

## PART 2

### Management and Corporate Governance

#### 7. Company's securities and Shareholder

##### 7.1 Securities issued by the Comp

any

(1) The Company registration capital is 2,800 million Baht, with paid-up of 2,300 million Baht of 230 million ordinary shares, and with par value of Baht 10 per share, be listed in The Stock Exchange of Thailand.

(2) The other type of share which is difference from the ordinary share's right

-None-

##### 7.2 Shareholding and Management Structures

(1) Major Shareholders

Major Shareholders as of 14 August 2015<sup>1</sup> are the following:

Rank	Major Shareholders	Shares	% Shares <sup>2</sup>
1	Sunrise Equity Company Limited <sup>3</sup>	80,065,840	34.81
2	JARDINE CYCLE & CARRIAGE LIMITED <sup>3</sup>	57,270,000	24.90
3	Bangkok Broadcasting and Television Company (BBTV)	21,681,000	9.43
4	Thai NDVR Co., Ltd. <sup>4</sup>	6,427,880	2.79
5	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	5,403,800	2.35
6	STATE STREET BANK AND TRUST COMPANY	3,407,928	1.48
7	CHASE NOMINEES LIMITED	2,925,117	1.27
8	Vayupak Mutual Fund by MFC Asset Management Public Company Limited	2,254,000	0.98
9	Vayupak Mutual Fund by Krungthai Asset Management Public Company Limited	2,254,000	0.98
10	HSBC (SINGAPORE) NOMINEES PTE LTD	2,240,576	0.97
11	Mrs. Sasithorn Ratanarak	2,110,628	0.92
12	AIA Company Limited- AIA D-PLUS	1,750,700	0.76
12	Krungsri Dividend Stock Fund	1,690,100	0.73
13	CHASE C.S. CENTRAL NOMINEES LIMITED	1,528,200	0.66
14	THE BANK OF NEW YORK MELLON	1,470,500	0.64

Shareholding

No.	Shareholders list	Number of Shares Held	Percentage (%) <sup>2</sup>
1.	Ratanarak Group Company	104,360,272	45.37
2.	JARDINE Group Company	57,270,000	24.90
3.	Others	68,369,728	29.73
	Total	230,000,000	100.00

Remark:

1. The record date was scheduled for 13 August 2015 to determine the Shareholders entitled to dividend, and the Shareholders register closing date was scheduled for 14 August 2015. During the year, the investors can access the up-to-date information at [www.siamcitycement.com](http://www.siamcitycement.com) under the heading Investor Information.
2. The proportion of the equity interest of each of the Major Shareholders is based on the total issued and paid-up of 230 million shares, 10 Baht per share. Foreign Limit is scheduled at 49% (at 31 December 2015, foreign shareholders portion is 33.77% )
3. The majority of shareholders who are a group whose movement has a marked influence on the establishment of corporate policy and strategy.
4. The information of investors under Thai NVDR Co., Ltd. is shown on the website: [www.set.or.th](http://www.set.or.th)

### 7.3 Securities issued by the Company

- **Debt Securities:**

Type of security:	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	4 years
Value of debentures	4,000 million Baht
Number of debentures	4 million units
Par value per unit:	1,000 Baht
Offering price per unit:	1,000 Baht
Issuing date:	June 14, 2013
Maturity date:	June 14, 2017
Coupon rate:	3.79% per annum
Credit rating	A

Type of security:	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
Term to maturity	7 years
Value of debentures	2,000 million Baht
Number of debentures	2 million units
Par value per unit:	1,000 Baht
Offering price per unit:	1,000 Baht
Issuing date:	June 14, 2013
Maturity date:	June 14, 2020
Coupon rate:	4.30% per annum
Credit rating	A

- **Equity Securities:**

Authorized shares:	280 million ordinary shares with the par value of 10 Baht per share.
Issued shares:	230 million ordinary shares.
Issued and outstanding shares:	230 million ordinary shares.
• <b>Derivatives:</b>	None

#### **7.4 Dividend Policy and Allocation**

“The Company shall allocate dividend payment at least 60% of net profit on its consolidated financial statements. In case of negative financial situation, the Board may propose a lower percentage of dividend payment as it considers appropriate under such circumstance.”

Explanation:

This Dividend Policy was approved by the 17th Annual General Meeting of Shareholders, on April 9, 2010, as a general principle. However, in proposing dividend for approval of Shareholders, the Company has to comply with the laws, i.e., dividend has to be paid from net profit of the Company's separate financial statements. Therefore, if the Company does not have sufficient net profit, dividend proposal shall be applicable with such situation.

During 2013-2015, SCCC allocated dividends as follows:

**For fiscal year 2015, total dividend is 15 Baht per share**

- The Board of Directors approved payment of interim dividend on July 28, 2015 of 8.00 Baht per share.
- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2015 on April 7, 2016 for 7.00 Baht per share.
- Dividend payout Baht 3,450 million, 75.3 percent

**For fiscal year 2014, total dividend is 15 Baht per share**

- The Board of Directors approved payment of interim dividend on July 21, 2014 of 8.00 Baht per share.
- The Shareholders approved payment of dividend for the second half of 2014 on April 7, 2015 for 7.00 Baht per share.
- Dividend payout Baht 3,450 million, 67.9 percent

**For fiscal year 2013, total dividend is 15 Baht per share**

- The Board of Directors approved payment of interim dividend on August 1, 2013 of 8.00 Baht per share.

- The Shareholders approved payment of dividend for the second half of 2013 on April 10, 2014 for 7.00 Baht per share.
- Dividend payout Baht 3,220 million, 71.9 percent

**Dividend Policy of the Company's subsidiaries**

All dividend payments by the Company's subsidiaries must be approved by a resolution of the respective shareholders' meeting which must be considered on it separate financial statement and must be in compliance with the relevant laws and regulations. The subsidiaries may from time to time pay shareholders interim dividend if their Board of Directors considers it appropriate given their profitability levels.

## **8. Management Structure**

### **8.1 Board of Directors**

#### **Structure of the Company's Board of Directors**

As of 31 December 2015, the Management structure of the Company consisted of the Board of Directors and 3 Board Committees, which have been appointed by the Board of Directors. Said 3 Board Committees are the Audit Committee, the Governance, Risk and Compliance Committee, and the Nomination and Compensation Committee.

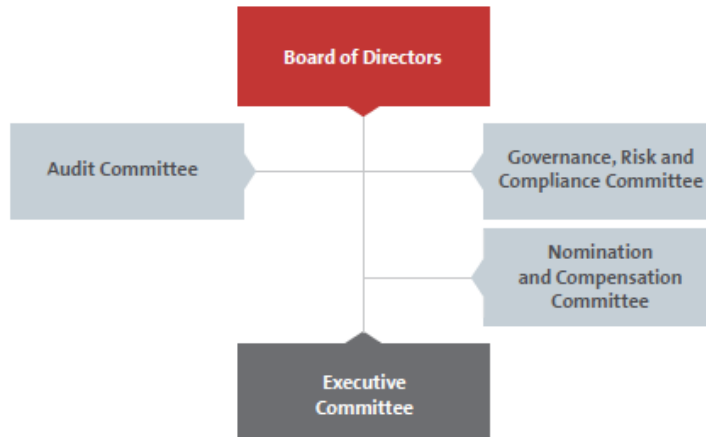
In accordance with Clause 11 of the Articles of Association, the number of members of the Board of Directors must be not less than 5 and not more than 13 persons.

As of 31 December 2015, the Company's Board of Directors consisted of 12 members, including:

- 11 non-executive directors;
- 4 directors are independent directors;
- 3 independent directors are the members of the Audit Committee;
- 4 directors are the members of the Governance, Risk and Compliance Committee;
- 5 directors are the members of the Nomination and Compensation Committee; and
- 1 executive director

Names and the number of the directors who are authorized to sign and bind the Company are Mr. Paul Heinz Hugentobler, Mr. Chachchon Ratanarak, Mr. Vanchai Tosomboon and Mr. Vorathep Rangchaikul, provided that two of them jointly sign with the Company's seal affixed to bind the Company.

## Management Structure



### Board of Directors

#### Non-executive Directors

1. Mr. Veraphan Teepsuwan	Chairman
2. Mr. Paul Heinz Hugentobler	Vice Chairman
3. Mr. Chachchon Ratanarak	Director
4. Mr. Vanchai Tosomboon	Director
5. Ms. Nopporn Tirawattanagool	Director
6. Mr. Pongpinit Tejagupta	Director
7. Mr. David Alexander Newbigging	Director
8. Mr. Harald Link	Independent Director
9. Dr. Sunee Sornchaitanasuk	Independent Director
10. Mr. Pradap Pibulsonggram	Independent Director
11. Mr. Somboon Phuvoravan	Independent Director

#### Executive Director

12. Mr. Vorathep Rangchaikul	Director & CEO
------------------------------	----------------

### Board Committees

#### Audit Committee (AC)

1. Dr. Sunee Sornchaitanasuk	Chairperson
2. Mr. Pradap Pibulsonggram	Member
3. Mr. Somboon Phuvoravan	Member



**Governance, Risk and Compliance Committee (GRCC)**

- |                                   |          |
|-----------------------------------|----------|
| 1. Mr. Pongpinit Tejagupta        | Chairman |
| 2. Mr. Paul Heinz Hugentobler     | Member   |
| 3. Ms. Nopporn Tirawattanagool    | Member   |
| 4. Mr. Vanchai Tosomboon          | Member   |
| 5. Mr. David Alexander Newbigging | Member   |

**Nomination and Compensation Committee (NCC)**

- |                                   |          |
|-----------------------------------|----------|
| 1. Mr. Paul Heinz Hugentobler     | Chairman |
| 2. Mr. Harald Link                | Member   |
| 3. Ms. Nopporn Tirawattanagool    | Member   |
| 4. Mr. Vanchai Tosomboon          | Member   |
| 5. Mr. David Alexander Newbigging | Member   |

Total attendance of Board Meetings and Board Committee Meetings for the Meetings in 2015

Director/Executive Officers	Total Attendance/Total Meetings				Remarks
	Board Meeting	Audit Committee Meeting	Governance, Risk and Compliance Committee	Nomination and Compensation Committee	
<b>Non-Executive Directors</b>					
1. Mr. Veraphan Teepsuwan	8/8	-	-	-	-
2. Mr. Paul Heinz Hugentobler	8/8	-	5/5	8/9	-
3. Mr. Chachchon Ratanarak	6/8	-	-	-	-
4. Mr. Vanchai Tosomboon	8/8	-	5/5	9/9	-
5. Ms. Nopporn Tirawattanagool	8/8	-	5/5	9/9	-
6. Mr. Pongpinit Tejagupta	7/8	-	5/5	-	-
7. Mr. David Alexander Newbigging	4/4	-	-	3/3	Mr. David Alexander Newbigging has been appointed as Director in replacement of Mr. Ian

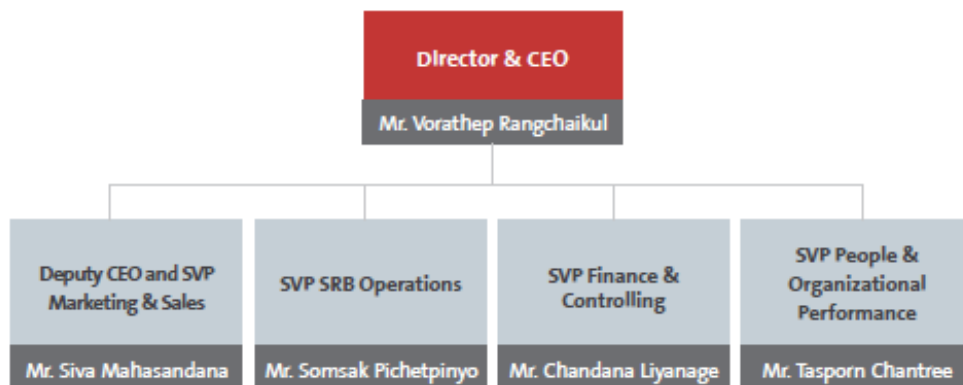
					Thackwray at the Board Meeting on 7 May 2015
8. Mr. Harald Link	5/8	5/6	-	7/9	Mr. Harald Link resigned from Chairmanship of the Audit Committee. Dr. Sunee Sornchaitanasuk has been appointed as the Audit Committee's Chairperson in his replacement
9. Dr. Sunee Sornchaitanasuk	5/8	9/9	-	-	Dr. Sunee Sornchaitanasuk has been appointed as an independent director at the Extraordinary General Meeting of Shareholders on 10 June 2015. Dr. Sunee Sornchaitanasuk has been appointed as the Audit Committee's Chairperson in replacement of Mr. Harald Link
10. Mr. Pradap Pibulsonggram	6/8	11/11	-	-	-
11. Mr. Somboon Phuvoravan	8/8	10/11	-	-	-
<b>Executive Director</b>					
12. Mr. Vorathep Rangchaikul	6/8	-	-	-	-

## 8.2 Executive Committee

As of 31 December 2015, there have been 5 members on the Executive Committee, as follows:

<b>Executive Committee</b>	<b>Position</b>
1. Mr. Vorathep Rangchaikul	Director & CEO
2. Mr. Siva Mahasandana	Deputy CEO and Senior Vice President - Marketing & Sale
3. Mr. Chandana Liyanage	Senior Vice President (Finance and Controlling)
4. Mr. Tasporn Chantree	Senior Vice President (People & Organization Performance)
5. Mr. Somsak Pichetpinyo	Senior Vice President (Saraburi Operations)

### Executive Committee Structure



Total attendance at the Executive Committee Meetings in 2015

Executive Committee	Position	Total Attendance/Total Meeting
1. Mr. Vorathep Rangchaikul	Director & CEO	19/23
2. Mr. Siva Mahasandana	Senior Vice President - Deputy CEO and SVP Marketing & Sales	22/23
3. Mr. Chandana Liyanage	Senior Vice President - Finance and Controlling	23/23
4. Mr. Tasporn Chantree	Senior Vice President - People & Organization Performance	22/23
5. Mr. Somsak Pichetpinyo	Senior Vice President - Saraburi Operations	21/23

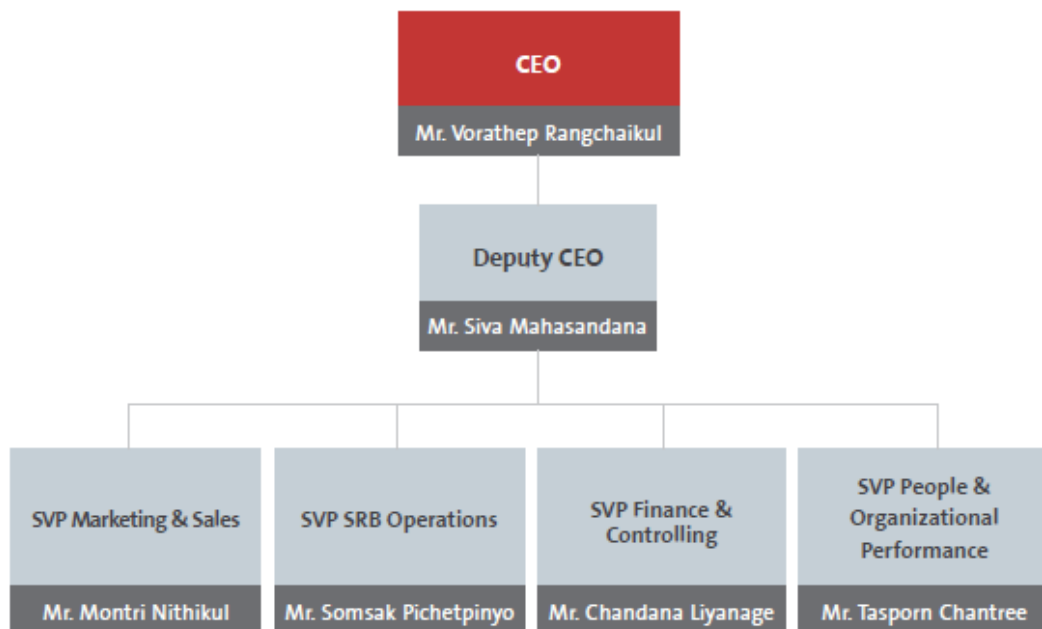
From 11 February 2016 onwards, there are 6 members on the Executive Committee as follows:

#### Position

Executive Committee	Position
1. Mr. Vorathep Rangchaikul	CEO (Until 6 April 2016)
2. Mr. Siva Mahasandana	<ul style="list-style-type: none"> <li>- Deputy CEO (from 12 February 2016 until 6 April 2016)</li> <li>- CEO (from 7 April 2016 onwards)</li> <li>- Deputy CEO and Senior Vice President - Marketing &amp; Sales (Until 11 February 2016)</li> </ul>

3. Mr. Chandana Liyanage	Senior Vice President - Finance and Controlling
4. Mr. Tasporn Chanter	Senior Vice President - People & Organizational Performance
5. Mr. Somsak Pichetpinyo	Senior Vice President - Saraburi Operations
6. Mr. Montri Nithikul	Senior Vice President - Marketing & Sales (from 11 February 2016 onwards)

**Executive Committee Structure (from 11 February 2016 onwards)**



### **8.3 Company Secretary**

The Board of Directors' Meeting has appointed Mr. Wutthipong Songwisit, Head of Legal and Compliance, Legal & Corporate Affairs Department, to serve as the Company Secretary. The Company Secretary is required to perform the duties as defined in the Securities and Exchange Act (No. 4) B.E. 2551 with responsibility, care and integrity, and in compliance with the laws and regulations, the Company's objectives, resolutions of the Board of Directors' Meeting and resolutions of Shareholders' Meeting. The Company Secretary is responsible for providing legal advice and related rules and good practices on the Board related activities in adherence with the laws. The Company Secretary is responsible for arrangement of the Board of Directors' Meeting and the Shareholders' Meeting. The Company Secretary must liaise with other departments within the Company to ensure compliance with the resolutions of the Board of Directors and the Shareholders. The Company Secretary is a company's representative who must liaise with regulatory agencies such as the Securities and Exchange Commission and The Stock Exchange of Thailand and be responsible for the disclosure and reporting information to the regulatory agencies and the public. In addition, the Company Secretary should provide orientation for new directors and perform other duties as assigned by the Board of Directors.

Detail of the Company Secretary is attached in the Attachment 1

#### **8.4 Remuneration of the Board of Directors and the Executives**

The process of granting remuneration for the Board members has been carried out in a transparent manner by obtaining approval from the Shareholders. The Shareholders approved the new Director's Remuneration in Principle at the Annual General Meeting of Shareholders No. 22 on 7 April 2015 as follows;

"Remunerations of Directors consist of director fees payable on a monthly basis and bonuses. Payment of remunerations of Directors shall be made in accordance with the following principle from the day the resolution is passed by a vote of the Shareholders onwards and until the Shareholders' meeting determines otherwise.

**Director's Fees:** The Board Member shall receive the director fees on monthly basis, at the aggregated amount of not more than the annual budget of Baht 30 million. The Chairman and the Vice Chairman of the Board shall allocate accordingly.

**Director's Bonuses:** The Board shall receive the annual bonuses at the aggregated amount not exceeding Baht 7 million. The Chairman and the Vice Chairman of the Board shall allocate accordingly.

The provisions of the foregoing paragraphs shall not affect the right of any officers or employees of the Company who are elected and appointed as Directors to receive their remuneration and benefits as officers or employees of the Company."

## Remuneration in Cash

Directors' remuneration in cash for the Board Members for 2015 including Monthly Director fees and bonus are as follows:

	List of Directors	Total of Monthly Director Fee Paid in 2015				Bonus for 2014 Paid in 2015	Total Amount Paid in 2015
		Board of Directors	Audit Committee	Governance, Risk & Compliance Committee	Nomination & Compensation Committee		
		(Baht)	(Baht)	(Baht)	(Baht)	(Baht)	(Baht)
	<b>Non-Executive Directors</b>						
1	Mr. Veraphan Teepsuwan	200,000	-	-	-	610,500	2,610,500
2	Mr. Paul Heinz Hugentobler	150,000	-	50,000	70,000	500,500	3,740,500
3	Mr. Chachchon Ratanarak	100,000	-	-	-	407,000	1,607,000
4	Mr. Vanchai Tosomboon	100,000	-	50,000	50,000	407,000	2,807,000
5	Ms. Nopporn Tirawattanagool	100,000	-	50,000	50,000	407,000	2,807,000
6	Mr. Pongpinit Tejagupta	100,000	-	70,000	-	423,500	2,463,500
7	Mr. Ian Stuart Thackwray	100,000	-	-	-	271,000	671,000*
8	Mr. David Alexander Newbigging	100,000	-	-	50,000	-	1,200,000*
	<b>Independent Directors</b>						
9	Mr. Harald Link	100,000	70,000	-	50,000	407,000	2,578,000*
10	Dr. Sunee Sornchaitanasuk	100,000	70,000	-	-	-	1,190,000*
11	Mr. Pradap Pibulsonggram	100,000	50,000	-	-	418,000	2,218,000
12	Mr. Somboon Phuvoravan	100,000	50,000	-	-	407,000	2,207,000

	Executive Director						
1 3	Mr. Vorathep Rangchaikul	100,000	-	-	-		1,607,000
	<b>Total</b>					4,665,500	27,716,500

\*Don't serve directorship for a full year

#### Remarks

1. The Director Fee was partially allocated for donation.
2. Mr. Ian Stuart Thackwray resigned from his directorship with effect on 4 May 2015.
3. Mr. David Alexander Newbigging has been appointed in replacement of Mr. Ian Stuart Thackwray in the Board of Directors' Meeting on 7 May 2015.
4. Mr. Harald Link resigned from his membership in the Audit Committee in June 2015.
5. Dr. Sunee Sornchaitanasuk was appointed as the independent director at the Extraordinary Meeting of Shareholders on 10 June 2015.

Remuneration for 5 members of the Company's Executive Committee was Baht 69.54 million, including salary and bonus paid in 2015.

#### Other Remunerations

For Directors: None

For Executives:

- Contributions to Provident Fund of total Baht 4.14 million;
- Contributions to Employee Joint Investment Program (EJIP) for its executives was Baht 2.97 million; and
- Company cars provided for the members of the Executive Committee to use in performing his/her duty.



## 8.4 Personnel

As the end of 2015, the Company consists of total 3,990 employees, including the subsidiaries located domestically and internationally. The total payment of remunerations to employees was at Baht 3,546 Million, such as salary, wage and other employee benefits.

Number of employees at the end of 2015:

<b>Company Group</b>	Number of employees at the end of  <b>2013</b> (persons)	Number of employees at the end of  <b>2014</b> (persons)	Number of employees at the end of  <b>2015</b> (persons)
Production	2,375	2,566	2,575
Logistics	441	444	433
Marketing and Sales	344	438	456
Finance and Controlling	148	156	166
Others	183	202	360
<b>Total</b>	<b>3,491</b>	<b>3,806</b>	<b>3,990</b>

Number of employees and employee costs at the end of 2015:

	<b>consolidated financial statements</b>		
	<b>2013</b>	<b>2014</b>	<b>2015</b>
Number of employees at end of year (persons)	3,491	3,806	3,990
Salary, wage and other employee benefits (Baht)	2,915,606,061.44	3,259,633,022.78	3,545,950,247.96

## **People Development Policy**

Every member of Siam City Cement Public Company Limited, or INSEE Family, is the most important element and the foundation of our business. We strongly believe that our success and growth depends on the employees who represent the core values and competencies aligned with our vision, business direction and future aspiration of the employees. Thus, SCCC aims to develop and improve people management and development to achieve the global standards in leadership, knowledge, capabilities, operational skills and management, to serve the work at hand and prepare for future promotion. This shall transform our organization to the leader in construction materials in Thailand and Asia.

We encourage the good teamwork and foster good citizenship, ethics, safety, and environmental and social concern in our employees and also encourage them to take part in managing the organization and driving our business to the competitive edge and sustainable growth of the future society.

## **People Development Guideline and Approach**

SCCC has established INSEE Academy under the People & Organizational Performance function as a center of both short and long-term people development strategy of SCCC Group which includes Mixed cement, Portland cement, INSEE Mortar, INSEE Concrete, Conwood, INSEE Superblock, INSEE Ecocycle, and INSEE Digital.

For every employee from operations to the first/mid/top management levels, INSEE Academy has built people development roadmap and blended-style learning interventions like the Induction & On-board Program for new joiners, Management & Leadership Development Program, Leadership Competencies Development Program for employees of all levels, Coach Performance Improvement Program, Technical & Functional Skills Development Program, OH&S and Environmental Training Program, Code of Business Conduct & Compliance Program, and Sustainable Development Program.

With the commitment to nurture employees on awareness, knowledge, ways of working, true understanding of our organization and developing human capitals to address the organizational objectives and expected outcomes, SCCC has a strong passion in modern people development approaches focusing on the learners' needs and 70-20-10 concepts emphasizing learning by experience/sharing best practices (70), on the job coaching (20), classroom and self-learning (10), and encouraging continuous learning anywhere anytime via self-learning, digital learning under the corporate knowledge management

system, or INSEE Wisdom, provided with platform for exchanging, sharing and storing all critical knowledge within the organization for the utmost utilization. This is the foundation in driving us to become the Learning Organization and also enhances the sustainability of the organization.

SCCC puts strong focus on building INSEE Leaders to develop our human capital on leadership, knowledge, capability and experience in managing the business so they are able to perform in their current and future positions, and establish career development and succession plan accommodating both individual and organizational needs. In order to plot out the Individual Development Plan (IDP), our employee performance evaluation policy provides a solid standard for evaluating employees with capability and potential for higher crucial positions in the organization so that they are ready by the expected time and business needs such as business expansion and management retirement. INSEE Academy works with other human resources and Line Managers of each function to arrange Senior Management Development Program for senior managerial level employees, Leadership Forum, Leadership Development Program for mid/senior managerial level employees, to be equipped with essential leadership/management skills. Besides, number of projects is developed with domestic and international educational institutes; such as, Duke Corporate Education, INSEAD, and Sasin. For other required competencies, they are supported by various development programs like Executive Coaching, Employee Exchange Program (EEP), Assessment Center for Development, Corporate Project Assignments, sharing best practices with both domestic and international companies.

Besides the focus on management capability building, SCCC also focuses on operational and front line employees as they are the key in our business operations: manufacturing, marketing and sales, logistics, and other enabling functions. INSEE Academy has cooperated with the executives of business functions in establishing the Functional Academy providing fundamental and technical development programs by internal Subject Matter Experts and external institutes, ensuring that every employee has the right knowledge and skills required to perform their work correctly, efficiently and safely at the expected standard so that every product and service is effectively and efficiently delivered to our customers, partners and related parties beyond their expectation.

Not only the business stakeholders, our cares for the community is demonstrated by our knowledge and experience sharing in the business, management, people management, role-modeling, ethics and many other topics to the community intellect's and other leaders

including mass media in- and outside Thailand. SCCC is proud of the contribution towards Thailand's prosperity in the level of institute, society and country. Strengthening our relationship with the community and society, activity is part of our commitment to being a learning organization where knowledge and experience are synergized to expand our thinking and vision in people management.

In 2015, SCCC delivered a variety of learning and development interventions to our employees as follow:

1. Transitional Development Program 7,105.50 hours;
2. Leadership Development Program 25,740.50 hours;
3. Technical/Functional Development Program 105,434.75 hours;
4. On-boarding Program 34,534.75 hours; and
5. OH&S and Sustainable Development Program 14,571.00 hours.

### **Summary Report of People Development**

Unit: Hours per person per year

1) Training Hour (Per employee per year)	2013	2014	2015
Employee and management	44.60	47.42	49.02

Unit: Baht

2) Training and Development Investment	2013	2014	2015
Employee and management (per employee per year)	23,383.61	17,625.13	23,165.09
Total Investment *	67,181,115.95	64,402,236.66	88,560,129.80

\*Excluding accommodation expenses, travel expenses and miscellaneous disbursements.

## **9. Corporate Governance**

### **9.1 Corporate Governance Policy**

Siam City Cement Public Company Limited (“**SCCC**” or the “**Company**”) is aware of the importance on the concrete and sustainable compliance with the principles of good corporate governance. The Company enhances business governance to be arisen in all organizational levels ranging from the Company's Board of Directors, Executive Committee down to operational level perpetually and that in order to maintain the status of being a sustainable corporate governance company and elevate the Company's Corporate Governance in high standard, the Company's Board of Directors has mapped out the Company's Corporate Governance Policy depicting guidelines on Corporate Governance, roles and duties of the Company's Board of Directors. In this respect, the Company's Board of Directors is the initiator and the party taking part in prescribing the management framework as well as assigning the Governance, Risk and Compliance Committee to review the details of such Policy before being submitted to the Company's Board of Directors for further approval.

The Company is confident that the Corporate Governance Policy will be an instrument to express that it has an efficient, transparent and verifiable management system which can build up confidence in all shareholders, investors and stakeholders and can lead the Company to prosperity and progress as well as can enhance the sustainable growth of the Company. This Corporate Governance Policy applies to all members of the Board, Executives and employees of the Company and all its subsidiaries, as well.

SCCC's Corporate Governance Policy has thoroughly covered the matters on shareholders' rights protection, equitable treatments to all groups of shareholders, stakeholders' roles and responsibilities, information disclosures and transparency and Board of Directors' responsibilities which are adherent to the Principles of Good Corporate Governance for a listed company prescribed by The Stock Exchange of Thailand (SET), the Principles of Corporate Governance of The Organization for Economic Co-Operation and Development (OECD), World Bank Recommendations derived from the project participation on Corporate Governance – Reports on the Observance of Standards and Codes (CG-ROSC) and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) Rules.

(Details of the Corporate Governance Policy are on Company's website: <http://www.siamcitycement.com> for visit).

Other than the aforementioned Corporate Governance Policy, the Board of Directors, in 2015, approved the Code of Business Conduct, the revised edition in accordance with the assent of and which had been submitted by Governance, Risk and Compliance Committee where the contents of which were improved from the contents of the original Code of Business Conduct which had lengthily been put into force since 2007 to make it modern and suitable to the situation and compatible with international standard to ensure that employee of the Company and all its subsidiaries perform their duties with integrity and honesty in order to enhance and maintain the reputation, image of and confidence in the organization in the eyes of the outsiders as well as the shareholders, investors and related parties and to be in compatibility and in conformance with the Company's prescribed Corporate Governance Policy.

In communicating and promulgating this Code of Business Conduct, the Management held the training sessions beginning from the Executive Committee of the Management in order to get them to understanding which must accurately be in the same standard before the communications would be made to and the training sessions held for all Senior Managers, high level Supervisors in a manner so called, train the trainer on the awareness and understanding for use in communicating and enhancing knowledge and understandings with the respectively down the line employee in order that they could be educated with proper knowledge and understandings. The trainings also included the explanations on the Principles of the Code of Business Conduct and practical guidelines which thoroughly covered the topics of the Integrity at Work, the Integrity in Business, the Integrity in Society, with demonstrating clear examples and requirements that ought to be practiced. In this connection, employees could also make references to the practical guidelines and examples from variously related policies drafted by the Company in order to create understandings and enabling them to conduct themselves properly for the attainment according to the goal of the organization.

In addition, public relations on practical guidelines in accordance with the Code of Business Conduct were implemented through VDO Clips which modeled the scenarios according to various Topics prescribed under the Code of Business Conduct and gave the opportunity to employees to be able to participate in sharing experiences and answering questions during the training and learning that would be disseminated in the form of monthly

in-house journal and website. This is to ensure that subsequent to the training session, the Management, Senior Managers, high level Supervisors and subordinated employees respectively down the line would voluntarily sign to acknowledge the receipts thereof and would be ready to comply with the Code of Business Conduct. Moreover, the Company has included the introduction to the Code of Business Conduct in the employees' orientations and caused the newly-recruited employees to sign to acknowledge that they shall comply with the Code of Business Conduct.

Furthermore, the Company's Board of Directors has approved another 19 policies which relate to the Code of Business Conduct as well as Standard Operating Procedure on each matter in order to clearly indicate the expressly procedural guidelines on the development that will lead to the creation of the organizational culture in various matters which support the good corporate governance, particularly, on the aspects of receiving complaints and notifications of information, or whistle blowing, by prescribing measures and steps on whistle blowing to the Company's Board of Director on the issue relating to the commission of the offence in violation of the laws or the Code of Business Conduct, the improper financial report or the lack of control within the organization and the protections of personal rights of the persons giving notifications on the information. For this purpose, the Company has implemented additional channel for lodging complaints and/or giving notifications on the information which is handled by expertise outsourced organization with a belief that this channel would be the fundamental guarantee to people or persons lodging the complaints in safeguarding the confidential information and privacy.

In respect of the other policies relating to the Code of Business Conduct currently promulgated and put into force; Anti-Bribery and Anti-Corruption Policy, Sustainable Development Policy, Environmental Policy, Social Responsibility Policy and Policy for the Prevention against the Use of Insider Information for Trades of Securities, etc., are among those promulgated and put into force.

And for the objective of keeping the organization modernized and proceeded on with continuous developments, considerations on the reviews of Corporate Governance Policy and the Code of Business Conduct as well as other related policies are designed to be made regularly, at least, once a year along with the requirements on making communications and organizing various promotion activities including pertinent actions on the follow-ups and assessments on a regular basis every year to ensure that all persons in the organization have properly and strictly complied with the Corporate Governance Policy and the Code of

Business Conduct. For this purpose, the Company is under the process of the study and development of E-Learning Program system in order to enhance learning on this matter continuously. (Details of the policies and directives on the Corporate Governance Policy can be visited on the Company website: [www.siamcitycement.com](http://www.siamcitycement.com))

**Details on Material Substances of Revised Code of Business Conduct are as follows:**

**1. Integrity at Work**

**1.1 People:**

*Diversity and Respect at the Workplace*

The Company promotes its people to have initiatives, creative ideas both on the aspects of the skills and experiences including diversified opinions or initiatives in creating new goods, products or services which would subsequently cause direct success or increase capability to the Company in attaining its goal. Supervisors therefore should accept the diversifications for creative working and that people should be respectful to one another including paying respects to stakeholders by working in team which is the pivotal key for the achievement of the goal of the organization.

*Fair Employment Practices*

All employees shall be treated fairly and equitably regardless of their positions or work level. Promotions, trainings, employment, remuneration and employment termination shall be made by taking into account the ability and work achievements of each people.

**1.2 Use of Company Assets and Information:**

*Company Assets;*

The Company assets consist of the assets, confidential information, public non-public information and intellectual properties. All employees have the roles and responsibilities in protecting the Company assets, intellectual properties and various information with due cares in order to prevent them from misplacement, loss, theft, damage and/or misuse.

*Usage of Physical Assets*

The physical assets should not be used for personal benefit nor benefit of any persons other than for benefit of the Company. The use of the assets for personal



benefit can be allowed but it should be restrained within a limitation provided that it must not be conflicted with the Company's interest and must be kept within a suitable scope of work and approved by the respective Supervisor or Department Manager including the matter that it can be verified.

#### *Safeguarding Confidential Information and Non- Public Information*

Confidential Information is the Company's information compulsorily required to be kept in confidence without disclosing to any person both within the Company and out of the Company. The disclosure can be made exclusively for benefit of the business and that it must be approved accordingly only.

#### *Protecting Intellectual Property Rights*

The intellectual property is the information requiring the exercise with due care in taking it for use, especially, when sharing it with co-workers or persons out of the organization. Employees shall respect and protect intellectual properties of the third persons including the intangibly trade-valued assets, marketing documents, and rights in using software as if they are confidential information of the Company.

#### *Using Technology Professionally*

Data and Information Technology system enables the employees' functions efficient, data system on the use of internet and e-mails should therefore be used for the business benefit. The use of internet for personal benefit is allowable, but, it should be limited as necessary provided, however, that it must not infringe nor conflict with the Company's benefits no matter what it is a download or forward of information. The business dealings should therefore be communicated under the approved channel and email account.

#### *Insider Trading*

Use of insider information which cannot be disclosed to the public for use in support of the decision of an investor in the trade or possession of the Company's securities is a violation of the ethics and law and would result in the disciplinary and criminal actions. Should there be any doubt on the use of the internal information, it is advisable that consultation be made with the Company's Legal and Corporate Affairs Department.

### **1.3 Occupational Health and Safety:**

Our employees are our most valuable assets. Thus, we are committed to the highest standards and measures relating to occupational health and safety to be adopted for applications in order to enable employees and contractors to have working environment with safety and good hygiene for their health by promoting safety working culture provided that duty performances of the employees and contractors must be free of all types of alcoholic beverages and addicted substances including using drug not in accordance with the purpose or any substances which would affect the ability and efficiency in safety working.

## **2. Integrity in Business**

### **2.1 Fair Competition:**

The Company's act is in accordance with the law relating fair competition which is the Company's intention to maintain trades and promote free competition which will result in the good consequences to customers who will be beneficial from the products, goods and services with quality. The Company's success will therefore rely on the quality of goods and SCCC's people.

### **2.2 Conflict of Interest:**

#### **Conflict of Interest**

The conflict of interest is the situation in which personal benefit occurring from our acts either on the financial aspect or the other form would consequently affect or result in the conflict to the optimal interest of the Company. Employees should therefore avoid performing any act which they think that it may be the conflict of interest or may cause the conflict of interest and should report pertinent matter to their respective Supervisor to correct the situation, appropriately and transparently.

#### **Gifts, Entertainment and Hospitality**

An offering or accepting of gifts, an entertainment and gifts arising out of an expression of ordinary corporate hospitality shall be in a reasonable and suitable manner in order to attain the goal on business decision and to be in the interest of the Company. Employees shall be entitled to accept or offer gifts, organize an entertainment party or express cordial hospitality by giving away souvenirs or seasonally festival gifts under a suitable situation provided that such matter shall be exercised with due care.

### **2.3 Trade Controls and Restrictions:**

Each country has its own laws, regulations and restrictions, particularly, in operating some category of business on which there are restrictions or prohibitions. The Company is compelled to be aware that goods exports and imports are put in place in accordance with the applicable law including the enforced trade measures, prohibitions on goods exports and imports and other laws, regulations and restrictions in each country. A violation of any laws and regulations relating to trade controls may result in damage, civilly and criminally, to both SCCC and related persons.

### **2.4 Records and Accounting:**

All business and financial information are recorded in a true, complete, fair and timely fashion in order to enable stakeholders to use them in support of their business and investment decisions. In addition, such information must be proper in accordance with the established regulations and accounting principles of the Company and accounting and financial standard which are the roles of responsibilities of all employees not solely of personnel of Accounting and Finance Department.

### **2.5 Anti-Bribery and Anti-Corruption Practice:**

The Company is totally against all forms of bribery and corruption practices. All employees should therefore be aware that a gift of or an offer to give things of monetary value to officials of state sector or other non-governmental organizations in order to solicit their behaviors in exploiting things for the benefits or advantages of the Company would be deemed to be the giving of a bribe and that such malpractice shall constituted a disciplinary and criminal offence.

## **3. Integrity in Society**

### **3.1 Civic and Social Contributions:**

Being a good citizen organization is a principle having been instilled in and being the foundation of SCCC in carrying out its business. People and corporate social responsibility as well as assistances to be continuously provided to the communities and societies in the operational areas are prescribed therein.

### **3.2 Environmental Protection:**

Employees should be responsible for the compliance with the Law on Environment and related regulations in the operating areas and business establishment. In addition, the Company also supports the recycle of natural resources in order to preserve and protect the environments such as saving water and energy and recycling the production residuals, appropriate waste disposals, sustainable and effective use of raw materials by complying with the requirements of official organization and Environment Law.

#### **4. Reporting and Compliance**

While in service with SCCC, an employee may be faced with or experience a situation relating to the ethics or is requested to perform any act in a manner which may violate the Code of Business Conduct, Company Policy or Law. In such case, the employee shall report his/her concern, the act or violation before the situation has occurred or expanded with broader impact by consulting the matter probably with his/her respective Supervisor for advices or People & Organizational Performance Function or Legal and Corporate Affairs Department or Internal Audit. Any rate, if the employee should feel uneasy to give the pertinent report to or discuss with the aforementioned organizations, he/she can contact the reporting channel handled by the outsourced organization in order to make all of you confident in the safeguarding of personal confidentiality. (Details of the Code of Business Conduct can be visited on Company's website: <http://www.siamcitycement.com> for visit).

Siam City Cement Public Company Limited complies with the principles of good Corporate Governance of The Stock Exchange of Thailand as follows:

## **Chapter 1: Rights of Shareholders**

### **Shareholders' Right Exercise Promotion Policy:**

SCCC is firmly committed to protect the rights and benefits of every group of our shareholders. The Company's Board of Directors is aware of and placing importance on the rights of all groups of our shareholders (including the institutional shareholders) equitably and that under no circumstances shall the Company perform any acts in a manner likely to violate or derogate the rights of our shareholders. The Company adopts the policy in encouraging, supporting and providing facilitations to our shareholders to exercise their fundamental rights in accordance with the law which are the participations in the shareholders' meetings and casting ballots in the meeting either in person or by their proxies, in appointing or removing Directors, fixing Directors' remunerations in all forms and appointing the auditor as well as matters that would pose an impact on the Company such as allocation of dividends, stipulations or revisions of Articles of Association and Memorandum of Association, capital decrement or increment and special transaction approvals, etc.

In addition, the Company's Board of Directors has encouraged our shareholders to learn in getting to know of the rules and procedures on the participations in the meetings and information sufficient for their considerations in each agenda at a reasonably timely manner before the meeting; to have the opportunity to inquire directors both in the meetings and sending questions in advance; the opportunity to propose the meeting agendas and the rights to give proxies to the other persons to attend the meeting on their behalves.

### **Meetings of Shareholders**

#### **1. Meetings of Shareholders:**

- 1.1 The Board of Directors has a policy to support and encourage all groups of our shareholders including the institutional shareholders to attend the meetings by sending Proxy Letters along with the Notices of Meeting for the shareholders' options and facilitations from the Company in the case where they cannot attend a meeting in person as well as providing facilitations on the co-ordinations between the Company and the institutional shareholders and/or custodian who is the depositary and curator of securities for foreign investors in verifying the

names, number of shares and documents supporting the delegation of proxy before a meeting, as well;

- 1.2 The Company's Board of Directors ensures that information, date, time, and place of the meeting as well as the meeting agendas are provided by having supportive explanations and reasons on each agenda specified in the Shareholders Notices of Meeting and/or in the meeting agenda supportive documents without performing any acts in a manner likely to limit the opportunity of the shareholders in studying information of the Company;
- 1.3 The shareholders are facilitated by the Company's Board of Directors in exercising their rights fully in participating in the meeting and casting their votes in the meeting. Computer system and digital bar-code system are adopted for use in the meeting participation registrations and resolution ballot casting. The meeting place must be located in the area for convenient travels;
- 1.4 The Company's Board of Directors opens the opportunity to the shareholders to send their questions in advance before the meeting date by prescribing the expressly clear rules on the sending of questions in advance and that such rules are disseminated on the Company website: [www.siamcitycement.com](http://www.siamcitycement.com) every time before the Shareholders' Notices of Meeting are sent out; and
- 1.5 The Company's Board of Directors encourages the shareholders to use Form B Proxy Letter and nominate our independent directors of more than 1 person as their options in delegating their proxies.

## **2. Actions on the Shareholders' Meeting Date**

- 2.1 The Company's Board of Directors encourages the Company to adopt technology for use in every shareholders' meeting no matter whether it is for the purpose of the meeting participation registrations, vote counting and displaying of result in order that the meeting can be expeditiously and properly carried out with accuracy. Board of Directors' Chairman shall, before the meeting is begun to convene, assign the Company Secretary to give explanations to the meeting body on the steps and methods in displaying result of the ballots including opening the opportunity to the shareholders to set the issues and make inquiries as well as ensuring that inquiries and answers and ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the

shareholders are, including names of directors attending the meeting and taking leave of absence from attending the meeting, are recorded in the Minutes of Shareholders' Meeting;

- 2.2 The Company's Board of Directors holds all its members, executive committee members and directors of its subsidiaries with the commitments to attend every shareholders' meeting which, in this respect, the shareholders shall be entitled to inquire various Board Committee's Chairmen on related matters. Before casting the votes on each agenda, Board of Directors' Chairman opens the opportunity to the shareholders to express their opinions, give their recommendations or even make inquiries. Board of Director Chairman and related Executive Committee Members shall be the parties to answer the questions, make considerations on the opinions and recommendations from the shareholders for further actions as appropriate;
- 2.3 In a Company shareholders' meeting, rendering of resolution on each matter would be arranged in the case where such particular agenda contains several matters such as an appointment of directors, etc. Casting the ballots is strictly undertaken in compliance with the law. The shareholders are independent in giving, denying their approvals or abstaining from casting the votes in each matter of the agenda. In a normal case, the pertinent resolution shall be determined by the majority of votes of the shareholders in attendance and casting the ballots. One share is equal to one vote. In the case of an equivalency, the Meeting's Chairman shall have a right to cast an additional vote which is the casting vote;
- 2.4 The Company's Board of Directors encourages the Company to provide independent persons to make vote counting or verifications in the shareholders' meeting and disclose to the meeting body.
- 2.5 The Company's Board of Directors supports and encourages the use of ballots for all agendas for transparency and being able to be verified; and
- 2.6 The Meeting's Chairman has every time reasonably allocated the times and encouraged the shareholders to have the opportunity to express their opinions and set questions to the meeting body relating to the Company.

### **3. Preparations of Minutes of Meeting and Disclosure of Meeting Resolutions to Shareholders**

- 3.1 Explanations on the steps of casting the ballots and methods of displaying result of the votes to the meeting body before the meeting is convened including the opportunity opened to the shareholders to set the issues or make inquiries as well as ensuring that inquiries and answers and ballot result on each agenda as to how the agreement, disagreement or abstention on ballot casting of the shareholders are, including names of directors attending the meeting and taking leave of absence from attending the meeting, are recorded in the Minutes of Shareholders' Meeting; and
- 3.2 The Company has disclosed to the general public on the result of ballot casting of each agenda in an ordinary and extraordinary shareholders' meeting on the next working day on the Company's website.

## **Chapter 2: Equitable Treatments to Shareholders**

Siam City Cement Public Company Limited adheres to the Principles that all shareholders both of the Executive and non-Executive status including foreign shareholders must be equitably and impartially treated. Their fundamental rights are also equitably protected.

### **1. Protection of Rights of Minority Shareholders**

The Company's Board of Directors puts in place the shareholders' meeting process in a manner likely to encourage the equitable treatments to all shareholders by mapping the process to make the minority shareholders able to participate in the nominations and appointments of directors such as providing a channel for the shareholders in nominating names of Directors before the annual general meeting by prescribing the qualifications of the shareholders who will be entitled to nominate names of persons for elections as a director to be a one shareholder or by an individual case who holds the share and is entitled to cast the ballots summed up in total of not less than 100,000 shares (or zero point zero four three percentage (0.043%) of the Company's total number of the eligibly voting shares) which is the very low number of the shares. This practice is a part of the process to ensure that the minority shareholders can elect independent directors to look after their benefits on their behalves as well as a method in opening the opportunity to minority shareholders to be able



to add the meeting agendas in advance of 3 to 4 months before the date of the shareholders' meeting.

The Company's Board of Directors maps out the policy of non-solicitation on the addition of the meeting agendas without any advanced notification and necessity, particularly, the important one where the information of which requires a long time for the shareholders to study before making the decisions.

## **2. Prevention against the Use of Insider Information and Directors' Interests**

The Company's Board of Directors maps out in writing the Insider Trading Policy in order to prevent the case of abusive self-dealing which is the taking of an advantage over the other shareholders such as Insider Trading by prescribing the blackout period of not less than 30 days before the disclosure of Financial Report which is the compliance with the Company's Code of Business Conduct which stipulates that

"The use of the yet publicly undisclosed insider information in support of the investors' decisions in the trade or possession of securities is unethical and illegal which will consequently result in further disciplinary and criminal actions."

The Company's Board of Directors also stipulates requirements for directors and executives to submit reports on the possessions of securities of their own selves, their spouses and under age child or children according to the requirements of Office of Securities and Exchange Commission and Stock Exchange of Thailand (SET) in accordance with Section 59 of Securities and Exchange Act, B. E. 2535 within 3 days from the date of the change in the securities and that a notification accordingly shall be made to the Company Secretary in order that the conclusions on the number of securities of the Directors and Executives individually can be prepared for submission to the Company's Board of Directors in the Company's Board of Directors meeting every time and that the possessions of such securities can as well be disclosed in the annual report.

The Board of Directors monitors controls to ensure that names of persons using the insider information who are persons perceiving and possessing important information which has not yet been disclosed to the public, be reviewed in order to suit the present situation and proceed with actions in making notifications on the abovementioned guidelines and policy to all people in the organization no matter whether they are directors, executives and employees for compliances accordingly and being aware of the penalty in the case of a violation of or a non-compliance with such policy and requirements. Result of the

performances in compliance with the foregoing mentioned policy and requirements will be regularly followed ups.

The Company's Board of Directors stipulates requirements for Directors and Executives to refrain from participating in the Company's Board of Directors meeting and shareholders' meeting whereby the agenda brought up for considerations is the matter in which the Directors and Executives have the interests in order to enable the Company's Board of Directors to consider the Company's transactions which may have the conflict of interest and make decisions for the overall benefits of the Company and, in any Company's Board of Director meeting, Directors must give reports to the meeting body of their interests before the considerations on such agenda and such interests must be documented in the Minutes of Meeting every time. In addition, Directors and Executives shall report the matter of their own interests and related persons when there is a change therein and forward the pertinent report to the Company Secretary for the preparations of the conclusion report to advise the Board of Directors in every Company's Board of Director Meeting which is the practical performance on the Code of Business Conduct of the Company on the matter of the Conflict of Interest which stipulates that

"The Conflict of Interest is a situation where our personal, financial or other interests interfere, or may be perceived as interfering with our ability to act in the best interest of SCCC Group Company".

Furthermore, SCCC stipulates the requirements for personnel involving in the giving of approvals or making decisions on the purchases and procurements to have the duty in disclosing information on the transactions with which they or their relatives have had with the Company in the past 12-month cycle. The disclosure of such information must be made twice a year which can be through electronics media.

The disclosures of information relating to the Conflict of Interest have been continuously practiced for a period of time, which virtually make employees more aware of the significance of the transparency and non-involvement with activities which would give rise to the Conflict of Interest of SCCC. Any employees neglecting or failing to comply with this Policy or Regulation shall be subject to disciplinary actions which may be serious to the extent of their employment terminations.

### **3. Giving of Information before Shareholders' Meeting**

The Company's Board of Directors keeps the Company under control to ensure that the notifications on meeting schedule together with the meeting agendas and comments of

the Board towards the Stock Exchange of Thailand are forwarded to the shareholders and that the Notices of Shareholders' Meeting shall be disseminated through the Company website, at least, 30 days before the date of the shareholders' meeting. Such Notices of Shareholders' meeting shall as well be made entirely in English and disseminated altogether along with the Thai versions every time.

### **Chapter 3: Roles of Stakeholders**

SCCC takes into account and place the importance on the creations of value for all stakeholders continuously. Our stakeholders must be taken care of by the Company in accordance with their legitimate rights provided by related law or agreements made with the Company and that there must be a process to encourage the rising of co-operations and trusts in one another between the Company and all groups of stakeholders continuously at all times no matter what it is the aspect of its employees, communities around the business establishments, shareholders or investors, customers, suppliers, creditors, societies, state sector including rivals and independent auditors and, more importantly, there must not be any performance of an act in a manner likely to infringe the rights of the stakeholders and that compensation measures in the case where a stakeholder has sustained a damage derived from the infringement of the right shall be implemented.

Procedural guidelines on the treatments for the stakeholders on various aspects are as follows:

- (1) Designating the scope of work in taking care of customers systematically on the aspect of health, safety, compensation derived from the use of the goods or services during the lifetime period of such goods or services*

SCCC puts our focus on safety management to the customers with the context being compatible with the vision on the occupational health and safety. The Company's core mission is a firm commitment to see that its all employees, contractors and customers must be knowledgeable and understand on working with safety and comply with Working Regulations and Steps for their own safety and safety of the other people. All activities must be undertaken under the effectively occupational health and safety management system. The integrated factors for sustainable success in accordance with the Company's intention are the creation of safety culture, the creation of good attitude on the aspect of the safety which is to be firmly instilled in the group of the organization's people and must be transferred to the customers group in order to enable them to have a chance of participations in complying with various progresses on the aspect of the occupational health and safety as well as controlling risk within the acceptable level.

The Company therefore focally aims to place the emphasis on the communications, information sharing, transfers of knowledge, e. g. in connection with Working Regulations and Steps, Risk Assessment of the condition which is hazardous in the business establishment, how maintenance on silo can be made in order to create safety for customers regularly and consistently as well as launching campaigns on safety driving for franchised customer groups twice a year in order to cause the deliveries of goods and services with safety that meet international standard level. In addition, the Company provides personal safety equipment, safety symbols and marks for transporters in order to cause the creations of efficient safety management in the areas of the Company's franchised customers.

In order to create confidence in our customers and optimally satisfy them for our services, the Company has established INSEE Service Center to give recommendations relating to the products and services including the advices in relation to the method in solving the problems, after sales services including receipts of complaints when problems have arisen as well as providing the management process in order to establish good relations with our customers which is the Net Promoter Score (NPS) for use in working and service providing improvements in order to elevate the level of satisfactions of our customers and their overall feelings as to whether they will continue to provide supports to the Company or not and whichever the level of our customers would support the Company. Therefore, we can assure that our after sales service, our close look after the product quality would make the Company's products remained in the hearts of our customers to the extent that they are loyal to our product brand from being the Net Promoter Score (NPS) of 2015 to rise higher from higher from last year continuously.

## *(2) Steps and Practical Procedures on the Selections of Suppliers or Contractors*

In order to make the selections of business allies with the vision and way on carrying out business in the same direction as that of the Company, the rules and

guidelines on the selection of a supplier which is one of the stakeholders from the basic qualification of the supplier shall be based on the followings:

1. Expertise and Experience;
2. Rationale on the aspect of the Price and Quality;
3. Policy on Providing Services;
4. Working Safety Management;
5. Execution in compliance with the Law on Labor Enforcement;
6. Anti-bribery and Anti-Corruption;
7. Greenly Environmental Procurement;
8. Anti-Human Right Violation, etc.

In addition, the Company prescribes the strategic purchase procedures and guidelines on establishing relations with the suppliers. Selections of our suppliers must be potentially made in order to illustrate our administrations with responsibility in the supply chain. If any supplier should not pass the prescribed qualifications, the Company would map out an execution plan for such supplier to successfully correct such restrictions and that pertinent follow-ups and assessment on the progress shall be made including assistances provided to the supplier in order to lead such supplier to the better ability development and working improvement and to cause the rising of sustainable development of the Company which has expanded to such supplier.

In 2012, the Company made the SCCC Supplier Code of Conduct in order to set the conditions on the business associations which, in this respect, the suppliers must subscribe their signatures to confirm their acceptances to comply with such SCCC Supplier Code of Conduct as the inter-commitment before proceeding on with business engagements with the Company.

The Company places the importance on our suppliers who are our vital stakeholders in dealing businesses with one another. In 2015, the Executive Committee rendered a resolution approving the reviews of Procurement Policy for use as the framework on the procurements of goods or services which created the worthiest value. This is to ensure that the procurement process is carried out in a systematic, equitable and transparent manner in all steps no matter what it is

in regard to the bid, evaluations on and selections of suppliers and to encourage suppliers to carry out their businesses with ethics and social and environmental responsibilities.

*(3) SCCC's systematic operations that ensure the Value Chain of Company to be friendly to environments and promote sustainable and consistent development*

SCCC adopts Work Quality Control, Safety and Occupational Health System for use in carrying out the work in correlation with the Company's concrete business operations. The Company adopts environmental management system (ISO 14001) for use in order to cause the creation of the environmental development in correlation with the developments as well as to cause the reductions in the cost, expenses relating to raw materials and energies, pollutant treatments, and enhance image of the organization.

*(4) Creating Good Interactions with Communities around the Plant of the Business Establishment*

SCCC is firmly committed to create shared value and good ties with the communities around the plant in Kaeng Khoi and Muak Lek Districts, Saraburi Province, by providing supports sustainable community developments to all communities around the plant including the overall general public on 3 aspects such as educational promotions, sustainable community developments and basic public utilities supports continuously.

*(5) Implementing Projects or Guidelines on Anti-Bribery and Anti-Corruption including Supporting Activities which Promote and Instill all Employees in Compliance with the Law, related Rules and Regulations*

SCCC has put into force the Anti-Bribery and Anti-Corruption Policy since 2012 and instilled the organizational culture according to our ideology that any bribery or corruption practice is strictly and perpetually prohibited and, in 2015, the Company signed the Collection Action Coalition Charter of Thai private sector on anti-corruptions. Subsequently, the Company made improvements and

preparedness on insider operating procedures for clarity and actual and efficient enforcements before its status of Collection Action Coalition Charter member of Thai private sector on anti-corruptions will be recognized. In this connection, the Company's Board of Directors rendered a resolution approving the Anti-Bribery and Anti-Corruption under the frame of the revised SCCC Code of Business Conduct which had already been scrutinized and submitted by Governance, Risk and Compliance Committee. SCCC's policy is that no bribery or corruption shall absolutely be permitted. In order to get this policy materially and efficiently enforced, guidelines on the follow-ups of the operational result on the prevention against the involvements in such corruption practices are prescribed as follows:

The Company has a Standard Operating Procedure on Anti-Bribery and Anti-Corruption which has already been approved by the Company's Board of Directors.

- 1) All Directors, Executives and employees including any persons being the agents shall have duties to be responsible for and to strictly comply with this standard operating procedure.
- 2) Establishing procedural guidelines on the recording of financial information and insider control measures by assigning Account Recording Unit to perform duty on monitoring strict controls, review documentary evidences substantiating business reasons in disbursing money to the third persons such as prohibitions on recording confidential transactions out of the account, concealing illegal expense transactions.
- 3) Assigning Internal Audit Unit to perform duty to audit the internal control system regularly and conduct risk assessment on corruptions, check information stated in contradiction to the facts and circumstances which may lead to corruptions, on a regular basis every year in conjunction with Risk Management Department and all organizations within the Company in order that the assessment result report can be submitted to the Executives, Audit Committee, Governance, Risk and Compliance Committee and Company's Board of Directors, respectively, for further stipulations on management control guidelines.



- 4) If the fact-finding process should discover that an information having been checked or a complaint having been received bears a reasonable ground to believe that a corruption is obvious including the matter that there is a violation of, an act against the law or the Company's Code of Business Conduct, the working unit would propose the way on the improvement and correction on related duty performances within the period of time deemed fit by Governance, Risk and Compliance Committee in order to cause the verifications on the facts. The complainant or informant can be assured of their security as a result of his/her report or whistle blowing because in performing such act through the abovementioned channel, would be kept in confidence and, above all, the working unit is an independent and transparent unit appointed by Governance, Risk and Compliance Committee to perform duty on scrutiny and forming up Fact-Finding Working Team including making conclusion on the details of such event for reporting back to Governance, Risk and Compliance Committee and Audit Committee for considerations on the recommendations and undertaking remedial actions or proceeding with further legal actions against such offence.
- 5) SCCC arranges to put in place in providing guidelines on anti-bribery and anti-corruption constantly and regularly both through training and online communications and that this training on Standard Operating Procedure (SOP) on Anti-Bribery and Anti-Corruption is also included as a part in newly-recruited employees orientations and in the communications to all goods sellers or service providers, contractors and suppliers since the beginning of the business relations establishment. Based on such policy and the procedural guidelines, SCCC is quite confident that it has absolutely implemented the policy on anti-corruption and prohibition to give a bribe for business benefit which, in it, there is an assessment process on the risk from the corruption, a procedural guideline on practical performances in overseeing and monitoring controls in order to prevent and follow ups the risk from corruption, an assessment on express compliance with Anti-Bribery and Anti-Corruption Policy and training for employees in order to educate them on the policy and guidelines on Anti-Bribery and Anti-Corruption Policy,

constantly and regularly, as well as assigning the Audit Committee and external auditor to review the completeness and sufficiency of the process.

*(Details of Anti-Bribery and Anti-Corruption Policy can be visited on the Company website: <http://www.siamcitycement.com>)*

*(6) Stipulations of Procedures and Practical Guidelines on Non-Violation of Creditors*

The Company's Board of Directors places the importance on the burden of responsibility having with all groups of our creditors. SCCC is firmly committed with the ideal adherence in carrying out business operations to build up reliability and equitability upon the creditors by having the policy and practical guidelines as follows:

1. To strictly and fully comply with the commitments and conditions on debt payments as agreed upon both on the aspect of the back payments of the loans and relevant interests within the prescribed period of time; looking after the collaterals and encumbered charges and liabilities which may contingently occur;
2. To manage capital for suitable structure in order to build up confidence in our creditors on our financial status and good solvency; and
3. Should there be a case in which we cannot comply with any Clause of the conditions or as agreed upon, SCCC would notify the creditors accordingly in advance without covering up any facts in order that a joint consideration to find a solution in solving the problem can be made.

*(7) Equitable Treatments to People and Employees and Development of People's Knowledge and Potential*

SCCC focally places the emphasis on fixing the remunerations and welfares suitably and equitably to its people of all levels as well as supporting them to have the development and progress in their occupations constantly without any discrimination; respecting their rights in accordance with the Principles of Human Rights as well as looking well after their safety and occupational health.

*(8) Process and Channel for Receiving and Handling Complaints of Stakeholders*

SCCC is firmly committed to maintain high level of good corporate governance as the promise that the Company shall be an Organization with integrity, honesty, ethics and transparency. For such reason, a notification on an inappropriate event or a violation of the Code of Business Conduct would definitely help the Company to have the assurance that personnel of the Company are protected under suitably environmental working condition. As such, the Company has mapped out a policy defining provisions on the acceptance of complaints and Whistle Blowing Policy to enable the stakeholders to make their reports and whistle blowing on the commission of offences or violations of laws and regulations with respect to the carrying out of business operations such as financial statement irregularity, bribery and corruption practice, theft of property, malfeasance, erroneous account recording, abusive use of Company's property and information, violation of policy on offering or accepting the gifts, entertainment in order that information on the complaints can be checked and verified in accordance with the fact-finding process and can be forwarded to the Company's Board of Directors and Governance, Risk and Compliance Committee.

In addition, mechanism for the protections of the informants and whistle blowers including persons against whom the complaints are lodged, is prescribed. Such process is yet another channel and step to enable all groups of the stakeholders to make their reports or lodge their complaints on matters which would cause the Company to sustain damage, to the Company's Board of Directors. There will be persons assigned to receive the reports or complaints; a process for carrying out the investigation and reporting back to the Company's Board of Directors; management process to settle complaints lodged by employees in relation to the matter which may be the express commission of the offence; policy or ways in protecting people or whistle blowers giving information on the commission of an offence and channels for stakeholders to make their notifications or complaints in the case where their rights have been infringed, together with giving clear information for contacting.

**INSEE Speak Up Line reporting channels consists of 4 channels as follows:**

1. Hotline: 02 676 5178 (to be 02 034 0299 from 1 June 2016 onwards)
2. Email: [report@inseespeakupline.com](mailto:report@inseespeakupline.com)
3. Website: [www.inseespeakupline.com](http://www.inseespeakupline.com) and
4. Postal Service: P. O. Box No.17, Sathon Post Office, Bangkok, 10341

*(9) Treatment to Shareholders and Investors*

The Company attaches importance to equitable and transparent treatment of all Shareholders with which they will be provided with important, complete, and updated information and convenience in studying Company information. Importantly, at the Shareholders' meeting, there will not be added agendas or changes in any significant information without giving notice to the Shareholders in advance.

In fostering relationships with investors and interested parties, persons responsible for investor relations, persons responsible for social responsibility, and persons responsible for sustainable development are always delegated to organize suitable activities, such as site visits and social and environment activities (see more details in section "Social Responsibility" of the annual report and Sustainable Development Report).

In 2015, we regularly had meetings with individual investors, institutional investors, and securities analysts and provided information through phone and answers to questions. Investors can direct their Company enquiries to the following channels:

Address: Finance and Controlling  
Siam City Cement Public Company Limited  
199, Column Tower, 7th - 12th Fl.,  
Ratchadapisek Road, Klongtoey Sub-district,  
Klongtoey District, Bangkok, 10110  
Telephone: +66 2 797 7101  
Email: [chandana.liyanage@sccc.co.th](mailto:chandana.liyanage@sccc.co.th)

## **Chapter 4: Disclosure and Transparency**

Siam City Cement Company Limited made full, timely and transparent disclosure of financial and non-financial information; such as company performance of the past year by the Board of Directors, and Board Committee, Corporate Governance Policy, Environmental and Social Policy, Compliance of Policies, through easy-to-access channels with equality and trustworthy, pursuant to the standards and regulations as mandated by the Securities and Exchange Commission (SEC), the Office of SEC and The Stock Exchange of Thailand (SET).

The Board of Directors has set out the procedures of quality financial report preparation to ensure that the information shown in the financial reports is complied with the generally accepted accounting standard. Such reports are audited by independent certified auditor as well. In this regard, the roles and responsibilities of directors towards financial reports must be reported along with the independent auditor report in the annual report.

SCCC emphasizes on the importance of the duties of “Spokesperson”. The appointed person must perform the duties with due care, provided with provisions in relation to Disclosure Policy. Besides, the tasks related to Investor Relations (IR) is assigned to specific person in order to communicate with the third parties; including investors, institutional investors, analysts, and associated state agencies with equality and fairness. The Company gives the opportunities to such parties to visit our Management as in appropriate circumstances. The information provided is information disclosed to the public, which is accurate, not misleading and sufficient for investors to make invest decisions.

The Board of Directors requires to include reports of the Corporate Governance, the Code of Business Conduct, the Risk Management Policy, Environmental and Social Policy, and the Company’s compliance to the above-mentioned policies, in the annual report of the annual registration statement (Form 56-1) and the Company’s website continuously.

The Board of Directors encourages the company to prepare a Management Discussion and Analysis (MD&A) as the supporting document for each quarterly financial statement, to help investors better understand changes in the company’s financial status and the Company’s performance each quarter, in addition to the figures presented in the financial statements.

The Board of Directors ensures that audit and other non-audit fees are annually disclosed in the annual report.

The Board of Directors ensures that its roles and responsibilities, together with those of its Board Committees, the number of meetings held, attendance record of each director, and the results of tasks assigned, including ongoing professional education or training of its directors, are annually disclosed in the annual report.

In addition to disclosure of its remuneration in accordance with the regulations, the Board of Directors also discloses remuneration policies for directors and executives that correspond to the contributions and responsibilities of each person. Also, the board should disclose the forms and the amounts of payment to each person, if any director of the company is also a director of its subsidiaries, the amount paid by each subsidiary to each director should be disclosed as well.

The Board of Directors ensures on the transparent disclosure of shareholders' structure by clearly clarifying on major shareholders and proportion of minor shareholders to see the Company's beneficial owner. Additionally, the shareholding of directors and executives is disclosed directly and indirectly in the annual report.

The analysis of financial status, company's performance, vital changes, and factors affecting the financial status or performance, are disclosed and explained. Moreover, they are provided along with nature of business operations, competitive situation with industrial and business competition analysis, as well as competitive status and potentiality of the Company and the subsidiaries.

In addition to the mandatory disclosure of information under the applicable laws and regulations through the channels of the SET, annual registration statement (Form 56-1), and annual reports, SCCC discloses information both in Thai and English, via the Company's web site [www.siamcitycement.com](http://www.siamcitycement.com). The information disclosed is up-to-date and complete pursuant to the Corporate Governance for the listed company.

## **Chapter 5: Responsibilities of the Board of Directors**

The Board of Directors determines a vision, directions, policies, and strategies for Company operations by considering, reviewing, taking part in, and giving approval for corporate vision and missions at least every 5 years, gearing Executive and staff aims towards the same direction. The Board also requires that annual business and budgetary

plans be considered every year for successful completion of Company operations in accordance with the vision, directions, policies, and strategies so determined, and that the team of the Executives be closely monitored to ensure that their implementation of the plans is towards the same business directions and strategies of the Company.

The Board of Directors attaches importance to corporate governance for the best interests of the Company, operates with responsibility for their performed duty with the Shareholders, and is independent of Management.

The Board of Directors has established its own corporate governance policy and Code of Business Conduct for adherence by the Directors, Executives and Company staff and disclosed them in this annual report and the corporate website, and also disclosed a guideline promoting practices thereof and monitoring of the practices, to ensure that Company activities are carried out in such a way that conforms to the laws, corporate governance policy, and Code of Business Conduct.

To ensure compliance with good corporate governance principles, roles and responsibilities of the Board and Management are clearly separated. The duties of the Chairman and Chief Executive Officer (CEO) are also separated by separating the person holding chairmanship from the one who holds the position of Managing Director/ CEO to provide balance of power and transparent management.

The Board of Directors is comprised of members fully qualified under the laws and relevant rules, possessing skills, experience, diversified expertise, and specialized knowledge and competencies that benefit the Company.

In the nomination of Directors, the Board of Directors takes care of the process of nominating directorship candidates to the Shareholders' meeting for appointment to ensure transparency free of influence by the Shareholders with controlling power or Management and to create third party confidence.

In exercising its functions, the Board of Directors have provided Board Committees to do work screening so as to increase good efficiency and effectiveness in the exercise of Board functions. Each Board Committee is given a charter outlining clearly its roles, duties, responsibilities, work procedures, meetings, and reporting to the Board of Directors.

All Directors have a good understanding of their roles and responsibilities and the nature of Company business, and all of them have dedicated their time and effort in the performance of duties. To ensure that the Company has a strengthened Board of Directors, all its members express their opinions independently, keep themselves improved and

updated all the time, and are committed to performing duties with honesty and integrity and carefulness in the light of best interests of the Company and fairness towards all the shareholders.

As part of compliance with the Company's corporate governance policy and to ensure effective performance of duties by the Directors, the Board of Directors have set a procedural guideline limiting the number of listed companies in which each of the Directors may hold an office to no more than 5. Currently, none of the Directors holds directorship in more than 5 listed companies. The Company has no policy to permit such other positions as Managing Director/ CEO and Top Management of the Company to hold directorship in other two companies, and such holding is subject to the prior Board approval.

With respect to determination of remuneration of Directors, the Board of Directors has assigned the Nomination and Compensation Committee to carry out a transparent process and propose its consideration to the Shareholders' meeting for approval—the elements of which remuneration shall be suitable and sufficient to predispose and retain the Directors—and to avoid making excessive remuneration payment.

The Board of Directors has paid special attention to responsible administration i.e. additional procedures were established for Company decisions to be reviewed, considered and approved by the Executives and Board members more than those set forth in the Articles of Association. For instance, despite an Articles of Association statement requiring a Board resolution for an investment of Baht 100 million and above, it is stated in the Board Approvals and Responsibilities Handbook that an investment with value greater than Baht 10 million is subject to Board approval, etc.

The Board of Directors has appointed a Company Secretary to undertake the duty of giving legal and rule advice and to take care of Board activities and liaise to ensure compliance with Board resolutions. The Company Secretary will be required to regularly receive continuous training and knowledge developments about legislation, accounting, and performance of Company Secretary's duties.

In addition, the Board of Directors encourage and promote training for the Directors, Executives, and internal personnel related to the entire corporate governance, including executive development and succession plan for top management positions.

Siam City Cement Public Company Limited specifically attaches importance to executive development to get it prepared for the targeted expansion and operations and to accommodate cement market growth. To that end, in-house training was conducted, in



conjunction with such leading domestic institution as Sasin Graduate Institute of Business Administration of Chulalongkorn University and a foreign institution, Duke Education from the US, including professors from France's INSEAD Business School, so as to develop business knowledge along with leadership development, putting emphasis on out-of-class hands-on practices in accordance with the 70-20-10 model for learning that focuses on experience/sharing best practices (70), on the job coaching (20), classroom and self-learning (10). Learners are also encouraged and given the opportunity to learn on their own through Harvard Manage Mentor's leading online learning media to promote their learning anywhere, and anytime.

Apart from in-house training, the Company foresees the importance of expanding Executives horizons in terms of scholarship, perspectives, and international experience, and encourage Top Management to receive training from world leading academic institutions, such as Harvard University and Chicago Booth, so as to bring knowledge, skills and experience to the organization for its development towards a sustainable success. In addition to executive development, the Company specifically attaches importance to facilitating preparedness in leadership, knowledge, and operational competencies, for which success profiles for individual job positions have been produced and reviewed, and development potential assessed, so as to determine specific supporting activities for each person as an Individual Development Plan, with periodic monitoring to support the set activities which, among other things, include management of important organizational projects, job rotation, joining training or seminars with foreign institutions, learning by coaching from Top Management, ability to coach other functional lines' executives to smoothly complete the plans set. The Executives' Individual Development Plans were also reviewed to ensure that they are always in alignment with expectations and to the best interests of the whole organization and staff. Annual meetings and discussions are held through activities between Top Management and the Board of Directors to bring about viewpoint, knowledge, opinion and attitude exchanges that further benefit both the leading of life and performance of work.

## **9.2 Committees**

The Committees Structure comprises of the Board of Directors and 3 Board Committees which are the Audit Committee, the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee and Executive Committee.

(Names of Directors in each group and the Executives are as appearing under the topic of the Management Structure).

The Board of Directors determined that its structure shall consist of members possessing diversified qualifications in terms of skills, experience, competencies, and gender, and at least 1 Executive Director having experience in the main business in operation of the Company.

The roles and responsibilities of the Board of Directors and the Executive Committee as Management are clearly separated to ensure Company operations' compliance with laws, Code of Business Conduct, and the Company's good governance principles.

SCCC is subject to the Organizational Regulations which embrace their roles and responsibilities set forth in the Articles of Association, laws, and expectation of Shareholders as the Charter of their frameworks, while the 3 Committees which are the Audit Committee, the Governance, Risk and Compliance Committee and the Nomination and Compensation Committee each have the Charter as their framework.

## **(1) Board of Directors**

### **Roles and Responsibilities of Board of Directors**

The Board of Directors considers and approves important matters concerning Company operations. The Company has specified the policy and regulations of practices, responsibilities and operations of the Board of Directors, Chairman and Vice Chairman and those of the Executive Committee. The duties and responsibilities of the Board and the management are separated clearly. The Board of Directors has the duty to consider and make decision on the important issues on the operations of SCCC such as the visions, missions, strategies, goals, plans, budgets and risks management, while the Executive committee has the duty to efficiently carry out the visions, missions and strategies and provide good management and controlling system so approved by the Board of Directors.

The structure of the Board and management is sufficient for checks and balances. It determines to have independent directors who can independently give opinions towards the management's performance, at least one third of the total directorship, but not less than three persons. The Audit Committee consists of three independent directors, and performs and undertakes in accordance with the Charter of the Audit Committee and SET regulations.

There are non-independent directors in two thirds of the total directorship, fairly in proportion to the investment capitals of each of the Shareholders groups.

### **Balance of Power for Non-Executive Directors**

In the structure of the Board of Directors, it shall consist of non-executive directors more than half of the total directors. At present, there are 11 non-executive directors among a total of 12 directors, which is a proper size conforming the good governance principles, where the Board should comprise of, at least, 5 directors and not over 12 directors). This is also appropriate to size, category and business complications. In this connection, one independent director of the Board of Directors is female.

### **Aggregation versus Segregation of Positions**

As above-mentioned, at SCCC, the function of the Chairman of the Board of Directors and the Chairman of the Executive Committee are separated in order to keep balance and transparent management in the Company in compliance with the good governance principles. Details of the main duties of the Chairman and CEO are as follows:

#### **Chairman:**

- Being elected among the Board of Directors, serving 3 years for each term, the Chairman shall handle all activities responsible by the Board of Directors, setting meeting agenda, providing information about the Board of Directors, proceeding the meetings at which opportunity is granted for discussion and expression of opinion;
- In making a decision, the Chairman has the deciding or casting vote in the event of a tie vote;
- The Chairman is not an executive and is not the same person as the CEO.
- The CEO is appointed by the Board of Directors, and chairs the Executive Committee;
- The CEO is responsible for management of the Company in general and shall periodically make reports to the Board of Directors.

The Chairman is not an independent director but exercises functions independently of Management and the major shareholders towards the best interests of the Company under the good corporate governance principles.

#### **Qualifications**

The Board of Directors is to consist of fully qualified members possessing no prohibited characteristics under the Public Limited Companies Act B.E. 2535, including its

amendments and supplements thereto, Securities and Exchange Act B.E. 2535, including amendments and supplements thereto, as well as relevant rules and notifications determined by the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the other governing bodies, and to have diversification in skills, professions, specialized expertise, gender, useful experience, and knowledge and understanding of the corporate business nature. Consideration is also taken on other attributes to achieve diversification across the entire Board, such as educational background, age, sex, diversified professional skills, specialized knowledge of, among other things, cement industry, laws, accounting and finance, etc. In exercising Board functions, there shall be at least 1 non-executive director experienced in affairs related to Company business.

### **Term of Office**

The Company requires that term of directorship be in accordance with its Articles of Association and consistent with the Public Limited Companies Act B.E. 2535 and that one third of the Directors shall retire by rotation at each annual ordinary meeting of the Shareholders.

### **Roles and Responsibilities of the Board**

The Board of Directors shall care for and pay attention to its exercise of functions with responsibility and undertakes to manage business to the best interests of the shareholders having four crucial fiduciary duties:

- 1) To perform duties with due care (Duty of Care).
- 2) To perform duties with honesty and integrity so as to maintain the Company and shareholders' interests (Duty of Loyalty).
- 3) To perform duties under laws, Company objects, the Articles of Association, and the shareholders' meeting resolutions (Duty of Obedience).
- 4) To disclose information to the Shareholders in an accurate, complete and transparent manner (Duty of Disclosure), involving the following Board duties and responsibilities:

#### **Duties and Responsibilities of the Board**

- 1) Consideration and approval of important issues on Company operations, such as visions, missions, strategies, goals, plans, financial budgets, and risks of management;

- 2) Following up and caring to ensure an implementation by the Executive Committee or Management of the established policies and plans with efficiency and effectiveness;
- 3) Internal control and risk management, complain receipt mechanism, and taking action upon whistleblowing;
- 4) Ensuring long-term business continuity and staff development and succession plan;
- 5) Provision of a corporate governance policy in writing and approval thereof with review of the policy and its implementation at least once a year;
- 6) Promotion of the production of the Code of Business Conduct in writing for Directors, Executives, and all staff to understand the ethical standards used by the Company in its operations, with monitoring to ensure that the Code of Business Conduct are strictly followed;
- 7) Careful consideration of conflict of interests issues to ensure a clear guideline towards overall interests of the Company and the shareholders when it comes to transactions with potential conflicts of interests, in which interested parties shall have no involvement in making decisions, and the Board shall ensure full compliance with procedural and disclosure requirements for transactions with potential conflicts of interests;
- 8) Establishment of the risk management policy covering the whole organization, to be implemented by Management with regular reporting thereof to the Board of Directors; a system or risk management effectiveness review for at least once a year with annual report disclosing all periods of risk changes, including the attachment of importance to early warning signs and all irregular items;
- 9) Giving opinions about the sufficiency of internal controls and risk management in annual report;
- 10) Outlining clear procedures for whistleblowers or interested parties to “blow the whistle” through website or by reporting directly to the Company;
- 11) Provision of a regulatory mechanism of subsidiaries for Company investment interests; consideration of suitability of persons to be dispatched to be a subsidiary director for a managerial control in accordance with Company policies and for transactions to be in compliance with applicable laws and rules.

**Businesses that are subject to Board approval include:**

- 1) A single investment and the Company's sale of such investment in an amount greater than Baht 100,00,000 or its equivalent in other currencies, associated

incurred expenses in an amount greater than Baht 100,000,000 or its equivalent in other currencies, and regular expenses in an amount greater than Baht 100,000,000 or its equivalent in other currencies calculated on an annual basis;

- 2) Company investments other than the scope of normal business;
- 3) Any divestiture by the Company leading to its withdrawal from business;
- 4) Securing loans, negotiations for credit lines, and financing transactions in a similar way for the Company only to extent that the debt increased therefrom is greater than Baht 100,000,000 or its equivalent in other currencies;
- 5) Granting credit and pledging based on Company outstanding loans only to the extent that the granted or pledged amount is greater than Baht 100,000,000 or its equivalent in other currencies;
- 6) Provision of guarantee, guarantee contract, or guarantee obligations in a similar way, and creation of possible responsibilities for the Company only to the extent that the granted or pledged amount is greater than Baht 100,000,000 or its equivalent in other currencies;
- 7) Issuance or use of derivative financial instruments only to the extent that such instruments are not used to protect risks that are relating to the normal course of Company business operations;
- 8) Issuance of debentures or other securities by the Company;
- 9) Conducting legal proceedings by the Company, acknowledgement of lawsuits against the Company, and compromise arrangement by the Company only to the extent the amount in dispute exceeds Baht 50,000,000 or its equivalent in other currencies;
- 10) All operations of Company business that significantly deviate from corporate budgets or investment guidelines and financing;
- 11) Any Company affair that in the opinion of the Executive Committee or Chairman or Managing Director is to be approved by the Board of Directors; and
- 12) An entry to carry out important matters of a subsidiary that is subject to approval of its shareholders or the Board of Directors, in which the Company or its representatives are needed to vote as a shareholder or director of the subsidiary.

### **Meetings of Board of Directors**

Board meeting schedule and agendas are determined yearly in advance and

informed to individual Directors to afford them the ability to spare their time and attend the meetings.

The number of meetings of the Board of Directors is determined to suit the duties and responsibilities of Company Directors and the nature of Company business. There were 8 meetings of the Board of Directors in 2015. A company performance report is regularly furnished to the Board on a monthly basis to enable the Board to provide ongoing and timely supervision and control to Management performance.

At each meeting of the Board of Directors, the Chairman and Chief Executive Officer (CEO) shall jointly consider and determine matters to be included as Board meeting agendas, ensuring that all important issues are included and giving each Director the opportunity and freedom to propose agenda matters beneficial to the Company.

All Directors shall attend Board meetings not less than 75 percentage of all Board Meetings held in a year.

The Chairman shall allocate enough time for Management to propose matters and discuss crucial problems in a careful and thorough manner and shall promote careful exercise of discretion. In this connection, all Directors should pay attention to all issues brought to the meeting, including corporate governance issues.

The Board of Directors shall encourage Chief Executive Officer (CEO) to invite Management or Top Management to join a meeting of the Board of Directors to give information and more details as persons directly relating to the problems, so as to get to know Top Management as supplement to its succession planning consideration.

The Board of Directors is given access to additional necessary information from Chief Executive Officer (CEO), Company Secretary, or other delegated Executives within the established policy scope and, where necessary, the Board of Directors may seek independent opinions from third party consultants or professionals.

The Board of Directors has a policy to afford non-executive directors the opportunity to have meetings among them, as necessary, to discuss managerial problems that are of interest without Management participation, and inform Chief Executive Officer (CEO) of the meeting results. In 2015, there was 1 meeting of the Board of Directors between non-executive directors.

### **Self-Evaluation of Board of Directors**

The Board of Directors and Board Committee conduct a self-evaluation at least once

a year to jointly consider their achievements, problems and corrective guidelines. Board performance evaluation is conducted for the whole group and on an individual basis with a performance comparison norm and third party consultant helping in the determination of criteria, guidelines, procedures, and evaluation issues for at least every 3 years.

The Evaluation of Chief Executive Officer, Top Management, and Management is based on Company performance, in terms of an EBITDA percentage, KPIs, competencies, self-development, adherence to Corporate Governance Policy and Code of Business Conduct, taking staff feedback surveys into consideration.

### **CEO Performance Inspection by Board of Directors**

The Board of Directors and Nomination and Compensation Committee jointly consider and evaluate CEO performance, which evaluation is proposed to the Board of Directors by the Nomination and Compensation Committee, with consideration taken on current year performance with various factors as follows:

1. Results of operations in terms of an EBITDA percentage and FoCF compared to the Company's targeted EBITDA percentage and FoCF fixed for a particular year as a basis for comparison evaluation.
2. Personal performance based on three factors under the criteria and target agreed with CEO:
  - 2.1 KPIs
  - 2.2 Critical tasks
  - 2.3 Leadership competency

In addition, adherence to the Corporate Governance Policy and Company's Code of Business Conduct is used to supplement Nomination and Compensation Committee consideration.

### **Remuneration of Board of Directors**

Directors are suitably remunerated based on an industrial standard comparison, experience, duties, scope of roles and responsibilities, benefits and values obtained from individual directors, including the membership and increased roles and duties in Board Committee.

In regard to determination of remuneration of Directors, the Board of Directors



assigns the Nomination and Compensation Committee to conduct a transparent process and propose to the shareholders. In 2015, the Board of Directors, with recommendations and its consideration of Directors' remuneration payment criteria provided by the Nomination and Compensation Committee, proposed the shareholders to approve the new criteria to be commensurate with increased duties from the nomination of Board Committee.

Remuneration of Chief Executive Officer and Top Management is in accordance with the criteria approved by the Board of Directors within a frame approved by the shareholders, which remuneration is inductive and suitable for the benefits that the shareholders would receive.

The Nomination and Compensation Committee takes care of CEO performance evaluation in accordance with the norm and criteria agreed with Chief Executive Officer, based on Company operating results, achieved performance of long-term strategic objectives, and executive development. The results of evaluation are proposed to the Board of Directors for approval on an annual basis, and are communicated to Chief Executive Officer by the Nomination and Compensation Committee.

### **Development of Board of Directors and the Executives**

The Board of Directors promotes and facilitates training for those involving in the corporate governance, such as Directors, Audit Committee members, Corporate Governance members, Executives and Management, Company Secretary, and personnel whose functions are related to continuous corporate governance, so as to ensure ongoing performance improvement and development, including attendance of such training courses as are organized by the Thai Institute of Directors (IOD), other courses by other entities, and in-house training.

In 2015, Directors attending training courses held by IOD included:

1. Mr. Harald Link attending Director Accreditation Program (DAP) 117/2015
2. Mr. Mr. Vanchai Tosomboon attending Advanced Audit Committee Program (AACP) 19/2015 and Corporate Governance for Capital Market Intermediaries (CGI) 10/2016
3. In conjunction with 30 Management members, the following 3 Directors and Executives received training on Corporate Governance for Executives (CGE):
  - 1) Mr. Vorathep Rangchaikul
  - 2) Mr. Siva Mahasandana
  - 3) Mr. Tasporn Chantree

4. Ms. Nopporn Tirawattanagool attending Risk Management Program for Corporate Leaders (RCL)

Upon each appointment of a new Director, Management will always deliver crucial documents and information benefiting the new Director's performance of duties, such as Director Handbook, Organizational Rules, Code of Business Conduct, including an introduction of the business nature, policies, and operating guidelines.

The Board of Directors requires that Chief Executive Officer provides regularly a report on development and succession plan jointly produced by the Nomination and Compensation Committee on annual basis for preparedness and continuity in succeeding CEO position and all top management positions.

The Board of Directors has made available a leadership development program, and Chief Executive Officer has reported to the Board of Directors on the results of regular implementation of the program along with consideration of a succession plan.

## **(2) Audit Committee**

Structure of the Audit Committee comprises of 3 independent Directors, appointed by the Board of Directors and is selected from independent directors who are not Executives under the approval of the Board of Directors.

### **Qualification of Audit Committee Members**

Audit Committee shall process the qualification as follows:

1. Being an independent director;
2. Not being a director of the Audit Committee of over two other public companies;
3. Not being a director of the parent Company or any subsidiary or associated Company;
4. Possessing sufficient experience to perform the duty of an Audit Committee member. At least one of the members must have sufficient experience in reviewing financial statements and the reliability thereof;
5. Possessing the qualifications prescribed by the SET, SEC or the other relevant governing bodies.

Currently, all three Audit Committee members are knowledgeable and experienced in reviewing Company financial statements and have a wealth of knowledge of Company business and are experienced in being company directors for several reputed companies in Thailand.

**Term of Office**

Term of office of the members and chairman of the Audit Committee is 2 (two) years.

**Roles and Responsibilities of Audit committee**

Roles and duties of the Audit Committee in accordance with the Charter of the Audit Committee are as follows:

1. To review the Company's and its subsidiaries' financial reporting process to ensure its accuracy and adequacy, and coordinating with the external auditors and members of the Executive Committee responsible for preparing the quarterly and yearly financial reports. The Audit Committee may suggest issues to be reviewed or audited by the external auditors during their audit of the Company and SCCC Group Company.
2. To review the internal control systems and internal audit system including business processes and the IT framework to ensure that they are effective and efficient.
3. To decide on the organization and the qualification of the individuals of the Internal Audit Department of the Company and to determine the Internal Audit Department's degree of independence from the Management, as well as to approve the appointment, transfer and dismissal of the individuals of the Internal Audit Department or of any other unit in charge of internal audit activities.
4. To review compliance with the Securities and Exchange Act, including the rules, notifications, and regulations thereof and the rules and regulations of The Stock Exchange of Thailand (SET), the Securities and Exchange Commission (SEC), and any other relevant laws as related to financial compliance.
5. To consider, select, nominate and recommend remuneration of the Company's external auditors. To ensure the independence of the external auditor, the Audit Committee shall consider factors such as non-audit services that may conflict with the auditor's independence, efficiency and professionalism. To freely discuss significant issues, the Audit Committee shall meet privately with the external auditor at least once a year, without management representatives being present.
6. To review the connected transactions or transactions that may lead to conflicts of interests, including the accuracy and completeness of the Company's disclosure

of such information, to ensure that they are in compliance with the laws and the SET's regulations, are reasonable and are for the highest benefit of the Company.

7. To prepare a report on the activities of the Audit Committee for the Company's annual report. The Chairperson of the Audit Committee shall sign this report, which consists of at least the following information:
  - an opinion on the accuracy, completeness and credibility of Company's financial report and the disclosure of its financial information;
  - an opinion on the adequacy of the Company's internal control systems;
  - an opinion on the suitability of the Company's external auditor and the re-appointment;
  - an opinion on the compliance with the Securities and Exchange Act, and the rules, and regulations thereof including the rules and regulations of the SET, and any other relevant laws that relate to financial compliance;
  - an opinion on the transactions that may lead to conflicts of interests;
  - the number of the Audit Committee meetings, and the attendance of such meetings by each committee member;
  - other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors; and
  - other comments or statements as required by the Securities and Exchange Act, and the rules, notifications and regulations thereof including the rules and regulations of the SET, and any other relevant laws that relate to financial compliance.
8. To perform other duties as required by the Securities and Exchange Act, and the rules, and regulations thereof including the rules and regulations of the SET, and any other relevant laws that relate to financial compliance.

### **Meetings of Audit Committee**

The Audit Committee meets on a regular basis, at least once every quarter before the Board of Directors' meeting. This is to ensure that the financial report and the Company's financial statements are accurate and adequate, as well as to consider the subject matters under the authority of the Company's internal auditors and external auditors as to evaluate

the efficiency of the internal control and audit system of the Company. In general, the Audit Committee reports its findings and gives its suggestions to the Board of Directors on the significant issues found. The Chairman of the Audit Committee may sometimes call a special meeting of the Audit Committee or invite any management of the Company to join and consider in certain particular financial matters or other matters.

However, under the current practice, the Audit Committee has held a monthly meeting. Schedule of the monthly and quarterly meetings are scheduled in advance for the whole year.

In its performance of duties, if it is found or suspected that there is a transaction or any of the following acts which may materially affect the Company's financial condition and operating results, the Audit Committee shall report it to the Board of Directors for rectification within the period of time that the Audit Committee deems fit:

- a transaction which causes a conflict of interest;
- any fraud, irregularity, or material defect in the internal control system; or
- an infringement of the law on securities and exchange, the Exchange's regulations, or any law relating to the Company's business.

If the Company's Board of Directors or Management fails to make a rectification within the period of time under the above paragraph, any Audit Committee member may report on the transaction or act under the above paragraph to the Office of the Securities and Exchange Commission or the Exchange.

List of Audit Committee and total attendance are as follows:

<b>Name List</b>	<b>Position</b>	<b>Total Attendance/ Total Meeting</b>
1. Dr. Sunee Sornchaitanasuk	Chairman	9/9
2. Mr. Pradap Pibulsonggram	Member	11/11
3. Mr. Somboon Phuvoravan	Member	10/11

Secretary of Audit Committee is Mrs. Chadaporn Thitisawat.

All three Audit Committee members are well-versed and experienced in reviewing the Company's financial statements.

### **(3) Governance, Risk and Compliance Committee**

The Governance, Risk and Compliance Committee must comprise of over 3 directors of the Company and at least one of them must be an independent Director.

Currently, the Governance, Risk and Compliance Committee comprises 4 directors of non-Executive nature.

#### **Term of Office**

Term of office of the members and chairman of the Governance, Risk and Compliance Committee is 2 (two) years.

#### **Qualification of Governance, Risk and Compliance Committee Members**

Members of Governance, Risk and Compliance Committee shall possess the understanding in the Company's business and SCCC Group Company's business operations. Also, all should be well-versed in the good governance principles and transform such principles to implementation; and have experiences, knowledge, and understating in corporate governance, and risk mitigation.

All current members of Governance, Risk and Compliance Committee possess the knowledge and experience and well-versed in the Company's business as well as having management experiences with leading companies deploying good corporate governance.

## **Roles and Responsibilities of Governance, Risk and Compliance Committee**

The roles and responsibilities of the Governance, Risk and Compliance Committee set forth under the Charter of Governance, Risk and Compliance Committee are as follows:

1. To prescribe the scope of Corporate Governance Practices for use in SCCC Group Company and submit such established Corporate Governance Practices to the Board of Directors for approval and to have the duty to monitor controls and keep surveillance over the practices of the Management;
2. To review the corporate risk management process and corporate risk mitigation measures being currently practiced by the Management and review corporate business risk and risk compliance assessment;
3. To oversee the use of efforts in monitoring controls over the business of SCCC Group Company on the aspect of Group policies, Code of Business Conduct of SCCC Group Company, related laws and regulations applicable to the business and business operations of SCCC Group Company;
4. To oversee the investigation on the practical performance in accordance with the compliance programs of SCCC Group Company and may request for an investigation in the case where there is a non-compliance with the compliance programs; and
5. To perform other duties as assigned by the Board of Directors.

## **Meetings of Governance, Risk and Compliance Committee**

To comply with the Charter of Governance, Risk and Compliance Committee, at least one meeting shall be held every three months; in other words, 4 meetings should be arranged in one year. In 2015, the Governance, Risk and Compliance Committee totally held 5 meetings in January, March, April, July, and October for consideration in mapping out policies as well as the corporate governance to enable the Company to accomplish the objectives as prescribed in the Charter of Governance, Risk and Compliance Committee.

The Governance, Risk and Compliance Committee strictly focuses and supervises the improvement of fundamental structure of the Corporate Governance by pushing forward the improvement in multiple levels ranging from policy, operation, communication, training, as well as guidance to put into practice and monitor the implementation, business risk assessment and risk in corporate governance in a continual manner.

The Governance, Risk and Compliance Committee assigned the Management to review and improve the Code of Business Conduct, which considered a critical fundamental structure of the Corporate Governance. Word-class professional consultants were hired to provide advice in determining and improving the fundamental structure in the Corporate Governance. The comparative study in corporate governance principles of organizations or professional units in domestic, regional and international levels was conducted; its results were used for adopting and setting out the fundamental structure in the corporate governance, and providing advice for the Company in drafting the Code of Business Conduct, comparing with global leading corporates. Moreover, the expert also gave counsel on drafting 19 important policies of the corporate governance to support the implementation of the Code of Business Conduct.

In August 2015, the Company announced the use of the Code of Business Conduct, which was communicated throughout the organization. Besides, the training was conducted for the Management and senior managers for the same knowledge and understanding as set out in the objectives, desired behaviors, duties, and business operations to align with the principles of the Corporate Governance. Other 19 policies were established to support the enforcement of the Code of Business Conduct, and were proposed by the Management to the Governance, Risk and Compliance Committee and the Board of Directors for approval in 2015.

For the effective implementation of the Code of Business Conduct in September 2015 and to comply with the whistleblowing policy, the Company set up and announced the use of communication channels for employees and concerning parties to send requests or concerns in numerous ways; such as, reporting to supervisors, human resources, internal audit unit, compliance unit, or legal unit, as well as the new channel namely “INSEE SpeakUp Line”, which is under the management of independent expert, receiving reports from telephone, email, website and post.

Regarding the conflict of interest policy, the Governance, Risk and Compliance Committee decided to receive legal counsel towards the consideration on the adjustment of conflict of interest declaration form for directors and executives to be clear in details, which shall be used as an instrument for directors and executives to prepare and submit report accurately and completely pursuant to relevant policies, laws and regulations prescribed by the Securities and Exchange Commission (SEC).

For employees in general, conflict of interest report is required to be submitted on an



annual basis and the report can be made anytime upon the occurrence of conflict of interest.

As for the risk management, the Governance, Risk and Compliance Committee assigns the Management to assess the risks towards corporation, operation, and Company's business. The risk management report shall be submitted to the Governance, Risk and Compliance Committee once every six months.

List of Governance, Risk and Compliance Committee and total attendance are as follows:

<b>Name List</b>	<b>Position</b>	<b>Total Attendance/ Total Meeting</b>
1. Mr. Pongpinit Tejagupta	Chairman	5/5
2. Mr. Paul Heinz Hugentobler	Member	5/5
3. Ms. Nopporn Tirawattanagool	Member	5/5
4. Mr. Vanchai Tosomboon	Member	5/5

Secretary of Governance, Risk and Compliance Committee is Mr. Wutthipong Songwisit.

#### **(4) Nomination and Compensation Committee**

The Nomination and Compensation Committee's structure consists of, at least, 3 directors and one of them is independent director.

The current Nomination and Compensation Committee comprises of 5 directors of non-Executive nature.

#### **Qualification of Nomination and Compensation Committee Members**

Members of the Nomination and Compensation Committee shall possess the knowledge and experience and well-versed in the Company's business as well as having management experiences with leading companies deploying good corporate governance.

All current members of Nomination and Compensation Committee possess such qualifications by having the knowledge and experience and well-versed in the Company's business as well as having management experiences with leading companies deploying good corporate governance.

#### **Term of Office**

Term of office of the members and chairman of the Nomination and Compensation Committee is 2 (two) years.

## **Roles and Responsibilities of Nomination and Compensation Committee**

The roles and responsibilities of Nomination and Compensation Committee set forth under the Charter of Nomination and Compensation Committee are as follows:

### **A. Nomination, Composition & Structure**

- i) To annually review the composition of the Board including the structures of all subsidiaries' and/or associate's Boards and Board Committees applicable throughout SCCC Group Company and submit for the Board's consideration at least 90 days prior to the AGM;
- ii) To consider, appraise/evaluate and recommend selection of the Board membership candidates for nomination and/or re-appointment as forwarded by shareholder(s), Board member(s) and/or executives for the Board's review and recommendation at least 90 days before passing on to the final shareholders' selection at the AGM or at least 30 days prior to the upcoming Board's meeting in case of the interim vacancy for the replacement by the Board's decision;
- iii) To identify, assess and recommend potential candidates for key positions in SCCC Group Company such as
  - Chief Executive Officer of the Company;
  - Executive Committee Members of the Company;
  - Chief Executive Officers of Subsidiary Companies;
  - Directors of Subsidiary Companies; and
  - Company Representatives on the Board of Associated Companies.
- iv) To review the Chief Executive Officer's ("CEO") proposals of potential candidates for the Executive Committee of the Company ("EXCO") and the Chief Executive Officer of Subsidiary Companies, and to independently assess these candidates with regard to their respective expertise, skills, experience, performances well as personal and professional qualifications. Suitable candidates shall be recommended by the Committee to the Board for approval;
- v) To carry out such other duties as may be delegated to it by the Board.

### **B. Management Development and Succession Planning**

- i) To oversee the talent pipeline, the development process and the individual developmental plans for all Top Management Level (“TML”) job holders and candidates for such positions in SCCC Group Company;
- ii) To annually review the succession plans for the Board and its committee members;
- iii) To annually review the succession plans for board members of Subsidiaries Companies and the Company’s representatives on boards of associated companies;
- iv) To half-yearly review with the CEO the succession plans for all TML positions in SCCC Group Company;
- v) To regularly participate in meetings with the leadership talents of SCCC Group Company;
- vi) To carry out such other duties as may be delegated to it by the Board.

**C. Remuneration**

- i) To provide that the compensation policies and programs throughout SCCC Group Company are designed to enable SCCC Group Company and its individual companies to recruit, retain and align all employees to its overall aspiration and core values of SCCC Group Company, and at the same time creating a pay-for-performance linkage;
- ii) To review and recommend to the Board the compensation of each member of the Board, its Committees and Chairman thereof;
- iii) To review the performance of the CEO and to recommend his/her compensation to the Board for approval;
- iv) To review the performance of the members of the EXCO and the CEOs of the subsidiaries as proposed by the CEO, and to approve their compensation on annual basis;
- v) To review the annual compensation and salary increases as well as annual bonus procedures for the Company and the subsidiary Companies as proposed by the CEO for approval by the Board;
- vi) To carry out such other duties as may be delegated to it by the Board.

## Meetings of Nomination and Compensation Committee

The Nomination and Compensation Committee holds the meeting at least once every three months since the establishment in 2014. The committee's responsibility is to consider the nomination of directors and independent directors; as well as review and propose the criteria and format of director's remuneration to be approved by shareholders; improve the employee compensation; map out succession plans, guidelines and performance evaluation procedure of the entire committee and individual members; and select committee members to replace the vacancy of the resigning member.

List of Nomination and Compensation Committee and total attendance are as follows:

Name List	Position	Total Attendance/ Total Meeting
1. Mr. Paul Heinz Hugentobler	Chairman	8/9
2. Mr. Harald Link	Member	7/9
3. Ms. Nopporn Tirawattanagool	Member	9/9
4. Mr. Vanchai Tosomboon	Member	9/9
5. Mr. David Alexander Newbigging	Member	3/3

Secretary of the Nomination and Compensation Committee is Mr. Tasporn Chantree.

## (5) Executive Committee

The Executive Committee comprises of the 4 highest Executives of Marketing and Sales, Saraburi Operations, Finance and Controlling and People & Organizational Performance and 1 director as the CEO to perform as the Executive Committee Chairman.

## Qualification of Executive Committee

Executive Committee shall possess the knowledge and experience in business, management and be good leaders with skills in determining the business strategies, also possess high responsibility and competency to drive and manage the Company to achieve the goals, visions and missions.

## Roles and Responsibilities of Executive Committee

1. To organize, carry out and supervise the business operations of the Company and SCCC Group Company to accomplish the business and budget plan of each year;
2. To prepare the business operations to be proposed to Board Directors and bring the resolution to put into use by implementing Company's policies and keep on

- developing such policies;
3. To prepare the Company budget and source of budget of SCCC Group Company;
  4. To be responsible for the implementation of designated strategies of SCCC Group Company in order to increase the sustainability of the Company and SCCC Group Company;
  5. To ensure that the communication between the Company and the Management of SCCC Group Company is in the same direction;
  6. To review the personnel performance as assigned by the Management of the Company;
  7. To bring and utilize a necessary tool of integrity assessment and report to the Board of Directors in a timely fashion upon the occurrence of the negative circumstances from the budget of the Company or SCCC Group Company.

### **Meetings of the Executive Committee**

The Executive Committee holds the meetings twice a month which may be extended as necessary. The issue brought up to the meeting for consideration by the Committee will be the issue on the aspect of the safety and occupational health, production, business administration, finance and accounting, risk management, important financial transactions, Company's plan, and Company's budget. The primary consideration will be made and further proposed to the Board of Directors for acknowledgement and/or approval.

List of Executive Committee and total attendance are as follows:

<b>Name List</b>	<b>Position</b>	<b>Total Attendance/ Total Meeting</b>
Mr. Vorathep Rangchaikul	Director & CEO and Chairman of the Executive Committee	19/23
Mr. Siva Mahasandana	Deputy CEO and Senior Vice President (Marketing & Sales)	22/23
Mr. Chandana Liyanage	Senior Vice President (Finance and Controlling)	23/23
Mr. Tasporn Chantree	Senior Vice President (People & Organizational Performance)	22/23
Mr. Somsak Pichetpinyo	Senior Vice President (Saraburi Operations)	21/23

Secretary of the Executive Committee is Mr. Wutthipong Songwisit (Acting).

### 9.3 Nomination of Director and Executive

#### (1) Nomination of Independent Director

The selection of the candidates for the post of independent directors is conducted by the Nomination and Compensation Committee, taking into account the qualifications of the candidates, i.e. the relevant knowledge and experience.

**“Independent Director”** of the Company must have at least the necessary qualifications set by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Capital Market Supervisory Board, and other relevant regulatory bodies as follows:

1. Holding not over one per cent of the voting shares of the Company or the Company's parent Company, subsidiary, associated company, major shareholder or controlling person. The shares held by the independent director's related person are counted as if they are held by the independent director;
2. Neither being nor used to be an executive director, employee, staff, paid advisor, or controlling person of the Company or the Company's parent Company, subsidiary, associated company, same-level subsidiary of common parent, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of filing the application with the Office. Such prohibited characteristics does not apply in the case where the independent director hold or used to hold such position as representative of a government unit which is a major shareholder or controlling person of the Company;
3. Not being, whether by consanguinity or affinity, a parent, spouse, sister, brother, child, the child's spouse, of any executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or the Company's subsidiary;
4. Neither having nor used to have a business relationship with the Company, its parent Company, subsidiary, associated company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, the Company's parent Company, subsidiary, associated company, major shareholder or controlling person, unless the foregoing

relationship has ended not less than two years prior to the date of filing an application with the Office.

The term 'business relationship' in the first paragraph includes any normal business transaction, rental or lease of immovable property, transaction related to assets or services or granting or receiving financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other transaction of similar nature, which results in that the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board and the governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness includes indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to be an auditor of the Company, the Company's parent Company, subsidiary, associated company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs the auditors of the Company, the Company's parent Company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office;
6. Neither being nor used to be a provider of any professional services, including legal advisor or financial advisor who receives service fees exceeding two million Baht per year from the Company, the Company's parent Company, subsidiary, associated company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the Office;
7. Not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to a major shareholder;
8. Not undertaking any business of the same nature and in competition with that of the Company or the Company's subsidiary, or not being a significant partner in a partnership or being an executive director, employee, staff, paid advisor or holding shares over one

percentage of the total voting shares of other Company which undertakes business of the same nature and in competition with that of the Company or the Company's subsidiary;

9. Not having any other characteristics which causes the inability to express independent opinions with regard to the Company's business operations

## **(2) Nomination of Directors**

As similar to the nomination of an independent director, the Nomination and Compensation Committee shall contemplate the potential directors who will be selected from a field of qualified and experienced professionals that benefit the Company's business and be able to manage the Company to achieve the set objectives, goals, business nature and future plans as determined by the Board of Directors.

The election of each director is made by the majority votes of shareholders. Every year, the Company invites the shareholders and directors to propose director nomination for AGM approval.

The nominated directors must meet the qualifications of the Company's AOA, laws, regulations of SET, SEC and Capital Market Supervisory Committee.

Re-election of Directors whose terms are expired by rotation at the AGM has criteria and guidelines as follows:

1. One share, one vote;
2. No cumulative voting. Shareholders shall cast their vote for one director at a time; and
3. If there are more nominations than the vacant positions, those who received highest votes will be directors. In case of tie-vote, the Chairman of the Board shall have a casting vote.

For the case of fulfillment of director vacancy other than retirement, the Board shall select a qualified person at the next meeting by obtaining consent of at least 3/4 from the remaining directors, except for the case that the remaining office is less than 2 months.

If the remaining directors are less than the quorum, such remaining directors can act on behalf of the Board only on calling for shareholders' meeting to elect replacing directors.

The replacing director(s), if elected by the Board, shall be in the office only up to the remaining tenor.



### **(3) Nomination of Executives and Top Management**

By the virtue delegated by the Board of Directors, the Nomination and Compensation Committee is authorized to review and justify the nomination proposal of the Managing Director/Chief Executive Officer on potential candidates to the Top Management positions.

For those candidates to complete the body of the Executive Committee, the Nomination and Compensation Committee shall review and recommend the list of potential candidates subject to appropriate qualification and experience to the review and approval of the Board of Directors.

For the candidates in Top Management Level (TML), including the Vice President and the CEO of subsidiaries, the Nomination and Compensation Committee is authorized to approve the proposal of candidacy from the Managing Director/Chief Executive Officer and to report to the Board of Directors as required.

### **9.4 Corporate Governance for Subsidiaries and Associated Company**

The regulatory mechanism of corporate governance is set forth to protect the interest in both investment capitals and company businesses by taking into consideration of the best interests for SCCC Group Company.

For the primary corporate governance in subsidiaries and associated companies, the Nomination and Compensation Committee will nominate qualified candidates to propose for approval from the Board of Directors. The appointment shall be conducted according number and position in compliance with shareholding proportion of subsidiaries and associated companies. In this connection, this discipline is also applied with the top management appointment for subsidiaries and associated companies.

The directors and/or executives appointed by Board of Directors as above mentioned shall have the duty to manage and administrate the businesses of subsidiaries and/or associated companies to be in line and in compliance with the Company's policies and direction, which may be set out and reviewed from time to time as it may deem appropriate.

In making decision for key business operations of the subsidiaries, the Company shall set out the value amount of the projects or businesses in the Articles of Association of the subsidiaries. The directors of the subsidiaries are required to propose for approval from the Board of Directors before implementation at all times. Approvals from the Board of Directors are also necessary for crucial activities, such as the increase-decrease of capital and the termination of subsidiaries' business.

For business operation in general, the Company sets out the policy guidelines through communication in the annual budget designation, as well as reviews, and reports the quarterly business performance in the Board Committee's meetings. The representatives appointed as directors and executives of subsidiaries and associated companies shall participate in such meetings. Besides, the Board of Directors' meeting sets out the regular sessions for acknowledging the Minutes of meetings held by subsidiaries and associated companies.

Furthermore, the reports of the subsidiaries are specified with format and structure in identical or similar manner for the convenience in corporate governance. In this regard, the Company also determines the organizational structure, which employees or division managers of subsidiaries must report or consult and resolve problems in collaboration with the Company's Executives and managers, who are in charge of such line functions or concerning businesses. Thus, measures and/or internal control of subsidiaries must be complied with or be in the same direction with the Company's systems. The regulatory mechanism of corporate governance is prescribed that the Executives and employees of subsidiaries must undertake the business in both proactive and reactive approaches along with the Company's Executives and employees.

## **9.5 Supervision of the Use of Insider Information**

### **Use of Insider Information**

In order to comply with the principles of good corporate governance on the matter of preventive measures in the case where a Director, an Executive or an employee has used insider information to exploit benefits through abusive self-dealings for their own self or for another person, the Directors and the Executives have given importance on the compliance with the Company's Code of Business Conduct Policy. In this respect, the Board of Directors has implemented the Blackout Period Policy under which the Directors, Executives and employees as well as the persons perceiving the inside information are prohibited from trading the Company's shares during the period of 30 days before the disseminations of the information on financial statements and significant financial information to be assured that there are no exploitations of benefits from the information undisclosed publicly which would lead to the taking of an advantage over outsiders. Directors and Executives must produce and submit a report on the holding of assets in accordance with the requirements of the

Office of the Security and Exchange Commission (SEC) under Section 59 of the Security and Exchange Act, B.E. 2535 within 3 days from the date of the change and that the Company Secretary shall be notified accordingly in order for a summary on the number of the securities of the Directors and Executives individually can be made for submission to the Board of Directors in their meetings every time and that the information on the holding of such securities shall be disclosed in the annual report with a notification on the penalty in the case of a violation or non-compliance with the Policy and such requirements, as well.

The above policies are also part of the compliance with the Company Code of Business Conduct on the use of company assets and information.

The Code of Business Conduct, the revised version, sets out that:

**“1. Integrity at Work**

....

**1.2 Use of Company Assets and Information**

**Insider Trading**

Use of inside information or non-public information in supporting the investors’ decision whether to buy, sell or hold stocks or securities is considered unethical and illegal, and this may result in disciplinary and criminal charges.”

For any questions or suspicions regarding insider trading, please consult the Legal and Corporate Affairs Department. The Company shall review names of insider persons for the suitability of the current situation, map out the guidelines in safeguarding internal information and notify all personnel within the organization on the aforementioned policies and guidelines to comply with and make follow-ups on the compliance with such policies and guidelines regularly.

Summary of Number of Shares Held by Directors and Executives in 2014 and 2015 is follows:

**Siam City Cement Public Company Limited’s Shares Held by Directors and Executives**

List of Directors/ Executives	31 December 2015			31 December 2014			Total Number of Shares Increas e/ (decrea
	Number of Shares (Share)		Percen tage of Shares Held	Number of Shares (Share)		Percen tage of Shares Held	
	Directo rs/ Executi	Spouse and child(re n)		Directo rs/ Executi	Spouse and child(re n)		

	ves	under age		ves	under age		se) during the year (share)
<b>Non-Executive Directors</b>							
1. Mr. Veraphan Teepsuwan	4,682	1,265	0.0026	4,682	1,265	0.0026	-
2. Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-
3. Mr. Chachchon Ratanarak	-	-	-	-	-	-	-
4. Mr. Vanchai Tosomboon	51,448	-	0.0224	47,187	-	0.0205	4,301
5. Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
6. Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
7. Mr. David Alexander Newbigging	-	-	-	-	-	-	-
8. Mr. Harald Link	12,558	-	0.0055	7,857	-	0.0034	4,701
9. Dr. Sunee Sornchaitanasuk	-	-	-	-	-	-	-
10. Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
11. Mr. Somboon Phuvoravan	56,800	48,201	0.0456	56,800	48,201	0.0456	-
<b>Executive Director</b>							
12. Mr. Vorathep Rangchaikul	8,172	-	0.0035	2,352	-	0.0010	5,820
<b>Executives</b>							
13. Mr. Siva Mahasandana	144,800	212,500	0.1553	141,655	212,500	0.1540	3,145
14. Mr. Chandana Liyanage	16,911	-	0.0073	6,264	-	0.0027	10,647

15.	Mr. Tasporn Chantree	5,453	-	0.0024	6,320	-	0.0027	(867)
16.	Mr. Somsak Pichetpinyo	6,957	-	0.0030	4,696	-	0.0020	2,261
17.	Mr. Montri Nithikul	3,238	-	0.0014	3,060	-	0.0013	178

Apart from undertaking on the matter of insider trading, the control of unusual transactions that may cause the conflict of interest to the Company is also the important issue.

The Code of Business Conduct, the revised version, sets out that:

## **“2. Integrity in Business**

### **2.2 Conflict of Interest**

#### **Conflict of Interest**

Conflict of interest can be defined as “the situation where our personal, financial or other interests interfere, or may be perceived as interfering with our ability to act in the best interest of SCCC Group Company”. Employees shall avoid conflicts of interest whenever possible. In situations whereby employees think conflicts may arise and it might impair or even appear to impair, they must immediately inform their supervisor to resolve the situation in a fair and transparent manner.

In this regard, the Company establishes the guidelines on conflict of interest for personnel who may be involved in approving a process or procuring a product or service to declare the information of themselves or their relatives regarding the transactions with the Company and/or the subsidiaries during the period of last 12 months. This activity is taken on an annual basis by electronic media.

The declaration of conflict of interest activity has continuously been active for many years and the Company found that the employees has become more aware in transparency and avoid the activity that may concern the conflict of interest and ...

## **9.6 Auditor’s Fee**

In 2015, EY Office Limited (former name was Ernst & Young Office Limited) received from the Company and its subsidiaries audit fees of Baht 6,081,155 (including audit fees

from PT. Conwood Indonesia of Baht 541,155) and other services fee (non-audit fee) of Baht 730,000.

#### **9.7 Compliance with SET's Code of Best Practice**

The Company strictly follows the Corporate Governance for listed companies under the guidelines prescribed by the SET. The Company's disclosure and report was prepared by following the self- assessment of SET's Code of best practices.

## **10. Corporate Social Responsibilities (CSR)**

SCCC Group Company recognizes the necessity of being a responsible corporate citizen in the name of local communities, society and the environment. By following the principles of corporate governance, we strive to create shared value and good relations with all stakeholders. For this purpose, we have, therefore, set policies to govern seven areas:

1. Business Conduct
2. Employment Practice
3. Occupational Health and Safety
4. Community Involvement
5. Customer and Supplier Relations
6. Reporting Performance
7. Anti-Bribery and Anti-Corruption

Moreover, SCCC Group Company is also open to dialogue and communication with major stakeholders. We collect opinions, analyze data and assess expectations to improve our operations. We find by involving stakeholders in our main policies or projects, we solidify cordial relations. Since 1999, we have published a Sustainable Development Report, which has been adapted from the Global Reporting Initiative, which contains all corporate social responsibility practices, from CSR–In Process and CSR–After Process, and key performance indexes covering economic, environmental and social areas.

SCCC has separately made the Corporate Social Responsibility Report continuously since 1999. It is a part of the “Sustainable Development Report” that has been sent to shareholders together with the annual report and the Notice of the AGM. It is also disclosed on the Company’s website.

For the past 46 years that SCCC has been doing business and has grown from strength to strength, we have always carried out our businesses with the utmost concern in regards to our responsibility towards the community, society, as well as the environment, based on full corporate governance and the effort to continuously create value to all our stakeholders, such as customers, business partners, shareholders, employees, community and the general public.

Our basic policies in regards to social responsibility:

1. **Doing business in accordance to corporate governance** – to ensure transparency and fairness to all stakeholders such as employees, shareholders, customers, business partners and community.
2. **Care for the employees and respect for human rights** – in accordance with the international declaration on human rights and in strict adherence to Thailand's and international labor laws.
3. **Care for customers and suppliers** – we are determined to always seek out the recommendations and needs of the customers through various means so that we can develop the products and services to perfectly suit the needs of the customers and the society. At the same time, we do our best to create a lasting relationship with our suppliers through our sustainable procurement policy which we hope will lead to our warm and long-lasting relationship.
4. **Care for the environment and sustainable development** – to carry out our businesses by always aiming to protect and reduce the impact on the environment and community by adhering the highest legal standards.
5. **Care for the community and the societal development** – we support the sustainable development in every community that surrounds our facilities wherever they are.
6. **Controlling and reporting** – we constantly report and control every area that is essential to our operations, particularly in regards to society which we routinely report the progress as well as the assessment of the various projects and activities to be disseminated to the general public through various channels. We are also open to suggestions and recommendations from all stakeholders and are willing to bring those up to be considered for implementation on a regular basis.
7. **Anti-bribery and Anti-Corruption** –we have a strict policy to do business in a transparent and ethical manner and to strictly adhere to all official rules and regulations.

### **CSR-In Process**

SCCC is well aware the responsibilities to society and environment and all stakeholder. SCCC analyzed stakeholder's expectations and assessed risk in business conduct. In year 2010 SCCC announced Sustainable Development Policy and identified Sustainable



Development Roadmap (SD Roadmap) with 6 main categories with long term goals to response stakeholder's expectations, especially the social responsibilities in business conduct (CSR-In Process)

**Sustainable Development Roadmap** for year 2011 - 2020 with 6 main focus areas under '*Green Heart*' theme .

#### **SO#1 CO<sub>2</sub> Emission Reduction**

Our target is 20% reduction by 2020 (based on year 2007). Or to Reduce CO<sub>2</sub> emission from 750 kg. per TonCement to 600 kg. per TonCement.

#### **SO#2 Stakeholders Engagement with Green Heart Activities**

All parts of SCCC, to initiate and promote eco-friendly activities to stakeholders (employee, society, business partners, nation, etc.). Key activities are; Green Factory, Green Village, Green Heart Bank, Green School, Green Park, Green Procurement, etc.

Key

successes;

we are the first cement producer to receive Green industry level 4 (Green Culture) in 2012 and the first cement producer to receive Green industry level 5 (Green Network) for all factories in 2014.

#### **SO#3 Community Involvement & Development**

All sites and operation units must develop community engagement plan in places, and encourage community involvement for community development activities by using social engagement scorecard as tool.

#### **SO#4 Zero Waste to Landfill & Alternative Fuels**

To achieve zero waste to landfill by year 2015 for SCCC Group Company. SCCC plant, INSEE Ecocycle platform, Conwood and INSEE aggregates already achieved the ZWL target since Y2011 by using 3 Rs concept ( Reduce, Reuse, Recycle ). While target for ready-mixed concrete is extended from Y2015 to Y2018. We also commit to use 25% alternative fuels (%TSR) by Y2020.

#### **SO#5 Green Heart products & services innovation**

Develop Green Heart Label system regards to ISO 14021 and enhance eco-friendly products and services and promote to customer and society. Our target is to achieve Green Heart products and services net sales 40% of total revenue by Y2017.

#### **SD#6 Water Conservation**

To reduce water consumption 20% by Y2017 from Y2012 base year, and to develop water management system for improving water management and conservation effectiveness.



Over all of our sustainable development roadmap has developed in a good tracking, but there are challenges to achieve the goals with efficiency. For more detail please see our Sustainable Development report (SD Report) which be published every year or visit SCCC website at [www.siamcitycement.com](http://www.siamcitycement.com)

#### **CSR-After Process : Major CSR projects in year 2015**

SCCC has not organized only the activities of CSR-In Process but CSR-After Process as well. The activities CSR-After Process such as the Community Development which organized by our operating units for communities around plants in Saraburi province and the activities for Society at Large.

#### **Major CSR project: CSR After process - CSR at Large or Society at Large**

CSR projects for the general public were all conducted under the main theme of "Green Heart". It focuses on building public awareness in responsible and sustainable practices on environmental preservation to all stakeholders in order to create a better environment and

society for the new generations to come. Most of the projects are long term of 3-5 years which were continuously conducted for the past few years such as:

#### **1. Integrated Green School:**

SCCC Group Company has been collaborating with specialists from various sectors to develop the Green School Project, which will hopefully act as a model school for communities in remote areas. This project introduces educational opportunities to youth, and emphasizes raising the sound management of water resources, and the promotion of alternative energy, the 5R principles, environmentally-friendly husbandry and forest preservation.

In 2014, which was the fifth anniversary of the Green School Project, the initiative was upgraded and renamed the “Integrated Green School” project. Its intention is to make sure that the teachings and concept of sustainable development are spread throughout local communities by planting the “Green” spirit in the hearts of the youth so that they will love and cherish natural resources and the environment. As part of this project, a new educational institution was built in Pang Mapa District of Mae Hong Son Province named “The Border Patrol Police Learning Center Cha-Lerm-Phra-Kiat” honoring Her Royal Highness Princess Maha Chakri Sirindhorn, who celebrated her 60th birthday anniversary in 2015. As part of this project, university students were also encouraged to learn how they can create more value for both themselves and for others. For example, at “The INSEE ARSA Border Patrol Police School Baan Pa-ger-yor” at Tambon Pa-Theng in Phetchaburi Province, SCCC has, in 2015, initiated the “Panya Arsa” or “Volunteer Intelligence” scheme to invite students from the Faculty of Architecture at Chulalongkorn University to join in efforts to provide more educational opportunities to the youth in this remote area. Over the past six years, this project has helped more than 50,000 young citizens gain access to more education.

#### **2. INSEE Green Community:**

SCCC Group Company has resolved to grow in a way that follows the principles of sustainable development, to the benefit of local communities, society and the

environment. For example, we have initiated the Green Community Project, which has been implemented for three years (2014-2016). Through a collaboration with the Chaipattana Foundation, the Huai Hongkhrai Royal Development Study Center in Chiang Mai Province, the Faculty of Architecture at Chiang Mai University, and the Chiang Mai Provincial Center for Skill Development, this project promotes the concept of an environmental-friendly community and the creation of a community-level learning center where knowledge can be shared with other members of other communities.

Project activities are organized and approved by members of the community itself, according to three areas: 1. Farming and livestock 2. Construction and vocational training to add value to local products, and 3. Environmental and energy conservation and rehabilitation. Proof of the project's success can be found in Ta Papao Village in Tambon Ta Papao, Mae Tha District, Lamphun Province where villagers have become self-sufficient and have created their own network to encourage others to learn more about sustainable development. They have also passed on their knowledge to neighboring communities. So far, the villagers of Ta Papao have attended training sessions, and received and exchanged information.

They have become more knowledgeable about sustainability and capable of problem solving and applying their knowledge into action in the name of sustainable development.

At present, SCCC Group Company has implemented the Green Community Project in two villages: Ta Papao Village in Tambon Ta Papao, Mae Tha District, Lamphun Province, and Ban Mai Nam Yen Village in Tambon Doi Lan, Mueang District, Chiang Rai Province

### **3. INSEE Artificial Reef:**

As a main activity of SCCC's SD Roadmap, Zero Waste to Landfill, and a CSR concept, CSV (Creating Shared Value), SCCC in conjunction with the Department of Marine and Coastal Resources (DMCR) studied the destruction of marine resources, especially the reef and initiated the artificial reef production by the returned concrete from customers. The artificial reef under "INSEE Artificial Reef Project" will be

made in shapes as mandated by DMCR in many restoration areas. This project is essential part of the restoration which will support fish and animal and promote coastal fishing. The artificial reef will be delivered in year 2016.

#### **4. Farm Aid with Insee Cement Sand Pond Water**

The year of 2015 was the year in which Thailand faced the most violent drought problems in the past decade. A multitude of farming and agricultural areas were damaged by water shortage. Farmers in several districts of Ayutthaya and Ang Thong provinces faced the problems as well. With SCCC Group Company's corporate social responsibility and commitment to creating a bond with the communities, community leaders and concerned government agencies were coordinated to provide urgent aid by pumping water from the sand ponds to help the farmers and using heavy machines to open water transmission channels for water flows into their rice farms and distributing sand for them to build dykes to redirect water to their own farmers. This water aid by SCCC Group Company saved over 236 families of farmers, accounting for 5,000 rai of aided areas. ***"We will live and grow together with sustainability"*** is not just a fancy expression about our commitment towards the communities; we transferred it into reality, and have made it in all production units of SCCC Group Company wherever we are.

#### **CSR After process for Local Communities**

In 2015, SCCC continuously carried out CSR after process projects and activities for and with our communities both surrounding our plants in Kangkoi District of Saraburi Province as well as for other general public. 'Community Participation and Development' is the core policy and implementing principle that we follow in our community development process. The CSR-DIW Continuous Award 2015 which SCCC received from the Ministry of Industry's Department of Industrial Works has proved our successes in CSR direction. Some key projects implemented in 2015 were;

1. **INSEE Green Village**; in 2011, this project was initiated and first implemented at Moo 1 in Tabkwang Sub-district of Kaengkoy District, Saraburi, through community consultation and need assessment. The project expanded to other nearby villages namely Moo 2, 3, 5, 6 and 10 under different contexts and highlights. The activities included green knowledge transfer, tree planting, community water system, waste management and garbage bank. Young people have involved more in their community development.
2. **INSEE Youth Camp**; the project was started in 2013 when SCCC opened opportunity for children and young people aged between 13 – 20 years old to

get together. These young people learnt and brainstormed about how they wanted to see their communities developed and what roles (as young people) they could play.

3. **The SCCC Community Development and Environment Fund;** this Fund was established and implemented in the form of tri-party committee, where community committee members are elected to manage the fund for their own needs on general community environment and development projects. Poon INSEE contributes financial support annually, the use of which is through the community consensus on development projects. The other two parts of committees come from Poon INSEE and local government.
4. **Community Advisor Panel (CAP)** – SCCC set up CAP which consists of leaders from local authorities, sub-district and village heads, experts from community development, education and public health agencies. This group of people will act as advisors for community development. The CAP will provide advices, give directions, and mobilize resources for community development in this sub-district. They meet every four months to discuss issues related to community development and to review the progress.
5. **INSEE Asa** (employees' voluntary projects) gives SCCC's employees to create and implement community projects, mostly related to infrastructure such as check-dam construction, bus stop renovation, community road repair and improving infrastructure and school facilities.

### **Stakeholders and ways to foster lasting relationship**

SCCC is well aware that the key to success in doing sustainable business is the create value for all stakeholders. Therefore, the Company has set “value creation for stakeholders” as our business goals as we believe that understanding and good relationship with all stakeholders would create major benefits as follow:

- Serves as a solid foundation for a strong business operation
- Allows the business to set effective policies and appropriate work plans
- Uses the suggestions and recommendations of stakeholders to support new innovations and solve certain problems
- Promotes good image for the business and supports our license to operate

We have identified all major stakeholders and analyzed their expectations through our dedicated communication channels which has allowed us to access the stakeholders' opinions as well as encouraging their involvement policy planning and major projects in order to add more value to all stakeholders and to create lasting relationship, as follow:

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationships
Customers	Responds to every need to be a part of the customers' success	<ul style="list-style-type: none"> <li>• Constantly surveys customers' opinions</li> <li>• Arranges regular small meetings and customers' visits</li> <li>• Develops communication channels, promotes on-line transactions for increased speed, convenience and effectiveness</li> <li>• Develop more value added products and services for customers and public</li> </ul>
Employees	Takes care of the employees' safety and work environment, promote good livelihood and create opportunities to develop and advance in the work place	<ul style="list-style-type: none"> <li>• Develops leadership capabilities in supervisors to be more attentive to subordinates</li> <li>• Promotes engagement and two-way communications</li> <li>• Develops environment and safety culture in the workplace</li> <li>• Regularly surveys the employees' opinions</li> </ul>
Communities	Implements CSR-in-process by preventing or minimizing operational impact on the communities including creating projects to continuously support the communities' sustainable development – the so-called CSR-after-process	<ul style="list-style-type: none"> <li>• Regularly surveys the communities' opinions</li> <li>• Develops communication channels, both official and unofficial</li> <li>• Arranges factory visits for community leaders and the public</li> <li>• Promote the community's engagement in various projects and manage major projects in accordance to the Social Engagement Scorecard</li> <li>• Creates the Fund for community development and environment, as well as the advisory panel in relations to community relations</li> </ul>

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationships
--------------------	-----------	---

Goods & service suppliers	Promotes good cooperation and mutual support to create business opportunities and mutual growth	<ul style="list-style-type: none"> <li>• Announces and implements the Suppliers Code of Conduct</li> <li>• Announces and implements the Sustainable Procurement Policy &amp; Guidelines</li> <li>• Arranges meetings to promote good communications and training programs on various topics</li> <li>• Promotes the creation and activities of the INSEE Green Heart Logistics Club</li> </ul>
Shareholders	Carries out business operation with good corporate governance while building sustainable progress for the organization	<ul style="list-style-type: none"> <li>• Organizes the Annual Shareholders Meeting</li> <li>• Regularly communicates and arranges field visits and participations in CSR and environmental projects</li> </ul>
Government agencies & independent organizations	Strictly adhering to the laws and provide good cooperation with the government sector and to seek out opportunities to for joint activities and projects which are beneficial to the society and nation	<ul style="list-style-type: none"> <li>• Studies legal implications and controls all aspects of the business to ensure legal compliance</li> <li>• Participates in meetings, seminars and forums with government agencies, as well as supports official exhibitions and seminars</li> <li>• Supports and participates in projects for society and nation as organized by the government sector and organizations such as the Chai Pattana Foundation</li> </ul>
Media	To promote good understanding of the Company's operations among the media, including policies and major projects so that the media would be able to communicate them more accurately and properly to our stakeholders and the general public	<ul style="list-style-type: none"> <li>• Regularly supports the media with information, operational facts and figures, and progress of major projects</li> <li>• Regularly arranges opportunities for the media to meet the senior management, visit factory and participate in CSR activities</li> </ul>

*“Effective communications and the promotion of participation by stakeholders is an important foundation of business operation, for mutual support in creating added value to all stakeholders, society and the nation.”*





### **Anti-Bribery and Anti-Corruption**

The Anti-Bribery and Anti-Corruption Directive has been implemented and enforced in our Company. As a Company policy, SCCC takes a zero-tolerance approach to bribery and corruption, so all directors and employees must observe the policy at all times. To encounter bribery effectively, the provision at responsibilities and guidelines in concerned issues or suspicion of malpractices are periodically communicated to all employees.

“The Company has promulgated of the Anti-Bribery and Anti-Corruption Policy since 2012 and instilled the organizational culture with our ideal adherence against the bribery and corruption. Thus, all directors and employees have a duty to observe the policy.

To reinforce on instil the policy; regular communications are conducted through trainings and online media. Besides, the regulations on Anti-Bribery and Anti-Corruption are also included as part of the induction program for all new hires. Furthermore, SCCC’s zero-tolerance approach to bribery and corruption is also shared with our business partners

including suppliers, contractors, vendors and other business counterparts since the initial engagement.

The Company also sets out the guidance for keeping financial records, and having appropriate internal controls in place. No accounts must be kept “off-book” to facilitate or conceal improper payments. Accounting and reporting functions of the respective Company are responsible to strictly verify the evidence demonstrating a proper business reason prior to making payment to any third parties. Internal audit functions are assigned for establishing regular internal audits to provide assurance that the systems are effective in encountering bribery and corruption as well.

Moreover, SCCC coordinates closely with Business Risk Management functions on annual basis to consider the fraud risk management process and any actual or potential bribery or other corruption offences that potentially have taken place already or in the future. All concerned issues will definitely be reported for the management to determine further actions.

In 2015, the Company joined the declaration of Collection Action Coalition under the Private Sector Collection Action Coalition Council under the lead of Thai Institute of Directors. The Company is determined to develop the internal management to be even more effective and concrete to serve the accreditation procedures as possessing the membership of such project. This reflects our visions in driving the business along with our adherence to anti-corruption.

As this policy is enforced with the effectiveness conforming our intent; thus, the Board of Directors approved the Anti-Bribery and Anti-Corruption Policy under the framework of Company’s Code of Business Conduct, which was approved from the Governance, Risk and Compliance Committee on 28 July 2015. The objectives and practical guidelines are clearly specified that we are committed to be a Good Corporate Citizen adhering to rules and regulations and applying such regulations with all employees, executives and directors of SCCC of all levels and positions, as well as any person who shall act as the representatives or carry out the business on behalf of the Company.

“The Company emphasizes on the Anti-Bribery and Anti-Corruption. It could be seen that the Board of Directors gives order to our executives to review the guidelines on an annual basis. This is for improvement to fit with the current situation and it must be further proposed for approval.”

In adopting the policy for the strict implementation, the Company provides communications and public relations on the self-practice regarding the principles of the Code of Business Conduct and the Anti-Bribery and Anti-Corruption Policy on a regular basis through trainings and online media. In this regard, the regulations on Anti-Bribery and Anti-Corruption are also incorporated as part of the induction program for all new employees. Likewise, such regulations are also shared with our suppliers, contractors, and vendors since the initial engagement. The Company prepares the INSEE Code of Conduct for Suppliers for all new vendors to sign as commitment and adherence that they shall not offer or provide any benefits in exchange for their benefits of business.

Besides, the Company also sets out the guidance for keeping financial records, and having appropriate internal controls in place. No accounts must be kept “off-book” to facilitate or conceal improper payments. Accounting and reporting functions of the respective company are responsible to strictly verify the evidence demonstrating a proper business reason prior to making payment to any third parties. Internal audit functions are assigned for establishing regular internal audits to provide assurance that the systems are effective in encountering bribery and corruption as well.

Moreover, SCCC coordinates closely with Business Risk Management functions on annual basis to consider in relation to fraud risk management processes and any actual or potential bribery or other corruption offences that potentially have taken place already or in the future. All concerned issues will definitely be reported for the management to determine further actions. Any acts of fraud or corruption are deemed as violation of Working Rules and Regulations of the Company. If it should be found, such employee shall be liable for disciplinary charges and criminal punishments in case where such actions are in violation of the laws. (Details of the Anti-Bribery and Anti-Corruption Policy can be viewed by visiting the Company website: <http://www.siamcitycement.com>).

## **11. Internal Control and Risk Management**

Siam City Cement Public Company Limited provides proper and adequate internal control system in order to manage the Company's business operations to be in accordance with objectives and goals, related laws and regulations. The internal control systems are designed to sustain efficiency and mitigate operational risks assuring corruption prevention. Measures adopted in internal control by the Company include fair and transparent procurement practices and prescribed methods of supplier selection.

The Board of Directors has conducted assessments on the internal control through the Audit Committee. The Audit Committee Report acknowledges 5 key elements of the Company's internal control system as follows:

### **1. Organizational Internal Control**

In process of carrying out the business activities, the duty delegation is applied for internal balance and examination within organizational units. Authority and function scopes are clearly determined and no single person or unit shall possess the absolute authority in approving its own proposals. The Committee is established with employees from various units to jointly consider the procurement of high value, or in signing the agreement that shall bind the Company. Particularly, the Legal Department must verify on the correctness of the procurement and propose to the authorized signatory.

### **2. Risk Assessment**

In risk assessment, the process of brainstorming and information exchange is conducted for discussion between working units, in order to assess the risks in terms of corporate/business. On various occasions, working units having no interest on the topics are invited to give comments without prejudice for the complete and integral risk assessment.

### **3. Operational Control**

The Management assigns units or businesses to produce reports regarding the overall operational control in the format of dashboard on a monthly basis. The underlying topic is the financial performance, which the Management requires a report and discussion session once in every two weeks. For factory operation performance or production, reports and discussion sessions are regularly submitted and held in small groups; hence, the review of such is conducted in larger group of all factory units on a monthly basis.

#### **4. Monitoring System**

For example, the expenses in the investment projects are under the Controller unit providing close supervision and monitoring from the commencement of contract, and the disbursement for project operation. Besides, the audit is conducted toward the project effectiveness whether it has accomplished with the objectives set forth in each aspect or not.

#### **5. IT System and Communication,**

In 2015, the Company invested in the most recent data processing system for the entire system to serve as the proper and complete data storage. This enables the data processing and reporting to be all-time updated, and allows users to access the information any place and anytime under the proper security systems. It enables business plans and decisions made in a swift manner. As a consequence, the Company possesses the competitive advantage as well as the readiness in operating business in the digital platform, and earns a solid foundation for further development in long run.

In the opinion of the Board of Directors, the Company internal control systems are proper and adequate. The Company has provided sufficient personnel to efficiently carry out controlling activities in accordance with the system. In addition, the Company establishes internal control systems to monitor the conduct of the subsidiaries' business operations. Further, the assets of the Company and its subsidiaries are safeguarded from being used through abusive self-dealing or without the authority by a director or an executive including review of conflict of interest with connected persons.

The Audit Committee appointed Mrs. Chadaporn Thitisawat to be the Head of Internal Audit of the Company and Secretary to the Audit Committee since 16 January 2010 as she is experienced in internal audit works and well-versed in the operations of the Company and therefore; considered to be suitable to perform such duties. A consideration and an approval for the appointment, removal or transfer of the Head of Internal Audit of the Company must be approved or assented by the Audit Committee.

Duties and responsibilities of the Head of Internal Audit are as follows:

- To develop the Annual Audit Plan, which shall be flexible and suitable to the risk level as the determinant which includes any risks or important operational issues as prescribed by the Management or in the Business Planning and Risk Management (BPRM) or others. The Audit Plan is periodically revised and

forwarded to the Audit Committee for reviewing and submission to the Board of Directors for approval;

- To coordinate the work with the external auditor, other internal organizations and controlling function for the purpose of the audit efficiency and optimizing expenses;
- To carry out actions in accordance with the approved Annual Audit Plan including works specially assigned or project upon request by the Management and the Audit Committee;
- In each Internal Audit Project, a Report is issued giving the Observations and Recommendations on the operations for submission to the Executive Committee and Audit Committee and that a periodic report summarizing the result of the auditing activities shall be made for submission to the Executive Committee and the Audit Committee, as well;
- To review and check the operations in accordance with the Plan agreed upon and provide assistance to the Management that proper remedial actions are taken; and
- To maintain professional auditors who have adequate knowledge, skills and experiences and have been recognized as competent to attain the requirements set forth under the Charter of the Internal Audit.

The Company has assigned Mr. Wutthipong Songwisit to be the Head of Legal & Compliance to perform duty of overseeing the Company's business operations conducted in accordance with the laws, rules, regulations, policy of the working units including the Code of Business Conduct of the Company and, in 2015 was appointed as the Secretary of Governance Risk and Compliance Committee, taking the vital role in the implementation of a governance structure for SCCC Group Company.

Details of the Company's Head of Internal Audit and Head of Compliance are in Attachment 3.

## Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company. They also include companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, and key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarized below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

Company	Type of Transaction	Amount (Unit : Million Baht)							Transfer Pricing Policy	Rational and necessity	
		SCCC	Siam City Concrete	Conwood	Siam City Power	Energy and Environmental Services	INSEE Superblock	INSEE Digital			
1. Transaction with associate which SCCC held 44.99% of Lanna Resources Plc. Ltd. and had related directors, namely, Mr. Paul Heinz Hugentobler, Mr. Vanchai Tosomboon and Mr. Vorathep Rangchaikul.											
Lanna Resources Plc. Ltd.	Purchases of goods	1,581	-	-	-	-	-	-	Market price for the same industrial sector	The transactions were considered under ordinary course of business with general commercial terms and basis by the authorities of each party who are independent of each other.	
	Dividend income	177	-	-	-	-	-	-	At the declared rate	The transactions were considered under normal course of business.	
2. Transaction with associate which SCCC held directly 4.72% of Thai Agro Energy Plc. Ltd. and indirectly 22.95% through Lanna Resources Plc. Ltd.											
Thai Agro Energy Plc. Ltd.	Dividend income	7	-	-	-	-	-	-	At the declared rate	The transactions were considered under normal course of business.	

Company	Type of Transaction	Amount (Unit : Million Baht)							Transfer Pricing Policy	Rational and necessity
		SCCC	Siam City Concrete	Conwood	Siam City Power	Energy and Environmental Services	INSEE Superblock	INSEE Digital		
3. Transaction with joint venture which SCCC invested 40% of shares of Chip Mong Insee Cement Co., Ltd.										
Chip Mong Insee Cement Co., Ltd.	Other income	99	-	-	-	-	-	-	Trade agreements in the same manner that a responsible person would dealt with in the same manner as general	The transactions were considered under normal course of business.
4. Transaction with other companies that related by common shareholders which is Ratanarak Group										
Bank of Ayudhya Plc. Ltd.	Interest income	3	2	0.05	0.5	0.05	0.02	0.1	Market interest rate.	The transactions were considered under normal course of business.
	Interest expenses	0.2	-	34	-	-	13	-		
HR Professional Consltng and Service Co., Ltd.	Service fee	138	39	-	0.3	1	8	1	Trade agreements in the same manner that a responsible person would dealt with in the same manner as general	The transactions were considered under normal course of business.



**Criteria for having related party transactions**

Where it is necessary for the Company to have a transaction with a related party, the Company will consider business necessity and arm's length principle as main criteria for decision-making. For example, product selling and purchasing is based on market price. A mark-up is included in the cost of a service fee for services rendered. All of these are to ensure economic benefits are reasonably shared within the Companies.

**Sound approval mechanism and procedure**

The Company has complied with the rules of the Stock Exchange of Thailand regarding information disclosure and practices for listed companies in connected transactions. The Audit Committee has also reviewed the connected transactions of the Company.