54	1.49	1.43
Number of employees aged 55 and above	347	396	428
Number of employees with disabilities	5	5	5

2013 Workforce Breakdown (Full Time Employees)

	2013
Retail Banking Group	15,879
Business Banking Group	1,126
Wholesale Banking Group	1,013
Special Business Group	261
Support Groups and others	3,943

Staff recruitment

In 2013, SCB had recruited 4,441 new employees, bringing in talent from diverse backgrounds and skill sets. At the same time, the Bank is working closely with various universities, including graduate schools, to contribute to students' development and their readiness for future demands of the job market. SCB executives serve as guest lecturers, developing 'real life' case studies and projects for students to learn, participate in, and contribute to. In addition, we have recently launched "SCB

young talent camps" with major universities to provide third-year students a learning experience that includes social activities, consulting project competitions, training, and visits to SCB facilities.

Career Development

Career development helps employees to fulfill their potential while enhancing their motivation.

2013

Number of in-house training courses	180
Number of e-learning courses	23
Number of training courses offered by formal training institutes in from Thailand	97
Number of training courses offered by formal training institutes from abroad	12
Total number of training courses	312
Total number of training days per annum (male employees)	6.1
Total number of training days per annum (female employees)	7.9

Career development helps employees to fulfill their potential while enhancing their motivation. The Bank does its best to match role to strengths and to counsel employees with timely feedback on their performance. 100% of the employees go through merit-based annual performance evaluation and review cycle. Starting in 2013, managers will be required to confirm online that they have discussed evaluations with their subordinates. This will enable the Bank to monitor the number of employees who receive regular feedback on their performance and career development.

SCB has both classroom and online training to develop employees. In 2013, each person recorded on average 7.3 days of training – up slightly from 7.1 days in 2012. The Bank invested Baht 282 million in training programs – up by 13.7% over 2012.

SCB staff receives training in house and attend external courses and seminars. In the future, SCB intends to increase the use of actual SCB case studies and pay more attention to monitoring the outcome of its efforts in order to assess the degree to which trainees are able to apply their newly acquired skills and knowledge. The Bank is developing training roadmaps tailored to individual units in order to offer clearer and more attractive career paths to the workforce.

Currently, SCB endorses mentoring, has developed guidance, but has no formal program. In October 2013, the Bank launched the first “Coach Day” to promote a coaching culture as well as to select and train master coaches. In 2014, under the “Building Our People” part of the iSCB core values, the Bank will intend to continue to cultivate a coaching culture throughout the organization.

University Studies

The Bank sponsors opportunities for advanced study at universities in Thailand and abroad. Employees can apply for degree scholarships at leading universities in Thailand such as Asian Institute of Technology, Sasin Graduate Institute of Business Administration of Chulalongkorn University, and Mahidol University as well as globally renowned universities such as Massachusetts Institute of Technology (MIT), University of Pennsylvania, and University of California, Berkeley. In 2013, the Bank invested Baht 16.3 million in various scholarship programs for its employees.

Executive Training

SCB provides special training opportunities for its executives as part of the Management and Leadership Development Programs. It collaborates with 12 leading institutes (such as Capital Market Academy and the Thai Listed Companies Association) on 13 structured training courses.

The Leadership Development Program for SCB’s executives consists of three programs, namely;

- Executive Vice President (and higher) Management Development Program offered on campus by major universities such as Harvard, Stanford, INSEAD, IMD, Columbia University, and the Kellogg School of Management.
- Senior Executive Program for executives ranked SVP to FSVP, conducted by the Wharton Business School
- Management Development Program for executives ranked AVP to VP, run by Duke Corporate Education of Duke University

Selected SCB senior management also participate each year in training programs at the Thai Institute of Banking and Finance Association:

- Financial Executive Development Program (FINEX) for SVP to FSVP level, focusing on management capabilities required by financial institutions
- Modern Banking Executive Development Program (MOBEX) for VP level, focusing on leadership and development in the banking business
- Young Banker’s Executive Development Program (YOBEX) for AVP level, focusing on general knowledge required within the banking business

Employee volunteerism

Promoting and instilling ethical and social responsibility through volunteering for social purposes is an integral part in the Bank’s efforts to contribute to the development of its employees – both at a personal and professional level. SCB actively encourages employee to volunteer to foster personal development by instilling the value of sharing and caring for others. SCB offers various types of

volunteer activities under two core programs, “One Day in a Year” and “SCB, Let’s Do Good” (see more details in the external stakeholder section), to provide opportunities for individuals to perform community support deeds and to take part in public service.

In an effort to contribute unique strengths to the Bank’s social activities, every Business Unit incorporates community stewardship into its annual plan. Thus, each Business Unit leverages its strengths to make a contribution to “SCB, Let’s Do Good” campaign. For example, both the Information Technology Group and Finance Group apply their core strengths to provide basic computer and English learning courses for elementary school students at Wat Tal Jed Chor School, Ang Thong province over the past seven years – the school has a large number of children from underprivileged families. The Human Resources Group supports the Foundation for Children in organizing recreational projects to develop sports and art skills for children. By embedding social responsibility in the DNA of each Business Unit, the activities reinforce the bank-wide people development efforts.

Benefits

By offering benefits that surpass those required by Thai law, the Bank attracts and retains a motivated workforce and promotes well-being among its employees.

Every employee receives flexible life and accidental insurance as well as health care coverage. At the Head Office, SCB has a clinic that provides basic medical services for our staff members. Additionally, as part of the “Your Health, We Care” program, SCB offers annual health check-ups for its employees. In 2013, 80% of the employees made use of this program.

In 2013, SCB paid an employer’s contribution of Baht 1.3 billion to its provident fund. All 59 employees who retired in 2013 received benefits from this fund. SCB matches the amount each employee chooses to contribute to the program. Further, each employee has the opportunity to choose a personalized provident fund investment program. This gives employees the opportunity to choose an individual level of risk for their pension fund, which could result in higher returns.

SCB provides support to retired employees for medical expenses. SCB also sponsors an alumni club that promotes communication and joint activities among retirees. In SCB, retired employees can extend their valuable professional contribution through the “Purple Diamond” Program where retired employees are engaged as trainers and advisors on a contract basis.

Another benefit that employees can avail of are loans at interest rates lower than market rates. In 2013, 65% of the Bank’s workforce took advantage of this benefit.

SCB seeks to retain employees who are starting families. Mothers are entitled to 90 days of paid maternity leave (after 45 days they receive additional welfare support from the Thai government). 556 employees took maternity leave in 2013. All but 30 employees resumed their careers at SCB after their maternity leave ended. In addition, SCB also awarded 657 scholarships for employees’ children as part of employee engagement program in 2013. In collaboration with Kasetsart University in Bangkok and Chiang Mai University, the Bank arranges English language programs for the

children of employees. Over six hundred children of employees participated in English language programs in 2013

Well-being

Absenteeism/turnover

Well-being is an essential aspect of staff motivation. SCB monitors employee working conditions with a view to improving them on a continuing through employees' welfare, health and safety policies. Both the Welfare Committee and the Safety, Health & Work Environment Committee are equally represented by representatives from the company and its employees. 50% of committee members are elected by staff. The committees, with 2 year terms, monitor, gather employees' suggestions and propose recommendations to improve both employees' welfare, health and safety measures and the working environment. In addition, the Building Management Team regularly conducts test³ on air quality and lighting sufficiency throughout SCB facilities. Adequate restrooms and access to clean drinking water are also ensured through regular checks and monitors. In 2013, the Bank switched to LED lights in an effort to better control work station lighting and concurrently conserve energy. Over recent years, the Bank has refurbished work stations and common areas to enhance the overall workplace ambience.

SCB takes employees' hygiene and work safety seriously and ensures none of the employees work in a hazardous work environment. For example, additional accidental insurance is provided for operational staff who are required to undertake frequent work-related travel on motorcycles. In 2013, there was no work-related fatality at SCB.

Sports facilities such as fitness centers and football fields are being added to meet the growing demand and health consciousness of our employees. Absenteeism has remained constant at 2.6 days per employee from 2012 to 2013. The Bank had experienced an improvement in staff turnover rate from 14.6% to 13.7% in 2013 – much of this among entry level staff at branches who decide to pursue attractive careers after a period of times. The Bank's efforts to enhance well-being and motivation of its employees have helped retention over the long term: the number of employees who remained employed at SCB for more than 20 years increased from 3,653 in 2012 to 4,143 in 2013.

	2011	2012	2013
Turnover rate (percentage)	11.4	14.6	13.7
Number of employees employed at SCB more than 20 years	3,222	3,653	4,143
Average sick leave days per employee	2.8	2.6	2.6

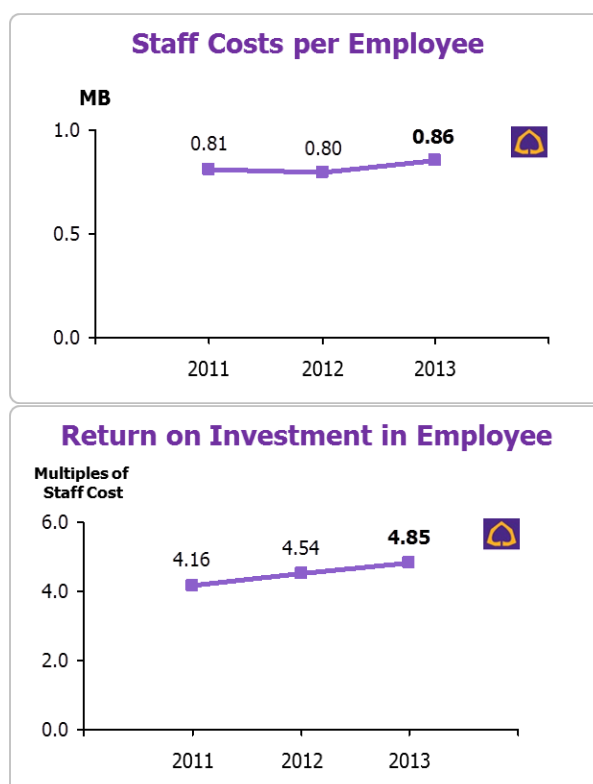
Employee engagement

SCB uses different types of communication tools to facilitate employee engagement. To reach out to over 22,000 employees across Thailand, the Bank uses Intranet, email, SMS, and town hall meetings. The communication between SCB and its employees is based on respect and reciprocity. Employees provide feedback and voice complaints via the HR Call Center; the SCB web board; and *Purple People Talk* (a channel to anonymously voice opinions) or through confidential emails. Employees can also voice concerns regarding potential fraud, human rights and working conditions via the anonymous *Whistle Blower* mechanism. In 2013, all cases reported via Purple People Talk and Whistle Blower program were addressed and resolved.

According to the results of the latest employee engagement survey conducted by a leading HR consulting firm, SCB employee engagement stood at 89% in March 2013 and 91% in September 2013 and scored in the 90th percentile among all companies surveyed worldwide.

Employee performance

The Bank has seen a clear link between its continuous efforts for employee development, improving employee benefits and well-being, and employee engagement to tangible business benefits. While the Bank's expenditure per employee slightly increased between 2012 and 2013 (from 0.80 million Baht to 0.86 million Baht), the return on investment from employees increased even faster³. Thus, the return on investment from employees improved from 4.54 times in 2012 to 4.85 times in 2013.



³ The return on investment in employees is calculated by: total revenue minus expenditure on employees divided by expenditure on employees.

Succession Plan

With the aim of identifying and developing key personnel so that the Bank's operations are uninterrupted, the Board of Directors has delegated to the Nomination, Compensation and Corporate Governance Committee the responsibility for developing and maintaining the succession plan.

Succession plan for the Chairman of the Executive Committee and the President

The Nomination, Compensation and Corporate Governance Committee is responsible for identifying and selecting suitable candidates for the positions of Chairman of the Executive Committee and the President. The Committee, through Board meeting discussions and other meetings, constantly manages the succession plan to provide future stability of management and the Bank's operations.

Succession plan for senior executives and key personnel

The Nomination, Compensation and Corporate Governance Committee considers the senior executive and key personnel selection and succession plan proposed by management with the objective of ensuring both the quality and quantity of senior executives and key personnel to maintain continuity of the Bank's management.

The management of the Bank has the following succession planning procedure for senior executives and key personnel positions:

- Identify critical positions to be covered in the succession plan;
- Formulate policies and criteria for the selection of key personnel, including required knowledge, skills, and competencies;
- Select and assess successor candidates based on readiness, strengths and areas for improvement;
- Create Individual Development Plans for candidates nominated within the succession plan;
- Continuously monitor the development plan, reassess the candidates' readiness, and consider, where warranted, career advancement.

External Stakeholders

The Corporate Social Responsibility Committee (made up of members of the Board of Directors) sets SCB's goals and priorities in terms of discharging the Bank's social obligations. At the heart of the Bank's social engagement is the desire to lay a foundation for strong and robust communities. In this regard, the Bank believes these actions to be most important: **developing youth through education; spreading social responsibility by promoting volunteer activities; and promoting environmental management and the quality of life of all residents.** All these actions help to strengthen communities by providing opportunities for individual self-fulfillment and the potential to act as change agents for society.

A main thrust of the Bank's social engagement rests with character building. Youth development efforts aim to create civic-mindedness among Thailand's next generation. Further, the Bank mobilizes its employees, business partners, clients, and community members to support these social

activities. By collaborating with various stakeholders in the social engagement activities, the Bank forges closer ties with all interest groups to harness collective strengths to achieve good for society.

SCB shares its commitment for contributing to society with its employees, customers, and the rest of society through programs for education, youth development, and promoting volunteerism. The Bank works to improve the communities it serves through an annual CSR budget set aside from net profit. In 2013, more than 44% of the social development budget went to youth development, 32% to the volunteer network and the remaining 24% of the budget went to efforts to enhance the quality of life and environmental management.

While SCB assumes responsibility for providing seed finance for selected community projects, the Siam Commercial Foundation supports partners and change agents at the grassroots level in the field of youth development specific actions taken depend on the needs of the Bank's partners. The Foundation supports and finances projects that can be regarded as social labs which help to expand understanding of best practices for youth development.

To support the work of the Foundation, SCB allocates an annual budget. The Foundation's objective is to instill values, promote volunteerism, and encourage active citizenship, as well as help in building character and skills among Thai youth, all in support of the country's long-term development. To reach these goals, the Foundation supports existing partners while expanding its network. Among its partner organizations, the Foundation supports development in the fields of knowledge management, database management, working processes, human resources management, management systems, and networking.

Themed Projects

1) Education & Youth Development

Occasionally the Bank receives queries from service organizations concerning the Bank's priorities. One even asked why SCB devotes such a large portion of its community budget to youth-centered activities.

It is obvious that the nation's youth are the future of the country. Specifically, they are not only the future leaders, but also the future customers, the future employees, and the future investors of the Bank. There can be no more rewarding payback – personally or for a business – than to be able to help change a life through education. As the youth will largely determine the long-term development of the country, the Bank tries to strengthen both formal knowledge of young people and to foster character building and integrity. In doing so, the Bank hopes to develop future leaders of Thailand who will contribute with integrity and creativity to Thailand's development. In order to advance education & youth development in Thailand, the Bank supports projects with the following goals:

- Mainstreaming the Sufficiency Economy Philosophy in high school education
- Providing a stage for youth in knowledge and community development
- Enabling socially-disadvantaged children, adolescents, and teachers to access education
- Supporting change agents to promote youth development

Mainstreaming the Sufficiency Economy Philosophy in high school education

The principles of the Sufficiency Economy Philosophy provide guidance for living and tools for problem-solving and effective management. Consisting of moderation, the awareness of cause and effect, and risk management on the basis of sufficient knowledge and integrity, the principles help individuals to achieve sustainable success through consideration of the community and its environment. Instilling these values in youth is key for promoting a peaceful and progressive Thai society.

The Sufficiency Economy Learning Center School Network

Through joint collaboration with the Siam Commercial Foundation, the Crown Property Bureau and the Ministry of Education, the Bank assists to spread the Sufficiency Economy Philosophy to schools throughout the country. The Foundation supports schools as they transition into Sufficiency Economy Learning Centers. Teachers receive a hands-on approach to designing curriculum in order to build a “sufficiency” attitude among students. The Centers also help school managers to build a “sufficiency” mindset, a network for knowledge exchange, and database management. The Centers function as network points that promote practical application of the principles of the Sufficiency Economy Philosophy in school curriculum among the network schools.

With the aim of fostering the ongoing mobilization of Sufficiency Economy practitioners in local areas, the Foundation engages local universities to help coordinate and support schools that have the potential to become Sufficiency Economy Learning Centers.

In the past four years, 31 Sufficiency Economy Learning Centers have been established. Another 53 high schools are being assessed for becoming learning centers for human resources development under the Sufficiency Economy Philosophy. This project ensures that education developers are able to apply the principles of the philosophy in teaching techniques and help in character building through participatory learning, knowledge management, and education network expansion.

Providing a stage for the youth in knowledge and community development

SCB Challenge

The SCB Challenge is an annual event that provides talented youth with a platform to exhibit their capabilities and potential and to make a social impact later on in life. It provides young people a platform for talent, creativity, and team building, where participants compete in different fields related to knowledge and social engagement. Competitions, as part of the Challenge, cover painting, general knowledge quizzes, and community projects such as:

- *Painting competition for primary school students:* Teams compete to express their imagination and creativity through oil paintings. Each team comprises four members, one

each from Grade 1 to 6, who compete to create a story based on a given theme and to represent the story on a canvas, with a time limit.

- *Quiz competition for middle school and high school students:* In this competition, four-member teams are challenged with quizzes covering both academic and general knowledge, judged for both correctness and wit.
- *Community project competition for undergraduates:* Competing for a royal trophy donated by Her Royal Highness Princess Maha Chakri Sirindhorn, teams from universities and colleges nationwide apply their academic learning to benefit local communities through various practical initiatives. Selected teams receive seed money plus workshops and guidance from the Bank employees. SCB chooses three winners on the basis of project management performance, integration with the Sufficiency Economy Philosophy, and the ability of the projects to be sustained independent of outside support.

Apart from rewarding Challenge winners, each year the Bank also organizes a youth development program for final round students. This program helps to put into practice what has been learned in the classroom. It also establishes student networks to further learning, share experiences, and promote thoughtful consideration for the welfare of communities. The Siam Commercial Foundation is the prime catalyst in arranging these programs.

The Challenge helps to promote knowledge development and social responsibility among Thailand's youth. It also enables SCB to seek and recruit new talent.

Enabling socially-disadvantaged children, adolescents, and teachers to access education

SCB supports a number of initiatives to enable socially disadvantaged children and adolescents, and teachers to obtain better access to education.

Scholarships

SCB offers educational opportunities to Thai students since 1973. SCB scholarships are awarded to students in need nationwide through the Bank's branch network in coordination with local schools and universities. Scholarships for students in Border Patrol Police Schools were initiated on the occasion of the Bank's 100th anniversary in 2006. This effort helps to extend educational opportunities to students in remote areas so that more young people can pursue education to the highest level they aspire.

During 2013, SCB provided scholarships to 365 needy students at the elementary, high school, and university levels to promote equal access to education. In total, the students received scholarships worth Baht 9.7 million. Further, SCB provided educational supplies, including books, to 446 elementary and high schools worth Baht 1.1 million.

In addition to providing scholarships, SCB organized an outing for the scholarship recipients that included a visit to the "Art of the Kingdom" exhibition at the Ananta Samakhom Throne Hall, the Princess Mother Memorial Park. Apart from the outing, scholarship recipients had a chance to learn how to set life goals and remain successful in the future. Additional activities were initiated to raise awareness of their home communities. The ultimate goal of SCB scholarships is building capabilities of the youth to support sustainable development. SCB hopes that these students will help develop

local communities and act as role models for the younger generation with awareness and appreciation of their roots.

“Teach For Thailand”

In 2013 SCB and the Siam Commercial Foundation supported the “Teach for Thailand” project by the Teach for Thailand Foundation in order to enhance the effectiveness of Thailand's education system and, at the same time, prepare new graduates for a future career over a two-year period or more. Following the approach used by “Teach for America”, Teach for Thailand recruits civic-minded fresh graduates to teach at schools in socially-disadvantaged areas. Volunteers develop skills in the fields of teaching, education management, and leadership to act as change agents in the schools, and to enhance the quality of education. The project's volunteer recruitment and training will kick off in 2014 at five schools under the Bangkok Metropolitan Administration (BMA). SCB supports the project with seed money and the Foundation will share its experience in project management and knowledge in youth development to enhance the project's effectiveness.

“Art Creates Happiness”

Art can be an effective way of providing access to education for children with special needs. Since 2010, SCB has sponsored “Art Creates Happiness,” a project initiated by a team of students participating in the SCB Challenge. “Art Creates Happiness” started as a supplementary art therapy learning course for children with special needs at Petchaburi Panyanukul School. The project aims to boost child development and creativity.

Since 2012, SCB joined hands with Therapeutikum (Thailand) a non-profit group specializing in art therapy for kids, to implement the project on a broader, more effective and lasting basis. Volunteering through the Bank's “Let's Do Good” project, SCB staff organized activities and donated financial support to build a dedicated classroom at the Petchburi Panyanukul School. In 2013, the Ministry of Education's Bureau of Special Education Administration designated SCB as an official collaborator to make the Art Creates Happiness program a part of the curriculum of all 19 Panyanukul School. The Petchburi School, as well as one in Pichit Province, will serve as hubs from which to roll out the project. In 2014 and 2015, the program will expand to include the Panyanukul schools in the provinces of Chacheongsao, Nakhon Ratchasima and Chiang Mai, a total of seven hubs in the initial phase.

Supporting Foundations and NGOs for Youth Development

In addition to the projects SCB manages for youth development, it contributes to several Foundations and non-governmental organizations which are active in youth empowerment in Thailand:

- The CCF Foundation Under the Royal Patronage of Her Royal Highness Princess Maha Chakri Sirindhorn
- The Promotion of Academic Olympiad and Development of Science Education Foundation established under the patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra
- UNICEF
- The Universal Foundation for Persons with Disabilities

Supporting change agents to promote youth development

SCB engages in a selection of activities to support change agents to promote youth development.

The Songkhla Youth Citizenship Project

The Siam Commercial Foundation supported youth development in the southern province of Songkhla under an initiative called the Songkhla Forum. The project let civic-minded young people get together to discuss local issues and collaborate in solving community problems. The Forum aims to develop a strong network of dynamic people in the area to help youth development expand and endure into the future.

Youth Development in 4 Regions

The Siam Commercial Foundation has supported the Learning Empowerment Institute, a project in collaboration Department of Local Administration, Ministry of Interior, to develop a mechanism to strengthen youth capabilities through training courses, "Community Weaver"

The project teaches personnel at Local Administrative Offices about the processes involved in developing the potential of young people. The Institute also helps local officers improve their own project management and leadership skills.

The project helps Local Administrative Offices learn how to collaborate with outside groups to host youth forums. The Institute explains how to effectively manage a forum. The Institute's ultimate goal is to help Thai youth become good citizens and civic-minded leaders who can act as forces for progress within their own communities. Since 2013, the project will continue for three years, and is open to interested personnel at 20 Local Administrative Offices each year.

The Princess Galyani Vadhana Teacher Award

The Princess Galyani Vadhana Teacher Award was initiated by the compassion of Her Royal Highness the Princess Mother Project to promote awareness of the devotion of teachers working in remote areas. Dedicated teachers in remote areas play an important part in developing the younger generation to be decent and contributing citizens. SCB has been providing support for the awards since 2009.

SCB annually honors nine dedicated teachers with the Princess Galyani Vadhana Teacher Awards. The awards target prominent teachers at the Border Patrol Police Schools, volunteer teachers at community learning centers for the hill tribe people, the Office of the Basic Education Commission, and the Office of the Non-Formal and Informal Education in remote provinces. Awardees receive

Baht 10,000 in prize money for their schools plus Baht 30,000 in cash and three years' health and accident insurance policies. Additionally, SCB promotes sharing of good practices of the award recipients through the Siam Commercial Foundation.

The award recipients devote themselves to improving living conditions of underprivileged children in remote areas and sustainable development in their communities. They deserve praise for their virtue and with the awards they are recognized as role models that other teachers, students and community members may follow in the future.

2) Volunteer Network

To promote the value of helping and doing good for other people and society, SCB emphasizes the development of strong networks of volunteers among its staff, young recruits, and fellow community members. Volunteer activities are promoted through websites and social networks. The Bank also promotes the values of sharing and caring and promotes civic awareness and the spirit of volunteering among SCB staff. SCB implements a pair of key campaigns to enhance volunteer activities among partners and society:

- “SCB, Let’s Do Good”
- “One Day in a Year Sharing Project”

“SCB, Let’s Do Good”

Started in 2008, the “SCB Let's Do Good” campaign aims to promote civic awareness among SCB staff, were encouraged to spend some of their free time for benefit of communities where they live. Employees are encouraged to make contributions to community development, based on the basic requirements of each community, while taking into account the consistency and sustainability of each project. The Bank’s volunteer activities follow the three core goals of youth development, public service, and environmental care. To reach these goals, employees engage in activities such as:

- Youth development: offering basic computer and English courses as well as courses on financial literacy to children, and giving talks on personal finance and business management.
- Public service: blood donation, and school or park renovation.
- Environmental projects such as beach clean-ups, coral reef and forest conservation work.

In the field of financial literacy, basic computer skills and sport activities, in 2013, the voluntary work of the SCB employees benefited 2,400 children. Furthermore, these actions under the “SCB, Let’s Do Good” campaign were integrated within the Bank’s employee teambuilding activities. In 2013, almost 7,800 (roughly one-third) of the employees participated in activities under the “SCB, Let’s Do Good” campaign. Next year, the Bank aims to increase the number of participants to 11,000 employees – almost half of the employee base.

“One Day in a Year Sharing Project”

SCB launched its “One Day in a Year Sharing Project” to introduce young people to community stewardship. SCB invites young people to share good things or to use their talents and energy for one day in a year to contribute to community development under three themes: “Share Your Stuff;

Share Your Ideas; and Share Your Energy.” By participating, SCB employees promote a volunteer spirit among young people. This year, the initiative received a warm welcome from over 20,000 volunteers.

“Share Online”, part of the “One Day in a Year Sharing Project”, enables young people to apply their passion for technology to help society through activities such as e-card to the border patrol police, Special Forces units and patients at Children Hospital and translating books into Braille. Over 4,000 volunteers converted 120 fiction and textbooks to Braille in 2013.

This year, Thai Samsung Electronics and the Bank launched “Read for the Blind” under *SCB, Let's Do Good* to expand the “One Day in a Year Sharing” project activity. Volunteers read and record books, magazines or articles as audio files for the blind, encouraging passion for knowledge and literature and helping to mitigate the impact of their vision impairment. (More information is available at www.1day1year.com)

3) Enhancing Quality of Life and Environmental Management

Promoting environmental management and quality of life are activities essential to enable current and future generations to build strong communities and maintain a high quality of life.

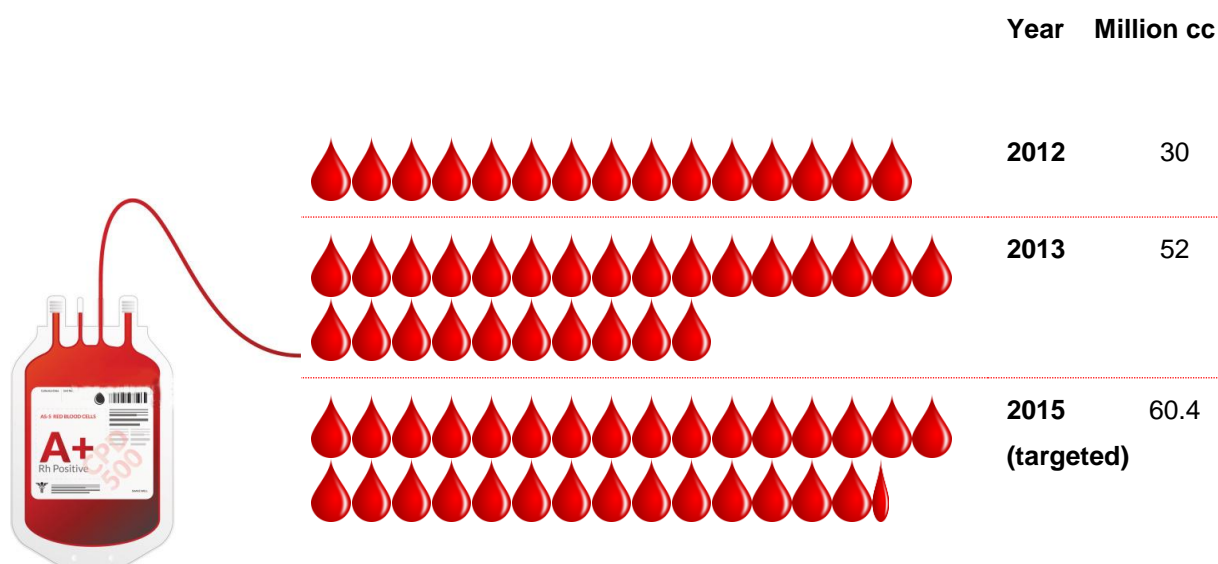
Enhancing quality of life

Two main activities that help enhance the quality of life are the annual blood donation and annual and adhoc relief for victims of natural disasters.

Blood Donation

How better to improve lives than by offering health in the form of a life-saving blood supply? SCB supports the blood donation campaign of the Thai Red Cross Society by hosting regular blood donor events. In fact, SCB is the largest private sector blood donor organization in Thailand.

(1 drop represents 2 million cc)



In 2013, the Bank collected over 52 million cc of blood – up almost 70% from 2012. The Bank's 2015 target is to increase blood donations to over 60 million cc of blood in honor of Her Royal Highness Princess Maha Chakri Sirindhorn's 60th Birthday Anniversary.

The Bank plan to increase its fleet of blood collection buses to ten vehicles and, by 2015, the mobile blood donation will expand to Chiang Mai, Phuket, Chonburi, Songkhla, KhonKaen and Nakhon Sawan.

In an effort to broaden our blood donation efforts, SCB supports Chulalongkorn University and Kasetsart University animal hospitals with one mobile blood donation unit. By doing so, it helps to overcome the lack of animal blood donations and to help animals in emergency situations.

Relief for Victims of Natural Disasters

Asian tsunami devastated six southern provinces in late 2004, the Bank set up and publicized a special savings account to securely receive donations from people nationwide.

With generous public donations totaling 62.3 million Baht, the Bank established a fund named "SCB for Disaster Victims" to provide both emergency relief on an immediate basis and assistance toward long-term recovery. The recovery effort focused on projects for the sustainability of local communities, in collaboration with three agencies, Population and Community Development Association (PDA), Sustainable Development Foundation and Foundation for Children.

After these efforts were completed in 2012, the remaining balance of 20 million Baht in public donations was given to the Community-based Research Institute Foundation to arrange a self-managed community project in affected areas. Its objectives are to promote the sharing of knowledge and encourage individual volunteerism and teamwork to solve problems in 11 communities in the provinces of Ranong, Trang and Satun. The project is guided by the following principles:

- Research: Do research to identify ideas and information that can help solve community problems.
- Development: Take action to achieve real and beneficial change.
- Movement: Mobilize collaboration among community members to achieve goals shared by all.

The project's most important aim is to produce concrete, measurable outcomes. Already, participants have made substantial progress. The local groups are solving community problems step-by-step, and, at the same time, developing their own approaches to effective self-management of projects.

In addition, SCB remains prepared to provide rapid disaster relief for disaster-stricken communities by mobilizing aid for victims of natural disasters in Thailand and elsewhere. SCB has the following core action plans:

- *Emergency Relief:* With stocks of relief supplies provided by its clients, SCB is ready to mobilize aid immediately to those in need through its network of branches and CSR partners.
- *Mid-term Recovery Assistance:* Following disastrous events, SCB continues assistance for victims including home repair, school renovation, the procurement of hardware, and

school supplies. SCB also provides other forms of recovery assistance in cooperation with other public and private organizations and charitable organizations including the Friends in need (of “PA”) Volunteer Foundation, Habitat for Humanity Thailand and the Royal Thai Air Force.

Promoting Environmental Management

SCB supports the following initiatives to enhance environmental management:

- Environmental Fund for Youth Development
- Periodic forest conservation programs
- “Eco Mission”
- “ScrapLab” and “Waste to Wealth”
- Uniform recycling

Environmental Fund for Youth Development

In partnership with the Thai Fund Foundation, the Siam Commercial Foundation supports projects that give youngsters the chance to monitor and solve environmental problems in their own communities. The project let young people learn about conservation by doing actual fieldwork and witnessing the outcomes. In 2013, Siam Commercial Foundation supported over 20 such projects for youth.

"I knew the forest but never paid attention to it. I just liked the beauty of the orchids, but the hikes with experts helped me to learn about more than 50 types of orchids. I got to learn that there are herbal medicinal qualities, too, so I became more interested in the forest and discovered that there's so much benefit that we can gain from our forests." Youth in Yapragsalawin, Amphoe Sobmoey, Maehongson

Forest Conservation

In the interest of forest conservation, SCB supports sustainable community development in Thailand's Western Forest Complex, which spans the Myanmar border. SCB has supported the Seub Nakhasathien Foundation's project in collaboration with the Department of National Parks, Wildlife and Plant Conservation. As part of its engagement with local forest communities, it encourages them to live by Sufficiency Economy Principles. The Bank introduced professions with minimal impact on forests such as cloth weaving along with organic herb and vegetable farming. Approximately 18,300 families in 265 'e-communities' from the Western Forest Complex have benefited in 2013 directly or indirectly from the Bank's efforts to promote sustainable community forest development. The area of the Western Forest Complex that the Bank helped to conserve consists of 1.9 million hectares.

Eco Mission

SCB offers a Facebook game, Eco Mission, to raise awareness among the young about the need for resource conservation. Eco Mission has introduced more than 12,000 members of the younger generation to the importance of resource conservation. Similar to “Share Online”, Eco Mission is another example of how technology can be used to inspire the younger generation.

“ScrapLab” and “Waste to Wealth”

SCB has long emphasized the importance of conserving the environment. Since 2008, the Bank has sponsored Kasetsart University's Scrap Lab, which conducts research and teaching in re-use of waste materials. Design students there learn to develop commercially viable products from recycled or reclaimed items. In 2012, the Lab collaborated with the National Science and Technology Development Agency in a project called Waste to Wealth that let Thai entrepreneurs consult students and teachers on using discarded materials in new products.

These two projects help to raise awareness of resources wasted.

Uniforms recycling

In recognition of the importance of promoting the three R's (Reduce, Reuse, Recycle), SCB collects old staff uniforms. From the material of these uniforms, eco-friendly blankets are produced. In 2013, SCB provided 12,000 blankets for those suffering from cold weather in Mae Hong Son, Phitsanulok, Ubon Ratchathani, and Udon Thani provinces.

4) Areas of support through donation and other means**Budgetary support for social partners**

SCB actively supports and takes part in philanthropic activities of other public charity groups. It also welcomes and supports community stewardship of other public and private foundations and organizations. In 2013, the Bank allocated 40% of the budget for public services and charitable organizations to carry out activities and projects that benefit society. Budgetary support covers music, religious ceremonies, art and culture, quality of living, and environmental improvement.

Supporting religious activities

Religion is an important institution that nurtures faith, good deeds, a peaceful mind, and unity. SCB has supported the following religious activities:

Katin

For more than 28 years, the Bank has held an annual katin, or Buddhist merit-making ceremony, joined by SCB board members, executives and staff. Each year the event raises funds to help a different temple construct or refurbish buildings or undertake new programs of spiritual teachings. In 2013, the Bank held a katin at Suan Pueng temple in Ratchaburi Province. Total proceeds of 1.6 million Baht were used to build a chanting hall and kuti, cabins for resident monks.

Wat Benchamabophit Dusitvanaram's summer novice ordination program

Every April, the Benchamabophit Dusitvanaram temple hosts a summer novice ordination program that enables boys aged 11-17 to study Buddhism during their school break. SCB supports the program annually. Children of some SCB staff members also participate in the program.

Procurement of Muslim prayer time clocks

Since 2004, SCB supported the procurement of Muslim prayer time clocks under a “Bring Peace to the South” project of the Royal Thai Army and the Media Production Center for Thai Muslims.

Restoration of Phra Phuttasirimaravichai Buddha statue and construction of Phra Phuttasirimaravichai Hall

On the occasion of Her Majesty the Queen's 60th birthday in 1992, the Department of Fine Arts, in cooperation with the Sukhothai provincial administration and SCB, commissioned the restoration of a Buddha statue to present to Her Majesty. After the restoration was complete, their Majesties the King and Queen presided over the consecration of the Buddha statue and named it Phra Phuttasirimaravichai, and laid the foundation stone for the construction of the hall housing the Buddha. In 2013, Her Royal Highness Princess Maha Chakri Sirindhorn proceeded to the Sukhothai Historical Park in Sukhothai province to represent Her Majesty the Queen in opening the hall.

Supporting art and culture

In order to support art and culture, SCB provides funding for numerous Foundations:

SUPPORT Foundation

Since 2009, SCB has supported annual Khon performances by the Promotion of Supplementary Occupations and Related Techniques Foundation (SUPPORT Foundation). This effort seeks to implement H.M. the Queen's wish that the younger generation carries on Thailand's art and cultural heritage from the Ayudhaya Period. Khon is the Thai classical masked dance based on the Ramayana epic, which integrates branches of art and culture, including literature, dance, music, and craftsmanship.

Sala Chalermkrung Foundation

Since 1997, SCB has supported the Sala Chalermkrung Foundation to maintain this legendary venue for art and cultural performances.

Chakrabhand Foundation

Since 2009, SCB has supported the Chakrabhand Foundation. Founded by Chakrabhand Posayakrit, a renowned veteran artist, the foundation has continued the art of Thai traditional marionette-making and performance.

Nattayasala Hun Lakorn Lek Foundation

The Nattayasala Hun Lakorn Lek Foundation under the patronage of H.R.H. Princess Galyani Vadhana runs the Joe Louis Puppet Theater that works to preserve the art of Thai puppetry, and has achieved fame among foreigner visitors. Since 2007, SCB has supported the foundation's costume making and performances.

Supporting young musicians

Music can make an important contribution to youth development. SCB supports young musical talent by helping music students and talented young people at every level to hone their skills. SCB offers Mahisorn Hall at its head office as a venue for annual concerts by the Princess Galyani Vadhana Institute of Music, Faculty of Music of Silpakorn University and by Siam Sinfonietta. SCB also made available the SCB Training Center at Tawanron Beach in Chonburi as a venue for the faculty's summer music camp. The Bank supports young musical talent and provides them opportunities to develop their creativity as well as leadership skills under the supervision of music instructors and experts.

Supporting social work in other forms

SCB provides support for public charities run by other organizations as well as areas for exhibitions to raise fund. SCB helps by offering fund raising through use of its ATM network and SCB Reward point redemption. The Bank employees also help to receive donations by phone in special fund raising TV programs. SCB makes budget allocations to support activities of foundations that are active in the areas of medical services and public health.

5) Networking for Future

SCB is committed to promoting and supporting community engagement under a consistent framework that benefits communities and society at large in a sustainable way.

SCB offers various types of volunteer activities to provide opportunities for individuals to do good and to take part in public service. The Bank's activities are intended to promote the importance of sharing with and caring for others. SCB has broadened these efforts to collaborate with partners in the public and private sector, including CSR-focused corporate networks such as the Mae Fah Luang Foundation, Crown Property Bureau Foundation, Siam Cement Foundation, Thai Listed Companies Association's CSR Club, Private Sector Collective Action Coalition Against Corruption, Thailand Business Council for Sustainable Development, and the Thai Bankers' Association's CSR Club. Volunteer activities were promoted through websites and social networks.

Much of the Bank's community work centers on youth development and is focused on resource conservation in addition to character and skills building. In the next chapter the focus is on how the Bank itself manages the physical environment.

RESOURCES & LOGISTICS

How does SCB conserve resources and manage logistics responsibly?

Unlike heavy industry, SCB's daily business activities do not have a major impact on the physical environment. But there is no such thing as a business completely lacking in impact, and when you dig a little deeper, it becomes clear that many of the Bank's significant impact may go unnoticed

because of the dispersal effect (supply chain; ATM encashment trucks; etc.) or because proper records are not being kept.

SCB actively supports the wise use of the world's limited resources, including water and energy, and endeavors to minimize its impact on the environment. As a financial services provider, its environmental impacts derive primarily from electricity and water consumption; paper use; and transport-related carbon emissions. In 2013, SCB implemented a group-wide program to overhaul its operations backbone in an effort to create a leaner operations environment incorporating scalability and end-to-end services quality.

In Bangkok, SCB administrative offices include the Head Office at SCB Park, Chidlom building, Chaengwattana building, and the Rutchayothin Data Center. Also, SCB has the most locations of any bank in Thailand with 1,173 branches around the country.

The long-term targets

The long-term targets for resources and logistics management are:

- To systematically raise workforce awareness of company-wide resource management;
- To continue to upgrade electricity systems for improved energy efficiency;
- To further reduce printing and paper usage by 20% at each of its branches;
- To continue to sponsor an annual Big Cleaning Day to enhance the workplace environment;
- To systematically record energy consumption at the Head Office and branches nationwide for SCB and contracted services alike.

Resource Usage

Energy

The SCB facilities management team targets energy efficiency, responsible use of resources, and minimization of waste.

The building management team controls all the lighting, electricity, and air conditioning systems for SCB facilities around the country from the Bangkok Head Office. The Building Automation System controls electricity, lighting, and temperature based on an occupancy schedule. This moderates building energy consumption within a specified range, varying during peak hours. The Bank sets the temperature at all branches to 25 degrees (23 degrees at building entrances) in order to balance energy efficiency with workplace comfort.

When the SCB Head Office was built in 1995, it was one of the most energy-efficient buildings in Thailand through the use of an ice storage chiller system. On a daily basis, the building management team will make ice during off-peak hours at night and use it during the day to reduce energy consumption for air conditioning.

SCB's greenhouse gas (GHG) emissions from electricity consumption at Bangkok offices and branches around the country are calculated as 85,000 tons CO₂ based on an approximate total of

170,000 mWh for the year 2013. The GHG emissions intensity ratio for branches around the country is estimated at 4.3 tons CO₂/staff and 3.1 tons CO₂/staff for the Bangkok offices.

Lighting

From 2011 to the present, the Bank has reduced its energy use 30% by installing bright and energy-efficient T5 fluorescent light fixtures. In 2013, SCB took the additional step of replacing 95% of the Head Office lighting with light-emitting diode (LED) lamps, which are expected to generate far higher electricity savings than the fluorescent upgrades. The Bank also started to install LED lighting in a handful of other Bangkok locations.

SCB branches that now use 100% LED lighting include the Big C Samutprakarn Branch and all 13 SCB *First* branches. Citywide, Bangkok branches use approximately 90% T5 fluorescent lighting and 10% LED lighting. Provincial branches use about 10% LED lighting.

By the end of 2013, all 1,100-plus SCB branches displayed exterior signage which required lighting. The signs and related lighting are only in use when needed in order to save energy. The breakdown of electricity usage is as follows:

- In shopping malls around Thailand, the approximately 1,300 ATM machines (including Cash Deposit and Update Passbook) are on sleep mode 11 hours a day, between 22:30 – 9:30.
- The stand-alone Fascia signs and billboards are on for only three hours a day, between 18:00 – 21:00.
- The rooftop, vertical, and Easy Bank signs are on only at night, between 18:00 – 06:00.

While the Bank saves energy with sleep mode for most activities during the night, the CCTV systems ensure customer safety at all SCB ATM machines 24 hours a day, year-round.

Water

SCB facilities consume only municipal water supplies. The central water management scheme at the Head Office complex consists of a high quality water automation system for toilets and a wastewater treatment system that together have reduced water consumption by 30%. At the Head Office complex alone, the Bank recycles about 30 cubic meters of water a day for maintenance of landscaping. This represents about 6,000 cubic meters of recycled water a year or two percent of the Bangkok Offices total water use.

Energy intensity (mWh per employee)	2011	2012	2013
Branches	9.3	9.6	10.2
Bangkok offices (Head Office, Chidlom building and Chaengwattana building)	5.7	5.8	5.8

Water (Cu.m per employee)	2011	2012	2013
Branches	36.2	41.4	54.7
Bangkok offices (Head Office, Chidlom building and Chaengwattana building)	17.1	18.4	18.7

Paper and IT

According to Thai regulations, copies of financial records must be printed and archived. However, SCB is working towards keeping on hand the minimum amount of paper possible. In 2013, SCB branches reduced the printing of financial reports from an average of 51 sheets to 22 sheets – over 50% reduction – at each branch. Approximately, this resulted in saving 822 trees, 74,050 kg CO₂, and 2,285 cubic meters of water.

Paper Recycling

For the sixth consecutive year, SCB together with Thai Bristish Security Printing, PCL participated in the “Shred2Share” paper recycling program whereby confidential documents are safely destroyed with the paper recycled into new paper and paper furniture.

Paper Recycling	2011	2012	2013
Total procurement * (tons)	10,112	13,423	16,006
Recycled (tons)	351	420	383
% Recycled	3.5%	3.1%	2.4%

* Including Head Office and branches

SCB encourages staff at all branches and offices to recycle paper daily and to re-organize their work and file storage areas periodically on *Big Cleaning Day*. A countrywide contest calls for the most dramatic 'before' and 'after' pictures of the office and storage room, making recycling and re-organizing a fun team effort.

The Bank has held *Big Cleaning Day* every one or two years. The goal going forward is to make it an annual routine and to aim for more engagement from the branches in order to yield more recycling and greater need-awareness.

IT Disposal

Depending on the model/user, SCB replaces computers every five to eight years. In 2013, about 90% of old computers were donated to temples, schools, and government offices around the country.

Emissions**Transport**

To optimize efficiency and minimize emissions, SCB's policy for ground transport requires vehicles to be replaced in three to five years, depending on the purpose of the vehicles. The Bank outsources money trucks and staff transport, including a shuttle service that runs between the Head Office and major nearby mass transit system points which helps save on fuel consumption and reduces carbon emissions.

Since SCB is primarily Thailand-based, nearly all air travel is domestic. In 2013, the Bank estimated 13,000 round-trip flights at an average of 1,000 miles, calculated as approximately 3710.63 tons CO₂.

Eco-packaging

Every year, SCB and the Crown Property Bureau jointly host five food fairs. Since 2012, SCB has been using Bio-Chanaoy's biodegradable food packaging made of bagasse, a by-product of sugarcane cultivation. Bio-Chanaoy's eco-food packaging is non-toxic, carcinogen free, microwave and oven safe, and breaks down in 45 days in nature. It replaces polystyrene foam packaging whose disposal leads to greenhouse gases, contributing to climate change. Also, SCB has stopped wrapping New Year gifts for a number of years and recommended eco-packaging for all its corporate gifts.

Supplier Procurement and Outsourcing

The procurement divisions select outsourcing partners based upon the alignment of their business strategies with those of SCB, notably competitiveness, business continuity, customer protection, and demonstrated risk management. SCB's commitments to suppliers and outsourced partners are governed by its code of conduct.

SCB selects service providers based upon seven criteria:

- Technical capability
- Expertise and experience
- Financial status
- Business reputation
- Records of complaints and litigation
- Service policy
- Risk from serving multiple clients

By using these criteria, the Bank upholds its commitment to uncompromising service quality which in turns helps to minimize business and reputational risks.

In 2013, SCB had contracts with 464 suppliers, 75% of which were SMEs. This is reflective of the support for local businesses. In pursuing continuous improvement in the supply chain, SCB began a dialogue to obtain feedback from a small sampling of suppliers. The Terms of Reference of the Bank

and long-term contracts also served to help communicate SCB's sustainability objectives to suppliers.

SCB recognizes the importance of sourcing from reputable businesses that adhere to human rights. It tries to ensure that suppliers treat their employees fairly and observe applicable laws and regulations. (There have been no cases of human rights abuses reported among the Bank's suppliers.)

For special occasions and traditional festivals throughout the year, the Bank has a procurement program for corporate gifts. To achieve economies of scale, SCB procures corporate gifts in bulk and distributes them from the Head Office. The Bank also sources through various foundations and social enterprises in order to support product from hill tribes, people with disabilities, and the socially-disadvantaged.

11. Internal Control and Risk Management

The Bank monitors and assesses the adequacy of internal control and risk management on an on-going basis. Assessment covers five components: internal control, risk assessment, operational control, information systems and communications, and monitoring systems. The Bank has conducted the following activities to enhance the effectiveness of its internal control system and risk management practices.

Internal Control and Operational Control

The Bank requires all business units, including those under the umbrella of its financial group, to maintain a culture and environment that provides for a sound and effective internal control system. The Bank believes that a sound internal control system is critical to meeting its business objectives. Accordingly, the Bank has established an organizational structure with clear supervisory lines, scope of authority for management and staff, and proper segregation of duties. In addition, the Bank has written policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. Moreover, the Bank provides extensive training to ensure that executives and staff possess relevant knowledge and skills to support its business operations. The Bank has formulated a code of conduct, along with related regulations and provisions for disciplinary action. The Bank has put in place a whistleblower policy in order to gather and address complaints and notifications that may indicate potential fraud or corruption. These efforts are to ensure that management and staff perform their functions with transparency, integrity, fairness and accountability, and that their performance is routinely reviewed.

Risk Assessment

The Board of Directors has assigned the Risk Management Committee to be responsible for formulating policies and duties related to risk management for the Bank and the SCB Group, as well as overseeing and reviewing the effectiveness of its risk management framework and risk

assessment procedures on a regular basis. When planning for new or improved risk management practices, the Committee considers internal and external factors and their potential impact. The Risk Management Committee provides updates from its meetings to the Audit Committee, Executive Committee and the Board of Directors on a monthly basis.

The Bank has continuously developed and improved risk management processes and risk assessment procedures, while appropriately controlling and monitoring the underlying risk levels and the potential exposure to the Bank. Also, the Bank evaluates the adequacy of provisions and capital so as to cover all significant risk factors and to ensure that the Bank complies with related regulatory requirements and that it has the capacity to address potential risks.

Information Systems and Communications

The Bank and the SCB Group continually develop information systems to provide information in a complete, accurate, reliable, and timely manner for the Board of Directors, executives, and other stakeholders such as shareholders, investors and regulators. The Bank emphasizes information technology security and information security, with continual enhancement to the systems to ensure that its security measures are sound and appropriate.

The Bank provides internal communication channels for the Bank and the SCB Group to disseminate policies, regulations, procedures, manuals and essential information. These communications keep executives and staff knowledgeable and informed and facilitate compliance in a proper and timely manner.

Monitoring Systems

Under the Audit Committee's supervision, the Audit and Compliance Group is responsible for assessing and monitoring the Bank and the SCB Group's internal control systems, risk management and regulatory compliance. In 2013, the Bank placed emphasis on compliance with policies to combat money laundering and financing of terrorism. The Bank reviews internal control, the reasonableness of transactions, and causes of any issues or risks found during audits and compliance reviews in order to take corrective action and improve operational procedures. Moreover, the Bank follows up on the results of such improvements. The main efforts are to ensure that the Bank's internal control system is adequate, appropriate, thorough and efficient; that information is accurate, complete, reliable, and timely; and that the Bank complies with relevant regulations.

The Audit Committee has reviewed the adequacy of the Bank's internal control system in all aspects and concluded that the Bank's internal control system is appropriate and adequate for its business operations and that no significant issues or deficiencies are present. The Audit Committee's opinion is in line with that of the Bank's auditor.

Audit Committee Report

The Audit Committee of Siam Commercial Bank PCL comprises four qualified independent members, including Mr. Prasan Chuaphanich, appointed by the Board of Directors on 4 April 2013 in replacement of Mr. Sumate Tanthuwani, whose tenure ended in 2013. The members of the Audit Committee are as follows:

Mr. Maris Samaram	Chairman of the Audit Committee
Dr. Kulpatra Sirodom	Member of the Audit Committee
Mr. Ekamol Kiriwat	Member of the Audit Committee
Mr. Prasan Chuaphanich	Member of the Audit Committee

Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, serves as the secretary to the Audit Committee.

The Audit Committee performed its duties in accordance with the scope of responsibilities defined in the Audit Committee Charter approved by the Board of Directors. In 2013, the Audit Committee held 12 meetings with management and senior executives in charge of concerned units and internal auditors. Also, the Committee met with external auditors without management present. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives on issues as the Board may see fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and executives of the Finance Group, regularly reviewed SCB's quarterly, half-year, and annual financial statements, and the consolidated financial statements of SCB and its subsidiaries, to ensure that the preparation of financial statements is accurate and complete in terms of material information and in accordance with Thai Financial Reporting Standards and related laws and regulations. Such review included consideration of the findings from audits, risks and risk management plans, internal control related to the preparation of financial statements, and the adequacy of information disclosure in the financial statements. This is to ensure that the financial statements are materially accurate and complete and provide a clear view on the financial state-of-the-affairs of the Bank in 2013.

- **Internal Control and Audit**

The Audit Committee considered the results of internal control assessment by management, the Audit and Compliance Group, external auditors, the Bank of Thailand, and other regulators overseeing the Bank and its subsidiaries. The aim of the Committee is to continuously monitor corrective actions regarding critical risk issues, and irregular incidents such as fraud and operational mistakes, to acknowledge causes, and to suggest guidelines or measures to prevent potential loss. The Audit Committee concluded that the internal control was appropriate and adequate for the

business operations of the Bank and its subsidiaries, and no material issue or shortcoming was found. The conclusion was in line with the external auditors' opinion and proposed to the Board of Directors accordingly.

The Audit Committee considered the independence of internal audit, approved the Audit Division's audit plans, and provided recommendations for better and more effective operations. In 2013, the Audit and Compliance Group and the Risk Management Group jointly proceeded with the procurement of a governance, risk & compliance system to collect data for risk assessment. Further, the Audit Division has implemented technology in data analysis and improved the credit review process. Finally, audit staff members are encouraged to continuously develop their knowledge and skills to undertake more effective and efficient reviews.

The Audit Committee was of the opinion that the first executive vice president and chief audit and compliance officer has appropriately and effectively supervised and monitored the operations of the Audit Division and the Compliance & Operational Control Division. An annual merit increases was considered based on her performance.

(See the profile of the first executive vice president and chief audit and compliance officer on attachment 3)

- **Regulatory Compliance**

The Audit Committee reviewed the Compliance & Operational Control Division's supervision of SCB and its subsidiaries' compliance with laws and regulations, and the Division's performance, on a monthly basis. This is to ensure SCB and its subsidiaries' regulatory compliance, and that corrective actions have been taken as needed and improvements are closely monitored. The Audit Committee regularly reported critical issues and significant regulatory changes that might affect the Bank's operations to the Board of Directors. The Audit Committee reviewed and approved the annual compliance report, before submitting it to the Bank of Thailand and the Securities and Exchange Commission.

In 2013, SCB reviewed compliance policies, orders, regulations, and performance review plans, particularly to meet the law, regulations and emerging international standards, including anti-money laundering and combating the financing of terrorism (AML/CFT) frameworks, the Foreign Account Tax Compliance Act (FATCA), and the Dodd–Frank Wall Street Reform and Consumer Protection Act. An easy-to-understand communication form was developed to convey significant regulatory compliance issues to staff to improve compliance efficiency.

- **Risk Management**

The Audit Committee considered SCB and the SCB Group's risk management policy and held monthly meetings with senior executives of the Risk Management Group to acknowledge and monitor potential risk issues at home and abroad. This is to ensure that SCB and the SCB Group's risk management is effective, and that preventive guidelines and measures are in place to handle potential situations and prevent them from impacting the Bank's operations.

- **External Auditor**

The Audit Committee considered the appointment of external auditors and proposed KPMG Phoomchai Audit Ltd. as the external auditor for SCB and its subsidiaries, based on the auditor's qualifications and independence in accordance with the Securities and Exchange Commission's requirements, as well as the quality of the audit in the past year. The Audit Committee considered the proposed audit fees, before proposing the auditor appointment and audit fees for the year 2013 for approval by the Board of Directors and by shareholders.

- **Related-Party Transactions and Conflicts of Interest**

The Audit Committee is required to consider significant related-party transactions and those that might involve a conflict of interest in line with regulatory compliance norms, so that any such transactions can be proposed to the Board of Directors and/or shareholders. This is to ensure that such transactions are transparent and reasonable, and protect the interests of the Bank and its shareholders. In 2013 there were no significant related-party transactions or those that might involve a conflict of interest.

- **Others**

The Audit Committee Charter was reviewed and updated to be clearer and more comprehensive. Members of the Audit Committee undertook self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors. Its performance adhered to integrity, prudence, transparency, independence, and to the ultimate benefit of the Bank.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately with adequate information disclosure, in accordance with Thai Financial Reporting Standards. The external auditor is independent and has performed all duties professionally. The SCB risk management system and internal controls are adequate and appropriate for its business operations. The Bank has strictly supervised and monitored its compliance with laws, regulations, and rules related to business operations and monitored the prevailing environment and coped with potential risks that may arise. Given this performance, SCB is capable of sustaining its trustworthiness among its customers, shareholders, employees and community.

12. Related Party Transactions

The Bank places great emphasis on preventing misuse of insider information by directors and staff, and with this in mind it has formulated policies, regulations, and approval procedures for related-party transactions, and guidelines on connected transactions to prevent conflicts of interest.

The Bank's regulations and approval procedures for connected transactions and transactions that might involve a conflict of interest are as follows:

- Strict compliance with the notifications of Securities and Exchange Commission regulations and the Capital Market Supervisory Board regarding connected transactions and transactions that might involve a conflict of interest. Hence, directors or executives involved in transactions that might lead to a conflict of interest are excluded from consideration of such transactions. The company secretary records the relationships of the directors or executives in the minutes if applicable.
- Pricing policy and conditions for transactions between the Bank and connected entities must be on an arm's length basis and, broadly, the same as those for transactions with external parties.
- The Board of Directors (excluding directors holding a stake) does not delegate the approval authority for loans, investments, obligations, or lending-like transactions involving the Bank's major shareholders or businesses having interests related to the Bank, directors, and persons with management authority or their related persons (as defined by the Financial Institution Business Act B.E. 2551 (2008)).
- Oversight of the SCB Group's intra-group transactions ensures that each company's operations are in compliance with related regulations and prevents conflicts of interest arising from intra-group transactions.

The Disclosure of Intra-Group Transaction PolicyGovernance on Intra-Group Transactions

In order to enhance transparency for intra-group transactions between companies in the SCB Financial Group, and to avoid any conflict of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved and is annually reviewed by the SCB Board of Directors. This Policy serves as a guideline for the control of intra-group transaction risk management. In particular, a materiality ratio for lending, investment, contingent liabilities and lending-related transactions is applied in a manner consistent with the Bank of Thailand's quantitative supervision guidelines.

In addition, this Policy provides that every transaction must be concluded in writing and with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties. Also, the Policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval authorization shall be determined in a manner consistent with the risk level of each transaction.

Policies and Trends of Related-Party Transactions

SCB's continual emphasis on good governance principles has led to a clear policy for related-party transactions that complies with the provisions of law and the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission regarding connected transactions. Too, SCB's policy for the acquisition and disposal of assets of listed companies complies with the notifications of the Bank of Thailand.

When the Bank has occasion for a related-party transactions in the course of its business operations, it seeks to conduct such transactions transparently and with appropriate approvals.

Information Disclosure

The Bank discloses related-party transactions and connected transactions, in compliance with the regulations of the Stock Exchange of Thailand, in the notes to the financial statements in the annual report in accordance with the requirements, conditions and methods for such information disclosure.

In 2013, the Bank had no connected transaction of significant value that was required to be disclosed according to the requirements of the regulations of the Stock Exchange of Thailand.