

Part 2 Management and Corporate Governance

7. Securities and shareholders

Equity Securities

Registered capital, as at December 31, 2014, stood at Baht 70,000 million, comprising:

3,415,762,624 common shares	par value	10	Baht
3,584,237,376 preferred shares	par value	10	Baht

Paid-up capital, as at December 31, 2014, stood at Baht 33,992 million, comprising:

3,394,311,986 common shares	par value	10	Baht
4,880,212 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	3,394,311,986 shares as at December 31, 2014
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Trading	Traded on both main board and foreign board: <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	4,880,212 shares as at December 31, 2014
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, 2009. Therefore, the rights of holders of preferred shares are now the same as the holders of common shares. Shareholders can convert preferred shares to common shares in accordance with the conversion schedule and method determined by the Bank.
Conversion rate	Preferred shares can be converted to common shares 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"> - For conversion on March 31, application must be submitted between March 16-30. - For conversion on June 30, application must be submitted between June 5-29. - For conversion on September 30, application must be submitted between September 15-29. - For conversion on December 31, application must be submitted between 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 the Thailand Securities Depository Co., Ltd. or a securities brokerage firm during office hours.</p> <p>(2) Preferred shareholders may obtain the application form from the Thailand Securities Depository Co., Ltd. or a securities brokerage firm.</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 the format prescribed by SCB. 2. Preferred Share Certificates or warrants (according to the SET format). 3. <u>In case of an individual</u> holder, a signed copy of the ID, alien ID or passport. <p><u>In case of a juristic person</u>, a signed copy of the license issued in the past 1 year, together with a signed copy of the ID of the authorized director.</p>
Application filing venue	<p>(1) Thailand Securities Depository Co., Ltd., or</p> <p>(2) Securities brokerage firm</p>

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding through NVDR

As at December 31, 2014, the Bank's registered and paid-up shares amounted to 3,399,192,198 shares, of which 136,644,507 common shares (4.02% of total common shares) were held through the Thai NVDR Co., Ltd. Also, the Thai NVDR has declared its abstention from attending and voting at shareholder meetings, except for any shareholder meeting that involves the delisting of shares

from the SET on the agenda. 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 the Thai NVDR Co., Ltd. will not be restricted by the foreign ownership limit.

Policy on Rights Issue

The Bank does not have a plan to undertake a rights issue.

Dividend Payment Policy

Dividend Payment Policy of the Bank

The Bank has a policy to pay dividends at a rate between 30-50% of reported consolidated net profits in any year when 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 2014, the dividend from the Bank's 2013 operating results was paid to holders of the Bank's preferred and common shares at the rate of Baht 5.25 per share equivalent to Baht 17,846 million or 35.5% of the Bank's 2013 net profit recorded in the Bank's consolidated financial statements. The dividend payment for 2014 will be decided by the shareholders at the Annual General Meeting in April, 2015.

Dividend Payment Policy of Subsidiaries

When the Bank has full controlling power over a subsidiary and such subsidiary is not a listed company, the dividend payment policy is to pay dividends at the maximum amount from the net profits after appropriation for legal reserve or an appropriate lower payout after considering the business requirements of the subsidiary.

When the subsidiary is a listed company or a company over which the Bank does not have full control, the policy for dividend payment shall be in accordance with the policy announced by such company, consistent with the applicable laws, rules and regulations.

Shareholders**Principal Shareholders (as at March 13, 2015)**

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	STATE STREET BANK EUROPE LIMITED	247,244,640	-	247,244,640	7.27
4	CHASE NOMINEES LIMITED 42	172,075,040	-	172,075,040	5.06
5	THAI NVDR COMPANY LIMITED	130,944,178	-	130,944,178	3.85
6	LITTLEDOWN NOMINEES LIMITED	126,840,200	-	126,840,200	3.73
7	HSBC (SINGAPORE) NOMINEES PTE LTD	55,685,521	-	55,685,521	1.64
8	STATE STREET BANK AND TRUST COMPANY	53,049,859	-	53,049,859	1.56
9	THE BANK OF NEW YORK MELLON	44,585,500	-	44,585,500	1.31
10	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	42,522,551	-	42,522,551	1.25
11	OTHERS	930,295,622	4,841,129	935,136,751	27.51
TOTAL ISSUED SHARE CAPITAL		3,394,351,069	4,841,129	3,399,192,198	100.00

THAI SHAREHOLDERS	2,109,504,277	4,588,039	2,114,092,316	62.19
FOREIGN SHAREHOLDERS	1,284,846,792	253,090	1,285,099,882	37.81

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

Debt Securities

At the end of 2014, 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
Senior Unsecured Notes	USD 750 million	3.50%	April 2019
Subordinated Debenture No. 1/2012*	Baht 20,000 million	4.5%	2022
Subordinated Debenture No. 2/2012*	Baht 20,000 million	4.65%	2024

* 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)

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 2014

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. With respect to the 2014 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 ten years, from 2005 to 2014. Also, the Thai Investors Association awarded the Bank a 'full' score of 100 points for the fifth consecutive year in its assessment of shareholders' meetings (from 2010-2014).

As part of the Bank's commitment to sustainable development, SCB supports the efforts of Thai society to promote and adhere 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 Sustainability Report, published 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 other matters, the structure of the Board and Board committees, inclusive of roles and responsibilities, composition, and tenure of members; the Board's meeting procedures; 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 the Executive Committee and the president; remuneration of directors and persons with authority to manage the Bank's operations; assessment of performance of the Board and persons with authority to manage the Bank's operations; succession planning; and the 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."

2014 Corporate Governance

The Bank's corporate governance practices in 2014 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 of 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 2014, the Bank held its Annual General Meeting of Shareholders (AGM) No. 191 on 3 April 2014. 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 2013 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 2013 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 2013 performance highlights and a brief summary of the 2014 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 the 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 are paid within 30 days after the date the dividend payment is approved by the Board or the shareholders' meeting.

At the AGM No. 191, the meeting resolved to approve the dividend payment from the Bank's 2013 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 5.25 per share, equivalent to a total of Baht 17,846 million or approximately 35.5% of the 2013 net profit according to the Bank's consolidated financial statements. The dividend payment for 2013 was paid as follows:

1) The Board in its meeting No. 9/2013 dated 27 August 2013 resolved to approve an interim dividend payment at the rate of Baht 1.50 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 20 September 2013 (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 3.75 per share to holders of the Bank's preferred and ordinary shares on 2 May 2014 (30 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 2014 AGM three months prior to the end of the Bank's accounting period, i.e., between 1 October and 31 December 2013.

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 2014 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 2014 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 2014 AGM five 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 2014.

2.5 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association approved by the shareholders' meeting, a director is entitled to receive remuneration from the Bank, namely through gratuities, meeting allowances, rewards, bonuses or other benefits pursuant to the Articles of Association or the consideration of the shareholders' meeting. Such remuneration may be fixed or specified from time to time according to the regulation laid out, or may be allowed to remain in effect until changed. Moreover, a director is also entitled to a per diem and fringe benefits according to the regulations of the Bank. 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 in the Bank’s securities and securities which have SCB ordinary shares as an underlying asset (e.g., derivative warrant, futures, options) 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 which have the Bank’s ordinary shares as an underlying asset 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 transactions 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 and decision-making of any matter in which they might have an interest. The company secretary makes note 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 similar transactions with unrelated third-parties (Arm’s Length Principle).

- To require that the Board alone (excluding directors with a conflict of 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 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 financial advisor (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, any merger or other transaction 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.' The issue of responsibility to stakeholders 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 broad range of products and services and to service their needs via branch, electronic and direct channels. The overriding aim is for the Bank to be viewed as the main financial services partner for customers through the provision of reliable services, innovative products and trustworthy conduct. The Bank measures its success through regular customer surveys and by consistently attaining a market-leading score from such surveys.

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 successful execution of its near-term and long-term business strategies and the achievement of its mission and vision. Employee interests are addressed through market-based compensation practices, skill and competency development programs, career advancement opportunities and a range of employee benefits, which are regularly reviewed to ensure appropriateness. 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 or adjusting the Bank's policies, practices, products, procedures and services. As with customers, the Bank conducts regular employee engagement surveys and benchmarks the results against a global database. In 2014, the Bank's score was ranked 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 with 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.

In promoting the respect for intellectual property rights and deterring the infringement thereof, the Bank has incorporated policies and guidelines related to intellectual property in its Employee Code of Conduct. It is the responsibility of all employees to protect the Bank's intellectual property from unauthorized use and dissemination and to respect the rights of intellectual property owners where it uses proprietary products.

Moreover, to demonstrate SCB's willingness on the implementation of anti-corruption efforts, it participated in the "Declaration of Intent" as promoted by the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In addition, the Anti-Corruption and Bribery Policy of SCB has been approved by the Board and communicated and adopted enterprise-wide. The Bank has already completed the CAC membership certification process in Q4/2014 and anti-corruption and bribery guidelines have been disseminated to employees at all level across the organization, including relevant entities and stakeholders. The Bank will work in cooperation with all segments of Thai society to foster clean business practices and strengthen ethical behavior in all its business activities. The Bank's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Learning Program is mandatory for all SCB employees.

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

Environment: SCB abides by 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 has increased its internal energy-use efficiency by upgrading lighting and electronic systems, and reduced the use of paper in both internal and external processes. In 2014, SCB was the first financial institution participating in the pilot carbon-offsetting program to support the domestic voluntary carbon market. In this regard, the Center of Excellence on Environmental Strategy for GREEN Business (VGREEN) of Kasetsart University assisted SCB in the analysis of carbon emissions from its energy and resource consumption.

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* 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 short specified 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 any 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 president, Audit and Compliance Group head or Human Resource Group head. 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 nurture SCB as 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 quickly set up 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, where 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 Financial Crime & Security Services Division for further action.

The Bank takes action as deemed appropriate for each case without disclosing the sources of information so as 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 Services - Company Secretary
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 (if 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, as appropriate, 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 by Directors and Senior Management" in the Supplementary Information section of Annual Report.

In 2014, 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	103
General meetings with equity analysts	4
Participation at investor conferences	8
Global Non-Deal Road Shows	2

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 Division
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Telephone: 0-2544-4358
Fax: 0-2937-7721
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,” “Investor Relations,” and then “Code of Conduct for Investor Relations.”

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 2014 are available in the sections titled “Audit Fees” and “Audit Report of Certified Public Accountant” of Annual Report.

4.4 Compliance With the Principles of Good Corporate Governance as Stipulated by the Stock Exchange of Thailand

The Bank aims to adhere to national and international corporate governance standards. However, certain practices of the Bank are not yet in line with the principles of good corporate governance stipulated by the Stock Exchange of Thailand due to reasons as set out below:

- The Board should have an appropriate number of members ranging from 5 to 12, depending upon the size, nature and complexity of the company’s business – At present, the Board is comprised of 15 members. As the Bank’s business has grown in size and complexity, the number is considered appropriate and essential for effective performance of the Bank.
- The majority of remuneration committee members should be independent directors, including its chairman, and the nomination committee should be comprised entirely of independent directors – The Nomination, Compensation and Corporate Governance Committee is a board committee of SCB, and there is no separate remuneration committee or nomination committee. The Nomination, Compensation and Corporate Governance Committee is comprised of 5 members, of which 3 are independent directors and 2 are non-executive directors, and is chaired by an independent director.
- All directors should attend at least 75% of all the board meetings held each year – Almost every director of the Bank attended more than 75% of the total of 13 board meetings held in 2014, and only one director was not able to meet the said attendance criterion due to prior engagements outside Thailand.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2014, there were 15 directors, and the number of directors was commensurate with the expansion and increased complexity of the Bank's business. The Bank selects its Board members based on the criteria set forth by relevant regulators and with the aim of fostering diversity in terms of knowledge, experience and other key attributes.

The 15 directors consist of 3 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 60% 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. Weerawong Chittmittrapap.
- Two executive directors (representing 13% of the total directors) are Dr. Vichit Suraphongchai and Mrs. Kannikar Chalitaporn.
- Non-executive directors which comprise three directors representing the major shareholders, i.e., Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul and Mr. Kulit Sombatsiri, and one other non-executive director, i.e., Mr. Apisak Tantivorawong.

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

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

* 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.

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: 22 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	15 years 1 month
3. Mr. Maris Samaram	Independent Director and Chairman of the Audit Committee	25 February 2003	11 years 10 months
4. Prof. Vicharn Panich M.D.	Independent Director and Chairman of the Corporate Social Responsibility Committee	29 September 2006	8 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: 7 years 9 months (2007 - present)
6. Assoc. Prof. Dr. Kulpatra Sirodorn	Independent Director and Member of the Audit Committee	19 June 2009	5 years 6 months
7. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	3 years 9 months
8. Mr. Prasan Chuaphanich	Independent Director and Member of the Audit Committee	4 April 2013	1 year 9 months
9. Dr. Chirayu Isarangkun Na Ayuthaya	Director and Member of the Corporate Social Responsibility Committee	18 September 1987	27 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: 15 years 9 months (1999 - present)
11. Khunying Jada Wattanasiritham ¹⁾	Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	2 February 1999	15 years 11 months (Independent director: 5 years 2 months)
12. Mr. Apisak Tantivorawong ²⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	3 April 2014	9 months
13. Mr. Weerawong Chittmittrapap ³⁾	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	22 September 2014	3 months
14. Mr. Kulit Sombatsiri ⁴⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	22 September 2014	3 months
15. Mrs. Kannikar Chalitaporn	Director, President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	21 January 2002	12 years 11 months

Remark: 1) Khunying Jada Wattanasiritham qualified as an independent director from 19 October 2009.

2) Mr. Apisak Tantivorawong was appointed as director, in replacement of Mr. Robert Ralph Parks, who retired by rotation, by the AGM No. 191 on 3 April 2014.

3) Mr. Weerawong Chittmittrapap was appointed as director, in replacement of Mr. Bodin Asavanich who resigned

from the directorship, by the resolution of the Board's Meeting No. 10/2014 dated 26 August 2014. The Board reviewed the qualifications of Mr. Weerawong as an independent director with regard to his business relationship with the Bank and the fees received from the Bank for his professional legal service in the preceding two years which exceeded the applicable threshold requirement. After due consideration of Mr. Weerawong's qualifications based on Section 89/7 of the Securities and Exchange Act B.E. 2535, the Board was confident in his professionalism and ability to perform his duties without adverse affect on his independent judgment.

4) Mr. Kulit Sombatsiri was appointed as director, in replacement of Miss Supa Piyajitti who resigned from the directorship, by a resolution of the Board's Meeting No. 10/2014 dated 26 August 2014.

5) Information as of 31 December 2014.

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. Directors retiring by rotation may be re-elected to continue in office.

To enhance transparency and corporate governance, the Bank has adopted the principle that the tenure of an independent director shall not exceed nine years. 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 2014, Mr. Maris Samaram, an independent director who has served on the Board for more than nine years, will retire at the 2015 AGM.

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 established a clear policy regarding holding of positions by the Bank's directors (and the president) in other companies. The Bank's directors are not allowed to hold directorship in more than five listed companies, which is in line with the Stock Exchange of Thailand's practices. Further, in order to comply with the Bank of Thailand's regulations, the Bank's directors and/or its senior executives can be the chairman, an executive director, or an authorized director of other companies but in up to three businesses groups only.

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 prior to assuming any position in a company or organization 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 Annual Report. In this regard, no directors hold positions in more than five listed companies, 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 responsible for establishing the structure and processes that ensure

that there are appropriate systems and processes for risk management, audit and compliance, 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, only 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. In addition, the Board, the Bank's executives and employees are committed to adhering to 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 2014 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 terms on the Executive Committee are concurrent with their directorships. Currently, the Executive Committee has nine members comprising two directors, namely Dr. Vichit Suraphongchai (chairman of the Executive Committee) and Mrs. Kannikar Chalitaporn, and seven executives of the Bank who hold the position 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

consistent with the Board-approved business direction, including the screening of matters prior to submission to the Board and approving requests within the scope of delegation assigned by the Board. The Executive Committee held 32 meetings in 2014.

- ***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 an internal audit function; 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 processes 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 external 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 external auditors' performance on an annual basis. The said assessment is used by the Audit Committee as supporting information for the nomination of qualified auditors in the following year.

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 2014, the Audit Committee held 14 meetings, and details of its activities are within the Audit Committee Report provided as part of Annual Report.

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

The main responsibilities of the Nomination, Compensation and Corporate Governance Committee are to nominate individuals for the position of directors and senior executives of the Bank as well as to propose for the Board's endorsement the appropriate remuneration for members 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, Mr. Apisak Tantivorawong, Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri. 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 2014, the Nomination, Compensation and Corporate Governance Committee had eight meetings, and details of its activities are shown in the Report of the Nomination, Compensation and Corporate Governance Committee under this Annual Report.

- ***Corporate Social Responsibility Committee***

The roles and responsibilities of the Corporate Social Responsibility Committee are to develop and supervise the policy, business direction, and framework with regard to the Bank's performance and activities in terms of contribution to the country's economy, social welfare programs and the environment. The Corporate Social Responsibility Committee focuses on building a strong CSR activities related foundation to support the Bank's contributions, nurturing initiatives, developing networks and sustaining success in the following three core areas: 1) youth development and learning enhancement, 2) volunteerism, and 3) the quality of life and environment.

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 2014, the Corporate Social Responsibility Committee held nine 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 2014 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 2014, the Management Committee held 19 meetings in order to perform duties in accordance with its roles and responsibilities, which was mainly to discuss and exchange views on the Bank's business operations; resolve any resource-related constraints, monitor performance 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 2014, the People Development Committee held five meetings.

- ***Change Program Steering Committee***

The Change Program Steering Committee is in charge of approving and monitoring major change initiatives as part of the ongoing Change Program. In 2014, the Change Program Steering Committee held 19 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 determined by the Bank and the Bank of Thailand. In 2014, the Risk Management Committee held 11 meetings.

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

The Assets and Liabilities Management Committee is the key decision-making body for the Bank's risk management approach relating to market risk, interest rate risk in the banking book, and liquidity risk. The Committee held 12 meetings in 2014 to establish the risk appetite for liquidity risk, interest rate risk, market risk and exchange rate risk, monitor positions and approve appropriate strategies, practices and measures.

- ***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 the delegated authority mandates, as well as keeping operational oversight of the Bank's equity investment portfolio. In 2014, the Equity Investment Management Committee held three 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. As far as possible, the meeting-related 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 areas of responsibility in order to provide relevant information to the directors. Such discussions and meetings between directors and executives are also beneficial for executive succession planning.

In 2014, 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 2014

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Annual General Meeting of Shareholders No. 191
1. Mr. Anand Panyarachun	13/13	-	-	9/9	-	1/1
2. Dr. Vichit Suraphongchai	13/13	31/32	-	6/9	-	1/1
3. Mr. Maris Samaram	13/13	-	14/14	-	-	1/1
4. Prof. Vicharn Panich M.D.	13/13	-	-	9/9	-	1/1
5. Mr. Chumpol NaLamlieng	12/13	-	-	-	8/8	1/1
6. Assoc. Prof. Dr. Kulpatra Sirodom	13/13	-	13/14	-	-	1/1
7. Mr. Ekamol Kiriwat	13/13	-	14/14	-	-	1/1
8. Mr. Prasan Chuaphanich	13/13	-	14/14	-	-	1/1
9. Dr. Chirayu Isarangkun Na Ayuthaya	13/13	-	-	8/9	-	1/1
10. M.R. Disnadda Diskul	12/13	-	-	8/9	-	1/1
11. Khunying Jada Wattanasiritham	12/13	-	-	8/9	7/8	1/1
12. Miss Supa Piyajitti ³⁾	5/6	-	-	-	2/2	1/1
13. Mr. Robert Ralph Parks ¹⁾	2/4	-	-	-	2/2	1/1
14. Pol. Gen. Abdul Sangsingkeo ⁵⁾	8/10	-	-	-	2/6	1/1
15. Mr. Apisak Tantivorawong ²⁾	7/9	-	-	-	5/6	-
16. Mr. Weerawong Chittmittrapap ⁶⁾	2/3	-	-	-	1/1	-
17. Mr. Kulit Sombatsiri ⁶⁾	3/3	-	-	-	1/1	-
18. Mrs. Kannikar Chalitaporn	13/13	29/32	-	9/9	-	1/1
19. Mr. Bodin Asavanich ⁴⁾	7/7	7/13	-	-	-	1/1

Remark: 1) Mr. Robert Ralph Parks left office as a director on 3 April 2014.

2) Mr. Apisak Tantivorawong was appointed as a director, in replacement of Mr. Robert Ralph Parks who retired by rotation, by the AGM No. 191 on 3 April 2014, and he was appointed by the Board to serve as a member of the Nomination, Compensation and Corporate Governance Committee effective on 3 April 2014.

3) Miss Supa Piyajitti left office as a director on 20 May 2014.

4) Mr. Bodin Asavanich left office as a director on 1 June 2014.

5) Pol. Gen. Abdul Sangsingkeo left office as a director on 29 August 2014.

6) Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri were appointed as directors, in replacement of Mr. Bodin Asavanich and Miss Supa Piyajitti respectively, by resolution of the Board's Meeting No. 10/2014 dated 26 August 2014, and they were appointed by the Board to serve as members of the Nomination, Compensation and Corporate Governance Committee effective on 17 October 2014.

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 obtained from the assessment are considered and used for enhancing the effectiveness of the Board's performance and the Bank's good corporate governance practices. Further, performance assessments provide 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.

Additionally, to ensure effective assessment of the Board, the Bank engages an external consultant with professional expertise and experience in corporate governance to determine assessment guidelines and topics and to facilitate a board assessment at least once every three years, starting from 2012. In 2014, the Bank adjusted the assessment format that was made by the external consulting firm in 2012 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 relevant charters, 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 at Board meetings and shareholders' meetings. According to the results of 2014 Board performance assessment, the average score was at the 'good' level, i.e., the performance of the Board meets or exceeds expectation in most areas.

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 the chairman of the Executive Committee, the president, and senior executives holding the position of executive vice president or higher, 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 the 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 who are considered appropriate to the needs of the Bank. The Board only has the duty to verify that the qualifications of such individuals nominated is 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. The Nomination, Compensation and Corporate Governance Committee considers candidates for directorship from directors' pool of the Thai Institute of Directors Association (IOD) and the Bank, as well as from the list of candidates proposed by shareholders and individual directors. After scrutiny of the candidates' qualifications to ensure compliance with laws and regulations, the Nomination, Compensation and Corporate Governance Committee will propose selected candidates to the Board for consideration. 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 candidates to the shareholders for approval.

The Nomination, Compensation and Corporate Governance Committee is also responsible for reviewing and screening the 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.

With regard to 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 any discrimination on the grounds of race, religious belief, gender, marital status or disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee the responsibility 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 the continuity of the Bank's management and business operations when executive positions become vacant due to job transfer, retirement or resignation. In

2015, Mrs. Kannikar Chalitaporn will complete her office term as president. Hence, the Nomination, Compensation and Corporate Governance Committee considered qualified candidates and nominated two senior executives to succeed Mrs. Kannikar Chalitaporn: Mr. Arthid Nanthawithaya, senior executive vice president, Wholesale Banking Group, was appointed as chief executive officer (CEO) and deputy chairman of the Executive Committee, and Mr. Yol Phokasub, senior executive vice president, Retail Banking Group and Business Banking Group, was appointed as president. Under the new leadership structure, all business units will continue to report to the president while the chief executive officer will primarily be responsible for the strategic direction of the Bank and its policies. Both will be jointly responsible and accountable for all key decisions of the Bank and together will drive the performance of the Bank and its management team.

Also, the Bank has developed competency sets for many senior positions and job families to facilitate succession planning and employee career progression.

Details of the succession plan are set out in item 5.13.2 Executive and Employee Development and 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. As a result, 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 approval annually.

5.11.1 Director Remuneration

The current remuneration of directors was approved by shareholders at the 2014 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 consistent with those adopted since 2000. In 2014, the Board of Directors, totaling 19 persons, received an aggregate remuneration of Baht 18.92 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 17,846 million or Baht 5.25 per share for the Bank's 2013 operating results, the total directors' bonus for 2013 performance was Baht 60 million or 0.3% of the dividend.

Current Remuneration of the Board Committees as Approved by Shareholders at the 2014 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 2014, 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 16 persons, received remuneration of Baht 7.8 million.

Remuneration of individual directors is shown in Table 3.

Table 3 Details of Remuneration of Individual Directors in 2014.

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Unit: Million Baht
						Directors' bonus for 2013 performance
1. Mr. Anand Panyarachun	1.80	-	-	0.44	-	5.29
2. Dr. Vichit Suraphongchai	1.20	-	-	-	-	3.53
3. Mr. Maris Samaram	1.20	-	1.11	-	-	3.53
4. Prof. Vicharn Panich M.D.	1.20	-	-	0.66	-	3.53
5. Mr. Chumpol NaLamlieng	1.20	-	-	-	0.66	3.53
6. Assoc. Prof. Dr. Kulpatra Sirodom	1.20	-	0.73	-	-	3.53
7. Mr. Ekamol Kiriwat	1.20	-	0.74	-	-	3.53
8. Mr. Prasan Chuaphanich	1.20	-	0.74	-	-	2.63
9. Dr. Chirayu Isarangkun Na Ayuthaya	1.20	-	-	0.43	-	3.53
10. M.R. Disnadda Diskul	1.20	-	-	0.43	-	3.53

<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 2013 performance</i>
11. Khunying Jada Wattanasiritham ⁸⁾	1.20	-	-	0.43	0.43	3.53
12. Miss Supa Piyajitti ³⁾	0.46	-	-	-	0.16	3.53
13. Mr. Robert Ralph Parks ¹⁾	0.31	-	-	-	0.11	3.53
14. Pol. Gen. Adul Sangsingkeo ⁵⁾	1.20	-	-	-	0.26	2.63
15. Mr. Apisak Tantivorawong ²⁾	1.20	-	-	-	0.30	1.83
16. Mr. Weerawong Chittmittrapap ⁶⁾ ⁸⁾	0.33	-	-	-	0.09	-
17. Mr. Kulit Sombatsiri ⁶⁾	0.33	-	-	-	0.09	-
18. Mrs. Kannikar Chalitaporn	1.20	-	-	-	-	3.53
19. Mr. Bodin Asavanich ⁴⁾	0.50	-	-	-	-	3.53
20. Mr. Sumate Tanthuanit ⁷⁾	-	-	-	-	-	0.90
21. Prof. Dr. Thosaporn Sirisamphand ⁷⁾	-	-	-	-	-	0.90
Total	18.92	-	3.32	2.39	2.09	60.00

Remark: 1) Mr. Robert Ralph Parks left office as a director on 3 April 2014.

2) Mr. Apisak Tantivorawong served as an advisor to the Board starting from 26 June 2013 and left office as advisor on being appointed as a director at the AGM No. 191 on 3 April 2014. He was also appointed by the Board to serve as a member of the Nomination, Compensation and Corporate Governance Committee effective on 3 April 2014.

3) Mr. Supa Piyajitti left office as a director on 20 May 2014.

4) Mr. Bodin Asavanich left office as a director on 1 June 2014.

5) Pol. Gen. Adul Sangsingkeo left office as a director on 29 August 2014.

6) Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri were appointed as directors, in replacement of Mr. Bodin Asavanich and Miss Supa Piyajitti respectively, by resolution of the Board's Meeting No. 10/2014 dated 26 August 2014, and they were appointed by the Board to serve as members of the Nomination, Compensation and Corporate Governance Committee effective on 17 October 2014.

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

8) Khunying Jada Wattanasiritham and Mr. Weerawong Chittmittrapap received remuneration of Baht 1.03 million and Baht 0.88 million respectively for serving as independent directors of a subsidiary of the Bank in 2014.

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 short-term and long-term corporate performance and individual performance. The performance is assessed and benchmarked against KPIs, which include financial indicators, customer-related indicators, process development initiatives and other indicators, to build a solid foundation for sustainable success of the Bank. The remuneration consideration is based on 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 "the manager or the next four executives succeeding the manager,

the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in the accounting or finance departments.” In 2014, the number of Bank’s executives using this definition covered 11 persons, and collectively they received remuneration in the form of monthly salary, bonus and allowances of Baht 424.63 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 number of Bank’s executives using this definition covers 74 persons, and in 2014 they received remuneration in the form of monthly salary, bonus and allowances of Baht 1,262.9 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. Directors are entitled to the medical benefits including an annual medical check-up, which are equivalent to those offered to the Bank’s executives at the executive vice president positions or higher, and the chairman of the Board is additionally entitled to a company car benefit. In 2014, one non-executive director of the Bank was allowed medical expense reimbursement of Baht 19,588. The Bank’s executives are entitled to welfare and other benefits similar to those offered to other employees such as medical, annual medical check-up, life and accident insurance, lower interest loans and provident fund contributions. In 2014, the Bank’s provident fund contribution for 9 executives as defined by the Office of Securities and Exchange Commission (i.e., senior executive vice president positions and higher including executives of the finance or accounting department) was Baht 9.94 million, while the provident fund contribution for 71 executives as defined by the Bank of Thailand (i.e., the executive vice president level and above) was Baht 36.9 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 operating plans are given by the president and senior executives. Also, important documents are provided to 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. These documents annunciate, among others, 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). Detailed information with respect to the participation of the Bank's directors in the training programs organized by the Thai Institute of Directors Association (IOD) as recommended by the Securities and Exchange Commission (SEC) is shown in Table 4. Directors are also encouraged to attend overseas seminars and activities that promote corporate governance practices at the national level such as the 3rd National Director Conference 2014 arranged by IOD. 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.

Table 4: Participation of the Bank's Directors in Training Programs Organized by the Thai Institute of Directors Association (IOD) as recommended by the Securities and Exchange Commission (SEC)

SCB Directors	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of the Chairman Program (RCP)	Audit Committee Program (ACP)	Monitoring the Internal Audit Function (MIA)	Monitoring the System of Internal Control and Risk Management (MIR)	Improving the Quality of Financial Reporting (QFR)	Financial Statements for Directors (FSD)	Understanding the Fundamental of Financial Statement (UFS)	Anti-Corruption for Executive Program (ACEP)	Financial Institutions Governance Program (FGP)	Monitoring the Quality of Financial Reporting (MFR)	Successful Formulation & Execution of Strategy (SFE)	The Executive Director Course (EDC)
1. Mr. Anand Panyarachun														
2. Mr. Vichit Suraphongchai			RCP - 1/2000											
3. Mr. Maris Samaram		DCP - 33/2003		ACP - 3/2004	MA - 3/2008 R	MIR - 4/2008	QFR-2/2006							
4. Prof. Vicham Panich	DAP - 62/2007	DCP - 116/2009	RCP - 22/2009					FSD - 5/2009	UFS - 10/2007	ACEP - 9/2014				
5. Mr. Chumpol NaLamlieng			RCP - 2/2001											
6. Assoc.Prof. Kulpeetra Sirodom		DCP - 0/2000		ACP - 29/2009										
7. Mr. Ekamol Kirivat		DCP - 68/2005												
8. Mr. Prasan Chuaphanich		DCP - 119/2009									FGP - 6/2013			
9. Mr. Chirayu Isarangkun Na Ayuthaya			RCP - 1/2000											
10. M.R. Disnadda Diskul			RCP - 1/2000											
11. Khunying Jada Wattanasintham				ACP - 25/2009	MA - 2/2008							MFR - 6/2008	SFE - 14/2012	
12. Mr. Apisak Tantivorawong		DCP - 18/2002												
13. Mr. Weerawong Chittmittrapap		DCP - 0/2000												EDC- 1/2012
14. Mr. Kulit Sombatsiri		DCP - 124/2009						FSD - FSG/2009						
15. Mrs. Kannikar Chalitaporn			RCP - 7/2002											

5.13.2 Executive and Employee Development

The Bank strongly believes that the continuous development of its employees at all levels is a key foundation for sustainable growth and business success, both in the short- and long-term. In 2014, the Bank primarily focused on the implementation of a systematic and comprehensive career development program to enhance the knowledge, skills and competencies of employees through identifying competency sets for each position and a corresponding career roadmap, including the succession planning for key positions. This will enable the Bank to steer its people development efforts in alignment with the prevailing business needs, its future goals and strategies, and career

advancement of its personnel based on proficiency and career preference. 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 particular, internal skills development programs were reinforced by integrating current business scenarios. Other major programs implemented by the Bank included coaching programs, e-learning, a management associate program, leadership development programs, scholarship programs for domestic and overseas education, 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 assist in the formulation of the policies and strategies of each affiliate and ensure, to the extent applicable, that these are 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 compliance with risk management policies and regulations imposed by both 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 manage the 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 that conducts audits, provides advice, recommends improvements to internal control and risk management systems, and enhances corporate governance practices. The 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 conducting the annual 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 Annual Report.

Executives as per S.E.C definition

(As of December 31, 2014)

1. Mrs. Kannikar Chalitaporn

President

2. Mr. Arthid Nanthawithaya

Senior Executive Vice President, Group Head, Wholesale Banking Group

3. Mr. Yol Phokasub

Senior Executive Vice President, Group Head, Retail and Business Banking Group

4. Mr. Deepak Sarup

Senior Executive Vice president, Chief Financial Officer & Head, Change Program

5. Mr. Yokporn Tantisawetrat

Senior Executive Vice President, Chief Risk Officer

6. Mr. Sarunthorn Chutima

Senior Executive Vice President, Group Head, Special Business Group

7. Mr. Banesh Prabhu

Senior Executive Vice President, Group Head, Technology and Operations Group

8. Ms. Wallaya Kaewrungruang

Senior Executive Vice President, Group Head, General Counsel Group

10. Corporate Social Responsibility

This is SCB's second Sustainability Report to describe its engagement with and commitment to its environmental, social, and governance obligations. Following last year's first steps in adopting sustainability indicators to shed light on SCB's operations, 2014 was a year of refining policies and initiating changes to help SCB measure its contribution to the creation of long-term value for all of its stakeholders.

In this report, scb collates data and commentary compliant with Global Reporting Initiative (GRI) while highlighting its corporate alignment with Thai values and traditions for good business practice.

SCB's 2014 Sustainability Report, covering 2014 fiscal year, spells out SCB's engagement with its core stakeholders – customers, shareholders, employees, communities, and the environment. The report format follows the disclosure recommendations of the Global Reporting Initiative G4 guidelines.

The report is influenced by the GRI-G4 'Core' option for both the General and Specific Standard Disclosures for financial Services sector. The 'Core' option contains the essential elements of sustainability report and a background discussion encapsulating SCB's economic, environmental, social, and governance performance during the reporting period.

As disclosure guidelines, the GRI-G4 content index and financial services supplement are attached. It should be noted that the boundary of this report limits coverage to SCB offices and branches in Thailand.

The executive management have formally reviewed and approved the contents, and the report has been endorsed by the board. Finally, external party has assured the selected data.

The report's organization follows an intuitive logic, beginning with a brief internal overview that culminates with a description of the bank's stakeholders. The report then develops the key themes underlying SCB's approach to responsible banking in some detail, broken down into a discussion of its values, its products, and its people. From there the report moves on to the social and environmental perspectives, closing with a concise summary and a hint of the future.

Sustainability Strategy

SCB aims to provide sustainable banking services to its customers. Surely, its 108 year-history is an indicator of sustainability. Yet, it is mindful that past successes provide no meaningful assurance of similar successes in the future. Although the elements of best practices and responsibility have always been apparent in its organizational mindset, sustainable banking practices must be clearly updated, planned, implemented, and measured in order to respond to long-term stakeholder needs.

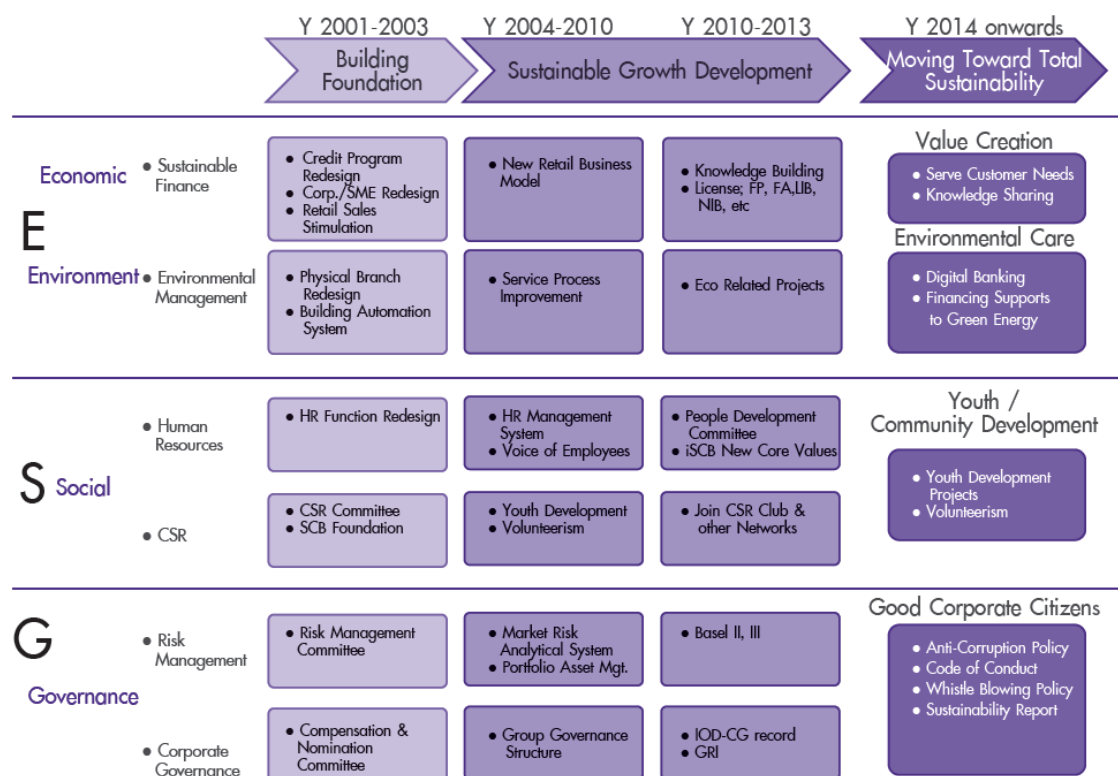
SCB is still early in its sustainability journey, at the point where it must integrate internal units while at the same time engage with new external stakeholders. In 2014, SCB formally initiated cross-unit brainstorming sessions to discuss the sustainability strategy, and specifically how to engage stakeholders such as business partners and suppliers.

2015 will mark two years of effort on benchmarking the Bank to international standards in the financial sector starting with sustainability reporting, including anti-corruption practices and supply chain management.

For the long term, from a social perspective, the Bank is strengthening its human resources development plan with the aim to become the bank of choice for talented professionals. It is also placing more importance on using its core competencies in community outreach programs and environmental projects outside SCB. It supports and encourages the spread of competencies such as financial literacy, knowledge management, and network development among its employees, customers, suppliers, and communities in order to have a positive impact on society as a whole.

Also in 2015, from an environmental perspective, the Bank is working both internally and externally with other stakeholders on integrating its operational resources management policy with respect to energy use, carbon emissions, paper use, and procurement practices.

SUSTAINABILITY ROADMAP



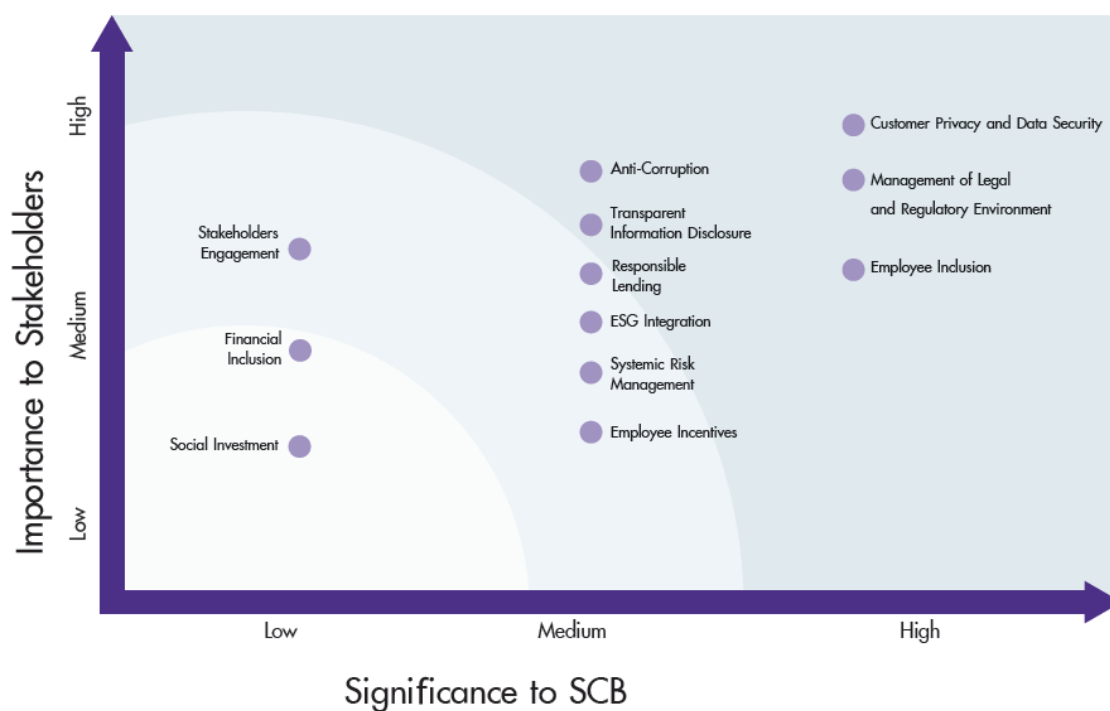
Materiality

Sustainability is unique for each corporation and requires a custom methodology and analysis in determining what is material in its corporate context. SCB conducted a materiality assessment for this sustainability report by applying the GRI Reporting Principles for Defining Report Content, which included the following.

1. SCB corporate strategy priorities.
2. Analysis of market trends along with long-term environmental, social, and governance risks and opportunities.
3. Multi-level materiality analysis by executives and managers in two workshops, referencing relevant sustainability issues in the financial sector, and factoring in stakeholder expectations.
4. Employee surveys and HR plans.
5. Customer feedback.

Going forward, SCB is committed to continuous development through external assessment and verification of external stakeholder expectations. Below is SCB's 2014 materiality matrix to provide a snapshot of material impact issues mapped against stakeholder expectations.

SCB Materiality Matrix 2014



Material Aspects and Aspect Boundary Setting

Sustainability Issues	GRI Aspects	Section in this Report
Customer Privacy and Data Security	Customer Privacy	Responsible Banking
Management of the Legal and Regulatory Environment	Compliance	Responsible Banking
Employee Inclusion	Diversity and Equal Opportunity	Responsible People
Anti-Corruption	Anti-Corruption	Responsible
Banking Transparent Information Disclosure	Product and Service Labeling	Responsible
Banking Responsible Lending	Compliance	Responsible
Banking		
Integration of Environmental, Social and Governance Risk Factors in Services and Lending	Governance	Strategy/Responsible Banking
Systemic Risk Management	Governance	Responsible Banking
Employee Incentives	Employment	Responsible People
Stakeholder Engagement	Stakeholder Engagement	Stakeholder
Engagement Financial Inclusion	Local Communities	Responsible Banking
Social Investment	Product Portfolio	Responsible Products and Services

STAKEHOLDERS

Providing long-term stakeholder value is critical in the pursuit of sustainability. SCB's main stakeholder groups are its customers, shareholders, employees, business partners and competitors, creditors, suppliers, society, and the environment. In 2014, SCB initiated a program of stakeholder

dialogue around sustainability, and in the next few years it will be working on the concerns voiced in order to capitalize on stakeholder feedback.



SCB's Impact on Stakeholder-Associated Challenges and Opportunities

Economic

SCB's growth and success come with rewards, opportunities, and risks. In terms of economic value creation, it relies on recognizing customer needs and responding to them through innovative products and services. Essential to this is its human resource development and knowledge management, while improving the work-life balance of its employees. In terms of its customers, the opportunities for competitive advantage lie in overcoming the challenges in listening, understanding, meeting and exceeding customer needs and expectations. For both customers and employees, communication, analysis, and responsiveness are the key.

Social

After over a century of banking, SCB is committed to providing reliable and secure financial services to Thai society. Its financial services are delivered with integrity and precision – innovating, whenever possible, in order to best serve the stakeholders. Joining efforts against corruption, refining its code of conduct, and implementing and assessing a whistleblower policy are the basis upon which the Bank will ensure value to society notwithstanding the ups and downs and global challenges that lie ahead.

Environmental

SCB is working towards improving the energy efficiency of its operations and optimizing the use of resources. In order to do this, it will adopt new and emerging technologies (such as digital banking and greener data systems) and initiate cultural change to be able to encourage the entire organization to conserve, reduce, measure, and collect data on resource usage. SCB will be engaging both internal and external stakeholders, such as suppliers and partner organizations, in assessing cross-business unit initiatives for implementing new systems and raising awareness internally and externally. It is also moving into more green energy financing. To optimize its service as a lender and financial advisor requires continuous learning of trends, risks, and stakeholder issues associated with the energy and natural resource sector in general. Moreover, outside its operations, SCB continues to support environmental conservation projects and education as well as management of quality of life through various partner organizations. To maximize long-term impact, SCB is increasingly emphasizing the sustainability of initiatives, rather than the level of financial support or number of projects. Thus, the key factor in environmental programs is the ability to measure impact against the targets that are set.

Stakeholder Engagement

Stakeholders	Method of Engagement	Stakeholder Expectations	SCB Response
Customers	<ul style="list-style-type: none"> • Face-to-face meetings • Feedback surveys • Call center • Training programs • Standardized procedures 	<ul style="list-style-type: none"> • Quality products and services • Impartial treatment • Protection of customer data • Trust and confidence in financial position • Participation in SCB's social activities 	<ul style="list-style-type: none"> • Develop new innovative products and services to meet customer expectations • Customer data protection procedures and measures • Training to enhance customer financial knowledge • Community service activities open to customer participation
Shareholders	<ul style="list-style-type: none"> • Annual General Meeting (AGM) • Annual report • Press releases • Quarterly financial announcements • Meetings/conferences • Calls with investors and equity analysts • General meetings with equity analysts • Investor conferences and global road shows • Audit system and risk management process 	<ul style="list-style-type: none"> • Maintain management excellence to ensure above average performance • Impartial treatment • Internal control and audit systems • Efficient risk management system 	<ul style="list-style-type: none"> • Appropriate dividend yield • Transparent and timely information disclosure over and above regulatory minimum
Employees	<ul style="list-style-type: none"> • Town-halls, meetings, conferences and social activities • Performance surveys • Satisfaction surveys • Engagement surveys • 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
Regulators	<ul style="list-style-type: none"> • Regular meetings with supervisors • Attend meetings and hearings on regulatory approach • Attend forums on regulatory compliance matters • Obtain review and assessment feedback from regulatory bodies • Request comments and guidelines for regulatory compliance 	<ul style="list-style-type: none"> • Legal and regulatory compliance • Establish and update relevant policies and procedures 	<ul style="list-style-type: none"> • Strictly comply with laws and regulations • Implement recommendations from regulatory bodies to improve policies and operations • Maintain good relationship with regulators & authorities

Stakeholders	Method of Engagement	Stakeholder Expectations	SCB Response
Business Partners and Competitors	<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) SCB Economic Intelligence Center 	<ul style="list-style-type: none"> Treat trade partners and rivals fairly Maintain confidentiality under laws and regulations concerned Refrain from seeking data of trade partners and rivals dishonestly and unfairly 	<ul style="list-style-type: none"> Code of ethics for running business transparently and under fair competition Employee Code of Conduct
Creditors	<ul style="list-style-type: none"> Seminars and meetings Events Online resources 	<ul style="list-style-type: none"> Strictly comply with terms and conditions provided to all types of creditors 	<ul style="list-style-type: none"> Have regulations that are fair and responsible to creditors Make loan repayments as scheduled
Suppliers	<ul style="list-style-type: none"> Seminars and meetings Events Vendor dialogues 	<ul style="list-style-type: none"> Enjoy sustainable growth together and treat trade partners fairly and responsibly 	<ul style="list-style-type: none"> Make service payments as scheduled Provide supplier code of conduct
Society and Environment	<ul style="list-style-type: none"> Initiatives implemented and/or supported by SCB and the Siam Commercial Foundation in knowledge management and various programs involving SCB staff Focus on youth development, volunteerism and quality of life and environmental management 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 Carbon emissions consulting and carbon credits 	<ul style="list-style-type: none"> Conduct business with social responsibility, particularly concerning public benefits Promote and participate in activities that benefit communities and the whole society Compliance with human rights principles and anti-corruption practices by conducting business with social responsibility Strictly comply with regulations and law governing environment protection Attentive to safety, health, and the environment 	<ul style="list-style-type: none"> Volunteer staff participate in activities that benefit communities and society Support appropriate public charities Implement effective internal audit Training for employees on anti-corruption practices Promote natural resources and environmental conservation projects Hold volunteerism-based activities and programs for employees, business partners, clients, and youth Improve energy efficiency

BANKING AND RESPONSIBILITY

As noted in the introductory overview, SCB is sensitive to its role in contributing to the long-term economic stability of Thailand, and to stakeholder value

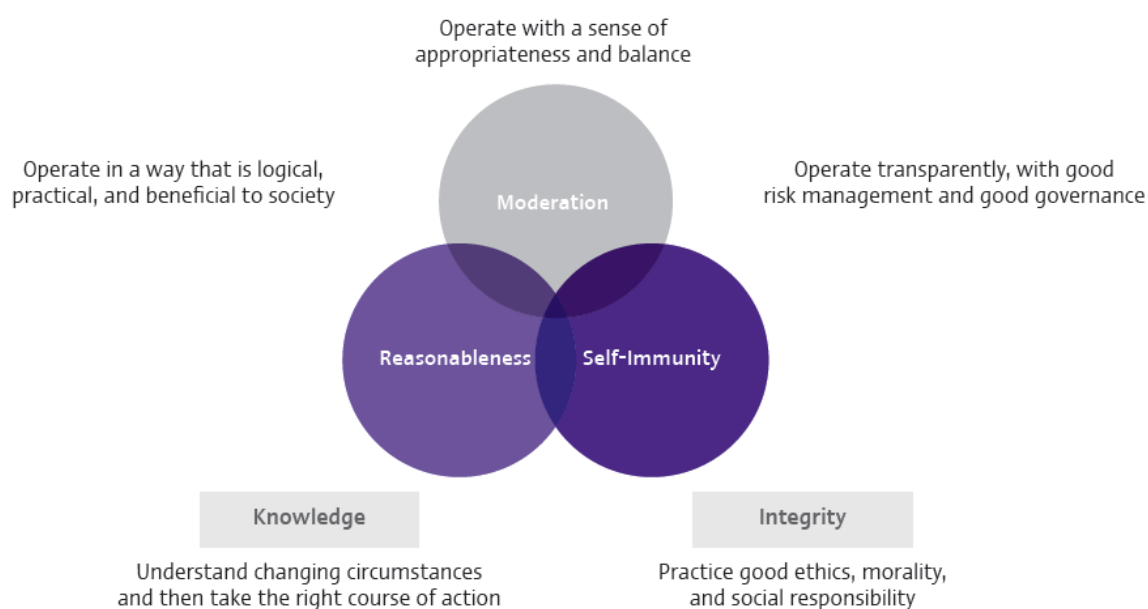
SCB's operational framework derives from its core values, symbolized by "iSCB," which refers to the four core values: innovation; social responsibility; customer focus; and building our people. While this expression of core values is unique to SCB, it is firmly grounded in traditional Thai beliefs and practices which have been codified in modern times under the Sufficiency Economy Philosophy espoused by His Majesty King Bhumibol Adulyadej, based upon the Buddhist concept of mindfulness.

The dual themes of being mindful of the way services are provided and how risks are managed is embedded in the SCB vision and mission. Excellence in these two areas is assured when a company's culture is aligned with the principle of attentiveness or purpose. Guided by the precepts of this philosophy, an efficient and effective risk management system leads the Bank's operations to focus more on long term, sustainable growth rather than short term profit.

Consistent with the long-view outlook inherent in the Sufficiency Economy perspective, SCB pursues sustainable and robust long-term growth over short-term gains. SCB is mindful to develop an appropriate growth strategy, as this enables it to create shared value for business and society. The care it takes is reflected in its steady expansion within the retail banking sector, originally entered years ago with housing loans to help customers meet basic needs. Later, the Bank took on riskier but more profitable product areas such as automobile loans.

The mindset nurtured by an appreciation of the Sufficiency Economy Philosophy provides the inspiration and impetus driving much of SCB's operations. One of the prime activities that directly reflects this ethos is an effective governance framework.

Sufficiency Economy Philosophy (SEP)



Whether SCB is conceptualizing new financial products, responding to customer inquiries, or engaging employees, the Sufficiency Economy Philosophy offers a decision-making framework that ensures due consideration for rational practice, moderation, resilience, knowledge management, and integrity.

Responsible Banking

SCB is committed to responsible banking. It conducts its work based upon a time-tested, efficient, and effective risk management system. All the products and services it offers are designed to fulfill customer needs and create long-term value for stakeholders.

Risk Management

Risk management is at the core of SCB's operations. A systematized risk management approach assures the stability of the institution and provides confidence to customers, shareholders, and other stakeholders. Over time, the nature of some inherent risks to SCB will change. The risk management approach is adapted accordingly. As a result, SCB devotes considerable resources to develop and maintain best-in-class risk management systems to identify, monitor, and mitigate these risks.

SCB's Risk Management System



- Resilience is one of the pillars of the Sufficiency Economy Philosophy. It is used as the ethos for developing risk management systems to provide clear guidance for sustainable growth and profitability. This pillar can be further strengthened by the integrity, knowledge, and professionalism of SCB employees.
- Business strategies must comply with risk management policies and operate at an acceptable risk level
- SCB pursues a competitive strategy aimed at expanding its business opportunities. While doing so, it aims to provide a challenging and rewarding professional environment for employees, simultaneously expanding relationships with new customers and strengthening those with existing customers. Over the past few years the outcome has been superior returns for shareholders. At the same time, growth has not been at the expense of quality, nor will it compromise prudent risk management policies.
- The risk management framework enhances the effectiveness and efficiency of credit procedures. The Bank's main assets are credit facilities. The Bank diversifies risks by covering every industry and every segment ranging from large corporates to SMEs and consumers in order to maintain stability and ensure consistent returns in the long run.
- The Bank constantly upgrades operational standards to fit with changing government regulations and international best practices

“Risk Management is crucial for the banking industry. We have built risk management culture around these guiding principles to ensure sustainability:

- Long term competitiveness NOT short term problem solving*
- Same objectives NOT different objectives*
- Better risk acceptance NOT risk avoidance*
- Culture NOT model*
- Everyone's task NOT risk manager alone”*

Mr. Yokporn Tantisawetrat, Chief Risk Officer, Risk Management Group

For more details on risk management, please see the Risk Management and Risk Factors section.

Corporate Governance

SCB is recognized by the market as a responsible financial institution. Its operations are guided by the twin objectives of transparency and good governance. SCB has developed an oversight framework that serves to ensure that both these objectives can be met:

To conform to good governance practice, SCB has established a bank-wide Code of Conduct to govern stakeholder engagement practices. There are separate Codes of Conduct for the Board of Directors and for employees. The overall objective of both is to ensure effective guidance for all directors and employees. This guidance encompasses measures, practices, and procedures that are aligned with international best practices on corporate governance, including transparency and avoidance of any forms of corruption.

For more details, please see the Corporate Governance Report section.

Human Rights

SCB recognizes that the most important element contributing to its success is committed and capable employees working to the best of their ability. As a result, it does all it can to care for all employees, to respect their human rights, and to respond to their needs. SCB supports the Universal Declaration of Human Rights and other internationally accepted human rights standards such as the United Nations Global Compact Principles.

In 2014, SCB initiated a Supplier Code of Conduct for vendors and suppliers. The new Code was introduced to about 100 out of 500 suppliers in November, marking the initiation of SCB's formal supplier stakeholder engagement program.

This Supplier Code, modeled on the UN Global Compact, reinforces the Thai government's Labor Protection Act which requires that SCB suppliers treat employees fairly throughout the supply chain and, at all times, respect their human rights.

2014 Supplier Code of Conduct emphasizes

- Human Rights
- Anti-corruption
- Compliance

- Environmental and Social Impact
- Labor Practices

Over the past year, there have been no reports of human rights infringement or related issues, including any concerning indigenous people and/or child labor.

Ethics and Integrity

Ethics and integrity are lynchpins of SCB's employee inclusion effort. Failing to meet high ethical standards will be an impediment to achieving its target as a sustainable financial institution. Equally, encouraging whistle-blowing on wrongdoing or unethical behavior within SCB, whether known or suspected, is essential for sound business conduct. The Bank encourages employees to report any suspect behavior, whether it is a complaint, possible fraud, potential non-compliance, or unfair treatment. The Whistleblower Policy established in 2013, set guidelines for all SCB employees. It exemplifies SCB's respect for the principles of transparency and responsible governance.

Whistleblower Policy

SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or noncompliance with Bank regulations, rules, and code of conduct as well as unfair treatment. The aim is to ensure the Bank's adherence to principles of transparency and good corporate governance.

Anti-Corruption

SCB has a zero-tolerance policy regarding corruption and bribery. One of SCB core values described earlier is to act, at all times, as a socially responsible corporate citizen. Any corruption or bribery attempt in SCB's business dealings and transactions is inconsistent with this core value and, therefore, totally unacceptable. This is clearly enunciated in the SCB Codes of Conduct prescribed for directors and employees.

In 2010, SCB signed the Declaration of "Private Sector Collective Action Coalition Against Corruption" (CAC) in support of anti-corruption in the private sector and of ethical behavior in all business activities.

In 2013, SCB established a working group to prepare a certification process for joining CAC. The working group included the Audit and Compliance Group, the Human Resources Group, the General Counsel Group, the Risk Management Group, the Corporate Communications, and the Board Secretariat and Shareholder Service.

In 2014, SCB adopted an Anti-Corruption and Bribery Policy which was submitted to the Thai Institute of Directors for certification. This policy extends to all SCB business dealings and transactions, regardless of jurisdiction, including subsidiaries and affiliates at home and abroad. The Bank also applied for CAC membership, receiving approval in the third quarter.

SCB directors and employees are required to comply with this newly established Anti-Corruption and Bribery Policy. Specifically, the policy prohibits SCB directors and employees, subsidiaries, and affiliates from:

- (i) abusing entrusted power or authority for private gain, including bribery, extortion, fraud, deception, collusion, forming cartels, embezzlement, money laundering or other similar activities, and
- (ii) offering, promising, giving, accepting or soliciting an advantage, in any form, as an inducement for an action which is illegal or in breach of a person's fiduciary responsibilities.

This Policy articulates the minimum requirements for countering corruption and bribery. A higher standard may be imposed by specific legislation, or through regulation in a given jurisdiction for certain types of business transactions, or by the SCB Code of Conduct.

SCB is also in the process of embedding these requirements in the risk control self-assessment (RCSA) process of every unit to ensure implementation of anti-corruption measures throughout the organization.

To support its subsidiary operation in Cambodia in fighting and preventing corruption, SCB this year arranged to translate to the Cambodian language the e-learning tools relating to anti-money laundering (AML).

Financial Literacy



A sustainable society prospers when there are employment opportunities for all, fair distribution of wealth, and financial literacy. Not only do citizens require access to financial products and services, they also need the skills to make financial decisions in everyday life. As a leading financial institution, SCB leverages its market presence to help enhance financial literacy among all stakeholders and thus engender sustainable long term economic development of the country.





SCB has developed selected new products and services that not only to provide financial access to persons in need, but also to educate society on personal financial management. Several of its products and services - for instance, 'Up2 Me' and 'My Home My Cash' mortgage loans - help customers to set their financial goals and/or to receive specific issue-based financial guidance.

"We've created the 'Never Say No' campaign to bring relevant solutions to our clients. We help clients find financial solutions by taking their unique circumstances into account, by helping them improve their financial discipline, and by easing their financial burden."

Pikun Srimahunt, Head of the Mortgage Business Division

Promoting Financial Literacy Through Training and Seminars

	Event	Description	Target	Frequency
 Wholesale Banking Group	Bank Payment Obligation (BPO) Efficiency Briefing	Seminar on a new settlement solution providing faster and more effective trade finance	Corporate clients	One-time
	Challenges, Opportunity and Risk Management in International Trade	Seminar on the risk of and opportunities from international trade and introduction of new innovative payment systems for domestic and international trade	Business Banking Group clients	One-time
 Retail Banking Group	Investment Symposium	Seminar on economic and investment strategy	500 wealth management clients and general investors	Twice a year
	SCB FIRST Seminar: AEC Myanmar in Depth 360°	Seminar featuring expert speakers from Thailand and Myanmar as well as several successful Thai business owners in Myanmar. The discussion topics covered 360° views on many aspects of doing business in Myanmar that Thai business owners and investors need to know in order to be among the 'first' to expand in this market.	500 SCB FIRST customers and local entrepreneurs	One-time
	Professional Portfolio Adjustment Seminar	Seminar on investment strategy and portfolio adjustment by investment experts for sustainable asset allocation	500 SCB Private Banking and SCB FIRST Privilege Banking customers	One-time
	Luncheon Talk: Impact and investment strategy during the period of political disturbance	Luncheon talk on investment strategy during political turmoil in 1H14 organized by SCB FIRST and Branch Network units. The talk featured a 2014 economic analysis and portfolio management strategy for q3/2014.	Surawong area customers	One-time
	Happy Retirement, Happy Life Seminar	SCB FIRST organized a seminar on preparation for sustainable retirement by professionals.	Recently retired TOT PCL employees	One-time
	SCB PRIVATE BANKING: Visioning Phuket in 2020	SCB organized "Visioning Phuket in 2020" forum to provide opportunities for public and private sectors to discuss their vision for Phuket and its competitiveness in the context of ASEAN Economic Community.	SCB Private Banking clients	One-time

	Event	Description	Target	Frequency
 Business Banking Group	SCB IEP Entrepreneurial Training	In cooperation with Chulalongkorn University, SCB organized training on the theme of "SCB SME Intelligent Entrepreneur Program: IEP." The program aimed to hone business management and problem solving skills for SMEs while helping nurture a self-sustaining SME business network.	100 SCB SME business owners above age 35	Twice a year
	SCB YEP	In cooperation with Thammasat University's College of Innovation, SCB organized an "SCB Young Entrepreneur Program: YEP" to promote management skills and encourage budding entrepreneurs to participate in and eventually take over the reins of their family businesses.	80 SCB SME customers who will inherit family businesses	Twice a year
	SCB "SME Success"	SCB SME SUCCESS seminar brought together three highly successful entrepreneurs who have built multi-million baht businesses in order to share the secrets of their successes and to inspire small and medium-sized enterprise owners to "Seize the Opportunity; become a Millionaire."	2,000 SME entrepreneurs	Annually
 Economic Intelligence Center (EIC)	EIC Annual Seminar	As Thailand gears up for a period of major reforms, the SCB Economic Intelligence Center (SCB EIC) annual conference explored how the nation and its industries can overcome the structural impediments that have slowed GDP growth to sub-par levels over the past eight years. Titled "Thailand in Transformation," the event featured top executives and experts in the fields of banking, economics, and business.	500 SCB customers	Annually
 SCB Securities (SCBS)	Market Strategy Seminar	Seminar on investment strategy and stock exchange market trends	250 SCBS customers with trading accounts	Twice a year
	Listed Company Seminar	Seminar on information regarding listed companies on the Stock Exchange of Thailand	50 – 60 domestic institutional investors	10 – 12 times annually
	SCBS Infinite Wealth Program	In collaboration with Bangkok University's Creative Entrepreneurship Development Institute (CEDI), SCBS organized an "SCBS Infinite Wealth Program" which featured business experts, executives, and professional investors who shared their intensive knowledge on successful investment as well as hands-on experience in the real investment world.	40 new members of the quality investor generation aged 25-40	Annually
 Media Relations	Equity Market Literacy Seminar	In collaboration with Thun hoon magazine, SCB organized a seminar to promote an understanding of investments through the stock market	500 general investors	Quarterly
	Money Saving and Investment Training	In collaboration with Thai Journalists Association, SCB organized a training program in money saving and investment. Many professionals from SCB spoke at the event. The event also involved personal financial advice by knowledgeable SCB staff.	Members of Thai Journalists Association	Annually

Responsible Lending and Financial Services

The financial sector plays a significant role in driving Thailand towards future economic prosperity through loans to both public and private businesses. SCB offers lending services for qualified business or individual purposes based on an effective risk management process. The Bank maintains the quality of its loan portfolios in order to avoid undue risk and the consequent growth of non-performing loans.

SCB has a rigorous review framework for loans to sensitive businesses where there may be political risks or potential corporate governance issues. Before approving credit in these situations, SCB officers are required to follow the “Guidelines for Proposing Sensitive Issues.” All such cases must be routed through the Credit Committee for consideration and recommendation before approval. The guiding principle is that the loan must be in the public interest.

Furthermore, SCB enforces private sector anti-corruption practices through the terms for financing government-related projects. It does not support multiple entities under the control of one party bidding for the same government project. This is consistent with international standards of transparency and anti-corruption.

On the environmental side, SCB supports projects that create minimal environmental footprints. Any credit request that might adversely impact biodiversity or the environment must be accompanied by third-party expert assessments on the environmental impact of the proposed project. SCB also requires that the loan proposal does not violate local laws, decrees, rules, and regulations in any way.

SCB has established a Guideline for Employing Independent Consultants for credit inspection of complicated financial vehicles that used for infrastructure project financing or foreign lending. Independent consultants help to provide technical guidance which may be outside the area of expertise of SCB. This enhances the risk management mechanism at SCB as well as provides assurance on the bona fides of the loan request.

Responsible Products and Services

SCB strives to offer products and services that have a high standard of excellence and serve customer needs effectively through all three of its banking groups.

Retail Banking Group	Business Banking Group	Wholesale Banking Group
Competence and excellence in service are the key goals. RBG designs and develops products that fit with a customer's life cycle stage. The aim is to provide relevant products for all individuals and business owners from initiation to maturity	SCB believes that small and medium enterprises are the backbone of the Thai economy. Further, SME networks can be a major force in driving prosperity. SCB tries to be responsive to every aspect of customer financial needs in a way best characterized by its slogan, “Together, we can”.	SCB relies upon the strengths of the large corporations and conglomerates it serves to drive Thailand's economy on sustainable terms.

SCB motivates all business units to offer cutting-edge products and services to its customers. This way, SCB believes that it will remain the bank of choice and financial partner for its customers.

Innovation

SCB is committed to continually innovating financial products and services to meet fast-changing customer needs. Innovation is part of the iSCB core values. The Bank-wide innovation effort is facilitated by iOffice, a new unit established to support and develop innovative employee ideas for work processes, products, and services.

The key success factors in implementing innovation lie in developing the mindset that nurtures innovative thinking throughout the organization. This starts with encouraging new ideas and the willingness to introduce changes to improve products and services.

iContest is a platform set up specifically to encourage staff to submit ideas via an innovation contest or to vote for their favorite ideas. It is a vehicle to stimulate the whole organization to participate in generating new ideas. In essence, the goal of the iContest is to initiate and sustain the conversation within SCB about how to constantly innovate and improve the way we work and the way we serve.

Follow Up

Time consuming loan transactions have lead to the development of a mobile application for monitoring the progress of loan applications and facilitating the submission of relevant documents through mobile phones. The innovative mobile application will enhance performance efficiency and service to customers and be used with working units under the supervision of the Retail Loan Group, such as Mortgage loans and auto loans, by 2015.

Palm Vein

To cope with rampant transaction forgery by criminal groups, SCB has introduced Palm Vein Technology, an advanced state-of-the- art personal verification innovation that is even more secure than the use of signature or finger scanning. This innovative technology has already been adopted for safe deposit box verification at SCB Head Office.

Feedback

SCB interacts with its customers through both the call center and social media such as Facebook. The SCB Call Center responds to more than two million calls a month, including inquiries, service requests, complaints, and suggestions. The underlying system equips the customer service operator with accurate and fast information that enables them to respond to customers. The Bank also offers a service assessment opportunity to customers following every call. These results show that customer satisfaction through the Call Center is higher than that of the Bank's competitors, confirming the Bank's success in delivering quality service.

To continually improve the customer response process, SCB has a Complaint Committee to monitor how the Bank responds and resolves customer complaints. The Complaint Committee records the speed and quality of the response, including delegation within the Bank to responsible units and how quickly the customer is advised of progress in resolving the complaint. SCB is confident that every customer complaint and suggestion will be resolved or taken into consideration for improving service and satisfaction.

Data Security

As a financial institution, customer information is one of the most valued assets of the Bank. In a business environment where most of the critical data is in electronic format, information security is especially important and with the increasing use of the internet and mobile channels new threats have arisen with alarming frequency.

The Bank does not compromise the security of its customer's data. It has an established information security policy, which is regularly communicated throughout the organization, as well as supportive practices, measures, and procedures. Employee awareness helps ensure that the policies are observed both in spirit and in form.

The Information Security Policy also requires all employees to adhere to intellectual property laws and accepted standards. The Bank maintains rigorous standards for zero infringement of intellectual property, ensuring that, to its knowledge, there is no use of unlicensed software in any part of its operations.

Retail Banking

Retail banking at SCB entails serving customers throughout their lives by providing meaningful financial products, services, and expertise that fit various life stages and demographic groups. SCB offers products and services for a wide range of customers, from school-going children to the elderly, as can be seen below:

Customer Group	Children	Teenagers	Adults	Retirees
Objective	Promoting a savings discipline	Preparation for higher education and entering employment	Building and maintaining financial security	Financially secure retirement and estate planning
Typical products	Smart Kids Savings	SCB Up2ME Education loan	Mortgage Loans Deposit products Contractual savings Auto Loans Personal Loans Credit Cards Stocks Bonds Mutual Funds	SCB Life Assurance Mutual Funds Deposit products

Serving Customer Needs

SCB UP2ME

SCB continuously develops innovative products and services in response to ever-changing customer needs. "SCB UP2ME" is a breakthrough financial product on a mobile platform. The product keeps up with the smartphone era which has forever changed the way people communicate and spend time.

SCB UP2ME has substantially boosted the growth of the young generation customer segment who have grown up with mobile phone technology. The product provides digital payments, including peer-

to-peer transfers. It also helps customers who are in their first jobs set financial goals such as future car and home purchases.

In 2014, the Bank updated the SCB UP2ME application process to provide a fresher look with a better user experience. It expects SCB UP2ME to become a 'cashless banking' platform, bringing both security and convenience to customers.

Branches and ATMs

SCB ATMs provide banking services to customers 24 hours a day, 7 days a week. The Bank has also started to expand the number of branches in remote areas to support the growth of border trade with neighboring countries – Laos, Cambodia, and Myanmar. Furthermore, ATM kiosks installed in the border provinces provide screen instructions in the language used by neighboring countries.

SCB ATMs are equipped with lighting and security cameras for the higher level of customer safety. The interface also cautions customers and any ATM users to be on guard against ATM fraud and theft.

A deadly accident involving another Bank's ATM in 2014 highlighted safety issues surrounding ATM use. For the protection of its customers, SCB uses only equipment installed to strict international safety standards.

Customer at Heart

At SCB, customers come first. Walk into any SCB branch, any time of the day, and one can feel the customer-centric environment. SCB trains staff at every branch to respond to different customer needs and offer the ideal product to match individual requirements. Advisory-based selling is an approach used at SCB to deliver higher value services with a better focus on each individual customer.

SCB's strong and steady customer satisfaction track record attests to its customer focus. SCB has commissioned an independent service provider (TRIM) to assess customer satisfaction with the help of a systematic survey at all branches. In 2014, the overall index score remained steady at an average of 90 out of maximum score of 100.

Business Banking

SCB Business Banking serves Thai SMEs who represent the majority of businesses in Thailand. SCB supports the whole range of SME customers, whether at the startup stage, the growth stage, or the mature stage. The Bank also provides financial management expertise to customers through seminars, networking events, online channels, and through *Biz Circle*, a quarterly SME magazine and *kla Ruay*, a semi-annual SME magazine.

SCB Young Entrepreneur Program (SCB YEP)	SCB Intelligent Entrepreneur Program (SCB IEP)
A special training program in collaboration with the College of Innovation, Thammasat University, designed for next-generation members of the SME community, including coaching on business management and focusing on family business issues.	An intensive training program organized in collaboration with the Faculty of Commerce and Accountancy, Chulalongkorn University, for business entrepreneurs aiming to hone management and problem solving skills necessary for SMEs while also forging a SME business network.

Bai Po Business Award

Small and medium-size enterprises are the backbone of the Thai economy, and the best of them often perform, in relative terms, as well as or better than larger businesses. To recognize this, Siam Commercial Bank and the Sasin Graduate Institute of Business Administration of Chulalongkorn University annually organize the Bai Po Business Awards to honor successful SME entrepreneurs who through their performance help to raise standards for the overall sector. This Award program encourages SMEs to realize the importance of raising their standards in every way, and of keeping abreast of evolving challenges and prevailing market conditions in order to maintain competitiveness.

Award winners must meet primary evaluation criteria and demonstrate distinction in selected qualifications critical to competitiveness:

- Customer focus
- Innovation
- Quality
- Adaptability to change
- Value creation
- Branding
- Efficiency
- Leadership & team building
- Social responsibility
- Entrepreneurship

Wholesale Banking

Financial institutions are major contributors to the economic prosperity of Thailand largely through the financing they offer to the private sector. This financing leads to the creation of new jobs, often promotes investment and international trade, and helps drive economic growth and a rising income level. SCB products and services facilitate growing businesses, public infrastructure, clean and renewable energy systems, and transportation systems.

SCB realizes that alternative energy is essential for the sustainable energy security of Thailand. The Bank provides financial support for several investments in alternative energy projects. SCB's teams

of experts work collaboratively with customers to provide them with financial advisory services and best-in-class financial solutions.

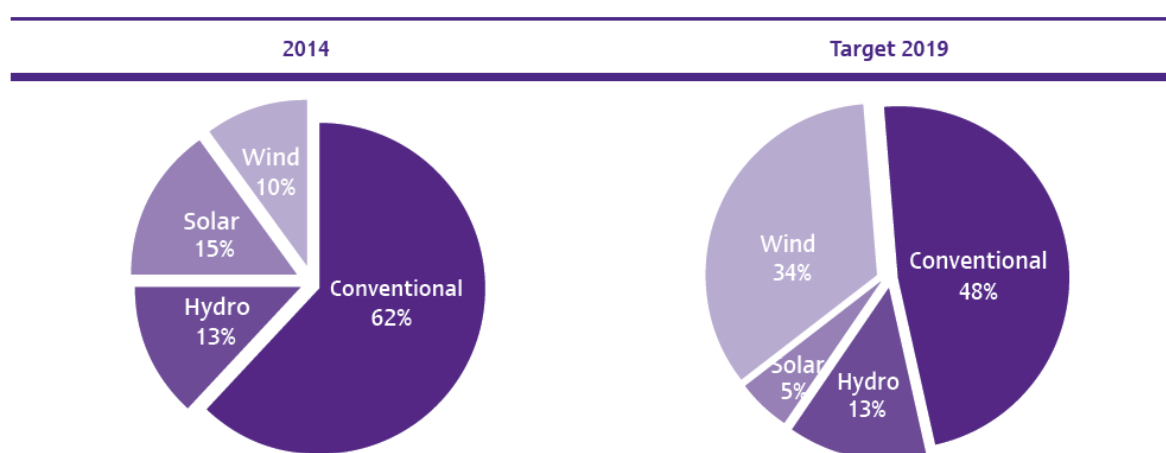
At SCB, the energy sector accounts for 9% of the total credit portfolio of the Wholesale Banking Group (WBG). SCB has begun to support green energy and work on setting up an Environmental, Social, and Governance (ESG) assessment as a part of credit approval criteria. In 2014, SCB did not approve any loan financing to coal or nuclear power plants.

The latest service launched by SCB, portfolio financing, provides financial service and support to customers investing in several projects with varying risk levels. By combining several projects and binding them into a single loan contract, clients can save time in negotiating loans for different projects and better manage cash flow for projects in the same portfolio.

In the past four to five years, alternative energy entrepreneurs in Thailand have developed both technical expertise and innovative practices. With well-defined government policies and private sector capacity, SCB is at the forefront of providing financial support for sustaining Thailand's energy security.

For large energy financing projects, SCB encourages customers to become involved in appropriate and responsive community engagement. This helps to lower project financing risks in the long term for all stakeholders. For example, when establishing a new power plant, it helps ensure stakeholder understanding and engagement.

SCB Energy Loan Portfolio



“SCB fully supports the alternative energy industry sector, especially in the present time when clean energy innovation has become a necessity for a sustainable society.”

Kannikar Chalitaporn President

Example of Clean Energy Financing

SCB supports the energy sector's emissions reduction through alternative energy financing. In 2014, it was appointed to act as a financial advisor and arranger for Energy Absolute PCL, also known as E@, for its fundraising efforts to finance two solar power plants and three wind power plants worth Baht 26 billion. This financing is SCB's first and largest portfolio financing for power plants using alternative energy sources.

Responsible People

The key to an organization's sustainable growth rests with its people. SCB's human resources vision is to provide a great workplace where people's futures get built. SCB strives to be the employer of choice, and the goal is reflected in how it continuously uplifts the quality of life of its people through the creation of an environment which nurtures professional growth, while at the same time, achieving a good balance between an employee's work and personal life. At the heart of SCB's human resources strategy are its core values, iSCB, that it aspires to embed in both the daily work and the personal lives of the Bank's employees.



What is iSCB?

iSCB represents the SCB core values and the identify of its corporate culture. iSCB guides everyday actions by the Bank to uphold responsibility to SCB's stakeholders.

i – Innovation

SCB strives to be an innovative service provider by encouraging its staff to 'think outside the box' and to turn new ideas into action. Innovation can start anywhere, including developing, improving,

and implementing products, services, or work processes. By serving customers in innovative ways, SCB differentiates itself, and maintains a competitive advantage in the banking sector.

S – Social Responsibility

SCB's social responsibility is an obligation to society at large. Being responsible to society provides a 'license to operate,' not as a permit from governing authorities but as social acceptance from communities where SCB offices and branches are located. Because social responsibility starts from internal work processes and extends to products, services, and community outreach, the Bank's employees play a crucial role in determining the organization's contribution to both short-term and long-term socio-economic development in the wider context.

C – Customer Focus

Customer focus is how SCB develops products and services to respond to and anticipate customer needs. The Bank focuses on building strong partnership with its customers, so it is essential that SCB employees are in tune with the varying customer needs at different stages in their life-cycles or business growth cycles.

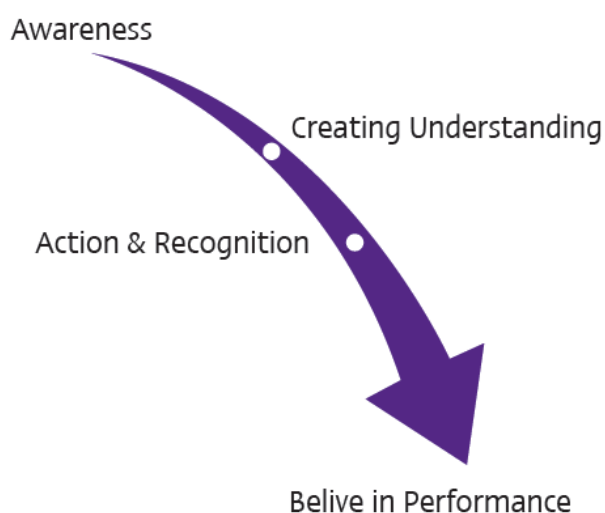
B – Building Our People

SCB aims to develop its employees so that they are able to respond quickly in a dynamic and competitive environment. It also approaches the well-being of its employees holistically. Personal and professional development of staff is key to aligning with the Bank's progress and to its ability to adapt to external changes.

How SCB Is Transforming Its Workforce With iSCB

Launched in late 2012, SCB aims to embed iSCB in its employee DNA and this is reflected in its commitment to create iSCB awareness and understanding among all employees, supporting and enabling them to apply iSCB in their daily actions and recognizing those who emerge as iSCB role models.

In 2014, the Bank focused on enabling and empowering its employees to embed iSCB in their daily actions by encouraging each business unit to come up with new ways to embed iSCB in their work and non-work life and be recognized for putting these values into practice. SCB believes that deeply embedding iSCB in the organization culture will result in a workforce with a strong vision and heightened strategic responsiveness to the changes that come. The Bank embeds iSCB in employee DNA through the following three approaches:

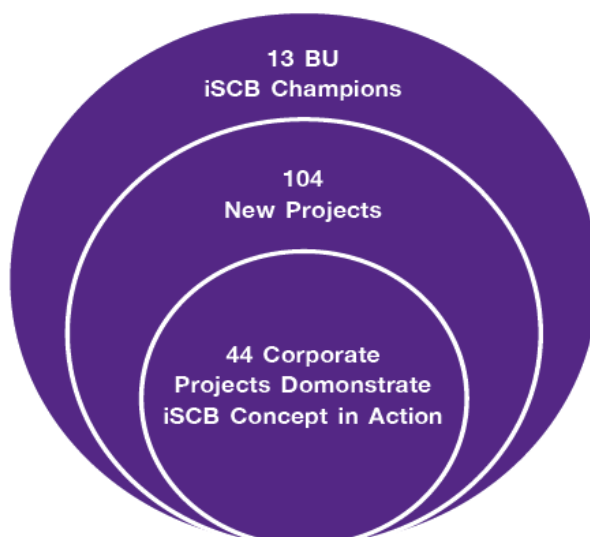


1. Bank-wide communication, engagement, and participation	SCB promotes iSCB understanding and encourages employees to put iSCB into practice through showcasing and sharing of “real-life” examples of how people put iSCB into their everyday actions, via traditional and innovative internal communication channels as well as participation programs. Formal recognition of iSCB role models and sharing their stories through iSCB Role Model Videos and roadshows inspire employees to be creative and passionate in abiding with the core values.
2. Building iSCB champions and change agents	Recognizing that change can arise at every level through effective employee engagement, SCB set up a iSCB champion network to empower champions and change agents to drive change in each business unit. iSCB champions are encouraged to embed the iSCB theme in all activities and meetings, include iSCB as criteria in business units’ recognition awards and initiate projects to creatively engage employees to put iSCB into their work and non-work actions. Regular sharing and exchanging of iSCB ideas and lessons learned by iSCB champions nurture more new ideas and synergies.
3. Driving iSCB through business units	SCB promotes iSCB in collaboration with different departments and units within the Bank such as the Change Program Management Office, the Innovation office (i-OFFICE), and Corporate Communications (the unit responsible for SCB’s corporate social responsibility).

In 2014, SCB promoted employees to share iSCB actions, both in their work and daily life, through “iSCB Shoot & Share” campaign with Jay the Rabbit, a popular mascot in Thailand’s social media. The campaign, through sharing of real-life examples in the form of photos and captions, aimed to persuade SCB employees to adapt iSCB in their daily routine and work processes. 1,385 employees from across the Bank shared 3,703 photos reflecting iSCB actions, in terms of ‘innovation,’ ‘social responsibility,’ ‘customer focus,’ and ‘building our people’ via Instagram and the SCB intranet.

In 2014, thirteen iSCB Champions from different business units initiated 104 iSCB projects to engage employees to jointly embed iSCB within their respective business units. 44 of these projects directly transform the way of work within various business units.

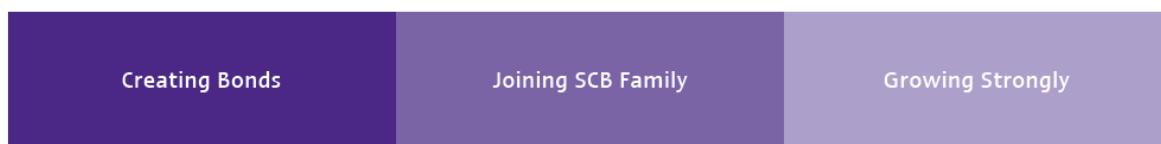
Recognition of role models helps to transform employees’ mindset and behaviors and develop them to become future role models. Quarterly bank-wide iSCB recognition awards were given to exceptional iSCB role models by the Chairman of the Executive Committee. At the business unit level, iSCB recognition awards are given by Group Heads to those employees who demonstrated exceptional iSCB behaviors. Sharing of our iSCB role model stories and celebrating their contributions provide the inspirations for employees to follow by example.



Working at SCB

SCB is proud to be recognized as one of Thailand's leading financial institutions and, as a result, it needs to compete by providing a great workplace. SCB strives to be the bank of choice for employees at every level: new hire, mid-career, and senior executives. The Bank provides equal opportunities to join and advance within the organization. It fosters a healthy and high standard of working conditions in order to provide meaningful career progression for employees. SCB works to create a collaborative learning environment so that its employees can develop and prosper, as well as nurture their wellness and sense of belonging as a part of "SCB family".

Upon joining SCB, new employees go through orientation training and are provided with opportunities to demonstrate and develop their competencies. Evaluation and mentoring are provided to develop skills and leadership qualities that lead to promotion and advancement throughout one's career at SCB. Moreover, employees who perform well are eligible for continuing education grants and scholarships, both locally and internationally.



Engaging With the Future Workforce

As finding new talent is essential to the Bank, SCB has been seeking innovative approaches to create attractive internship programs that differentiate SCB from other employers. This year, it collaborated with major universities in Thailand to launch an internship program offering students an opportunity to explore SCB in depth, including experience of actual projects with mentoring by managers and executives.

- In collaboration with Chulalongkorn University, SCB participates in an internship program called CUTalent, through which students can gain experience at different companies. As one of the program's yearly participants, SCB offers exposure to its regional banking operations to interns, including experience at Cambodian Commercial Bank (an SCB subsidiary) and other activities under SCB's core values, iSCB, such as building eco-friendly adobe mud libraries for remote communities in Thailand.
- As part of an interdisciplinary learning program, SCB's HR department collaborates with Mahidol University's College of Management to provide management interns with experience at consulting projects in both human resources development and retail banking.

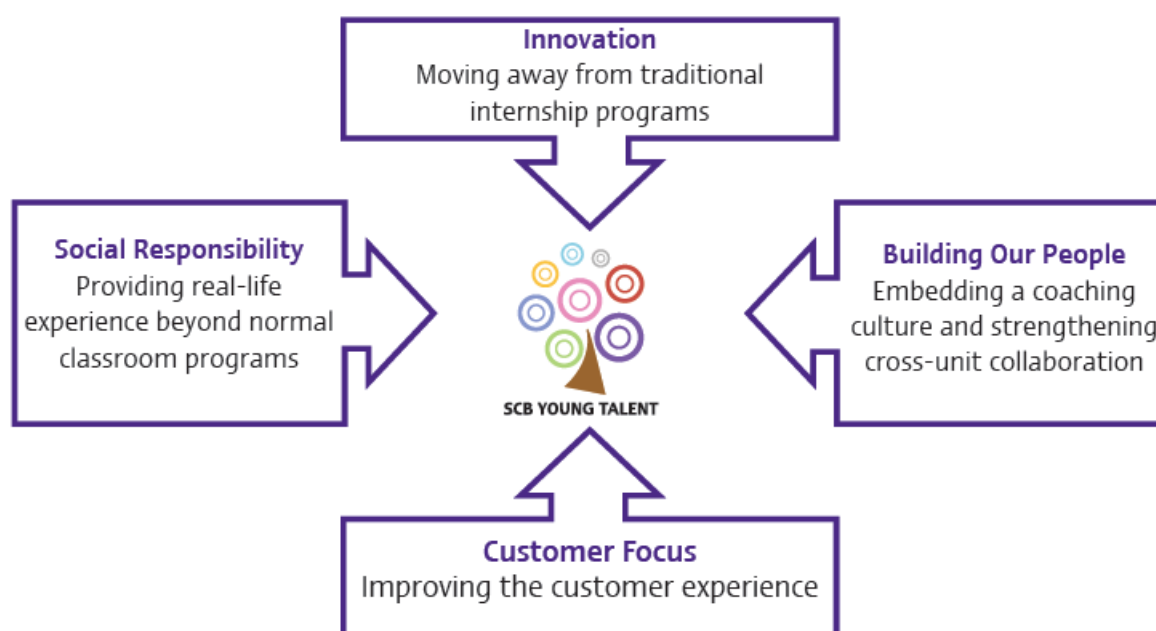
Running a creative internship program benefits both students and SCB employees, as it fosters a coaching culture among SCB staff. As student coaches, staff are able to apply and uplift their coaching skill and put the "Building Our People" value into practice.

"The best learning happens when it gets translated into action."

Worawat Suvagondha, Group Head Human Resources Group

SCB HIP Program "A joint HR-IT initiative"

In 2014, SCB started the HIP Program, an intensive 3-month "interactive everyday learning" internship where student teams are assigned real life digital/mobile banking projects, and SCB's IT and HR staff coach them throughout the project development and final presentations of application prototypes to senior executives at SCB. The SCB HIP program helps to identify future candidates with IT related talent over the next 1-3 years by providing a stage for young students to demonstrate their potential and at the same time, experience the SCB working environment.



Becoming Part of the SCB Family

SCB places special attention on orientating new graduates just entering the SCB workforce with the Bank's corporate culture. New employees attend orientation programs to learn SCB's history, culture, and staff experiences, while making new friends and familiarizing themselves with the environment, events, and engagement activities at SCB. Underlying these integration and understanding processes is the building of commitment to the core values of iSCB. In 2015, SCB plans to extensively apply iSCB as the central theme for all orientation programs to allow new employees to better understand as well as contribute new ideas on how SCB people live iSCB in their everyday actions.

Diversity and Inclusion

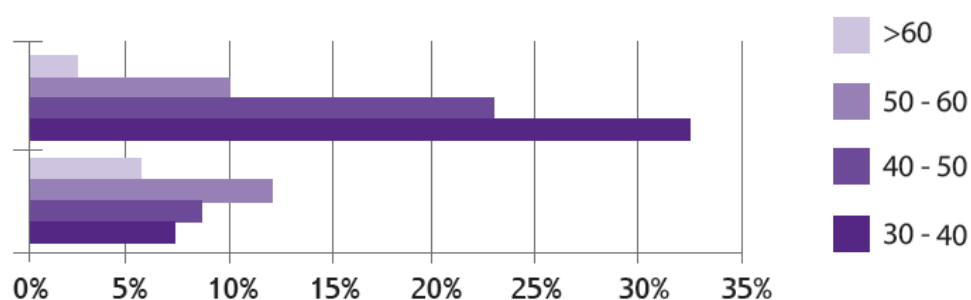
SCB is committed to the fair treatment of employees, including compliance with all labor laws and human rights standards. SCB rules and regulations cover all business units and functions without exception, including all staff levels from senior executives to operating staff. In addition, SCB respects employee rights by promoting freedom of expression, gender equality, and the fair treatment of indigenous minorities and people with disabilities. As of December 2014, SCB has a total of 21,976 employees – a 1.11% decrease from December 2013. Two out of three employees at SCB are female. This proportion reflects the reality in the Thai banking sector as a whole, in which the majority of employees are female.

Employees segregated under the Bank's business group

As of 31 December 2014, there were 21,976 employees serving the Bank at its head office, local branch networks, and oversea offices. Employees performing local operations functions can be segregated under the Bank's business groups as follows:

- Wholesale Banking Group 1,004 persons
- Business Banking Group 964 persons
- Retail Banking Group 15,861 persons
- Special Business Group 254 persons
- Functional & Support Groups 3,893 persons

Employees by Age



Employees by Level and Gender**Total Workforce by Region and Gender**

	Male	Female	Total
Northern	289	601	890
Northwestern	429	1,197	1,626
Central (excluding Bangkok)	917	2,899	3,816
Eastern	237	1,114	1,351
Western	116	359	475
Southern	439	1,339	1,778
Bangkok	4,626	7,414	12,040
Grand Total	7,053	14,923	21,976

It is important to SCB that its workforce is representative of the community as a whole. Accordingly, employees are recruited from every province of Thailand. In 2014, 10.3% of senior management staff located at provincial locations are from the local community.

SCB attempts to have a diverse workforce. In 2014, there were five employees with disabilities. To a large extent this was due to the limited number of disabled staff with the capability and/or desire to apply for positions in banking. As this number is below what Thai law requires, SCB compensated by contributing Baht 21.8 million to a government fund dedicated to develop the quality of life for the disabled in Thailand. In this past year, SCB carried out an assessment of the usability of SCB facilities for persons with disabilities at the Head Office. The findings will be used for improvement of access in the future.

Building Our People's Future

Employees are the single most valuable resource of SCB. The Bank strives to maximize its people's potential and to provide them with a fulfilling career. To align human resources development with

organizational strategy, SCB established a People Development Committee (PDC) since 2010 where SCB top management regularly meet to actively drive people development policies. In addition, the concept is also cascaded to business group and division levels to empower executives to promote and take ownership the development of employees they have responsibility for.

Career Roadmap

A rewarding career path is essential for human resources development. In 2014, SCB continued to work on strengthening the career roadmap infrastructure and development tools that include competency assessment, performance target setting and evaluation, Individual Development Plan (IDP), action learning projects, rotation, and mentoring programs. Central to employees' career roadmap development is the alignment of individual aspirations with SCB organization goals.

In the past year, SCB performed a pilot test of career development tools with several business or functional units, including the Branch Network, the Human Resources Group, and the Information Technology Group to ensure practical and effective application in terms of career progression. The Bank will continue to roll out the career roadmap program to cover all business and functional units.

SCB's human resources development includes domestic and international master's degree scholarships, training programs, and learning tools at every level. SCB develops employees by utilizing different methodologies aligned to career roadmaps in order to nurture skills and capabilities. SCB people development tools and techniques encompass individual training plans, classroom time, e-learning, coaching, job rotation, self-learning, special projects, mentoring, special programs, and talent development. All of these have been successfully implemented in 2014 and will be further developed in the future.

Training

To ensure sustainable growth, SCB places a priority on providing high quality human resource development programs and learning activities for employees at all levels. SCB encourages employees to pursue their career interests and develop capabilities. In 2014, more than 1,309,467 hours were dedicated to training and development. On average, each employee received 7.4 days of training. Fully 97.6% of them received regular feedback on performance and career development.

Further, in support of the newly redefined policy on anti-corruption practices, SCB's training in anti-money laundering from the Anti-Money Laundering Office (AMLO) covered 98% of the SCB employees in 2014.

Average Training Hours

Executive Level	33 hours
Officer Level	60 hours
Staff Level	65 hours

Average Training Hours per Employee per Year

60 hours

7.4 Days

Average Training Hours per Employee per Year by Gender



7.3 Days



7.5 Days

Iplearn Sharing: Making Learning Fun Anywhere

Iplearn stands for I + Play + Learn and was developed with the objective of creating a fun learning environment for employees where people can comfortably share their knowledge and experience. Through the use of edutainment forums, SCB's executives as well as the top executives from renowned organizations shared their passions, knowledge and experience in terms of the iSCB core values with employees.

In 2014, Iplearn conducted 7 edutainment forums with 2,200 employees attending these live events and the video recordings were actively shared with employees through SCB's intranet.

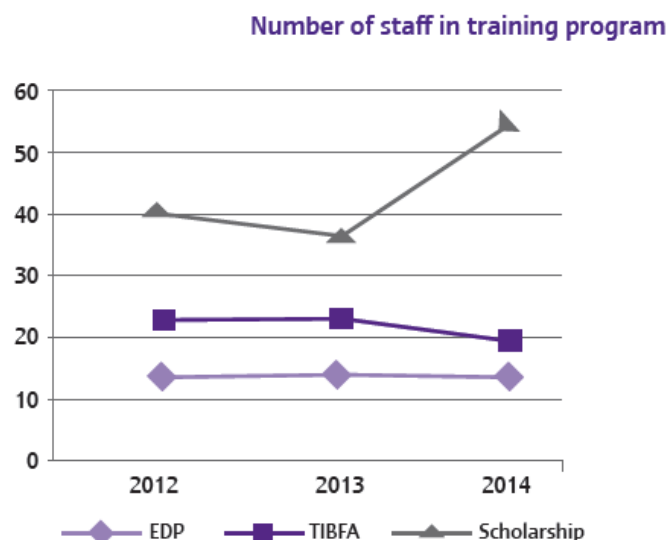
Leadership Development Program

SCB provides special training opportunities to executives as part of the Leadership Development Program. SCB partners with eight leading institutions, including organizations such as the Capital Market Academy, the National Defense College, and the Thai Listed Companies Association.

The Leadership Development Program for SCB executives consists of three programs, namely:

1. The Executive Development Program for Executive Vice Presidents (EVP) and higher levels, offered on campus by major universities such as Harvard, Stanford, INSEAD, IMD, Columbia, and the Kellogg School of Management;
2. The Senior Executive Program for executives ranked Senior Vice President (SVP) to First Senior Vice President (FSVP), conducted by the Wharton School of the University of Pennsylvania.
3. the Management Development Program for executives ranked Assistant Vice President (AVP) and Vice President (VP), conducted by Duke Corporate Education of Duke University

Selected SCB senior management members also participate each year in training programs at the Thai Institute of Banking and Finance Association (TIBFA).



CEO Insights Forum

In 2014, SCB invited top executives and industry experts to share their visions, leading-edge insights as well as success stories to executives and managers. The panel discussion-style forum also provided participants with the opportunity to strengthen their business network and cross-functional teamwork.

Scholarships

As part of the Bank's policy to develop its people, SCB provides scholarships for master's degree studies at leading Thai universities, such as the Sasin Graduate Institute of Business Administration of Chulalongkorn University and Bangkok University, as well as globally renowned education institutions such as the Massachusetts Institute of Technology (MIT), the University of Pennsylvania, and the University of California, Berkeley. In 2014, SCB funded more than Baht 12 million in scholarships to employees.

SCB provides support for continuing education throughout the career of Bank staff, both in Thailand and overseas:

- Full scholarships for graduate degrees at the Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Full scholarships for graduate degrees at Bangkok University
- Full scholarships for overseas graduate degrees
- 60% support for other domestic graduate degrees

Life at SCB

SCB has long recognized the importance of workplace safety and environmental conditions, and has established an Occupational Safety, Health, and Work Environment Committee at each of its main sites, including the Ratchayothin, Chidlom, Chaeng Wattana, Chiang Mai and Lampang offices. At

each location, the Committee sets policies, guidelines, and action plans to be followed during working hours and beyond. The Committee is also responsible for proposing guidelines and standards on workplace safety and hygiene.

SCB has formed a Welfare Committee at several of its locations to advise management on determining employee welfare requirements and to make recommendations regarding appropriate benefits. The Bank organizes meetings from delegates from the Occupational Safety, Health and Work Environment Committees and the Welfare Committees on a quarterly basis. The meetings enable the Committees to report on their progress and action plans so that management is informed of progress and the results are communicated to all employees.



Building a Learning and Healthy Work Environment

SCB aims to maintain good working conditions for its workforce. This includes nurturing both physical health and a healthy corporate culture.

- The “SCB Association” is a sports and recreation community for employees and their families offering football, basketball, tennis, table tennis, golf, badminton, running, water sports, bicycling, painting, music, photography, blood donating, Dharma, and meditation.
- “Learning Centers” are located at all regions of Thailand for employee training and development.
- The “SCB V FIT” is a fitness center for employees and their families.
- The “Whistleblower Policy and Purple Talk” provides a communication platform for ethical conduct, labor rights and accountability.

Providing Good Welfare

SCB provides a full-range of benefits to support staff well-being from first recruitment all the way to retirement, including:

- Medical care, dental care, and health check-ups
- Educational support and scholarships for staff and family
- A disaster support allowance
- A Provident Fund
- Loans for housing, cars, computers, marriage, and emergencies at attractive interest rates
- A retirement allowance
- A savings cooperative

Facilities

SCB provides an excellent working environment for employees, which include the following. For employee health and well-being, the Saranrom health and living facilities located at the SCB Head Office offer SCB staff many activities:

- First aid room
- Reading room
- Internet corner
- Salon and barber
- Multi-purpose function room for aerobics, seminars, parties, etc.
- Meditation and yoga room
- Fitness
- Snooker and table tennis room
- Karaoke room
- Aerobic and yoga classes
- Meeting Point
- Mom's corner

Caring for Our People's Health

SCB promotes the idea of work-life balance throughout the whole organization using a campaign titled "Healthy+ Work+," a proactive approach for personal health.

- "The Knowledge Program," in which more than 1,200 employees participated in 2014, includes topics such as Sleeplessness, Knowing about Cancer, and Ergonomics in Work Life.
- "The Medical Check-up Program," joined by 1,376 employees in 2014, provides employee screening services for breast and cervical cancer.
- "The Vaccine Program," which 2,825 employees availed for vaccinations for influenza and HPV during 2014.

Engaging and Caring for Employees' Families

SCB encourages improving the quality of life of the families of employees. The Bank funds the education of children of employees with scholarship programs for those who qualify and for those who study in remote areas. In 2014, SCB provided Baht 3.11 million to 708 students.

- The Bank organizes English camps to expose employee offspring to foreign languages and cultures. In 2014, there were two classes for 200 children.




Scholarships for Family Members

Level	Scholarships	Amount granted (Baht)	Total (Baht)
Primary school	319	3,000	957,000
Secondary school	148	4,000	592,000
High school	164	5,000	820,000
High vocational school	6	6,000	36,000
Undergraduate school	71	10,000	710,000
Grand Total			3,115,000

Planning for Retirement

SCB prepares staff for life after retirement, both financially and non-financially. The Bank organizes an annual event for SCB retirees, where they share their experience with younger employees.

SCB believes in offering a best-in-class work-life balance with support for employees who are starting a family. Mothers are entitled to 90 days of paid maternity leave (45 days paid by welfare support from Social Security Office and 45 days additional support by SCB). The number of employees that took parental leave increased slightly in 2014, and 99.34% of employees returned to work after their parental leave ended, 87.61% (Retention rates) of employees after returning to work were still employed 12 months later.

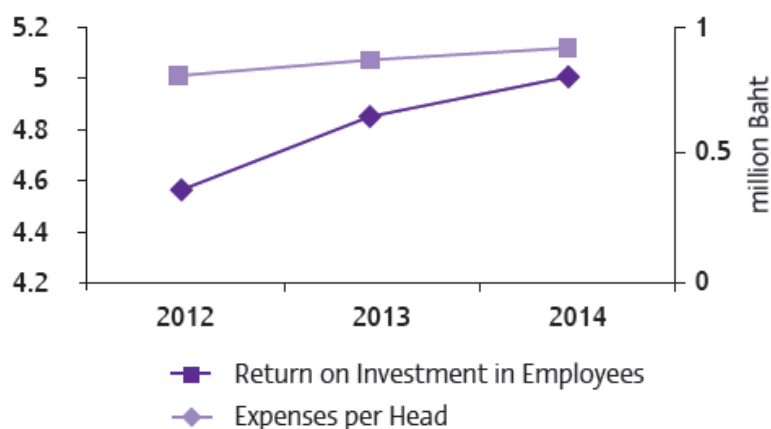
	2012	2013	2014
 Number of employees who took maternity leave	578	670	599
 Average sick leave days per employee	2.6	2.6	2.5
 Turnover rate (percent)	14.6	13.7	13.0

Financial Support for Employees

As a major financial institution, the Bank provides assistance for its employees facing unexpected financial difficulties. SCB grants financial aid to employees suffering from natural disasters or unexpected adverse situations up to a maximum of Baht 40,000 per person. It also provides special interest rate loans for property renovation and for medical care as a result of unexpected natural disasters.

Employee Performance

SCB attempts to coordinate employee development, employee benefits, and employee engagement. Employee productivity, in 2014 the Bank's expenditure per employee slightly increased from 2013 (from Baht 0.86 million to Baht 0.87 million), Human Capital Return on Investment, continued to increase in 2014 from 4.85 to 4.86 in 2013.



Employee Expenses

Staff expenses in 2014 amounted to Baht 18,433 million. Included are salary, overtime pay, living cost allowance, bonus, risk premium allowance, shift allowance, car allowance, assignment allowance, long distance assignment allowance, transportation allowance, one-time relocation allowance, per diem, special living tourist location allowance, gasoline, one-time legal payment allowance, incentives, social security benefit, and provident fund contribution.

Succession Plan

With the aim of identifying and developing key personnel to maintain continuity in the leadership of SCB, the Board assigns the Nomination, Compensation and Corporate Governance Committee responsibility for succession planning to ensure continuity in each key management position:

1. Succession plan for the positions of the Chairman of the Executive Committee and the President

The Nomination, Compensation and Corporate Governance Committee is responsible for addressing and reviewing the selection process of the Chairman of the Executive Committee and the President. The Committee manages this succession plan to provide future stability in management.

2. Succession plan for senior management and key personal

The Nomination, Compensation and Corporate Governance Committee is responsible for considering and endorsing the search approach and the succession plan for senior executives and key management positions as proposed by management. The objective of succession planning is to maintain human resource adequacy in both qualitative and quantitative terms while ensuring

appropriate management and business continuity for those key positions with a high impact on the Bank.

SCB management has the following succession procedure for senior executives and key personnel positions:

- Identify key positions to be covered in the succession plan;
- Formulate policies and criteria for the selection of key personnel, including required knowledge, skills, and competence;
- Select potential successors and assess candidates based on knowledge, skills, readiness, and qualifications needed for each key position;
- Formulate individual development plans for candidates nominated in the succession plan; and
- Monitor the development plan, periodically reassess candidate readiness, and consider career advancement opportunities.

BANKING & SOCIETY

SCB is committed to supporting and participating in the sustainable development of Thai society, with a focus on three main areas: youth development and promotion of learning, establishment of volunteer networks, and development of quality of life and the environment.

The Bank undertakes its efforts both directly and through annual budget support for the Siam Commercial Foundation (SCBF) to continuously drive a variety of projects in youth development and learning promotion. These include establishment of youth development networks, so that young people can lead social progress. We work through budget support and collaboration with network partners that have clear and specific action plans.

In 2014, SCB's budget for corporate social responsibility (CSR) activities was allocated 47% toward youth development projects, 13% for activities by volunteer networks and 40% for projects in development of quality of life and the environment.

In the area of youth development and learning promotion, SCB and SCBF focus on developing young generations' skills and good character to support the nation's long-term social, economic and cultural progress. CSR projects undertaken in this area include SCB Challenge, a series of creativity competitions for students at all levels; SCB and 3 Qualities, a youth development program focusing on both IQ and EQ led by SCB volunteers; nationwide Let's Do Good campaigns that promote volunteerism and civic awareness; and support for schools to apply the Sufficiency Economy Philosophy and to become Sufficiency Economy Philosophy Learning Centers that promote holistic education through projects and activities at school and application in daily life.

Along with these efforts, SCB and SCBF support and collaborate with public and private organizations to promote arts and culture for youth development and learning, ranging from music and performing arts to traditional handicrafts. In particular, we support students under the Princess Galyani Vadhana Institute of Music, Mahidol University's College of Music, the Pro Musica Ensemble and the Silpakorn Summer Music School (SSMS) under Silpakorn University's Faculty of Music. SCB provides its training center at Tawanron Beach in Chonburi Province as a venue for SSMS' summer

music camp activities and Mahisorn Hall at the Bank's Head Office as a venue for concerts by young musicians from these groups.

SCB and SCBF have supported and collaborated with CSR partners and organizations as well as the Bank's own network of employee volunteers at branches nationwide to promote the value of helping and doing good for other people and society. Our key goal in the development of quality of life and the environment is to support activities that help strengthen communities and society, such as the SCB Blood Donation campaign and a project to help communities around Thailand's vast Western Forest Complex practice a way of life that is friendly to this ecologically rich but threatened habitat.

SCB is determined to support CSR activities based on the concept of creating sustainable benefits for communities and society at large. Our CSR partners are public and private organizations, including the Mae Fah Luang Foundation Under Royal Patronage, the Crown Property Bureau Foundation, the Siam Cement Foundation, the Thai Listed Companies Association's CSR Club, the Private Sector Collective Action Coalition Against Corruption, the Thailand Business Council for Sustainable Development and the Thai Bankers Association's CSR Club. Our CSR news and updates are available on SCB's website and online social networks

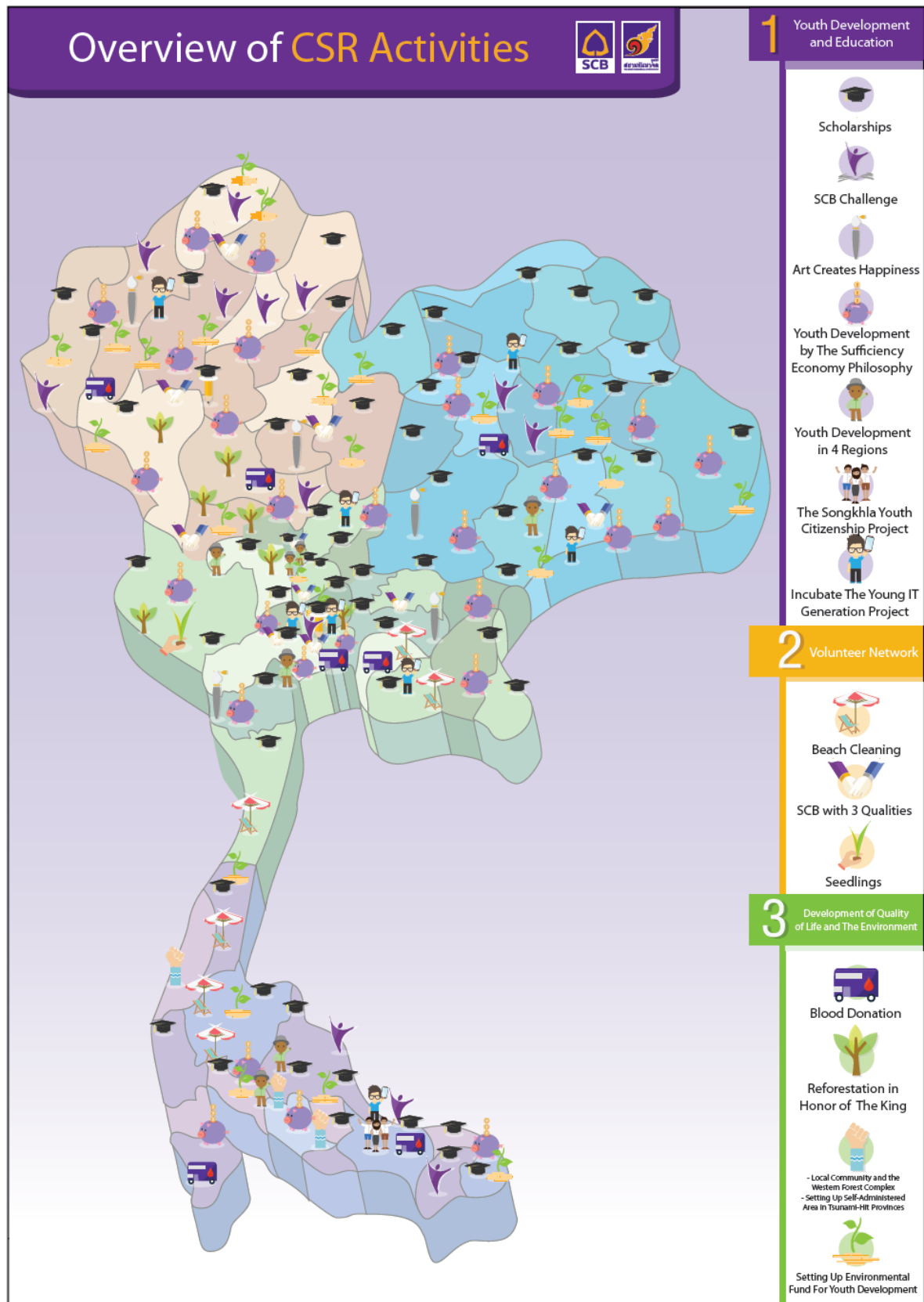
Summary of CSR in 2014: Youth Development, Education, Employee Volunteerism

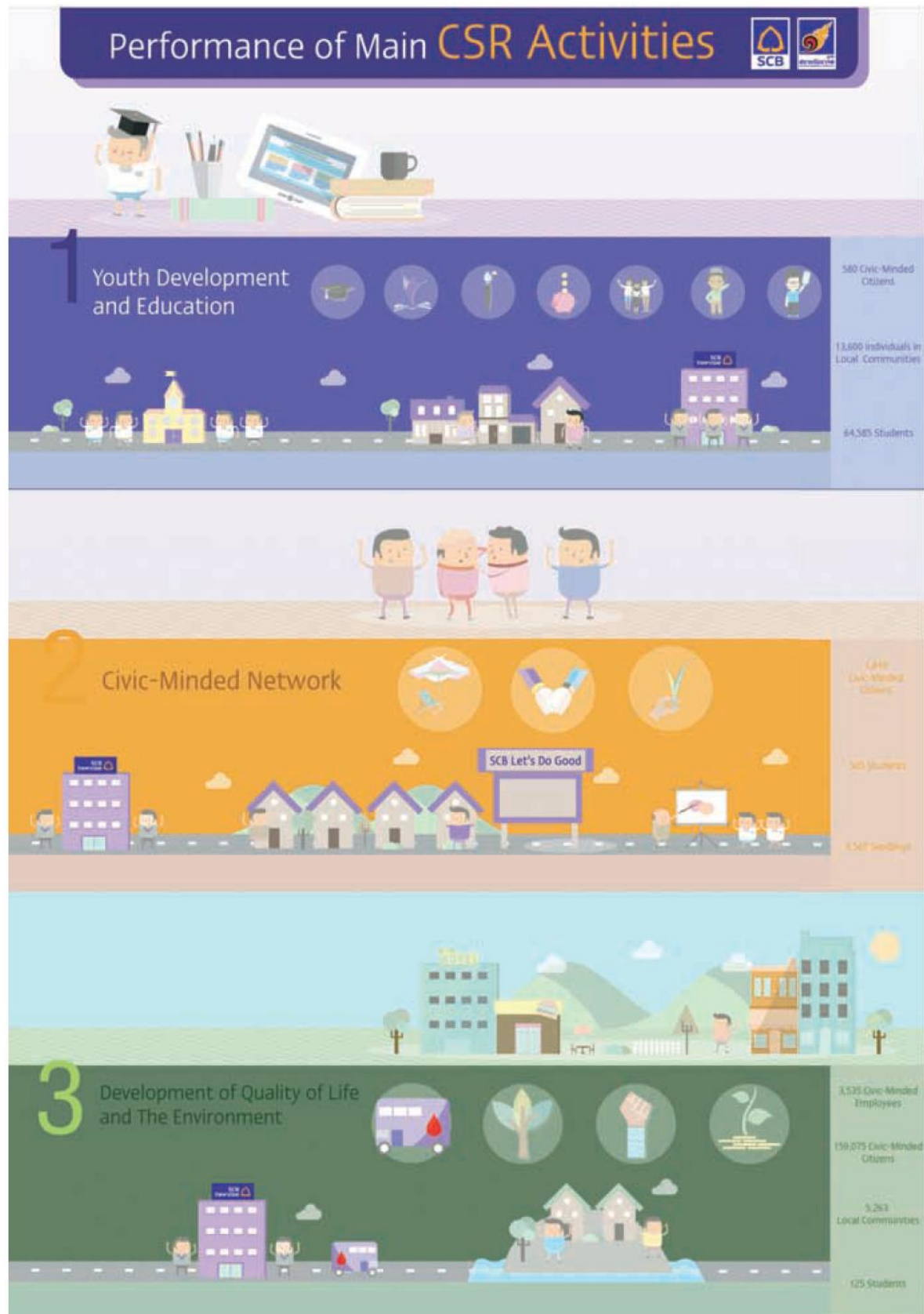
>47,000
Man Hours by
Civic-Minded
Employees



SCB & SCBF
Support
835
Schools
via Sufficiency
Economy Learning Center Networks







Education & Youth Development

SCB Challenge

To build upon our long efforts in youth development to foster capable and energetic new generations who can serve as vital human resources and advocates for national development, SCB initiated the SCB Challenge program in 2006. The SCB Challenge is an annual series of competitions stimulating students at all levels to express their ideas and creativity, and to develop their knowledge, skills, and a spirit of teamwork and volunteerism through running their own community development projects.

The SCB Challenge competitions take place at three broad age levels:

- Painting competitions for primary school students: Each team, comprising four members from different grades, shares ideas and expresses their creativity through their own group painting on a 2x3 m canvas. The theme for the 2014 competition was the nation's core values. Interpretations are determined by the children's own imagination and creativity.
- Quiz competitions for secondary and high school students: Each team, comprising three members from different grades, answers a series of questions challenging their intelligence, knowledge, understanding and reasoning in science, English and general knowledge of the ASEAN Economic Community.
- Community project competitions for undergraduates: Participating teams attend a learning camp organized by SCB prior to developing their own community project proposals. They learn about project management and approaches for collaborating with communities, so that they can use their knowledge to develop feasible and practical activities that will truly benefit people, with a focus on social responsibility, such as better quality of life and sustainable development. Many SCB Challenge community projects have gone on to win support from other organizations to further develop and extend benefits to more people.

More information is available at www.scbchallenge.com

Scholarships

Since 1973, SCB has helped students around the country with scholarships, including border areas where there are SCB's branches, to expand learning opportunities for all, no matter how isolated. In 2014, SCB provided scholarships to 345 needy students at the elementary, high school, and university levels. In total, the students received scholarships worth Baht 10 million. Further, the Bank provided educational supplies, including books to 418 elementary and high schools worth Baht 2 million.

The Bank provided scholarships to students from police border patrol schools around the nation and hosted a youth development event for them at the Rama VI Camp in Petchaburi Province. The event included an educational visit to Mrigadayavan Palace, whose management team discussed how they apply Sufficiency Economy principles in running the facilities. Youngsters had the opportunity to exchange views with experts and meet SCB executives prior to returning to their hometowns. The Bank hopes that the students will help better their communities and become leaders of a new generation proud of their homeland.

Art Creates Happiness

SCB joined with Therapeutikum (Thailand), an organization facilitating art therapy, to develop creativity-based activities for the nation's 19 Panyanukul schools, which provide education specifically for children with special needs, autism or impaired hearing. In the project's first stage, two Panyanukul schools in the provinces of Petchaburi and Pichit served as pilot learning centers that rolled out art therapy activities to seven other Panyanukul schools in other places. With cooperation from the Ministry of Education's Basic Education Commission, the project was expanded in 2014 to establish two additional Panyanukul schools as learning centers, in Chachoengsao Province and Nakhon Ratchasima Province, enabling them to help introduce art therapy at five Panyanukul schools elsewhere. The program will eventually cover all 19 schools.

Teach For Thailand

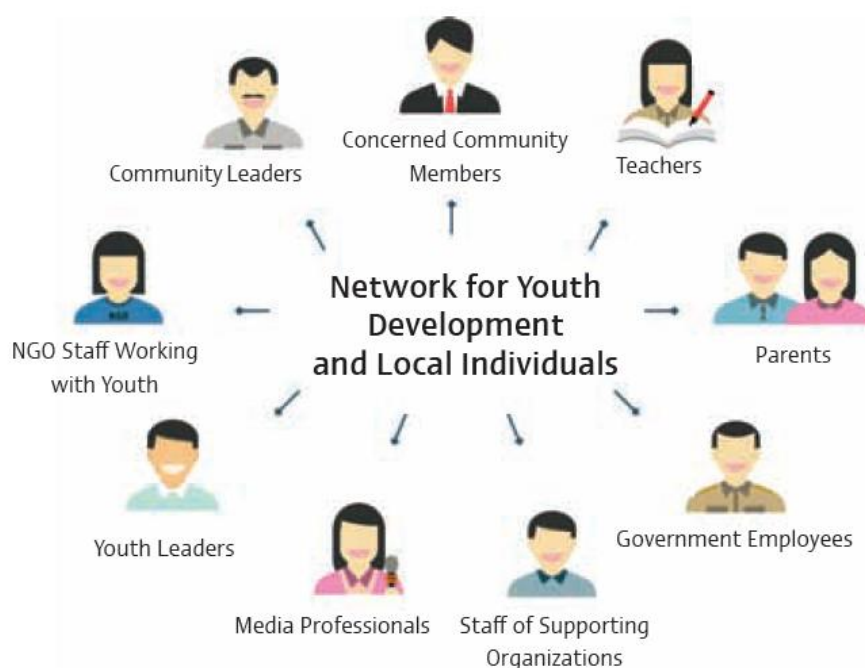
To help upgrade the quality of Thailand's public education system, the Bank supported the Teach for Thailand Foundation, which provides volunteer teaching opportunities to young people in various professions. A volunteer must hold at least a bachelor's degree and want to help an underprivileged community by working in a local school. The volunteers are given special teacher training in order to help improve the host institutions. In 2014, 33 volunteers taught in 14 Bangkok schools. The Bank contributed initial funding, and SCB Foundation provided know-how in project management and youth development

The Siam Commercial Foundation is SCB's partner in spreading and empowering change agents in the community to promote education and youth development. The change agents include parents and community leaders, teachers, NGOs, local government agencies, and youth leaders who can help young people to develop self-awareness, a spirit of volunteerism, and civic responsibilities. Each education and youth development project aims to transform people in the community into change agents, improve the way they work with youth, and inspire the youth with whom they work.

Change Agents for Youth Development

Partner(s)	Project
Ministry of Education, Crown Property Bureau NECTEC	Youth Development through Propagating Sufficiency Economy Concepts IT Programming Competition and Incubating the Young IT Generation
Enhancing Learning for Community Happiness Songkhla Forum	Community Youth Leader Development in 4 Regions of Thailand The Young Active Citizens of Songkhla
Thai Fund Foundation	Environmental Fund for Youth Development
Local Area Research Center of Samutsongkhram	Youth Learning Power in Western Thailand
Local Area Research Center of Srisaket	Good Citizen Power of Srisaket
Local Area Research Center of Nan	Capacity Building for Youth Network of Nan
Thammasat University	Volunteer Center

For more information please visit www.scbfoundation.com



SCBF works in youth development by engaging all stakeholders: parents, teachers, community leaders, government officers, NGOs and the media.

The Sufficiency Economy Learning Center School Network

Together with the Crown Property Bureau, the Siam Commercial Foundation supports the Ministry of Education in promoting King Bhumibol's Sufficiency Economy Philosophy among young Thais. The Ministry has a goal of spreading an appreciation of the Sufficiency Economy principles to 30,000 schools by 2017. In 2014 it was nearly halfway to this goal, at 14,582 schools. The Foundation also provides funding to prepare schools to become Sufficiency Economy Learning Centers, which function in turn as model schools that help surrounding schools. To date, 35 out of 167 schools that applied have become Learning Centers, and 70 more schools are in the process of developing to become Learning Centers.

In order to foster a society of life-long learners, thinkers, and doers, SCB, the SCB Foundation, and its partners perceive a great opportunity in using the Sufficiency Economy Philosophy as a basis to transform Thailand's education system and as a springboard for youth development. The guiding principles of self-knowledge, following the middle path with reason, building resilience, obtaining knowledge, and behaving ethically are universally applicable. The earlier the younger people adopt these principles, the greater the change the country will see in future generations.

The Sufficiency Economy principles can transform the way teachers teach, the way students learn, and the way parents in the community, as well as government officers and NGO members, contribute to the development of young people. For instance, an understanding of Sufficiency Economy helps teachers to change from teaching students by rote to teaching them to think, to search for knowledge by themselves, and to develop a sense of identity. The teacher's role changes from a lecturer to a resource supporting the student's learning process.

The new teaching approach also encourages students to develop a mindset of volunteerism, to be more disciplined, and to use better reasoning in making decisions. All of these attributes will reduce many common teenage problems. Also, as a result, teachers and students will develop stronger relationships and better learning outcomes.

So far, the achievements of the Youth Development through the Sufficiency Economy Project (SEP) include reports of lessons learned and best practices for regional schools describing how Sufficiency Economy principles have improved school management and teaching techniques. The report of best practices in diffusing SEP in education will be passed on to the Foundation for Virtuous Youth, the Bank's collaborator in 2015.

Universities, Network Schools, and Sufficiency Economy Learning Centers



Youth Development in 4 Regions

The goal of the three-year project for Local Youth Development is to develop human resources at the sub-district level (Subdistrict Administrative Organization or Or Bor Tor) to promote youth development. The project is a good joint collaboration with the Siam Commercial Foundation and the Crown Property Bureau Foundation.

The KPIs of the project are as shown:

Sub-district (SAO) Management	<ul style="list-style-type: none"> - Owns and understands the youth development challenge - Establishes a local human resources center - Develops budgets for project work - Assigns responsible personnel
SAO Officers	<ul style="list-style-type: none"> - Engage with the community - Engage youth - Adapt the work approach as required
Cooperation between parents, local hospital, school, temple	<ul style="list-style-type: none"> - Promotes cooperation - Linked to budget
Youth leaders	<ul style="list-style-type: none"> - Work within a network, developing each batch of resources with a focus on continuity
Method of youth development	<ul style="list-style-type: none"> - Activities - Student projects - Community projects

Capacity Building for Three Organizations

SCB and the Siam Commercial Foundation support youth capacity building carried out by three organizations as follows: The Young Active Citizens of Songkhla Project by Songkhla Forum, Incubate the Young IT Generation Project by NECTEC and Environmental Fund for Youth Development Project by Thai Fund Foundation.

The Young Active Citizens of Songkhla Project

SCB and Siam Commercial Foundation work with the Songkhla Forum to encourage youth citizenship in four provinces: Songkhla, Samutsakorn, Nan, and Srisaket. Started in 2014, the three-year project aims to strengthen the capacity of youth development organizations in terms of management, budgeting, and youth education.

Progress	Impact
<p>Four months into the project, the Songkhla Forum has been able to:</p> <ul style="list-style-type: none"> Establish a platform for managers and officers from various organizations to meet and determine a common vision for youth development and project planning; Establish key performance indicators. 	<ul style="list-style-type: none"> Batch 1 Youth Leaders (110 persons and 22 projects) Batch 2 Youth Leaders (120 persons and 24 projects) Coaches: 43 Youth Citizenship Network Youth interest aroused in waste management, beach area conservation, and a proposal for a constitutional bill submitted to the Songkhla Municipality A youth fund with an efficient network and knowledge management, including mentoring and a communication platform

Incubate the Young IT Generation Project

SCB and the Siam Commercial Foundation, with others, support the National Electronics and Computer Technology Center (NECTEC) in fostering IT development among youth and IT personnel. The project has seen two batches of young IT developers in 2014; 14 youths in the first batch with 7 projects and 35 youths in the second batch with 13 projects. The IT youth developers enter a programming competition and receive mentoring from employee volunteers representing the seven participating organizations, covering user interface and experience design, IT project management, and business planning. Employee volunteers from SCB include marketing experts and business plan advisors from the Business Alliance Development. In parallel, the Siam Commercial Foundation provides the funding for the IT Incubator, offers human resources development assistance, and provides coordination among the many experts who support the IT youth program.

This IT Incubator has taken many applications to market as illustrated below: Zombio is a free application for Android devices for grade 10-12 students, providing chemistry and molecular biology content, virtual lab testing, and evaluation. The St. Francis Xavier Convent student team who developed it competed as the Thailand representative at Asia Pacific ICT Awards in November 2014. BadGreen, developed by students at Rayong Wittayakhom School, is an iOS game application to stimulate interest in environmental conservation from age 15 onwards. Personal Health Assistant is an application to record health data, including meals, sleeping hours, and exercise. It analyses a person's data and is particularly useful for diabetics to share with their physicians in order to monitor their condition and adjust behavior accordingly. The application has been tested by doctors at Songklanagarind Hospital and will soon be used at other hospitals. The Podogram Analyzer was developed to be a better way of detecting the risk of falling among elderly people. Typically, this is done with an ink stamp of the foot to see the opacity of weight distribution. The Podogram Analyzer is a better device, especially for elderly diabetics, because it uses a laser scan to develop a customized shoe or inner sole design for each patient.

Environmental Fund for Youth Development Project

Similarly, SCB and the Siam Commercial Foundation support the initiative of the Thai Fund Foundation, which is a three-year project to establish an environmental fund for youth development. The project has been running for over two years, and the outcomes are as follows:

Outcomes	Environmental impacts
<ul style="list-style-type: none"> 2 batches of youth leaders in the community of 117 people with the skills and roles in conservation and natural resource management and environmental planning in the community. <ul style="list-style-type: none"> Batch 1 Youth Leaders: 54 persons and 18 projects Batch 2 Youth Leaders: 63 persons and 21 projects Coaches: 39 persons who have the skills to understand their roles and support youth projects in the community 	<ul style="list-style-type: none"> An Environmental Fund for Youth Development to be invested in mentoring, network management, and as a communication platform Environmental conservation, rehabilitation, management, and conflict resolution in 30 areas in four regions of Thailand. For example: <ul style="list-style-type: none"> Agreement in Tambon Maesamlaeb, Amphur Sobmeuy, Maehongson Province that the forest area water resources must be protected as a food resource for the local community In the effort Nonghaew Community, Tambon Nafai, Amphur Nampad, Uttaraditt Province to utilize community forest data for more effective community forest management

Volunteer Network

Let's Do Good

'SCB Let's Do Good' is the Bank's ongoing initiative to instill values and a culture of sharing. The major goal is to encourage volunteerism within SCB's employees (and the Thai public in general) to take part in planning and implementing activities that are "good" both through continuing current projects and through initiating new ones. Sustainability and community engagement are the essential focuses of the SCB Let's Do Good initiative that is carried out under the following 3 major themes:

1. Good for Kids are activities to promote education and youth development.
2. Good for Community are activities that contribute to community development.
3. Good for Environment are activities to protect the environment.

In 2014, a team of more than 130 executives and staff of Siam Commercial Bank's Markets Operations Division participated in "Vinythai Collaboration in Cultivating 80,000 Coral Branches for His Majesty the King" project. Initiated by the Marine Science Activity and Conservation Foundation and supported by SCB's client, Vinythai PCL, the volunteers collaborated to build six PVC pipe structures. These structures will propagate 84 coral branches on a floating raft in the coastal area of Wiharn Luang Phor Dum, Wat Chong Samaesarn, Sattahip District, Chonburi Province. As illegal and unregulated fishing has destroyed many coral reefs in the recent years, the restoration of the marine environment is a priority in order to maintain the bio-diversity of the marine life close to its shores and protect beach areas against erosion.

In another example, volunteer staff of the SCB Branch Office joined a beach cleaning activity with others from SCB group companies, state agencies including Paknam Langsuan and Napaya Subdistrict Municipalities, as well as teachers and students of Wat Amphawat School. The activity

was aimed at improving the environment and protecting the natural habitat of Koh Khao Beach, a key tourist site of 1.5 kilometers in Chumphon Province's Langsuan District. At the same time, the team cleaned the Replica Warship of Kromluang Chumphon Khet Udomsak, a major tourist destination for local people.

SCB with 3 Qualities

SCB encourages employees to engage in social responsibility activities all year round. In 2014, SCB launched the “SCB With 3 Qualities” project, which focuses on quality of life, quality of mind and quality of habits in personal finance.

Quality of life – Volunteers helped improve basic infrastructure in schools, especially as regards hygiene and sanitation, such as water purifiers, tooth brushing areas and toilets. These renovations helped improve the quality of life for all students. Volunteers also helped improve the landscaping and gardening around the school to make it more healthy and tidy.

Quality of mind – Volunteers helped improve school libraries such as by arranging books, creating teaching materials, setting up an art corner and setting up computer rooms equipped with educational software.

Quality of habits in personal finance – Volunteers helped kids develop their financial literacy through simple activities. The project included lessons on how to save money, how to spend wisely and how to do good for other people. The goal was to teach students how managing their money wisely will help them build better lives.

In past years, SCB with 3 Qualities was carried out at 94 schools by civic-minded SCB staff focusing on quality of life and quality of mind. In 2014, volunteers introduced the financial literacy program at 9 schools, including 8 upcountry and 1 in Bangkok. In each region there are at least 5 civic-minded SCB staff handling these projects. In 2015, we plan to expand the financial literacy lessons to 12 upcountry schools.

One Day In One Year

“One Day in One Year” is a project that the Bank organizes to offer activities encouraging youngsters to do good things for society. The three themes are “sharing what we have, sharing ideas and sharing our strengths.” Currently some 20,000 youngsters participate in our various activities. For example, children from orphanages join our field trips to go plant tree seedlings in forests. We organize an online campaign to help blind readers by getting volunteers to key in the contents of interesting books for printing in Braille. “Read for the Blind” is another activity via the Thailand Service Co-Operative of the Blind whereby volunteers can make audio recordings of their narration of books, magazines and articles.

In 2014, SCB recycled 2,900 cardboard boxes and 1,500 plastic water bottles. Gift for Giving is an activity for SCB employees and other volunteers who collaborated to make 50 book shelves, 50 chairs, and 50 decorative curtains for libraries in needy schools at Ayuthaya Province.

For details, please visit www.1day1year.com

Environmental Management and the Quality of Life

SCB supports society and the environment by raising awareness of problems and suggesting actions for better environmental conservation, improving the quality of life for everyone. It does this by donating financial management expertise in support of natural resource conservation. It also funds online 'edutainment' to raise environmental awareness among the younger generation. Moreover, the Bank is the largest private-sector blood donor organization in the country.

Blood Donation

SCB leads nationwide efforts to support the Thai Red Cross Society's blood collection campaign by hosting regular blood donation events. In 2014, it collected over 60 million cc of blood – up 8 million cc from 2013. The 2015 target is to increase blood donations to over 60 million cc of blood in honor of H.R.H. Princess Maha Chakri Sirindhorn's 60th birthday anniversary. H.R.H. Princess Maha Chakri Sirindhorn is the patron of the Thai Red Cross.

To achieve this target, the Bank will expand its fleet of blood collection buses from six to ten vehicles. By 2015 it will have mobile blood donation centers not only in Bangkok, but also in Chiang Mai, Phuket, Chonburi, Songkhla, Khon Kaen, and Nakhon Sawan.

In addition, the Bank supports Chulalongkorn University and Kasetsart University in operating their veterinary hospitals and mobile units for canine blood donation. In 2014, these two institutions collected 470,000 cc of canine blood. The two mobile units can also be used as veterinary ambulances.

Uniform Fabric Recycling

All SCB employees receive new uniforms every four years. As part of the One Day in One Year campaign, SCB collects and recycles leftover fabric from old uniforms into blankets and winter wear that are donated to communities in need in northern Thailand. Also, in 2014, the Bank cooperated with the Royal Thai Air Force to deliver over 2,000 blankets made from old uniforms to villagers suffering from the cold in Chiang Rai Province.

Financial and Organizational Management for Western Forest Conservation

SCB collaborates with the Seub Nakhasathien Foundation in supporting sustainable community development in Thailand's Western Forest Area which runs alongside the Myanmar border. This Area covers about 12 million acres, consisting of 11 national parks, with 129 communities, and encompasses about 13,772 households. The collaboration is a part of the efforts to develop responsible resource management, eliminate confrontations between officials and the community, and remove the need for forest encroachment through vocational training such as weaving, growing organic herbs, and vegetable farming.

Progress & Outcome 2010-2014:

Learning Communities



Learning Centers: 10
Learning Households: 34
Average household income: 170,000 baht/year

Organic Herbs



Members: 200 households
Average household income: 12,000 baht/year

Cloth Weaving



Members: 151 households
Average additional household income: 1,125 baht/year

Five Years Plan and Targets (2015-2519)

Seub Nakhasathien Foundation



Officers change role to vocational coordinators + Assist in developing products and marketing skills

Community



Develop community leaders for community-based enterprises
+ Develop communities and products for a sustainable quality of life in the natural habitat

Self-Reliant Social Entrepreneurs



Socio-environmental enterprises become more self-reliant and develop resilience and financial skills

Community Enterprise



Community gains from environmentally-conscious business models



Community contributes to the environmental conservation fund

Eco Mission

SCB Eco Mission is an edutainment Facebook game designed to raise environmental awareness among children. In the game, the player is on a bicycle riding around town, interacting with various opportunities and risks, and the decisions made lead to predetermined consequences. Eco Mission has introduced more than 850,000 members of the younger generation to the importance of resource conservation using the 3Rs: Reuse, Reduce, Recycle. There are more than 12,000 players at the moment.

BANKING AND THE ENVIRONMENT

Although banking is not a resource-heavy industry with significant environmental impact, banks rely on energy and resources for both daily operations and transportation. The Bank's use of water, paper, data servers, computers, and various other equipment and products cannot avoid impacting the environment. SCB is committed to managing this environmental impact of its operations countrywide.

In 2014, SCB began a partnership with Kasetsart University to calculate its carbon footprint for the four administrative offices in Bangkok where more complete data is available. SCB administrative offices include the Head Office*, the Chidlom building, the Chaengwattana building. The charts under Energy Consumption and Carbon Emission below show energy consumption converted into kilograms of carbon dioxide following GRI guidelines (Scope I and II). This does not include air and ground travel as the Bank is still developing an organization-wide data collection system.

With the large number of locations in Thailand, the challenge remains to consolidate the utilities data of all 1,197 branches as efficiently as has been done for the administrative offices in Bangkok. SCB recognizes that resource conservation in its daily operations countrywide requires integrated data collection and an organizational strategy linking the Bank's office building, procurement, branch network, HR, IT, and CSR functions. Equally important is the organizational mindset of conservation, which should be strengthened and maintained with effective communication and awareness-raising. The Bank is working towards redefining its environmental policy, establishing a committee, and implementing changes in 2015.

The following charts show energy consumption, carbon emissions from energy consumption of the Head Office*, the Chidlom complex, the Chaengwattana complex and where applicable, the Data Center. The energy consumption and carbon emission of the four Bangkok offices are based on actual consumption in kilowatt-hours. Water consumption is based on the water bill converted to volume in cubic meters.

Energy Consumption (kWh)

				2013	2014
Head Office, Chidlom, Chaengwattana, Data Center				56,010,000	52,845,000
GHGs					
Head Office					
Type of Emission		Unit	2014	Data Source	GHGs (Kg)
Scope I					1,339.15
Diesel (reserve)		L	4,080.29	invoice	
Scope II					14,476,695.20
Electricity		kWh	24,904,000	invoice	
Total					14,478,094.35

Chidlom

Type of Emission	Unit	2014	Data Source	GHGs (Kg)
Scope I				328.20
Diesel (reserve)	L	1,000	invoice	
Scope II				4,166,177.10
Electricity	kWh	7,167,000	invoice	
Total				4,166,505.30

* Head Office and the Data Center.

Chaengwattana:

Type of Emission	Unit	2014	Data Source	GHGs (Kg)
Scope I				1,312.80
Diesel (reserve)	L	4,862	invoice	
Scope II				7,626,656.00
Electricity	kWh	13,120,000	invoice	
Total				7,627,968.80

Data Center

Type of Emission	Unit	2014	Data Source	GHGs (Kg)
Scope I				-
Diesel (reserve)	L	-	invoice	
Scope II				4,449,270.20
Electricity	kWh	7,654,000	invoice	
Total				4,449,270.20

Water

SCB facilities consume only municipal water supplies. The central water management scheme 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 compound alone, about 30 cubic meters of water a day is reused for landscaping maintenance. This represents about 6,000 cubic meters of recycled water a year or two percent of the Bangkok offices' total water use.

Year	Water Withdrawal (Cu.m)
2011	292,668
2012	341,633
2013	473,806
2014	368,216

Environmental Management at Operations

As mentioned under the Banking & Responsibility section above, SCB has numerous channels for receiving and responding to stakeholder inquiries and concerns. However, it aims to further improve communication channels and coordination in order to be able to listen better and respond faster.

SCB's Procurement and Our Suppliers

Banking operations depend on a long supply chain for services and products, most of which impact the environment. SCB is increasingly emphasizing resource efficiency and more responsible supply chain management to minimize waste and reduce the risk of non-compliance, corruption, human rights violations, and environmental degradation. In 2014, the procurement unit introduced the "Supplier Code of Conduct" (see further details in Banking & Responsibility, above) which will be the basis for continued efforts to improve supply chain transparency and monitoring.

SCB has an e-procurement system for selected products which streamlines the buying process, reducing both time and waste. It also has partnerships with various suppliers for the proper disposal of products such as old printing cartridges.

A large portion of the material used in banking service is paper. SCB has been using more and more green products over the years, including paper with 80% recycled content, paper with 60% rice straw and 40% corn content, and now, 100% recyclable paper (SCG Idea Paper Eco-Value).

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 the following criteria:

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

In 2014, SCB worked with 500 suppliers, 70% of which were SMEs. This reflects the Bank's commitment to supporting the Thai economy through promoting SMEs, which has a positive impact on employment and wealth distribution. Moreover, this year SCB held its first "Vendor Meeting" to initiate a dialogue with its suppliers to share SCB's sustainability direction and collect feedback for improvement.

Carbon Offsetting

Paper Recycling

SCB outsources paper recycling and data destruction to InfoZafe under Thai British Security Printing PCL. This is the seventh year of participating in the “Shred2Share” program, where confidential documents are safely destroyed and the paper is recycled into new paper as well as paper furniture.

The Bank is still developing a stock management system for paper use company-wide. Without this system, SCB is able to show only the total annual procurement of paper and percentage of recycling through InfoZafe’s statistics. The chart below also shows how much carbon dioxide, coal, and water it was able to save through recycling paper.

	2012	2013	2014
Recycled (tons)	419.68	382.69	776.55
CO2 offset (Kg CO2)	109,117	99,469.69	201,902.73
Coal offset (Kg CO2)	46,165	42,094.75	85,420.39
Water offset (m3)	20,984	19,133.98	38,827.45

Carbon Credit

With Kasetsart University as its partner and advisor on carbon emissions from our operations, in 2014 SCB participated for the first time in a voluntary carbon offset program through South Pole Carbon Asset Management Ltd. Our carbon credit allowed us to offset 1,586 kg CO₂, which is 10% of SCB’s total emissions.

GOING FORWARD

SCB’s second year of sustainability reporting has come accompanied by capacity building in the management level in terms of strengthening the understanding and the vision of sustainable banking. Essential to this on-going process is cross-unit teamwork for transforming the organizational mindset at every level, devising new systems to collect integrated data, and increasing stakeholder engagement.

Change management through SCB’s internal collaborative Change Program is a key platform driving this type of cross-unit cooperation. For the past thirteen years, sustainability initiatives have been incubated under this program and then expanded throughout the organization. Especially important today is the challenge of change management, because in 2015 SCB is entering a period of transition in its executive management. SCB’s sustainability transformation – the way it will plan and adapt to changes in order to succeed in the long term by attending to stakeholder values – is at the top of the agenda.

In terms of bringing about a mindset for sustainable banking organization-wide, iSCB represents the foundation which will anchor SCB’s sustainability transformation. Once this outlook is part of the

DNA of SCB staff, it will attract new talent, inspire the workforce, and strengthen the SCB brand. Much depends on SCB's human resource management in the long term. Starting now, SCB is determined to maintain its status as the bank of choice for all its stakeholders.

Throughout the years, SCB has worked to raise environmental awareness among all its stakeholders and to foster a conservation mindset regarding Thailand's natural resources, including those used for its operations. Through the exercise of reporting on sustainability under the guidelines of the Global Reporting Initiative, the entire organization is gradually awakening to the need for a sustainability strategy interwoven with the Bank's economic objectives.

SCB is developing a clear set of sustainability-savvy policies and is coming up with methods to measure the impact of these policies. More importantly, the reporting structure the Bank is following offers the framework for quantifying resource consumption and setting targets for carbon emission, offsetting requirements, and data collection gaps. SCB is increasingly working towards electronic banking, energy-efficient data centers, and improving overall operations during the next few years.

Over time, SCB will accomplish in the social and environmental realms what it has worked for in the economic sphere: an equitable and just apportionment of the impact and resources that is net positive, paving the way to an economically sound banking sector based upon timeless yet uniquely Thai principles of governance.

11. Internal Control and Risk Management

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

Control Environment

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 together with a commitment to integrity and ethics. 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 under the oversight of the Board of Directors. The Board of Directors is independent from management and exercises oversight over the development and effectiveness of the internal control environment. In this context, the Bank provides extensive training to ensure that executives and staff possess the relevant knowledge and skills to support business operations. Also, the Bank has formulated an Anti-Corruption and Bribery Policy and, concurrently, updated its Code of Conduct with provisions for disciplinary action. Finally, the Bank has implemented 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, potential risk of fraud and its potential impact. The Risk Management Committee provides updates from its meetings to the Executive Committee, Audit Committee and the Board of Directors on a monthly basis.

The Bank continually develops and improves its risk management processes and risk assessment procedures, concurrently with establishing controls, monitoring the underlying risk levels and assessing the potential exposure to the Bank. Also, the Bank evaluates the adequacy of provisions and capital so as to cover significant risk factors, ensure compliance with the related regulatory requirements, and maintain adequate capacity to support future growth.

Control Activities

The Bank has written policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. This includes general controls over the information systems covering data center operations including data networks, system development and testing, maintenance, procurement and security management. Further, the Bank places a strong emphasis on the segregation of duties, establishing clear line of responsibility and authority and other types of controls that are appropriate for its business functions in all areas.

Information and Communications

The Bank and the SCB Group develop and implement systems that will provide complete, reliable and timely information to the Board of Directors, executives, and other stakeholders such as shareholders, investors and regulators. The Bank emphasizes the importance of information systems security, with continual enhancement to these systems and procedures to ensure that its security measures remain sound and appropriate.

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

In addition, the Bank provides separate communication channels such as whistle-blower hotlines that serve as fail-safe mechanisms to enable anonymous or confidential communication both from internal and external parties.

Monitoring Activities

Under the Audit Committee's supervision, the Audit and Compliance Group is responsible for, among others, assessing and monitoring the Bank and the SCB Group's internal control systems, risk management policies and practices and regulatory compliance. In this context, the Bank places emphasis on compliance with its policies to combat money laundering and the 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 improvement to operational procedures. Further, the Bank follows up on the results of such actions to ensure issues are resolved.

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police that funds had been embezzled from a customer's accounts with the Bank which involved a former branch manager of the Bank. The Bank is investigating this incident and will address any internal control deficiencies that may be discovered.

The Audit Committee and Board of Directors believe that the Bank's internal control system is appropriate and adequate for its business operations. The Audit Committee and Board of Directors' opinion are in line with that of the Bank's external auditor.

Audit Committee Report

The Audit Committee of Siam Commercial Bank PCL comprises four qualified independent members, who are as follows:

Mr. Maris Samaram	Chairman of the Audit Committee
Assoc. Prof. 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 2014, the Audit Committee held 14 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 direction on issues as the Board saw fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and executives of the Finance Group, reviewed SCB's quarterly, half-year and annual financial statements, and the corresponding consolidated financial

statements of SCB, to ensure that the preparation of the financial statements is accurate and complete in terms of material information and that they were prepared 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 controls 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 accurate and complete and provide a clear view on the financial state-of-the-affairs of the Bank in 2014.

- **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 monitor corrective actions with respect to critical risk issues, and irregular incidents such as fraud and operational errors, to acknowledge the cause of these gaps or incidents, and to suggest guidelines or measures to prevent both recurrence and potential loss. The Audit Committee believed that the internal control was appropriate and adequate for the business operations of the Bank and its subsidiaries. This conclusion was in line with the external auditors' opinion.

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police that funds had been embezzled from a customer's accounts with the Bank which involved a former branch manager of the Bank. The Bank is investigating this incident and will address any internal control deficiencies that may be discovered.

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 2014, the Audit Division has implemented technology to facilitate data analysis. Also, audit staff were encouraged to develop their knowledge and skills in order 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 increase 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 2014, SCB reviewed and updated, on a regular basis, compliance policies, orders, regulations, and performance review plans, particularly to meet the laws, regulations and emerging international standards, including the Bank's own Anti-Corruption and Bribery Policy. An easy-to-understand communication is used to inform all employees on significant regulatory compliance issues as well as to improve the efficiency of the compliance related processes.

- **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 address potential risk 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 2014 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 2014 there were no significant related-party transactions or those that might involve conflicts of interest.

- **Others**

The Audit Committee Charter was reviewed and updated to be clearer and more comprehensive. In 2014, significant scope was added with respect to the review of plans and risk assessment on the implementation of the Anti-Corruption and Bribery Policy. Members of the Audit Committee undertook a 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 the principles of integrity, prudence, transparency, independence, and to serve for 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 much significance on preventing the misuse of inside information and/or their position at the Bank by directors and employees. Accordingly, it has formulated policies, regulations and approval procedures for related-party transactions, as well as guidelines on connected transactions and information disclosure to prevent any conflicts of interest from arising or, deal with such conflicts of interest in a transparent and fair manner as they arise.

The Bank's regulations and approval procedures for connected transactions and transactions that may 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 may involve a conflict of interest. In particular, directors or executives involved in a transaction that may lead to a conflict of interest are excluded from the consideration of such transaction. Further, the company secretary is required to record the relationship of the directors or executives with the issue under consideration in the minutes, if applicable.
- Pricing policy and conditions for transactions between the Bank and related entities are required to be on an arm's length basis and, broadly, on the same terms as those for transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) 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 to prevent any conflicts of interest arising from intra-group transactions.

The Disclosure of Intra-Group Transaction Policy and Risk Management Policy

Governance on Intra-Group Transactions

In order to enhance transparency for intra-group transactions between companies in the SCB Financial Group, and to avoid any conflicts 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 the risk arising from intra-group transactions. 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 formally, i.e., in writing, and with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties or, in the absence of any similar transactions, with market practices. Also, the Policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval authorization should be determined in a manner consistent with the risk level of each transaction.

Policies and Trends of Related-Party Transactions

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

When the Bank is involved in any related-party transaction in the course of its business operations, it seeks to conduct such transactions transparently, fairly and with appropriate levels of internal approvals.

Information Disclosure

The Bank has a policy on information disclosure covering all market sensitive information. The thrust of the policy is to ensure that all significant information disclosed is timely, transparent and adequate. Also, misuse of inside information, either directly or indirectly, is prohibited.

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 manner for such information disclosure.

In 2014, the Bank had no connected transaction of a significant value that was required to be disclosed according to the requirements of the regulations of the Stock Exchange of Thailand.