

## PART 2

### Management and Corporate Governance

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

##### 7.1 Securities issued by the Company

- (1) The Company registration capital is 2,980 million Baht, with paid-up of 2,980 million Baht of 298 million ordinary shares, and with par value of 10 Baht per share, be listed in The Stock Exchange of Thailand.
- (2) The other type of share which is different from the ordinary share's right
- None-

##### 7.2 Shareholders

- (1) Major Shareholders as of 22 August 2017<sup>1</sup> are the following:

Rank	Major Shareholders	Shares	% Shares <sup>2</sup>
1	Sunrise Equity Company Limited <sup>3</sup>	105,587,726	35.43
2	JARDINE CYCLE & CARRIAGE LIMITED <sup>3</sup>	76,107,368	25.54
3	Bangkok Broadcasting and Television Company (BBTV) <sup>3</sup>	28,091,034	9.43
4	Thai NDVR Co., Ltd. <sup>4</sup>	7,877,717	2.64
5	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	4,690,600	2.04
6	NORTRUST NOMINEES LTD-CL AC	4,414,712	1.48
7	Vayupak Mutual Fund by MFC Asset Management Public Company Limited	3,010,399	1.01
8	Vayupak Mutual Fund by Krungthai Asset Management Public Company Limited	3,010,399	1.01
9	Mrs. Sasithorn Ratanarak	2,734,639	0.92
10	CHASE NOMINEES LIMITED	2,665,013	0.89
11	STATE STREET BANK EUROPE LIMITED	2,554,756	0.86
12	HSBC (SINGAPORE) NOMINEES PTE LTD	1,907,864	0.64
13	Ms. Pilanuch Ratanarak	1,865,404	0.63
14	THE BANK OF NEW YORK MELLON	1,834,497	0.62
15	Bua Luang Long-term Equity Fund	1,672,200	0.56
16	Aberdeen Long-term Equity Fund	1,562,695	0.52
17	Ms. Sudthida Ratanarak	1,500,000	0.50

## (2) Proportion of Shareholding

No.	Shareholders list	Number of Shares Held	Percentage (%) <sup>2</sup>
1.	Ratanarak Group	143,997,887	48.32
2.	JARDINE Group Company	76,107,368	25.54
3.	Others	77,894,745	26.14
	Total	298,000,000	100.00

## Remark:

1. The record date was scheduled on 21 August 2017 to identify the Shareholders entitled to interim dividend, and the Shareholders register closing date was scheduled on 22 August 2017. 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 298 million shares, 10 Baht per share. Foreign Limit is scheduled at 49% (at 22 August 2017, foreign shareholders portion is 34.89%)
3. The majority of shareholders who are a group whose movement has a marked influence on the establishment of corporate policy and strategy.
4. Thai NVDR Co., Ltd. is the lawful shareholder of authorized shares, holding Non-Voting Depository Receipt (NDVR). Thai NVDR Co., Ltd. is not entitled to vote as the shareholder, except the case where the meeting is called for revoking securities from being the listed company in the stock exchange. 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:

	Set 1	Set 2	Set 3	Set 4
<b>Type of security</b>	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
<b>Term to maturity</b>	4 years	7 years	8 years	10 years
<b>Value of debentures</b>	4,000 million Baht	2,000 million Baht	2,000 million Baht	2,000 million Baht
<b>Number of debentures</b>	4 million units	2 million units	2 million units	2 million units
<b>Par value per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Offering price per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Issuing date</b>	14 June 2013	14 June 2013	29 April 2016	29 April 2016
<b>Maturity date</b>	14 June 2017	14 June 2020	29 April 2024	29 April 2026
<b>Coupon date</b>	3.79 percent per annum	4.30 percent per annum	2.46 percent per annum	2.70 percent per annum
<b>Credit rating</b>	A	A	A	A

	Set 5	Set 6	Set 7	Set 8
<b>Type of security</b>	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate	Unsubordinated, unsecured, and no discount debentures with a name-registered debentures certificate
<b>Term to maturity</b>	3 years	7 years	10 years	12 years
<b>Value of debentures</b>	1,000 million Baht	2,500 million Baht	5,000 million Baht	4,500 million Baht
<b>Number of debentures</b>	1 million units	2.5 million units	5 million units	4.5 million units
<b>Par value per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Offering price per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht	1,000 Baht
<b>Issuing date</b>	9 May 2017	9 May 2017	9 May 2017	9 May 2017
<b>Maturity date</b>	9 May 2020	9 May 2024	9 May 2027	9 May 2029
<b>Coupon date</b>	2.49 percent per annum	3.65 percent per annum	4.08 percent per annum	4.26 percent per annum
<b>Credit rating</b>	A	A	A	A

- **Equity Securities:**

Authorized shares: 298 million ordinary shares with the par value of 10 Baht per share.

Issued shares: 298 million ordinary shares.

Issued and outstanding shares: 298 million ordinary shares.

- **Derivatives:**

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 17<sup>th</sup> Annual General Meeting of Shareholders, on 9 April 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 2015-2017, Siam City Cement allocated dividends as follows:

**For fiscal year 2017, total dividend is 10 Baht per share**

- The Board of Directors approved payment of interim dividend on 2 August 2017 of 6 Baht per share.
- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2017 on 30 March 2018 for 4 Baht per share.
- Dividend payout 2,980 million Baht, 151.7 percent

**For fiscal year 2016, total dividend is 15 Baht per share**

- The Board of Directors approved payment of interim dividend on 22 July 2016 of 8 Baht per share.
- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2016 on 31 March 2017 for 7 Baht per share.
- Dividend payout 3,450 million Baht, 91.9 percent

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

- The Board of Directors approved payment of interim dividend on 28 July 2015 of 8 Baht per share.
- The Shareholders approved payment of dividend for the second half of 2015 on 7 April 2016 for 7 Baht per share.
- Dividend payout 3,450 million Baht, 78.0 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 its 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.

In each case, the subsidiary company must allocate not less than one-twentieth of its net profits as reserves until the total amount allocated is equal to or more than one-tenth of the company's capital.

## 8. Management Structure

### 8.1 Board of Directors

#### Structure of the Board of Directors

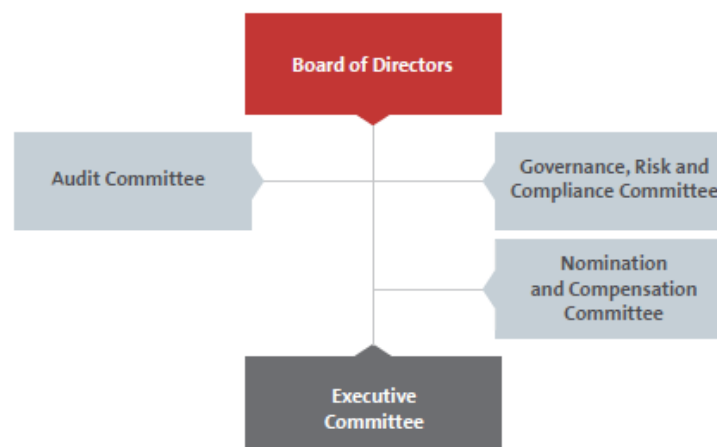
As of 31 December 2017, the Management structure of Siam City Cement Public Company Limited (“**SCCC**”) consists of the Board of Directors and 3 Committees, appointed by the Board of Directors. Said 3 Committees are the Audit Committee, the Governance, Risk and Compliance Committee, and the Nomination and Compensation Committee.

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

As of 31 December 2017, the Company’s Board of Directors consists of 12 members, including:

- 11 non-executive directors;
  - 4 directors being independent directors representing 33% of the Board of Directors;
  - 3 independent directors being members of the Audit Committee;
  - 4 directors being members of the Governance, Risk and Compliance Committee;
  - 5 directors being members of the Nomination and Compensation Committee; and
- 1 executive director, i.e. the Chief Executive Officer
- Names and 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. Siva Mahasandana, 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. Paul Heinz Hugentobler	Chairman
2. Mr. Chachchon Ratanarak	Director
3. Mr. Vanchai Tosomboon	Director
4. Ms. Nopporn Tirawattanagool	Director
5. Mr. Pongpinit Tejagupta	Director
6. Mr. David Alexander Newbigging	Director
7. Mr. Teng Wei Ann Adrian	Director
8. Dr.h.c. Harald Link	Independent Director
9. Dr. Sunee Sornchaitanasuk	Independent Director
10. Mr. Pradap Pibulsonggram	Independent Director
11. Mr. Charin Satchayan	Independent Director

### Executive Director

12. Mr. Siva Mahasandana	Director & CEO
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(Company Secretary is Mr. Wutthipong Songwisit, Head of Legal)

## Board Committees

### Audit Committee (AC)

1. Dr. Sunee Sornchaitanasuk	Chairperson
2. Mr. Pradap Pibulsonggram	Member
3. Mr. Charin Satchayan	Member

(Secretary of AC is Ms. Chadaporn Thitisawat, Head of Internal Audit)

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

1. Mr. Pongpinit Tejagupta	Chairman
2. Mr. Charin Satchayan	Member
3. Ms. Nopporn Tirawattanagool	Member
4. Mr. Vanchai Tosomboon	Member

(Secretary of GRCC is Mr. Prasert Kasikigskulpol, Head of Compliance & Group OH&S)

### Nomination and Compensation Committee (NCC)

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

(Secretary of NCC is Ms. Anuttara Panpothong, Senior Vice President – People & Organizational Performance)

### Total attendances of Board Meetings and Committee Meetings in 2017

Director/Executive Officers	Total Attendances/Total Meetings				Remarks
	Board Meeting	Audit Committee Meeting	Governance, Risk and Compliance Committee	Nomination and Compensation Committee	
Non-Executive Directors					
Mr. Veraphan Teepsuwan <sup>*/1</sup>	2/2	-	-	-	-
Mr. Paul Heinz Hugentobler	7/8	-	2/2	5/5	-
Mr. Chachchon Ratanarak	7/8	-	-	-	-
Mr. Vanchai Tosomboon	8/8	-	5/5	5/5	-
Ms. Nopporn Tirawattanagool	8/8	-	5/5	5/5	-
Mr. Pongpinit Tejagupta	8/8	-	5/5	-	-
Mr. David Alexander Newbigging	5/8	-	-	4/5	-
Mr. Teng Wei Ann Adrian <sup>*/2</sup>	4/5	-			-
Dr.h.c. Harald Link	5/8	-	-	4/5	-
Dr. Sunee Sornchaitanasuk	8/8	15/15	-	-	-
Mr. Pradap Pibulsonggram	7/8	15/15	-	-	-
Mr. Charin Satchayan	8/8	15/15	3/3	-	-
Executive Director					
Mr. Siva Mahasandana	8/8	-	-	-	-

\* Tenure of directorship is less than one full year

#### Remarks

1. Mr. Veeraphan Teepsuwan completed his term at AGM No. 24 on 31 March 2017 and submitted his intention not to be re-elected for another term.
2. Mr. Teng Wei Ann Adrian was appointed as a Director in replacement of Mr. Veeraphan Teepsuwan at AGM No. 24 on 31 March 2017.



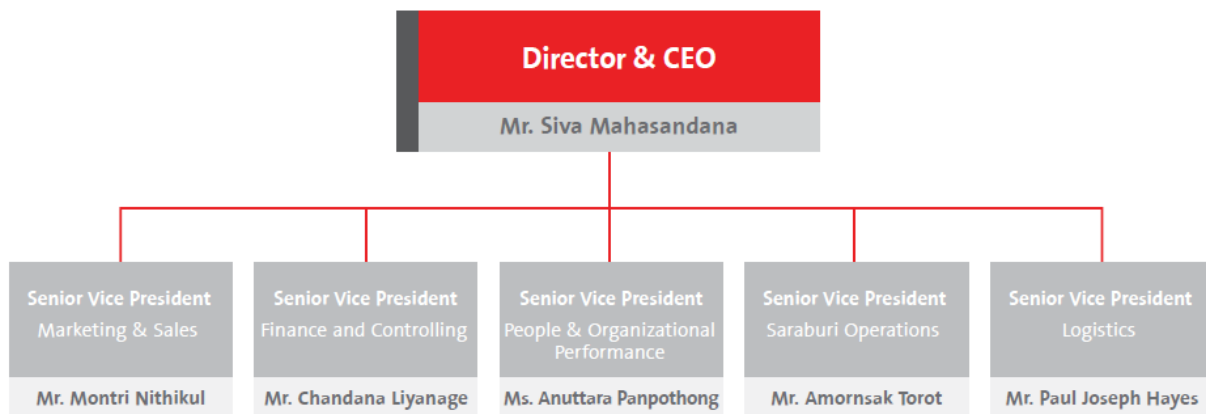
## 8.2 Executive Committee

As of 31 December 2017, there have been 6 members on the Executive Committee, as follows:

### Executive Committee

- |                            |   |
|----------------------------|---|
| 1. Mr. Siva Mahasandana    | Director & CEO  |
| 2. Mr. Montri Nithikul     | Senior Vice President (Marketing & Sales)   |
| 3. Mr. Chandana Liyanage   | Senior Vice President (Finance and Controlling)   |
| 4. Ms. Anuttara Panpothong | Senior Vice President (People & Organizational Performance)<br>(Appointed on 1 November 2017) |
| 5. Mr. Amornsak Torot      | Senior Vice President (Saraburi Operations)<br>(Appointed on 1 July 2017)                     |
| 6. Mr. Paul Joseph Hayes   | Senior Vice President (Logistics)   |

### Executive Committee structure



### Total Attendances at the Executive Committee Meetings in 2017

Executive Committee	Position	Total Attendances/ Total Meetings
1. Mr. Siva Mahasandana	Director & CEO	21/22
2. Mr. Montri Nithikul	Senior Vice President - Marketing & Sales	21/22
3. Mr. Chandana Liyanage	Senior Vice President - Finance and Controlling	21/22
4. Ms. Anuttara Panpothong	Senior Vice President - People & Organizational Performance	3/3
5. Mr. Amornsak Torot	Senior Vice President - Saraburi Operations	22/22
6. Mr. Paul Joseph Hayes	Senior Vice President - Logistics	21/22

(Secretary of Executive Committee is Mr. Sorawut Phansuwannakee, BRM, Strategic Planning Manager)

### 8.3 Company Secretary

The Board of Directors' Meeting has appointed Mr. Wutthipong Songwisit, Head of Legal, Legal & Corporate Affairs Department, to serve as the Company Secretary to perform duties as defined in the Securities and Exchange Act (No. 4) B. E. 2551 with responsibility, deliberation and integrity, and in compliance with the laws and regulations, the Company's objectives, Articles of Associations, resolutions of the Board of Directors' Meeting as well as resolutions of Shareholders' Meeting.

In addition, the Company Secretary has the duty in providing legal advice and related rules and good practices to the Board in monitoring its controls over the carrying out of activities to be in accordance with the laws; making arrangements of the Board of Directors' Meeting and the Shareholders' Meeting; coordinating with other departments within the Company to ensure the compliance with the resolutions of the Board of Directors and the Shareholders; coordinating with regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand; monitoring controls over the disclosure and reporting of information to the regulatory agencies and the public properly and fully in accordance with the law as well as conducting new director orientations and performing other duties as assigned by the Board of Directors.

Details of the Company Secretary and related training record are as appearing in Attachment 1.

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

In determining the remuneration of the Board of Directors of the Company and the subcommittees, the Nomination and Compensation Committee ("NCC") will take into account various factors, including, among others, the Company's business and performance, the market and industry norms, the current economic situation and the duties and responsibilities of the Board of Directors and the subcommittees. The NCC will consider the remuneration of directors and propose to the Board of Directors' and shareholders' meetings for consideration and approval on an annual basis.

The payments of remunerations to Board members are made in accordance with the new Principle of Company Board of Directors Remuneration Payment approved 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 where the payments of which shall be made in accordance with the following principles from the date of the approval until the Shareholders' meeting has resolved otherwise.

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

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

The provisions of the foregoing paragraphs shall not deprive of the right of any officers or employees of the Company who are elected and appointed Directors in receiving remunerations and benefits paid to Directors.”

The aforementioned directors’ fees consisted of:

1. Retainer Fee Director received monthly retainer fee of 100,000 baht each. The Chairman and the Vice Chairman of the Board received monthly retainer fee of 200,000 baht and 150,000 baht, respectively.
2. Remuneration for Board’s Committee
  - (1) Audit Committee The Chairman of Audit Committee received monthly retainer fee of 100,000 baht. Member received monthly retainer fee of 70,000 baht each.
  - (2) Governance, Risk, and Compliance Committee The Chairman of GRCC received monthly retainer fee of 80,000 baht. Member received monthly retainer fee of 60,000 baht each.
  - (3) Nomination and Compensation Committee The Chairman of NCC received monthly retainer fee of 80,000 baht. Member received monthly retainer fee of 60,000 baht each.

## Remuneration in Cash for the Board Members for 2017

List of Directors		Total of Monthly Director Fee Paid in 2017				Bonus for 2016 Paid in 2017 (Baht)	Total Amount Paid in 2017 (Baht)
		Board of Directors (Baht)	Audit Committee (Baht)	Governance, Risk & Compliance Committee (Baht)	Nomination & Compensation Committee (Baht)		
Non-Executive Directors							
1	Mr. Veraphan Teepsuwan <sup>*1</sup>	600,000	-	-	-	610,500	1,210,500
2	Mr. Paul Heinz Hugentobler <sup>2</sup>	2,251,667	-	260,000	960,000	500,500	3,972,167
3	Mr. Chachchon Ratanarak	1,200,000	-	-	-	407,000	1,607,000
4	Mr. Vanchai Tosomboon	1,200,000	-	720,000	720,000	407,000	3,047,000
5	Ms. Nopporn Tirawattanagool	1,200,000	-	720,000	720,000	407,000	3,047,000
6	Mr. Pongpinit Tejagupta	1,200,000	-	960,000	-	423,500	2,583,500
7	Mr. David Alexander Newbigging	1,200,000	-	-	720,000	407,000	2,327,000
8	*Mr. Teng Wei Ann Adrian <sup>3</sup>	903,333	-	-	-	-	903,333
Independent Directors							
9	Dr.h.c. Harald Link	1,200,000	-	-	720,000	407,000	2,327,000
10	Dr. Sunee Sornchaitanasuk	1,200,000	1,200,000	-	-	407,000	2,807,000
11	Mr. Pradap Pibulsonggram	1,200,000	840,000	-	-	418,000	2,458,000
12	Mr. Charin Satchayan <sup>4</sup>	1,200,000	840,000	462,000	-	305,000	2,807,000
Executive Director							
13	Mr. Siva Mahasandana	1,200,000	-	-	-	305,000	1,505,000
	Total					5,004,500	30,601,500

\* Tenure of directorship is less than one full year

### Remarks

1. Mr. Veeraphan Teepsuwan completed his term at AGM No. 24 on 31 March 2017 and submitted his intention not to be re-elected for another term.
2. Mr. Paul Heinz Hugentobler was elected as the Chairman of the Board of Directors on 31 March 2017.
3. Mr. Teng Wei Ann Adrian was appointed as a Director in replacement of Mr. Veeraphan Teepsuwan at AGM No. 24 on 31 March 2017.
4. Mr. Charin Satchayan was appointed as a member of the Governance, Risk and Compliance Committee in replacement of Mr. Paul Heinz Hugentobler, who resigned from the membership, on 11 May 2017.

Remuneration for 7 members of the Company's Executive Committee was Baht 138 million, including salary and bonus paid in 2017.

### Other Remunerations

For Directors: None

For Executives:

- Contributions to Provident Fund of total Baht 4.3 million;
- Contributions to Employee Joint Investment Program (EJIP) for its executives was Baht 5.8 million; and
- Company cars provided for the members of the Executive Committee to use in performing his/her duty.

### 8.5 Personnel

As at the end of 2017, the Company (including its subsidiaries both in country and overseas) accounted for a total 5,902 employees. The total payment of remunerations to employees was at 4,957 million Baht, such as salary, wage and other employee benefits.

Number of employees as at the end of 2017:

Company Group	Number of employees as at the end of <b>2015</b> (persons)	Number of employees as at the end of <b>2016</b> (persons)	Number of employees as at the end of <b>2017</b> (persons)
Production Line	2,575	3,202	3,553
Logistics	433	492	664
Marketing and Sales	456	640	815
Finance and Controlling	166	258	227
Others	360	467	643
<b>Total</b>	<b>3,990</b>	<b>5,059</b>	<b>5,902</b>

Number of employees and employee costs as at the end of 2017:

Company Group	Consolidated financial statements		
	2015	2016	2017
Number of employees as at end of year (persons)	3,990	5,059	5,902
Salary, wage and other employee benefits (Baht)	3,545,950,247.96	4,053,673,347.22	4,956,805,548.76

## People Development Policy

Every member of Siam City Cement Public Company Limited 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, regional business direction and employee career growth. Thus, SCCC aims to develop and improve people management and development to achieve the global standards in leadership, knowledge, capabilities, operational skills, innovation and management, to serve the work at hand and prepare for future career growth. This shall transform our organization to be 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

INSEE Academy under the People & Organizational Performance function is the center of both short and long-term people development strategy of Siam City Cement Group Company which includes Mixed cement, Portland cement, INSEE Mortar, INSEE Concrete, Conwood for architectural decorative materials, INSEE Superblock for light weight concrete block, INSEE Ecocycle for total waste management, and INSEE Digital. These ensures that our employees develop their technical and leadership competencies through various development program and sustain their capability through our learning enabler infrastructures.

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/on-the-job practice (70), on-the-job coaching (20), classroom and self-learning (10), and encouraging continuous learning anywhere and anytime via self-learning and digital learning under the corporate digital learning platform, or Learning Management System where employees can search and select various learning courses such as classroom, workshop, E-learning, on-the-job training and MOOC (Massive Open Online Course) through their personal computer or smart

phones. In addition, SCCC provides Knowledge Management platform for employees to exchange, share and store 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.

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

SCCC puts a 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 resource teams and Line Managers of each function to arrange Senior Management Development Program and Challenging Convention in Action for senior managerial level employees, Advanced Business Leadership Program for middle managerial level employees, Leadership Development Program (LDP) for first/ middle 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, IMD and Sasin. For other required competencies, they are supported by various development programs like Executive Coaching, Operational Performance Improvement (OPI) Coach, Employee Exchange Program (EEP), Assessment Center for Development, Corporate Project Assignments, sharing best practices with leading companies in various industries both domestic and international.

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 Functional Academies providing fundamental and technical development programs with supporting learning environment by internal Subject Matter Experts and external institutes, ensuring that every employee has the right capabilities required to perform their work correctly, efficiently and safely at the expected standard so that every product and service is effectively and efficiently delivered with values to our customers, partners and related parties beyond their expectation.

Not only the business stakeholders, our cares for the community is demonstrated through our knowledge and experience sharing under topics of the business, management, people management, role-modeling, and ethics to the community intellect's and other organizations' leaders across media inside 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.

### Summary Report of People Development

In 2017, SCCC delivered a variety of learning and development interventions to our employees as follows:

1. Leadership and Transitional Development Program 16,461.75 hours;
2. Technical/Functional Development Program 68,154 hours;
3. On-boarding Program 10,389.47 hours;
4. OH&S and Sustainable Development Program 25,397.60 hours; and
5. English Proficiency Development Program 1,785.90 hours.
6. Of which, the development was delivered through Digital Learning 672.28 hours.

Unit: Hours per person per year

Training Hour in classroom per employee per year (Not include coaching and, on-the-job training and on-the-job practice)	2015	2016	2017
Employee and management	49.02	49.51	32.08

Remark: In 2017, our people development focuses more on learning application, coaching, on-the-job training and on-the-job practice among employees. The un-recordable learning hours from these learning interventions resulted in the lower recorded training hour per person per year in 2017.

Unit: Baht

Training and Development Investment	2015	2016	2017
Employee and management average per employee per year	23,165.09	20,350.61	6,558.92
Total Investment *	88,560,129.80	80,303,499.16	23,474,385.06

Remark: During the past few years, INSEE Academy has been building “People Developer” in the role of supervisor as Coach, Functional Academy, INSEE Trainer, Subject Matter Experts and Knowledge Champions. Those foundations yield us the higher people development capability and more learning on-the-job, positively resulted in lower training investment spent on external trainers and experts.

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

\*Excluding PT. Conwood Indonesia, Globe Cement Company Limited, Siam City Cement (Bangladesh) Limited, Siam City Cement (Lanka) Limited and Siam City Cement (Vietnam) Limited



## 9. Corporate Governance

### 9.1 Corporate Governance Policy

Siam City Cement Public Company Limited (“SCCC”) is aware of the importance on the concrete and sustainable compliance with the corporate governance code. 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 focally aims to carry on the corporate governance to strive for the governance outcome on competitiveness and performance with long-term perspective; ethical and responsible business; good corporate citizen and, more importantly, corporate resilience.

In addition, the Company’s Board of Directors has a vital role in creating and driving the organizational culture which, in so doing, the code of ethics is firmly adhered to and that the Board has exemplified itself as a leader in corporate governance the whole time.

The Company’s Board of Directors has mapped out the Corporate Governance Policy depicting principles and guidelines on Corporate Governance, and operational guidelines in writing. In this respect, the Company’s Board of Directors is the initiator and the party taking part in prescribing the policy framework as well as assigning the Governance, Risk and Compliance Committee to review the details of such Policy before being submitted to the Board of Directors for further approval.

The SCCC’s Corporate Governance Policy is adherent to the Corporate Governance Code for Listed Companies 2012 prescribed by Stock Exchange of Thailand (SET), the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD), and international criteria such as the 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 the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) Rules, as well as the Corporate Governance Code for Listed Companies 2017.

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 enhancing the sustainable growth of the Company. The Company’s Board of Directors is well aware of and firmly adhered to the whole time that on the requirement for success in the business operations, the ethics, social and environmental impact must be taken into account as the material substance apart from the financial turnovers.

This Corporate Governance Policy applies to all Board Directors, Executives and employees of the Company as well as its all subsidiaries. It is the indicator to signify the principles and guidelines of the operations in writing to which everyone in the organization has adhered for practice.

Other than the aforementioned Corporate Governance Policy, the Board of Directors, in 2015, approved the revised edition of the Code of Business Conduct 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 current and suitable to the situation and compatible with international standard to ensure that employees of the SCCC Group 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 prescribed Corporate Governance Policy.

Apart from the said Corporate Governance Policy and the Code of Business Conduct, the Board of Directors has approved policies which relate to the Code of Business Conduct as well as Standard Operating Procedure on each matter in order to clearly indicate the 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 internal control and the protections of the whistle blowers' right. For this purpose, the Company has implemented additional channel for lodging complaints and/or giving notifications on the information which is handled by expert outsourced organization with a belief that this channel would be the fundamental guarantee to employees 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; 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.

The Board of Directors has monitored controls to ensure the availability of communications and ensure that all Directors, Executives and employees comprehensively understand and have sufficient mechanism to support their actual implementations in accordance with the policies above.

For keeping the organization modernized and proceeded on with continuous developments, the Board of Directors has prescribed and monitored controls on the considerations, performance follow-ups, reviews of the Corporate Governance Policy and the Code of Business Conduct including the compliance thereof. The same applied to other related policies in which to be carried out along with the requirements on making communications, trainings, and organizing various promotion activities including pertinent actions on the follow-ups and assessments on a regular basis annually. In this connection, the Company has developed the E-Learning Program system in order to continuously enhance learning on these policies to ensure that all persons in the organization have properly and strictly complied with the Corporate Governance Policy and the Code of Business Conduct.

The Board of Directors has monitored controls to ensure the disseminations of Corporate Governance Policy and Code of Business Conduct including related policies through Company's internal communications system for the convenience of Directors, Executives and employees of the Company in accessing into and using them as references as well as disseminating them via the Company's website under the topic of Corporate Governance in order to enable the shareholders, investors and interested persons to easily gain access into them, as well. The Board of Directors shall also ensure that everyone has comprehensively understood with mechanism sufficiency to facilitate their implementations in accordance with said policies.

With regard to strict and regular compliance with the Corporate Governance Policy, in 2017, the Company has consequently received the Awards in accordance with the Corporate Governance Code as follows:

- Assessment result according to the Corporate Governance Report of Thai Listed Companies (CGR) for 2017 surveyed by Thai Institute of Directors (IOD) is rated as Excellent.
- The score of 100 points on the quality assessment for organizing the Shareholders' Annual General Meeting (AGM Checklist) in 2017 by Thai Investors Association.
- Membership Status Certificate from the Private Sector Collective Action Coalition Against Corruption (CAC) on 18 August 2017.

## **9.2 Committees**

The Board of Directors has defined and reviewed the Structures of the Board and the Management to ensure the sufficient and suitable audit and balance with one another on a regular basis in order to strengthen the effectiveness of the Board of Directors. In this connection, the Board of Directors has made a consideration to appoint ad hoc committees to make considerations on the important issue of a specific matter, thoroughly and carefully, in order to screen the information and propose guidelines to the Board of Directors for further approval.

The current Committees Structure comprises of the Board of Directors; the Audit Committee; the Governance, Risk and Compliance Committee; and the Nomination and Compensation Committee; and the Executive Committee.

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

(Details of the scope of the accountabilities of the Board of Directors and each Committee including the meetings are as apparent under Clause 9.7 - Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 for Application - Principle 3, Guidelines 3.2.6 and 3.2.7).

### **9.3 Nomination and Appointment of Directors and Key Executives**

The Board of Directors shall ensure that the nomination and selection process of independent Directors, Directors and key executives is transparent and expressly clear.

For criteria of the nomination of independent Directors, Directors and key executives, please see details as appearing under Clause 9.7 - Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 for Application - Principle 4.

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

The Board of Directors has a regulatory mechanism capable to oversee and monitor controls over the management and to be responsible for operations of the subsidiaries and associated Company in order to secure and maintain the interest both in the investments and businesses of the Company. Because the Company exclusively holds shares in all subsidiaries in Thailand; hence, there is no shareholder's agreement on the management of the subsidiaries as well as the Associated Company (Lanna Resources Public Co., Ltd.,) provided, however, that the optimal interest of the Company Group shall be taken into account as the significant matter.

(Details of the corporate governance for subsidiaries and other businesses in which the Company has invested are as apparent under Clause 9.7 - Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 for Application - Principle 3.6).

### **9.5 Control over Use of Insider Information**

The Board of Directors has established a written policy on the use of insider information and the Insider Trading Policy in order to prevent the insider information from abusive self-dealing for benefit of own self or the other persons which is an act to take an advantage over others such as the trade of securities by using the insider trading information with the prescription of the blackout period of not less than 30 days prior to the financial report disclosure.

Details of the policy and procedures on monitoring controls over Directors and Executives in using the insider information for their own benefits are as appearing under Clause 9.7 - Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 for Application - Principle 6, Guidelines 6.3.1.

## 9.6 Auditor's Fee

In 2017, EY Office Limited received from the Company and its subsidiaries' audit fees of 12,750,788 Baht and non-audit fee of 2,425,450 Baht.

## 9.7 Level of Understanding and the Adoption of Corporate Governance Code for Listed Companies 2017 for Application

In 2017, Office of Securities and Exchange Commission (SEC) announced the Corporate Governance Code for Listed Companies 2017 ("CG Code") to supersede the Corporate Governance Code for Listed Companies 2012 as the Principles on practical implementations for the Board of Directors, the organization's highest leader or responsible body, to adopt for application in monitoring controls over the business for good turnovers in the long-term, reliability for shareholders and people around for the advantage in creating sustainable value to the business accurately in accordance with the expectations of both the business sector and investors as well as the capital market and the society in the overall aspects. Most of the substances have still derived from Corporate Governance Code for Listed Companies 2012. Only the adjustments on the order of sequences and new issues have been made and added to comprehensively cover the changing concepts or factors, thus, resulting in the Corporate Governance Code to be added from originally 5 main Chapters to be 8 main Clauses.

The significant substances on the adoption of corporate governance in accordance with the guidelines of Corporate Governance Code for Listed Companies 2017 can be concluded as follows:

### Principle 1: Establish Clear Leadership Role and Responsibilities of the Board

The Board of Directors, as the key in driving the organization, should understand and be aware of their leadership role and responsibilities as the leader to ensure that the organization adopts good corporate governance by playing the significant roles in determining the objectives and main goal of the business, approving vision and mission, organizational value, direction, policy and strategy including the allocations of important resources for use in carrying out the Company's business operations and the participation in making consideration and review on the vision, mission and strategy on a regular basis in every fiscal year in order to ensure that the Management and employees have their aims of moving forward in the same direction. In addition, the considerations on business plan and annual fiscal budget shall regularly be made every year in order that the Company's business operations can successfully be achieved in accordance with the corporate objectives and set goal as well as ensuring that the implementations in accordance with the work plan of the Management be closely monitored that they are in accordance with the direction and strategy in carrying out the Company's business operations, as well. In this connection, there shall be performance evaluation and operational result report regularly.

The Board of Directors is aware of the fact that in carrying out business operations for sustainable success, apart from monitoring controls over the business management for good turnovers, importance must be placed on the corporate governance to achieve the Company's optimal benefit; operations must be carried out with accountability for duty performances to the shareholders and free from being predominant by the Management.

Other than establishing the Corporate Governance Policy and ensuring the availability of the Code of Business Conduct as well as other policies by requiring the Directors, Executives and employees to comply with and disclosing them in this annual report and the Company's website, the Board of Directors has ensured that the Company establishes the work system and mechanism sufficient to build up confidence that the Company's activities have properly been carried on in accordance with the laws, rules, regulations, resolution of shareholders meetings, Corporate Governance Policy and Code of Business Conduct, other policies and guidelines prescribed by the Company.

The Board of Directors has monitored controls to ensure that Directors and Executives perform their duty of care, duty of loyalty and overseen to ensure that the operations are properly carried on in accordance with the laws, rules, regulations, resolution of shareholders' meetings as well as the prescribed policies or guidelines, including the approval process on the important operations (such as the investments, transactions having significant impact on the business, related party transactions, property acquisitions/dispositions, dividend payments, etc.) as prescribed by law.

The Company's Board of Directors ensures the compliance with the requirements on operational procedures and disclosure of information concerning transactions with potential conflicts of interests pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulators by establishing the Conflicts of Interest Policy to determine the standard and guidelines as well as approval procedures for transactions undertaken in the Company's normal course of business, which may give rise to conflicts of interests. In addition, the Management is required to seek the Board of Directors' approval for entries into transactions with potential conflicts of interests which are of significant size or important nature to the business operation of the Company. The Company proposes the General Mandate for Interested Person Transactions to the Board of Directors for approval and reports the entries into such transactions to the Board of Directors for acknowledgement on an annual basis.

The Board of Directors has paid particular attention to responsible administration i.e. additional procedures were established for Company's decisions to be reviewed, considered and approved by the Executives and the Board of Directors 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 100 million Baht and above, it is stated in the Board Approvals and Responsibilities Handbook that an investment with value greater than 10 million Baht is subject to the approval of the Board of Directors, etc.

The Board of Directors has a good understanding of their roles and responsibilities, which the roles and responsibilities between the Board of Directors and the Management are clearly divided by segregating the duties of the Chairman of the Board from the Chief Executive Officer (CEO) to provide balance of power and transparent management. Furthermore, the Board of Directors have also expressly designated the assignment scope on duties and responsibilities of CEO and the Management, and closely monitored the performance of their assigned duties. The duties of the Board of Directors, CEO and the Management will cover the matters deemed appropriate to carry out by the Board of Directors; the matters that the Board of Directors shall jointly coordinate with the Management; and the matter that the Board of Directors assigns the Management to proceed.



In administering the Company, the Board of Directors has the duty to consider and approves important matters concerning the Company operations. The Company has specified the policy and regulations of practices, responsibilities, and operation power of the Board of Directors, Chairman and Vice Chairman and those of the Executive Committee. The duties and responsibilities of the Board and the Executive Committee are separated clearly.

The Board of Directors has the duty to consider and and approves important matters concerning the Company's operations, such as vision, mission, strategy, goal, plan, budget and risk management. The Executive Committee or the Management has the duty to efficiently and effectively put the vision, mission and strategy into practice; and provide good management and controlling system so approved by the Board of Directors under the internal control system, the Code of Business Conduct and the Corporate Governance Policy.

## **Principle 2: Define Objectives that Promote Sustainable Value Creation**

In carrying on operations for the Company's sustainability, the Board of Directors has defined the business objectives in compatibility with the value creation to the business, customers, stakeholders and society in the overall aspects.

The Board of Directors is responsible for overseeing to ensure that the business has clear and suitable objectives for use as a key concept in designing the business model and communicating with everyone in the organization to drive in the same direction by making the vision and values as follows:

### **Vision:**

We will continue to build on our long heritage of shared loyalty, creating trusting relationships with our business partners, our people and our community. We want to achieve the best value and a sustainable future for all our stakeholders.

### **Values:**

Working as a team. Doing what is right. Challenging conventions. Caring about our future.

In defining such objectives, the Board of Directors has taken into account the environmental condition and the changing factors and the adoptions of innovation and technology for suitable use, the needs of customers and stakeholders as well as the business readiness, expertise and competitiveness and must reflect the attributes of corporate governance, accountability, integrity, transparency, due consideration of social and environmental responsibilities which the Board of Directors has overseen to ensure and enhance the communications and create the organization's objectives to reflect within the frame of decisions and operations of personnel in all levels to the extent of becoming the organizational culture. The Board of Directors has defined both financial and non-financial objectives suitably consistent with the business environments and potentials with risk awareness on setting the goal which may lead to unlawful act or unethical conduct.

The Board of Directors has set out the annual strategy and work plan to be in line with the business objectives and goal by taking into account the current business environmental factors, opportunity, and acceptable risk. In addition, the Board of Directors has supported to set out and review the mid-term objectives and strategies of 3-5 years to ensure that the annual strategy and work plan have considered the long-term impact that can be reasonably forecasted.

In mapping out the annual strategy and work plan, the Board of Directors has overseen to ensure that the analyses on environmental conditions, factors and risks which may contingently affect related stakeholders as well as value chain including other factors which may adversely affect the business objective attainment are conducted. (Please see the relevant details under Clause 10 – Corporate Social Responsibility: CSR). In this connection, the Board of Directors has promoted the innovation creations and adopted such innovation and technology for use in creating the competitiveness and responding to the needs of stakeholders continuously which are yet still on the basis of the social and environmental responsibilities. Moreover, the Board of Directors has monitored controls to ensure that the objectives are comprehensively transferred through the strategy and work plan throughout the organization including overseeing to ensure that the resource allocations and operational controls are suitably carried on as well as keeping tabs on the operations in accordance with the annual strategy and work plan.

### **Principle 3: Strengthen Board Effectiveness**

The Board of Directors is responsible for determining and reviewing the Board Structure, in term of size, composition, and proportion of independent Directors so as to ensure its leadership role in achieving the main objectives.

#### **Principle 3.1 Board Structure**

The Board of Directors has entrusted the Nomination and Compensation Committee to make consideration and proposal on the Board Structure, in term of size, composition, and the proportion of independent Directors as suitable for its determination and review.

The Nomination and Compensation Committee shall ensure that the Board of Directors consists of fully qualified Directors in accordance with the law and related rules with diversified qualifications on the aspects of specific skills, experiences, competencies and characteristics as well as the aspects of sex and age necessary for successful attainment of the Company's objectives and can foster understanding and respond to the needs of stakeholders. The Board of Directors must consist of at least 1 non-executive Director who is experienced in main business and industry currently carried on by the Company. The selections of Directors are considered in accordance with the skills matrix to ensure that the overall Directors acquired have suitable qualifications.



The proportion of the Board of Directors shall consist of executive and non-executive Directors that reflecting the appropriate balance of power. In the current structure of the Board of Directors, it consists 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 to the Corporate Governance Code, where the Board should comprise of, at least, 5 Directors and not over 12 Directors and also be appropriate to size, category and business complications. In this connection, two independent Directors of the Board of Directors are female. As most of the Company's Directors are non-executive Directors, the opinion towards the Management's performance can be given independently.

The Board of Directors has determined 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.

The Board of Directors has ensured that the policy in defining the diversified composition of the Board and Directors' information such as age, sex, educational background, experiences, shareholding proportions, number of years in office, and holding of office in other listed company are disclosed in the Company's annual report and website.

### **Principle 3.2: Board Chairman and Board's Operating Elements**

The Board of Directors consists of independent Directors in number of one-thirds of the total directorship and that under the Chairman's leadership, Directors perform their duties in overseeing the Company with impartiality and transparency by taking into account the best interests of the Company as the significant substance and refraining from facilitating any advantages to benefit the other persons. The Board Chairman and Chief Executive Officer (CEO) must not be the same person and their duties shall clearly be divided:

#### **Separation of Person Holding Chairmanship from One Holding the Position of CEO**

The Board of Directors has separated the roles of the Chairman and Chief Executive Officer to provide balance of power and transparent management to be in compliance with the Corporate Governance Code. The main duties of the Chairman and CEO are as follows:

#### **Roles of the Chairman**

The Chairman has the duties pursuant to the law and is the leader of the Board of Directors for the following operations:

- Monitoring controls and keeping follow-ups to ensure that the Board has efficiently discharged their duties to attain the Company's objectives;
- Overseeing to ensure that all Directors have participated in enhancing the creation of the organizational culture with ethics and good corporate governance;

- Overseeing to ensure that a measure in monitoring control over important matters is filled in to be a meeting agenda and that in defining the Board meeting agendas, the Board Chairman has discussed the matters with CEO;
- Ample times must be allocated for the management to propose the matters and sufficient time reserved for Directors to discuss the important matters, prudentially and thoroughly. Directors should be enhanced to use their prudential discretions; oversee to ensure that the meeting proceeds in an orderly manner; open the opportunity for discussions and expressing opinions independently;
- Establishing good relations between executive and non-executive Directors; and
- 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.

The Chairman is not an independent Director but exercises functions independently of the Management and the major shareholders and is able to use the independent discretion for the best interests of the Company under the Corporate Governance Code. Hence, the Chairman is the person trusted by the Board of Directors that he is well deserved with the position.

#### **Roles of the Chief Executive Officer (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 report to the Board of Directors.

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

The Board of Directors, in performing its duty to ensure that the important matters are prudentially considered in details, has appointed Committees to scrutinize various works which is good increase in the efficiency and effectiveness towards the Board duty performances. In this respect, each Committee has its charter clearly defining its role, duties, responsibilities, work procedures, meetings and reporting to the Board.

### **The Board of Director**

#### **Qualifications**

The Board of Directors is to consist of fully qualified members not possessing 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, sex, 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 General Meeting of the Shareholders.

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).

**Roles and Responsibilities of the Board under the Corporate Governance Code**

- 1) Consideration and approval of important issues on Company operations, such as vision, mission, strategy, goal, plan, financial budget, and risk management;
- 2) Following up and caring to ensure an implementation by the Executive Committee or Management of the established policies and work plans with efficiency and effectiveness;
- 3) Internal control and risk management, complaint receipt mechanism, and taking action upon whistleblowing;
- 4) Ensuring long-term business continuity and staff development and Executive's 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 employees to understand the standards of Code of Business Conduct used by the Company in its operations, with monitoring to ensure that the Code of Business Conduct are strictly followed;

- 7) Careful consideration on conflicts of interests 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 levels of risk changes, including the attachment of importance to early warning signs and all irregular transactions;
- 9) Giving opinions about the sufficiency of internal control 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’s policies and for transactions to be in compliance with applicable laws and rules.

## **Committees**

### **(1) Audit Committee**

Structure of the Audit Committee comprises 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 the Audit Committee Members**

### **a. Composition and Qualification**

The AC shall be comprised of at least 3 (three) directors as determined by the Board, each of whom shall be an “Independent Director” for the purpose of his/her AC membership in accordance with the SET rules. No director should serve as a member of the AC if such director serves on the AC of more than two other public companies unless the Board determines that such simultaneous service would not impair the ability of such director to serve effectively on the AC, and such determination is disclosed in the Company’s disclosure statement.

All members of the AC shall, in the judgment of the Board, be financially literate, which at a minimum means possessing a working familiarity with basic finance and accounting practices, and at least one member of the AC shall, in the judgment of the Board, have accounting or adequate financial management expertise.

**b. Selection and Appointment Process**

Candidates for the AC membership shall be recommended by members of the Board and submitted to the Chairman of the Board for further consideration and appointment by the Board. The Board shall nominate the Chairman of the AC.

**c. Secretary**

The Board shall appoint a person who is not an AC member to be the Secretary of the AC.

Currently, all three Audit Committee members are knowledgeable and experienced in reviewing Company financial statements and well-versed in the Company business with their experiences in being the Directors of several reputable companies in Thailand. The Chairperson of Audit Committee, Dr. Sunee Sornchaitanasuk, has a degree in Accounting.

Names of the Audit Committee members and the Committee Secretary are shown under the topic of "Management Structure".

**Term of Office****a. Office Term**

The term of office ("Office Term") of the members of the AC including the Chairman shall be 3 (three) years.

**b. Re-election**

Upon the completion of an Office Term, any retiring AC member shall be eligible for reappointment disregarding the number of preceding re-appointments.

**c. Resignation during Office Term**

If any member of the AC vacates the office prior to the expiry of his/her Office Term, that individual must provide at least a one-month advance notice of his/her intention to resign. This notice must be made in writing, must state the reasons for resignation, and must be served to the Chairman of the Board with a copy to the SET and the Securities and Exchange Commission ("SEC") without delay.

**Roles and Responsibilities of the Audit Committee**

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

- 1) To review the Company and the entities of the Group's financial reporting processes to ensure their 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 AC may suggest issues to be reviewed or audited by the external auditors during their audit of the Company and the entities of the Group.
- 2) To review the internal control systems and internal audit system including business processes and the IT framework to ensure that they are suitable and efficient.
- 3) To decide on the organization and the qualification of the individuals of the Internal Audit Department ("IAD") of the Company and to determine the IAD's degree of independence from the Management, as well as to approve the appointment, transfer and dismissal of the individuals of the IAD 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 SET, the SEC and any other relevant laws as related to the Group's business.
- 5) To consider and recommend the selection, nomination, remuneration as well as change of the Company's external auditors. To ensure the independence of the external auditor, the AC 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 AC 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 interest, 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 regulations, and are reasonable and for the highest benefit for the Company.
- 7) To prepare a report on the activities of the AC for the Company's annual report. The Chairman of the AC shall sign this report, which shall consist 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 its reappointment.
  - an opinion on compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the Group's business.
  - an opinion on the transactions that may lead to conflicts of interests.
  - the number of the AC meetings, and the attendance of such meetings by each committee member.
  - an opinion or overview comment received by the AC from its performance of duties in accordance with the charter.
  - other transactions which, according to the AC's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
- 8) To perform any other acts as assigned by the Company's board of directors, with the approval of the AC.

### **Meetings of Audit Committee**

The Audit Committee meeting is specified to be arranged, at least, once every quarter. However, for the current practice, the Audit Committee holds a monthly meeting. Schedule of the monthly and quarterly meetings are programmed in advance for the whole year. Besides, quarterly meeting shall be held before the Board of Directors' meeting 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 in order 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. Occasionally, the Chairperson of Audit Committee may call for a special meeting of the Audit Committee or invite any Executive of Company to join and consider in certain particular financial matters or other matters.

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
- a violation 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 the Executives should fail to make a rectification within the period of time under the above paragraph, any Audit Committee member may report the transaction or act under the above paragraph to the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand.

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

Governance, Risk and Compliance Committee structure must comprise at least 3 Directors of the Company.

Currently, Governance, Risk and Compliance Committee comprises 2 non-executive Directors and one independent Director, namely Mr. Charin Satchayan.

### **Term of Office**

#### **A. Term of Office**

Term of office of members of Governance, Risk and Compliance Committee including the Chairman shall be equal to the term of office of the Board. In the case of a vacancy of a member on the Governance, Risk and Compliance Committee for the reason other than the normal expiration of term of office, the Board shall appoint a fully qualified person to fill in as a replacement. In this respect, such person shall have term of office equal to the term of office of the Directors and may be reappointed upon the expiration of his term of office.



## B. Term of Office Reelection

Upon completing term of office, a member of Governance, Risk and Compliance Committee shall be eligible for reelection regardless of numbers of times such member has had his term of office before.

## C. Resignation prior to Completing Term of Office

If any of the Governance, Risk and Compliance Committee members should desire to relinquish his term of office prior to the normal expiration of his term of office, a one month notification, at least, on tendering his resignation shall be made in writing which, in this respect, reason for the resignation shall be stated, and that the resignation letter must be submitted to the Board Chairman.

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

The Governance, Risk and Compliance Committee members must have their understandings on the business and operations of the Company Group as well as the understandings on the principles and implementations in accordance with the Corporate Governance Code and compliance with rules, regulations as well as risk management and reduction.

At present, all Company's Governance, Risk and Compliance Committee members are knowledgeable, experienced in and understandable on the Company's business. Moreover, they have experiences in being directors in leading companies having good corporate governance.

Names of the Governance, Risk and Compliance Committee members and the Committee Secretary are shown under the topic of "Management Structure".

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

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

1. To define and propose the corporate governance scope of the Company Group for submission to the Board for approval and assign such to the Management for carrying out the operations and follow-ups on the operations.
2. To review risk management process and impact mitigation measure fostered for implementations by the Executives, and review assessment work plan risk in carrying out the business and corporate governance risk of the Company Group.
3. To oversee the executions in compliance with the rules and policy of the Company Group, Code of Business Conduct, law, rules and regulations related to the businesses and operations of the Company Group.
4. To keep an eye on and monitor controls over the investigations or requests for the investigations in relation to practices being not in compliance with the corporate governance or related policy of the Company Group and the practices being not in compliance with the applicable law in carrying out the business operations of the Company group.
5. To perform any 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 2017, the GRCC held five meetings to review progress on the implementation of the Company's Code of Business Conduct and its related policies as approved by the Board of Directors.

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 GRCC also reviewed the complaints from employees raised through the INSEE Speak Up Line which is available to our employees and our suppliers. A systematic review and investigation process is now supporting the management in its endeavors to create an open and transparent corporate and team culture. Most of the complaints were raised related to management and human resources matters, and only minor events of fraud were reported, on which appropriate disciplinary actions were taken.

For conflict of interest report of employees in general, it is required to be regularly submitted on an annual basis, at least, once a year provided, however, that the report can be made anytime upon the occurrence of the conflict of interest.

While on the risk management, 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 Governance, Risk and Compliance Committee once every six months.

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

Nomination and Compensation Committee's structure, qualifications, and roles and responsibilities are as follows:

Nomination and Compensation Committee's structure consists of, at least, 3 Directors and, at least, one of them must be an independent Director.

The current Nomination and Compensation Committee comprises 5 non-Executive Directors and one independent Director, namely Dr. h.c. Harald Link.

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

Members of 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.

Names of the Nomination and Compensation Committee members and the Committee Secretary are shown under the topic of "Management Structure".

## **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 the Nomination and Compensation Committee**

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

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

- 1) To annually review the composition of the Board including the structures of all subsidiaries' and/or associate's Boards and Board Committees applicable throughout the Group and submit for the Board's consideration at least 90 days prior to the Annual General Meeting (AGM);
- 2) 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 onto 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;
- 3) To identify, assess and recommend potential candidates for key positions in the Group such as
  - Chief Executive Officer of the Company;
  - Executive Committee Members of the Company;
  - Chief Executive Officers/Managing Directors of Subsidiary Companies;
  - Directors of Subsidiary Companies; and
  - Company Representatives on the Board of Associated Company.
- 4) 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 as well as personal and professional qualifications. Suitable candidates shall be recommended by the Committee to the Board for approval;
- 5) To carry out such other duties as may be assigned by the Board of Directors.

**B. Management Development and Succession Planning**

- 1) 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 the Group;
- 2) To annually review the succession plans for the Board and its Committee members;
- 3) To annually review the succession plans for Board members of Subsidiaries Companies and the Company’s representatives on Board of Associated Company;
- 4) To review with the CEO the succession plans for all TML positions in the Group;
- 5) To regularly participate in meetings with the leadership talents of the Group being determined for succession;
- 6) To carry out such other duties as may be assigned by the Board of Directors.

**C. Remuneration**

- 1) To provide that the remuneration policies and programs throughout the Group to be appropriate, fair and competitive on the basis of performance and Company’s value;
- 2) To review and recommend to the Board the remuneration of each member of the Board, its Committees and Chairman thereof;
- 3) To review the performance of the CEO and to recommend his/her remuneration to the Board for approval;
- 4) 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 remuneration on annual basis;
- 5) To review the annual remuneration 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;
- 6) To carry out such other duties as may be assigned by the Board of Directors.

**Meetings of Nomination and Compensation Committee**

The Nomination and Compensation Committee meeting is required to be held to consider the criteria and method for nominating Directors, independent Directors, and top executive who are qualified, which the performance of such persons shall be taken into consideration as well. In addition, the Nomination and Compensation Committee must regularly review criteria and method of nomination to be suitable with the Company’s business.

The Nomination and Compensation Committee holds the meeting at least once every three months. In 2017, the Company held 5 Nomination and Compensation Committee meetings. The Committee’s responsibility is to consider the nomination of Executives and Directors of SCCC Group; as well as to improve the employee compensation; map out succession plans, guidelines and performance evaluation procedure of the entire committee and individual members.

## **Executive Committee**

The Executive Committee comprises the 6 highest Executives of Marketing and Sales, Finance and Controlling, People & Organizational Performance, Saraburi Operations, and Logistics, and one Director as the CEO to perform as the Executive Committee Chairman.

## **Qualification of the Executive Committee**

The 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 the Executive Committee**

The Executive Committee must report the performance, clarify and give recommendation to the Board of Directors the significant found issues, market development, goal and strategy; and must immediately report to the Board of Directors once there is any unusual matter in the normal business operation of the Company.

The Executive Committee is the crucial group that drives the Company to achieve good turnovers, corporate governance, and attract efficient personnel to work with. Consequently, the Executive Committee assigns various department managers to take part in driving the organization toward the direction striving to attend the Company's mission and goal.

Duties of the Executive Committee are as follows:

1. To organize, carry out and supervise business operations of the Company and Company Group for the accomplishment of the business and budget plan of each year;
2. To prepare the business operations for proposing to Board of Directors and put the resolution to use by implementing Company's policies and keep on developing such policies;
3. To prepare the Company budget and source of budget of the Company Group;
4. To be responsible for the implementation of designated strategies of the Company Group in order to increase the sustainability of the Company and the Company Group;
5. To ensure that the communication between the Company and the Management of the Company Group 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 Company Group.

### **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.

### **Number of Meetings and Attendances of Each Director/Executive in 2017**

Names of Board Directors and numbers of times they attend the meetings in 2017 including names of the Executive Committee and numbers of times they attend the meetings in 2017 are shown under the topic of "Management Structure".

### **Principle 3.3: Nomination of the Directors**

In the nomination of independent Directors, Directors and Top Executives; the Board of Directors shall ensure that the process of nominating candidates is transparent and clear. The Nomination and Compensation Committee is therefore assigned to carry out the nomination, by screening and selecting candidates who are fully qualified with knowledge, expertise, useful experience for the Company's business operation and possess a good understanding of the 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 in order to gain Directors, independent Directors and Top Executives possessing the qualification in compatibility with the specified composition. Subsequently, the Nomination and Compensation Committee shall propose for the Board of Directors' consideration before proposing to the shareholders' meeting by the Board of Directors in case of directorship appointment. In this regard, adequate information regarding the candidates must be given to the shareholders to support in decision making.

The Nomination and Compensation Committee shall ensure that the process of nominating candidates for the Company's Directors is transparent and clear, free from influence of the Shareholders with controlling power or the Management, in order to create third party confidence.

The election of each Director is made by the majority of votes of shareholders. Every year, the Board of Directors 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 provides the criteria and methods 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 respectively. In case of tie-vote, the Chairman of the Board shall have a casting vote.

In the case of a fulfillment of Director vacancy other than rotation, the Board of Directors shall select a qualified person and not possessing prohibited characteristics under the law to fulfill such position at the next meeting by obtaining consent of at least 3/4 from the remaining Directors, except in the case where the remaining term of office is less than 2 months.

If the remaining Directors are less than the number to constitute 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.

### **Nomination of the Independent Directors**

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 experiences.

### **Definition of Independent Directors:**

The Board of Directors, at the recommendation of the Nomination and Compensation Committee, reviewed and revised the definition of the independent Director to be more concentrative in the qualifications than those provided by law. The requirements of the Office of Securities and Exchange Commission (SEC), the Capital Market Supervisory Board, and Stock Exchange of Thailand (SET) respective to this matter define that an independent Director must hold shares of not more than one percent (1%) of the total number of voting shares of the Company or proprietary Company, subsidiary Company, associated Company, controlling interest or person having control power over the Company provided, however, that the shareholding of related persons of such particular independent Director shall be counted in, as well. The Board therefore deems it expedient to make change in the shareholding proportion from one per cent (1%) to zero point five per cent (0.5%).

**"Independent Director"** of the Company must have the qualifications as follows:

1. Holding not over zero point five 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 shall not apply in the case where the independent Director holds or being 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 an Executive or a controlling person of the Company or the Company's subsidiary;
4. Neither having nor being used to have a business relationship with the Company, its parent Company, subsidiary, associated Company, major shareholder or controlling person, in a 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 already ended for a period of 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 occurring during the period of one year prior to the date on which the business relationship with the person is commenced;

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 for a period of 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 for a period of 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 would cause the inability to express independent opinions with regard to the Company's business operations.

### **Principle 3.4: Remuneration of the Directors**

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 on an annual basis. In this regard, the policy, method and criteria of remuneration payment for each Director position must be proposed and the composition of which shall be suitable and sufficient to predispose the Board of Directors to lead the Company to achieve both short-term and long-term goals and to avoid making excessive remuneration payment.

Directors are suitably remunerated according to the Company's strategy and long-term goal and 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 Committees.

Shareholders shall be the party to approve the structure of and remuneration rate for the Directors both in tangible and intangible money form. The current Directors' remunerations have been fixed in accordance with the 23<sup>rd</sup> Annual General Meeting of shareholders on 7 April 2016 in which the approval on the fixing of the Directors' remunerations and rules on the relevant payments as proposed by the Board of Directors at the recommendation of the Nomination and Compensation Committee, was given. In this connection, the Board has disclosed the policy and rules on the fixing of the Directors' remunerations, pattern and the remuneration amounts that reflect the accountabilities of each Director including the remunerations received by each Director from being a Director of the subsidiaries, as well, (if any). Currently, there has been no payment of the remuneration to any Company's Directors being Directors of the subsidiaries.

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 is inductive and suitable 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.

Respective to the structure, qualifications, accountabilities of the Nomination and Compensation Committee on the part relating to the remunerations of the Committee members, please see details as appearing under Clause 9.7, Principle 3.2 and details of the remunerations for Directors and Executives as appearing under Clause 8.4.

### **Principle 3.5: Meetings of the Board of Directors**

Board Meeting schedule is determined yearly in advance and informed to individual Directors to afford them the ability to spare their time and attend the meetings. 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. The Notices of Meeting and supporting document will be sent to Directors at least 7 days to allow them the ample time to study the information prior to meeting attendance.

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 2017. 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 the Management's performance.

Most of Directors shall attend Board meetings not less than 75 percentages of all Board Meetings held in a year. The attendance of each Director is prescribed in topic of the Management Structure.

The Chairman shall allocate enough time for the 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. Directors having interest, whether directly or indirectly, will not be eligible to vote and will have to leave the meeting during the consideration of the relevant agenda.

The Board of Directors shall encourage Chief Executive Officer (CEO) to invite the 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.

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.

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, excluding subsidiaries, affiliates and joint-venture companies of the Company where supervision is required for the benefit of the Company. Such holding is subject to the prior Board approval. The Board of Directors establishes the reporting system for other positions held by Directors and such report shall be disclosed in an annual report.

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 the Management participation, and inform Chief Executive Officer (CEO) of the meeting results. In 2017, there was 1 meeting of the Board of Directors between non-executive Directors.

### **Principle 3.6: Corporate Governance for Subsidiaries and Associated Company**

In respect of the primary corporate governance in subsidiaries and associated Company, the Nomination and Compensation Committee will nominate qualified candidates to propose for approval from the Board of Directors. The appointment shall be conducted according to number and position in compliance with shareholding proportion of subsidiaries and Associated Company. In this connection, this discipline shall apply to the appointment of important Executives and Controlling Persons to take responsibilities in management and business of subsidiaries.

The Directors and/or Executives appointed by the Board of Directors above mentioned shall have the duty to manage and administrate the businesses of subsidiaries and/or associated Company to be in line and in compliance with the Company's policies and direction, which the Board of Directors shall establish the policies for best practice of Directors and/or Executives for the best interests of the subsidiaries that are in line with the Company as the parent Company. The scope of duties and responsibilities of the appointed Directors and Executives shall be clearly determined, and may be reviewed from time to time as it may deem appropriate. In addition, such Directors and Executives shall be followed up and monitored on the compliance with the duties and accountability pursuant to the law.

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 in the capital and the termination of subsidiaries' businesses.

Where on the part of the general business operations, the Company will map out the policy by communicating through the consideration on the annual budgeting, including quarterly business operational result reviewing and reporting through the Company's Committee meeting in which representatives being appointed as Directors and Executives of the subsidiaries have participated. In addition, the Board Meeting has set out a requirement to have regular agendas for consideration on the acknowledgment of the minutes of meetings of the Boards of the subsidiaries and other associated companies, as well.

So, it can be assured that the Company has sufficiently suitable and comprehensive monitoring mechanism and internal control system within the subsidiaries consequently resulting in the transactions between the subsidiaries and connected persons, acquisitions and dispositions of the properties or the making of any other important transactions of the subsidiaries to be resolved by the Board or the Company shareholders meetings.

Moreover, the Company has standardized patterns of the reporting forms of the subsidiaries to be in the form and under the structure similarly attributable to or nearing one another for the convenience and comfort on the corporate governance as well as defining the organizational chart layout which the staff or managers in the departments and sections in the subsidiaries are compulsorily required to use in making reports as well as the discussions and solving problems in collaboration with Executives and managers of the Company overseeing and taking responsibility in related work or business line. Therefore, the measure and/or internal business control system within the subsidiaries would be somewhat compatible with or in the same way as that of the Company. In this respect, the monitoring mechanism on the corporate governance defines that the management and staff of the subsidiaries must perform both aggressive and receptive duties in conjunction with the Company's management and staff who have monitored controls and follow-ups to ensure that the subsidiaries disclose, fully and accurately, the information relating to financial status and operational result, inter-transactions, implicitly significant acquisitions and dispositions of properties, capital increment and decrement, undertaking of significant transactions.

### **Principle 3.7: Evaluation of the 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 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 procedure can be summarized as follows:

The Company Secretary prepares and reviews the evaluation form for correction and completeness and in compliance with the criteria required by the regulators. The evaluation form will then be proposed to the Governance, Risk and Compliance Committee for its approval before proposing to the Board of Directors to complete. Subsequently, the Company Secretary will summarize the result of the evaluation on the performance of the Board of Directors as well as the strength and improvement areas before proposing to the Board of Directors for its consideration. The Board of Directors will review the result of the evaluation in order to improve their performance.

The results of each key area are calculated in percentage, whereby 85 per cent or more = excellent, more than 75 per cent = very good, more than 65 per cent = good, more than 50 per cent = average, and less than 50 per cent = need improvement. It can be concluded from the evaluation results that the Board of Directors and Committees have performed their duties in accordance with the Corporate Governance Code and the Code of Business Conduct of the Company with most of the performance in the level of excellent.

The Company also arranges for individual Director's self-assessment on an annual basis. The evaluation procedure is the same as the evaluation on the performance of the Board of Directors as mentioned above. After the evaluation, the results showed that the Company's directors are qualified and have performed their duties excellently and properly in accordance with the principles of good practice for Directors.

### **Principle 3.8: Development of the 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, Governance, Risk and Compliance Committee 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 2017, two independent Directors attended the training course organized by IOD. The two directors were Mr. Pradap Pibulsonggram, who participated in the training course on Board Matters and Trends (BMT) 2/2017, and Dr. h.c. Harald Link, who attended the course on Directors Certification Program (DCP) 134/2017.

Where the management attended the training course organized by IOD were Mr. Montri Nithikul, Senior Vice President - Marketing and Sales, who participated in the course of Directors Certification Program (DCP) 240/2017 and Mr. Paul Joseph Hayes, Senior Vice President - Logistics, who participated in the course of Directors Certification Program (DCP) 241/2017.

On the subsequent appointment of a new Director, the Company will have the important documents and information useful for duty performances such as Directors Manual, Organizational Standard Operating Procedures (SOP), and Code of Business Conduct delivered to such new Director. In addition, the new Director orientation on the introduction to nature of business, policy and the business operational guidelines of the Company is given to get the new Director acquainted with the Company's policy and corporate governance. It is confident that the new Director receives the job inductions and has information useful to his duty performances including the objectives, vision, mission, organizational value as well as the nature of business and guidelines on business operations.

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.

**Principle 3.9: The Board and Company Secretary Operations**

As mentioned above, the Board has ensured that the meetings be held and meeting agendas be provided in advance in order to enable Directors to manage their times for participations in the meetings.

Whereon the number of times of the Board meetings, even according to the Company's Articles of Association which defines that there shall be a quarterly meeting; however, in 2017 the Board took into consideration that there shall be 8 Board meetings to reasonably suit their accountabilities and the Company's nature of business operations. Moreover, the Management is tasked to make report on the operational result to the Board every month to enable it to monitor controls over duty performances of the Management continuously and timely coping with the situation.

The Board of Directors has monitor controls to ensure that mechanism is provided to each Director, each Committee including the Executive Committee, and the Management, to enable them to independently submit useful matters to the Board meetings and that in the Board meeting, CEO is encouraged to invite key executives to participate in the meetings to present the additional details in related agendas in order to open the opportunity to the Board to get acquainted with the key executives so that such additional details can be used in support of their considerations on the succession plan.

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 appointed a Company Secretary to perform duties in providing legal advice and regulatory requirements as well as overseeing the Board's activities and making co-ordinations to ensure that the Board's resolutions are complied with. The Board has enhanced the Company Secretary to receive ongoing training and knowledge development continuously on the aspect of law, accountancy and Company Secretary's duty performances regularly including various certified programs to which the Company Secretary should attend, as well.

The Board of Directors has defined the qualifications and experiences of the Company Secretary suitable for performing his/her duties in providing advice in relation to the laws and regulatory requirements of which the Board ought to know, overseeing and preparing the Board meeting documents, important documents and the Board's activities including making co-ordinations to ensure that the Board's resolutions are complied with. In addition, the Board of Directors should disclose the qualifications and experiences of the Company Secretary in its annual report and Company's website.

(Name of the Company Secretary is as appearing under Clause 8.3 and Profile Information as appearing in Attachment 1 of the Annual Registration Statement (Form 56-1)).

**Principle 4: Ensure Effective CEO and People Management****Principle 4.1: CEO and Key Executive Nomination and Development**

The Board has entrusted the Nomination and Compensation Committee to carry out actions on the nomination and development of CEO and key executives to ensure that they possess knowledge, skills, experiences and characteristics necessary for driving the organization to achieve its objectives.

**Nomination of the CEO and Key Executives**

The Nomination and Compensation Committee has been entrusted by the Board of Directors to make considerations on the nomination rules and procedures in nominating persons possessing the qualifications to hold the position of Chief Executive Officer (CEO), the Company's Top Management Level (TML).

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.

In order to enable the Company's business operations to be carried on continuously, the Board of Directors has monitored control to ensure that the succession plan is in place for CEO position succession and key executives and that CEO shall as well report the operational result in accordance with the succession plan to the Board periodically at least once a year.

**Key Executive Development and People Management**

The Board of Directors supports and enhances the ongoing in-house training and development program for Directors, Executives and personnel relating to the corporate governance including the training and development programs in various fields that increase knowledge and experiences useful to corporate duty performances.

Details of the executive development are as appearing under Clause 8.5 – Guidelines and Pattern of People Development.

**Principle 4.2: Appropriate Remuneration Structure and Performance Evaluation**

The Board of Directors, at the recommendation of the Nomination and Compensation Committee, has defined the remuneration structure which encouragingly motivates CEO, key executives and other personnel of all levels to perform their duties in alignment with the objectives of the organization and the business in the long term.



The Board of Directors, at the recommendation of the Nomination and Compensation Committee, has approved the appropriate combination of salary and other short-term remuneration such as bonus and the long-term remuneration such as Employee Joint Investment Program (EJIP) on an appropriate proportion as a result of the operational plan. In defining the compensation policy, level of the remuneration higher than or equal to that of the industrial level and the Company's operational result is taken into account. In this respect, the Board of Directors has ensured that the requirements and communications on the policy relating to the performance evaluations of the whole organization are clearly defined.

The non-executive Directors play the role on the remuneration and performance evaluation of CEO by participating in giving their approvals on the rules on the performance evaluation of CEO proposed by the Nomination and Compensation Committee which is the performance evaluation criteria encouragingly motivated CEO to manage the Company's business to achieve the objectives, strategy and in alignment with the benefit of the business in the long term. Respective to this matter, CEO is communicated to be aware of the performance evaluation criteria in advance.

The CEO performance evaluation is conducted regularly every year which, in this connection, the Nomination and Compensation Committee is entrusted to conduct such evaluation and that result of the evaluation and payment of the remuneration to CEO shall be submitted to the Board of Directors which, in this respect, the non-executive Directors would always participate in the considerations.

The Board Chairman who is also the Nomination and Compensation Committee Chairman shall be the person to communicate the matter of consideration result and the issue for development to inform CEO.

In approving the CEO annual remuneration, CEO performance evaluation result and other relevant factors shall as well be taken into consideration.

The Board of Directors has made consideration to give its approval on the rules and relevant factors in the performance evaluation as well as its approval on the remuneration structure of key executives and keeping tab on CEO to ensure that he/she conducts the performance evaluations on key executives in alignment with said performance evaluation principle.

The performance evaluation on the Company's CEO and key executives including the management are considered from the Company's operational result by setting it in percentage of Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) and measuring it from important work, competency, self-development, compliance with CG Policy and Company's Code of Business Conduct including result of public hearing survey from staff and employees for use in support of the considerations, as well.

#### Inspection and Evaluation of CEO Performance by Board of Directors

The Board of Directors and Nomination and Compensation Committee jointly consider and evaluate CEO performance, which, in this connection, the 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 with 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, adherences to the Corporate Governance Policy and Company's Code of Business Conduct are used to supplement Nomination and Compensation Committee consideration.

## **Principle 5: Nurture Innovation and Responsible Business**

### **5.1 Innovation Creation**

#### **Nurturing Innovation at Siam City Cement**

The Company is well aware of the fact that importance should be placed on the innovation because of the changing world and technology that give rise to the expectations of the customers, business partners and key stakeholders desiring to see the change in a manner likely to be beneficial to or a mutual value creation for the business, customers, business partners as well as the society and environment provided, however, that such change shall be based on the Code of Business Conduct on business operations.

With the support of the Board and the Executive Committee, the Company places the importance on the activities that support and enhance the rising of the vitally and sustainably organizational culture as follows:

#### **Enhancing Employees' Participations and Innovative Organizational Culture Creation**

The Company is well aware of the fact on the organizational culture creation under this subject matter, in particular, by focally aiming to place the emphasis on the employees' participations in which the INSEE Innovation Awards 2017 Program has been implemented. Such Program was developed and modified from INSEE Excellence Awards which has been initiated and carried on continuously since 2009. There are, in this year, 960 employees from all work units currently participating in making presentations on the main Innovation Programs, the initiative Programs wherein up to as much as 144 Programs have already been carried on in order to modify the works and mutually create more value to all parties. Staff and employees have the opportunity to present their work outputs to the Management for admirations, supports as well as the advices to further better the Innovation Programs developments.

In addition, a total number of 12 innovation seminars so called the Innovation Talks were organized wherein the instructors both from internal or external outfits were invited to pass on knowledge and create the inspirations and, more importantly, to exchange learning among the staff and employees on innovation-related subject disregarding whether or not the matter of the innovation had come from outside or inside the organization.

## **Enhancing New Innovation or New Business Model Creation**

To materially create added value to the business, customers and stakeholders which, in this respect, the Company has arranged workshop seminar for the executives so called the “Challenging Convention Workshop” to educate them to understand their roles as the executives and support the corporate innovations including brainstorming to search for newly creative innovation program for new business model or new business operational model, as well. In addition, the Company has carried on campaigns to open opportunity to employees in general and working teams from all work units to initiate and present Radical or Disruptive Innovation Project wherein a total number of 9 creative Projects have been presented by the employees that reflect their concepts on such new business model. The Company provides support by holding a workshop seminar to develop their concepts on those new innovations from the concepts to the Project to avail the information on Business Model Workshop.

## **Direction and Support in Becoming Sustainable Corporate Innovation Infrastructure**

The Company is well aware of the creation and support to give rise to sustainable innovation within the organization which, in this regard, CEO assumes his duty to be directly responsible for mapping out the policy, management and operations of all innovation promotion activities including providing supports and facilitations to employees in their initiatives and carrying out operations on various innovation projects in an expeditious and efficient manner as well as providing support on the budget for educations or researches to acquire additional information beneficial to the developments of the creative projects to be able to rise in the form of the Business Model.

The Company holds the innovation as the significant matter to help create more mutual corporate value for the benefit of the business, customers, business partners and related important stakeholders as well as the society and environment. In this respect, emphasis will focally be placed on the corporate culture creation and supports to various activities as well as working in collaboration with related external organizations in order to promote for the acquisition of new innovation continuously in the future.

## **5.2 Business Operations with Corporate Social and Environmental Responsibilities**

The Company 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.

The Board has monitored controls to ensure that there avails a mechanism to reassure that the Company has carried out its business ethically with corporate social and environmental responsibilities; refraining from violating the stakeholders' rights by embracing the guidelines on treating the stakeholders thoroughly covering the following matters:

(1) Responsibilities to Staff and Employees

The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. All employees shall be treated fairly and equally regardless of job title or level as prescribed by the laws, relevant standards and its Code of Business Conduct. Employees and staff are treated fairly and respected to their human rights in terms of equitably fixing the remunerations, benefits, and welfares to be not less than or more than that required by law as appropriate. The Company looks after their safety and occupational health; supports them to have the development and progress by providing trainings; and giving opportunity to enhance other work skills.

The Board has overseen to ensure that clear and concrete policy and operating procedures on the staff's and employees' remunerations and welfares are provided and the relevant treatments disclosed and always made it publicly known to all staff and employees with respect to human resource management.

### **Human Resource Management Policy**

All personnel of Siam City Cement Public Company Limited are considered to be the extremely important resources in driving and pushing the Company towards its objectives; thus, they are deemed to be one of the factors contributing to the corporate success on the creation of competitiveness to the Company. Their duty performances are required to be in alignment with the corporate commitment and culture with the expectation not only on their working achievements but also their workings in all ethical manners and adhered to the corporate commitment that is working as a team, doing what is right, challenging conventions, and caring about our future.

Provided, however, that the remuneration administration scheme has been defined on the principle and base of the impartiality and equity. Factors used in the staff's and employees' remuneration administration consideration consist of the accountabilities of each position, labor market payment rates and Company payment's ability by relying on work analysis technique, work appraisal, labor market surveys and corporate compensation structure as the tools to help in the determination including the consideration on the employee's annual performance result which is considered one of the factors used in the determination on the incentive remunerations in compatibility with the performance result in order to support and boost the morale and enthusiasms on the staff and employees having performance result higher than the Company's defined standards. At any rate, bonus payments to all staff and employees will be considered provided that it will be dependable on the Company's turnovers in each year in order to remunerate their full dedications and efforts in performing duties throughout the passing year.

Apart from the salaries and bonuses, other welfares have been provided to all staff and employees to help mitigate their burdens on the expenses in leading their lives and maintaining standard on the cost of living reasonably in alignment with the economic situation such as provident fund contributions, cost of living subsidies, employees transport buses, emergency loans, life insurances, health insurances, children educational aid fund, etc.

Provided, however, that the Company has periodically reviewed and altered its welfare scheme to be in alignment with the economic and social situation and the leading of life to be more compatible with the current period of time such as opening options to staff and employees to be able to choose their health insurances of the category in the case of the out-patient that the number of treatments per year or the coverage per year with indefinite number of treatments is defined, etc.

Furthermore, ongoing trainings are regularly organized to educate the Company's staff and employees to be understandable on financial management and the provident fund including establishing the Employee Joint Investment Program (EJIP), as well.

## (2) Responsibilities to Customers

The Company puts its focus on safety management to the customers under the supervision of the Board of Directors to ensure on the compliance with relevant laws and standards. In addition, health, safety and fairness, customer privacy, after sales service throughout the product lifetime and services, and follow-ups on customer satisfaction for development of product and service as well as advertising and sales conduct must be carried out responsibly. They must not be misleading, or exploit the customer's misunderstanding 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 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.

## (3) Responsibilities to Suppliers

The Board of Directors has monitored controls to ensure that there are fair procurement process and contracting, including fair contract or agreement conditions, assistances in passing knowledge, developing their potentials and raising their abilities on the productions and service providing to meet the standing, giving explanations and ensuring the business partners to respect human rights and fairly treat their labors, to be responsible for the society and environment including keeping follow-ups and checks on and making the assessments on the business partners for the purpose of the sustainable inter-business operation development.

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 relationship 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.

#### (4) Responsibilities to Communities;

The Board has monitored controls to ensure that business knowledge and an experience are adopted for use in the concrete developments of the programs/projects for the community and ensures that the relevant progress and success in the long-term are followed-up.

The Company 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 on 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 by setting out the policy and disclosing the performance on a regular basis.

#### (5) Responsibilities to the Environment

The Board of Directors has monitored controls to ensure that prevention, reduction and management measure is implemented and further ensure that the Company has not created nor caused any negative impacts on the environment which extend to thoroughly cover the use of raw materials, energy (in the productions, transports and office), water, renewable resources, care and rehabilitation of biological diversity having been negatively affected from business operations, discharges and disposals of wastes originated from business operations and greenhouse gas emissions, etc.

The Company 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.

#### (6) Fair Competition

The Board of Directors has monitored controls to ensure that business operation is expressly transparent and does not create any unfair competitiveness. The Company encourages and supports fair and transparent competition. The Company will not perform any act which would violate or contradict any competition law or may cause damages to the reputation of its competitors as prescribed in the code of conduct and related policies, for instance, Procurement Policy, and Fair Competition Policy, etc.

#### (7) Anti-Bribery and Anti-Corruption

The Board of Directors has monitored controls to be assured that the Company has carried out its business operations in compliance with the applicable law and related standards and publicly announced the Anti-Bribery and Anti-Corruption Policy by joining as a member of the Nation Associate Anti-Corruption Network (NACN) including encouraging other companies and business partners to announce the Anti-Bribery and Anti-Corruption Policy as well as to become such Network members.

The Company 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. The Company made improvements and preparedness on internal operating procedures for clarity and actual and efficient enforcements, which its membership status of Collection Action Coalition Charter member of Thai private sector on anti-corruptions has been recognized in 2017.



In this respect, the Company has regularly provided trainings to educate its staff and employees on the Anti-Bribery and Anti-Corruption policy and the procedural guidelines.

### **5.3 Resource Allocation and Management**

The Board promotes the efficient use of resources both the financial one and the one used in the production process, intellectual properties, human resources, natural resources including social and relation aspect by defining it as a policy and announcing the implementations thereof to make it known to the public.

The Board of Directors has promoted the use of resources in a conservable manner with efficiency; maintaining of non-renewable sources of resources and recycling of the secondary materials.

The Board of Directors has monitored controls over the Company's business operations to ensure that they have been carried out with responsibility, adherent to corporate social responsibility activities relating to the business operation process by taking into account the necessity and impact in bringing resources for use and the impact on one another in using each category of the resources including the resource impact and development through value chain by being aware of the fact that the different business model would cause the impact on the resources differently, as well. Therefore, in choosing the business model, the Company must take into account the impact and worthiness to occur to the resources on the basis of having the ethics, responsibilities and create sustainable value to the business.

The Board of Directors has monitored controls to ensure that in attaining the business objectives, the Management has reviewed, developed, and supervised the matter on the efficient and effective use of the resources by always taking into account the internal and external factor changes.

The Board of Directors promotes and encourages the acquisitions of knowledge and trainings of the staff and employees on the aspect of the environment by defining this matter as a policy and disclosing the implementations thereof to make it known to the public.

### **5.4 Corporate Level Information Technology Management**

The Board has established a framework for governance of enterprise IT in alignment with the Company's business needs by ensuring that it carries on the operations in compliance with the relevant laws, regulatory requirements and standards relating to the use of technology by assigning INSEE Digital Co., Ltd., a subsidiary engaged in the business as a service provider on techniques, management and development of data system to Siam City Cement Group of Companies, to oversee and manage IT of companies in the Group.



Provided, however, that the Board has established a policy on the allocation and management of IT resources such as the appropriate utilizations of IT property that comprehensively covers the allocations of the resources adequate to the business operations and defining guidelines for backing up in the case of being unable to adequately allocate the resources as prescribed. Respective to this matter, the criteria and factors on the precedence of IT Work Plan such as the suitability and compatibility with the strategic plan, business operational impact, utilization urgency, budget and IT human resources as well as the compatibility with the business model have been defined. In this respect, INSEE Digital Co., Ltd. provides the services comprehensively covering from the stage of mapping out the strategic plan on the aspect of technology, information and digital to be in alignment with and able to promote business strategies of Siam City Cement Group of Companies to the stage of overseeing and developing the existing systems that can be operated with optimal efficiency and respond to the needs of users both in and out of the organization in accordance with the set objectives.

The Board, on the corporate risk management, has overseen to ensure that the corporate risk management thoroughly covers IT management risk, as well, such as business continuity management, incident management and asset management, etc.

The Board has implemented the policy and measure on IT system security which have been excellently undertaken by INSEE Digital to the extent of being awarded with ISO/IEC 270001:2013 Certificate under the category of the Outstanding Information Security Management Awards from Bureau Veritas Certification (Thailand) Ltd., which comprehensively covers the information security system on the confidentiality, integrity, availability of information including the protection against any illegal use of the information or the alteration of the information without any permission.

## **Principle 6: Strengthen Effective Risk Management and Internal Control**

### **6.1 Risk Management and Internal Control**

The Board has monitored controls to ensure that the Company has the information security system including setting out the policy and practical procedures on safeguarding the confidentiality to prevent the information from leaking, the integrity and availability of the information including the information management which may affect the market sensitive information. In addition, the Board has overseen to ensure that Directors, key executives, staff and employees as well as related third persons such as legal advisors, financial advisors, comply with the information security system, as well.

The Board has monitored controls to be assured that the Company has risk management and internal control system to enable it to effectively achieve the objectives, the corporate business operations being practiced in compliance with the relevant laws and standards of both the domestic and international level, thus, an appropriate and adequate internal control is defined in order that the Company's business operations can be carried on in accordance with the objectives and in alignment with the relevant laws, rules, regulations and requirements relating to the businesses and the operations, reduce the operational risk and build up confidence in that there is a reasonable anti-corruption measure.

The Board of Directors has entrusted the Audit Committee and Governance, Risk and Compliance Committee to scrutinize for consideration to make the approve on the acceptable risk, specify the risk (strategic risk, operational risk, financial risk and compliance risk) in which both the organizational internal and external factors that may result in the Company to be unable to attain the prescribed objectives are considered, approve risk management policy in alignment with the objectives, principal goal, strategies and acceptable risk of the enterprise as a framework on duty performances in the risk management process of everyone in the organization to be in the same direction which the impact and opportunity on the risk occurring probability having already been identified is assessed in order to arrange the risk precedence and avail an appropriate risk management method.

The Board of Directors places the importance on making follow-ups and effectiveness evaluation on the risk management consistently and on the early warning signals and keeps tab on to ensure that the risk management policy is regularly reviewed, at least, once a year.

## **6.2 Formation of the Audit Committee**

The Board of Directors has formed up the Audit Committee which can efficiently and independently perform their duties. All Committee members are independent Directors fully qualified in accordance with the criteria prescribed by the Stock Exchange of Thailand (SET) and Office of Securities and Exchange Commission (SEC).

The Board has defined the role and duties of the Audit Committee in the Charter of Audit Committee, (the details of which are as appearing in Principle 3 - Strengthen Board Effectiveness, Roles and Responsibilities of Company Board and Committees), which comprehensively covers duties as specified under the Corporate Governance Code for Listed Companies 2017.

The Board of Directors has made available the mechanism or tools which will enable the Audit Committee to have access to the information necessary for their assigned duty performances such as facilitating them to be able to call for related persons to give relevant information, participate in the discussion making in conjunction with the auditors, find comments independently from the influence of any other professional advisors to support their considerations as well as providing persons or internal audit organization having independence in performing their duties to be responsible for the development of and verification on the efficiency of the risk management system and internal control together with submitting the relevant report to the Audit Committee for consideration and comment on the adequacy of the risk management system and internal control. Such verification report shall as well be disclosed in the annual report.

Details of the internal control and risk management are as appearing in Clause 11 – Internal Control and Risk Management.

### **6.3 Manage and Monitor Conflicts of Interest**

The Board of Directors has monitored controls over and follow-ups on and managed conflicts of interest that might occur between the Company and the Management, Directors or shareholders including preventing the inappropriate use of corporate assets, information, and opportunities and the inappropriate transactions with related parties.

#### **Information Security Operations and Monitoring the Use of Insider Information**

The Board of Directors has monitored controls to ensure that the information security operation system is implemented. This shall include the mapping out of policy and procedures on safeguarding confidentiality, integrity, and availability of business information as well as the management of the market-sensitive information. In addition, the Board has monitored the implementation of the information security policies and procedures and the adherence to confidentiality requirements by Directors, key executives, staff and employees as well as related outsourced advisors to also comply with the information security system.

In order to comply with the Corporate Governance Code 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 placed the importance on the compliance with the Company's Code of Business Conduct. In this respect, the Board of Directors has implemented the Blackout Period Policy which the Directors, Executives and employees as well as the persons perceiving the insider 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 that 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 Code of Business Conduct on the use of Company assets and information.

The Code of Business Conduct sets out that "Use of insider 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 regarding use of insider information, please consult the Legal and Corporate Affairs Department. The Company shall review names of insiders for the suitability of the current situation, map out the guidelines in safeguarding insider 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.

The Board has monitored controls to ensure that names of the insider information users who know of and possess the non-public important information are reviewed to reasonably be suitable in accordance with the current situation and shall notify all parties within the organization irrespective of whether they are Directors, the Management, all staff and employees on the abovementioned policy and practical guidelines for them to comply with and to be aware of the subsequent penalties in case of a violation or non-compliance with the above described policy and requirements, as well, which in this connection, result of the executions in the compliance shall be regularly monitored.

Summary of Number of Shares Held by Directors and Executives in 2016 and 2017 is follows:

Shareholding of Siam City Cement Public Company Limited by Directors and Executives

List of Directors/ Executives	31 December 2017			31 December 2016			Total Number of Shares Increase/ (decrease) during the year (share)
	Number of Shares (Share)		Percentage of Shares Held	Number of Shares (Share)		Percentage of Shares Held	
	Directors/ Executives	Spouse and child(ren) under age		Directors/ Executives	Spouse and child(ren) under age		
Non-Executive Directors							
1. Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-
2. Mr. Chachchon Ratanarak	-	-	-	-	-	-	-
3. Mr. Vanchai Tosomboon	81,887	-	0.0275	57,522	-	0.0250	24,365
4. Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
5. Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
6. Mr. David Alexander Newbigging	-	-	-	-	-	-	-
7. Dr. h.c. Harald Link	31,221	-	0.0105	18,550	-	0.0081	12,671
8. Mr. Teng Wei Ann Adrian	-	-	-	-	-	-	-
9. Dr. Sunee Sornchaitanasuk	-	-	-	-	-	-	-
10.Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
11.Mr. Charin Satchayan	-	-	-	-	-	-	-
Executive Director							
12.Mr. Siva Mahasandana	207,504	-	0.0696	152,478	-	0.0066	55,026
Executives							
14.Mr. Montri Nithikul	11,407	-	0.0038	7,031	-	0.0030	4,376
15.Mr. Chandana Liyanage	15,704	-	0.0053	22,946	-	0.0099	(7,242)
16.Miss Anuttara Panpothong	-	-	-	-	-	-	-
17.Mr. Paul Joseph Hayes	-	-	-	-	-	-	-
18.Mr. Amornsak Torot	16,692	-	0.0056	9,872	-	0.0043	6,820

Note: The percentage of shares held for year 2016 calculated from the registered capital of 2,800 million baht, which was paid-up capital of 2,300 million baht. The percentage of shares held for year 2017, whereas, calculated from the registered capital of 2,980 million baht, which was paid-up capital of 2,980 million baht. (The increase in the Company's registered capital was approved by the Annual General Meeting of Shareholders No. 24 on 31 March 2017.)

## **Possible Conflict of Interest Transaction**

Other than monitoring controls over the internal information use, monitoring controls over the possible conflict of interest transaction with the Company is extremely important. The Board therefore oversees to reassure that the possible conflict of interest transaction be managed and monitored including the availability of the practical guidelines and procedures in order that such transaction can be undertaken in accordance with the steps of the operations and information disclosure provided by law and for the overall benefits of the Company and shareholders as a significant matter which, in this respect, no stakeholders shall participate in the decision making.

The Code of Business Conduct sets out that “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 the Company Group”. Employees shall avoid conflict of interest whenever possible. In the situations whereby employees think the 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 the 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 of transparency and avoid the activity that may be connected with the conflict of interest of the Company.

## **Report Preparation on Conflict of Interest**

The Board has determined the guidelines that Directors must report of his/her interest prior to the consideration of Board meeting agenda and such interests must be documented in the Minutes of Meeting every time. In addition, the Board of Directors also ensures that the Directors having significant interest in the nature that such Directors may not be able to independently give opinion, must not participate in the meeting of such agenda. Moreover, Directors and Executives shall report their own interests and of 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 Directors' Meeting.

#### 6.4 Policy and Practical Procedures of Anti-Bribery and Anti-Corruption

SCCC has announced the Anti-Bribery and Anti-Corruption Policy since 2012 and instill the corporate culture in accordance with the ideal that bribe giving or corruption shall strictly be prohibited the whole time. In 2015, the Collection Action Coalition (CAC) declaration of Thai private sector on anti-bribery and anti-corruption was jointly signed and the relevant Membership Status Certificate from CAC subsequently given on 18 August 2017.

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 Policy under the frame of the revised SCCC Code of Business Conduct which had already been scrutinized and submitted by Governance, Risk and Compliance Committee. 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:

- 1) All Directors, Executives and employees including any persons being the representatives 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 units 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) The Company arranges to put in place in communicating the guidelines on anti-bribery and anti-corruption constantly and regularly both through training and online medias and that this training 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 seen on the Company's website: <http://www.siamcitycement.com>)

## **6.5 Mechanism for Handling Complaints and Actions in case of Whistle Blowing**

The Board has monitored controls to ensure that a mechanism and process for handling complaints and whistle blowing be established by overseeing that an effective mechanism is in place to record, track, resolve, and report complaints and feedback of the stakeholders and further ensure the availability of convenient complaint channels of more than one including the disclosure of the complaint receiving channels in the Company's website and annual report.

The Board of Directors has monitored controls to ensure that the Company has clear operating guidelines in the case of a whistle blowing including the process on the information verification, operations and reporting to the Board as well as overseeing to ensure that the appropriate whistle blower protection measures are in place for whistle blowing in good faith.

The Board of Directors has mapped out a policy on the receipts 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.

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

1. Hotline: 02 034 0299
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

Such process is 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; and clear policy or ways in protecting people giving information or whistle blowers. The investigation process has been developed as well as the INSEE Speak Up Line Ambassador has been appointed as the Company's representative to receive the complaints and incidents.

SCCC is firmly determined to maintain its high standard on the matter of good corporate governance as is said in its promise that SCCC shall be the faithful, honest, ethical and transparent organization. As such, a notification on an inappropriate event or in violation of the Code of Business Conduct by personnel of the Company is reasonably protected from the environmentally working condition.

## **Principle 7: Ensure Disclosure and Financial Integrity**

### **7.1 Financial Report Preparation and Significant Information Disclosure**

The Board of Directors is responsible for overseeing to ensure that the financial preparation and significant information disclosure systems are properly and adequately handled in a timely manner and in accordance with the relevant rules, standards and practical guidelines.

SCCC discloses the relevantly significant information on the basis of transparency, completeness and a timely manner both on the aspect of financial and non-financial information such as the Company's operational result over in the past year of the Board and Committees, CG Policy, CSR Policy and Environmental and Social Policy and compliance with various policies through easily accessible channels with equality and reliability according to the standards and regulations set out by SEC and SET. In this respect, the Board has ensured that people related to the preparation and disclosure possess appropriate knowledge, skills and experiences for their accountabilities and their number is sufficient. Such people inclusively mean accounting and financial line key executives, bookkeepers, internal audits, Company Secretary and investor relations.

The Board has made available the quality financial report preparation process and ensured that the information stated in the financial report is accurate and in accordance with the generally acceptable accounting standard and that it is audited by the independent auditors. There must also be the Board's responsibility to the financial report all along with the independent auditor report in the annual report by giving approval on such financial information disclosure. The Board has already taken into its considerations on the factors, the matter of the adequacy evaluation of the internal control system including the observations of the auditors through other communication channels, comments of Audit Committee and the alignment with the objectives, main goals, strategies and Company's policies.

The Board has monitored controls over the information disclosures which include financial statements, annual report, Form 56-1 that adequately reflect the Company's financial status and operational result including encouraging the Company to conduct the management discussion and analysis or MD&A to support the financial statement disclosure every quarter in order to enable the investors to know of the information and understand the changes occurring to the Company's financial statements and operational result in each quarter much better. Other than solely the numeric figure information in the financial statements and in the case of any information disclosure which is related to any Director, in particular, such Director must oversee to ensure that the disclosure on his/her part is completely and accurately undertaken.

## **7.2 Financial Liquidity and Solvency**

The Board has monitored controls to ensure that the Management keeps tab on the follow-ups and assessment of the corporate financial status and the ongoing submission of the relevant report to the Board on a regular basis. In this connection, the Board shall jointly collaborate with the Management to find remedial solutions to correct the discrepancies in a timely manner should there be any indicative signal on the problem of the financial liquidity and solvency.

## **7.3 Remedial Actions to Solve Financial Problem**

In approving any transactions or presenting any comments to a shareholders meeting, the Board must be assured that such transactions will not affect the continuity of the business operations on financial liquidity or solvency.

The Board must monitor controls to ensure that the enterprise has the implementation plan or other mechanism that can solve financial problems and keep such plan or mechanism closely monitored and oversee to ensure that the corporate businesses are carried on with due care and in compliance with the requirements in relation to the information disclosure by taking into account the impartiality towards the stakeholders including creditors as well as monitoring the follow-ups to solve the problems which, in this respect, the Management shall be the party to regularly report the relevant situation. The Board must be assured that any decision making in solving the corporate financial problems irrespective of any method must be in a reasonable manner.

## **7.4 Sustainability Report Preparation**

The Board has considered the appropriateness on the disclosure of information on the compliance with the laws, compliance with the ethical code, anti-corruption policy,

treatments of employees and stakeholders which include fair treatments and respects to human rights, social and environmental responsibilities by taking into account the report framework acceptable at domestic or international level which has been defined as the policy. Such information shall be disclosed in the annual report.

The Board has ensured that the disclosed information is a significant matter that reflects the practical implementations towards the creation of sustainable corporate values regularly.

The Board of Directors has monitored controls to ensure that the Management has established a unit or provided a person to be responsible for the functions of investor relations who performs duties in communicating with the shareholders and other stakeholders such as an investor, an analyst, appropriately, equally and in a timely manner.

The Board of Directors places the importance on the discharging of duties of the Company's "Spokesperson" who must be suitable to perform such duties, understandable on the corporate business including the objectives, main goals, values and well communicate with the capital market. Because the person so appointed to perform such duties has to perform his/her duties with due care, CEO and Deputy CEO for Finance and Controlling are therefore designated to be responsible for giving information to the third persons.

The Board of Directors has set out the Disclosure Policy or guidelines, and Communication 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, general investors, analysts, and associated state agencies with equality and fairness. The Company gives the opportunities to such parties to visit our Executives as appropriate. The information provided is information disclosed to the public, which is accurate, not misleading and sufficient for investors to make investment decisions. The Board must ensure that the communication and information disclosed to the public are appropriate, equal, timely, and used with the proper channel. The secrets and information impacting the securities price must be protected. Besides, the communication must be in the same direction throughout the whole organization in compliance with such policy.

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's information. Importantly, at the shareholders' meeting, there will be no agendas or changes in any significant information added 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 details in section "Social Responsibility" of the annual report).

## **7.5 Person responsible for Investor Relations**

In 2017, the Company regularly had meetings with individual investors, institutional investors, securities analysts, and provided information through phone, and answers to questions as well as disseminating the information through the Company's website on a regular basis. 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 7141  
Email: SCCC\_TH\_IR@siamcitycement.com

The Board monitors control to ensure the management to prescribe directions and provide supports on the investor relations functions such as the standard operating procedures (SOP) in giving the information, policy or SOP on information management having effect on securities prices including clearly defining the accountabilities of the investor relations in order that the information communications and disclosures can be efficiently and constantly made.

## **7.6 Application of IT Technology for Use in Information Disseminations**

Apart from the information disseminations in accordance with the established criteria and through the capital market channel, Annual Registration Statement (Form 56-1) and annual report, the Board has defined that the information both in Thai and English be disclosed through the Company's website at [www.siamcitycement.com](http://www.siamcitycement.com) where the information in which has regularly been updated and fully accounted for according to Corporate Governance Code for Listed Companies.

## **Principle 8: Ensure Engagement and Communication with Shareholders**

### **8.1 Participating in Decision Making**

SCCC is firmly committed to protect the rights and benefits of our shareholders. The Company's Board of Directors is aware of and places importance on the rights 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 proxy, 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.

The Board of Directors ensures that the shareholders shall take part in making important decisions, issues specified by laws, and issues that may impact the direction of the business operation are listed in the meeting agenda and pass the consideration and/or the shareholders' approval.

The Company's Board of Directors supports the shareholders' participation by prescribing criteria to allow the minority shareholders to propose the meeting agenda prior to the shareholders' meeting. In this connection, the Board will consider to include such proposed matter as the meeting agenda. If the Board of Directors shall deny including the proposed matter; explanation must be given at the shareholders' meeting. Additionally, the Board of Directors provides the process allowing the minority shareholders to participate in the nominations and appointments of Directors 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 three four percentage (0.034%) of the Company's total number of the eligible 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. The Board will ensure that the disclosure of such criteria will be made to shareholders in advance of 3 to 4 months before the date of the shareholders' annual general meeting, as well as opening the opportunity to shareholders to submit questions before the meeting by specifying the criteria for question submission in advance and disseminating such criteria on the Company's website.

For Annual General Meeting 2018, the Board gives opportunity to shareholders to submit relevant questions prior to the Annual General Meeting between 15 September 2017 – 31 December 2017 by establishing clear criteria for advance submission and disseminating such criteria on the Company's website [www.siamcitycement.com](http://www.siamcitycement.com). However, no question was submitted.

The Company's Board of Directors shall ensure that the Notices of Shareholders' Meeting contain correct, complete and adequate information for shareholders' use of rights. In addition, meeting agendas are clearly specified and forwarded to the shareholders along with related document. The Notices of Shareholders' Meeting, agendas, and opinion of SET shall be disseminated through the Company's website, at least, 30 days before the date of the meeting. Such Notices of Shareholders' meeting and relevant documents shall be made entirely in English and disseminated altogether along with the Thai versions every time.

## **8.2 Actions on Shareholders Meeting Date**

The Company's Board of Directors ensures that information, date, time, and place of the meeting as well as the meeting agendas are provided with supportive explanations and reasons on each agenda specified in the Notices of Shareholders' 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. The Board's Notices of Shareholders' Meeting must consist of:

- (1) Shareholders' meeting date, time and place.
- (2) Meeting agendas which have been specified as either for acknowledgement or approval including clearly separating them into a specific matter by matter such as the agenda relating to Directors, the matter of the Director elections and approval on Directors' remunerations are separated into each individual agenda.
- (3) Objectives and rationales and the Board's comments in each proposed agenda which include:



- a. Agenda on dividend payment approval – dividend payment policy, proposed dividend payment rate together with supporting rationales and information. In the case of a stay on the dividend payment, relevant rationales and information should as well be given.
  - b. Agenda on Directors' appointments – Specify the names, ages, educational and working backgrounds, number of listed companies and general companies having term of office as a Director, nomination rules and procedures, type of Director nominated and in the case of a nomination for reappointment of a previous Director for term of office once again, specify the information on meeting attendances in the previous year and date of appointment to be the Company's Director.
  - c. Agenda on Directors' remuneration approval – Policy and rules on defining directors' remuneration of each position and all forms of Directors' remunerations both tangible money and other benefits.
  - d. Agenda on the appointment of auditors – Name of auditors, the Company they belong to, working experiences, auditors' independency, auditing fees and other service charges.
- (4) Proxy Letter in accordance with the form prescribed by Ministry of Commerce.
- (5) Other meeting supporting information such as vote casting steps, vote counting and vote counting result notification, right of each category of share on vote casting, information of independent Directors whom Company has proposed as the proxies from shareholders, documents which shareholders must produce prior to attending the meeting, proxy supporting documents and map of the meeting place, etc.

The Board has monitored controls to ensure that actions on the shareholders' meeting date are carried on in an orderly manner with transparency, efficiency and facilitation to shareholders to be able to exercise their rights.

In setting the meeting date, time and place, convenience in attending the meeting of shareholders is taken into account by setting the time interval to be suitable and adequate for debates or discussions and designating the meeting place to be convenient for traveling, that it can be reached by adequate mass transit system in order to facilitate travels of the shareholders to attend the meeting conveniently.

The Board of Directors shall ensure that there is no actions that would limit the opportunity of meeting attendance or cause undue burden on shareholders and shall send Proxy Letters along with the Notices of Meeting, as well as publicizing on the Company's website ([www.siamcitycement.com](http://www.siamcitycement.com)), for the shareholders' options and facilitations in the case where they cannot attend a meeting in person. In addition, the Board has not specified that shareholder or proxy is required to produce documents or evidences of identification that exceed applicable legal and regulatory requirements. Duty stamps are also prepared for the appointment of proxies.

The Company's Board of Directors provides the opportunity for shareholders unable to attend meeting themselves to appoint the independent Directors or other persons as the proxies to participate and cast their votes in the meeting and encourages the shareholders to use Form B Proxy Letter and nominate the independent Directors of more than 1 person as their options in delegating their proxies.

The Board of Directors has a policy to support and facilitate all groups of shareholders, including institutional shareholders to attend the meetings. Hence, the coordination has been made between SCCC and institutional shareholders and/or custodians who are 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 in order to reduce the time of document verification on the meeting date.

The Board of Directors promotes the use of technology for the shareholders' meeting by adopting the computer and barcode systems for registration, vote counting and result display. This is to expedite the meeting process with accuracy and to facilitate the shareholders in exercising their rights fully in participating and casting their votes in the meeting

The Chairman of the Board is the Chairman of the shareholders' meeting having the responsibility to comply with applicable legal requirements and the Company's Articles of Association; to allocate sufficient time for consideration and debate of agendas, and to provide opportunity to all shareholders who wish to share their opinions or ask questions related to the Company.

To enable the shareholders to participate in making crucial decision, Directors who are shareholders participating the meeting should not allow the addition of meeting agendas that have not been duly notified in advance, particularly the important matters that the shareholders should use an ample time to study on its information before making decision.

All Directors, relevant Executives and Directors of committees should attend the meeting to answer questions from shareholders on Company-related matters.

The Company conducts the meetings in a transparent manner with examination mechanisms available. The Chairman of the Board of Directors shall, before the meeting is about to convene, assigns the Company Secretary to give explanations to the meeting on number of attendance, proportion of shareholders attending the meeting themselves and by proxies, 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.

Before casting the votes on each agenda, Chairman of the Board of Directors opens the opportunity to the shareholders to express their opinions, give their recommendations or even make inquiries. The 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.

In the 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 a tie vote, the Chairman of the Meeting shall have a right to cast an additional vote which is the casting vote.

The Board of Directors encourages to provide ballot papers for voting in important matters and to provide independent persons to count the vote or verifications in the meeting and announce the vote results that giving, denying their approvals or abstaining from casting in each agenda as well as recording in the Minutes of Shareholders' Meeting.

The Board shall ensure accurate, timely and complete disclosure of shareholder resolutions and preparation of the Minutes of the Shareholders' Meeting. On the same day after the conclusion of the meeting, the Company shall inform the Stock Exchange of Thailand, in the form of a newsletter and Company's website, the resolution of each agenda of the Shareholders' meeting by indicating the votes as "approved", "disapproved" or "abstained from voting".

Explanations on the steps of casting the ballots and methods of displaying result of the votes to the meeting 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 absent from attending the meeting, are recorded in the Minutes of Shareholders' Meeting.

The Board ensures that copies of the shareholders' minutes of meeting are forwarded to the Stock Exchange of Thailand within 14 days from the shareholders' meeting date by overseeing to ensure that the Minutes of Shareholders' Meeting is recorded with the following information, at least:

- (1) Names of Directors and Executives in attendance and proportion of attending and non-attending Directors.
- (2) Method of vote casting and counting, meeting resolutions and vote casting result ("approved", "disapproved" and "abstained from voting") on each agenda.
- (3) Issues of inquiries and replies in the meeting including names the inquirers and repliers.

## **9.8 Compliances with Corporate Governance Code on other Matters**

Compliances with Corporate Governance Code on other matters such as shareholders' right protections, equal treatments of all groups of shareholders, roles of stakeholders, information disclosures and transparency and Board's responsibilities are as follows:

1. Shareholding structure of the Company group must be no cross nor pyramid holding type in the group of Company and there shall be no portfolio structure type having inter-transactions in a manner likely to cause the conflict of interests.
2. The Company has free float in excess of fifteen percent (15%) of the shares having already been issued.
3. Shareholdings of Directors and the management are disclosed, directly and indirectly, in the annual report and that the Company Directors' total shareholdings are not in excess of twenty-five percent (25%) of the shares having already been issued.
4. The Board has monitored controls to ensure that the Company discloses the shareholding structure of shareholders with transparency by elucidating details on the controlling interests and proportion of minority shareholders which clearly reveals the fact on the beneficial owner of the Company as well as disclosing the Directors' and the Executive's shareholdings, directly and indirectly, in the annual report every year.
5. In the case of a Company's share buy-back, the Company will not neglect the shareholders' equal treatments.
6. The Company will not hinder nor create any obstacles in opening the opportunity to the shareholders to be able to have communications with one another.

7. The Company will not neglect to disclose the shareholders agreement having implicitly significant impact on the Company or other shareholders.
8. Currently the Company has one and single type of share which is the ordinary share. In a shareholders meeting, a shareholder has one vote per share.
9. Over in the past year, there was no transaction on financial assistance to non-subsidiary Company.
10. Over in the past year, there was no apparent case in which the Company Directors or the Executive had used the insider information for securities trades.
11. Over in the past year, there was no apparent case in which the Company had violated or non-complied with the rules on inter-transactions or the rules on asset trades.
12. The Company has prepared CSR report as an integral part of the annual report with the disclosure of GRI Index.
13. Procedural guidelines on the treatments for the stakeholders on various aspects are as follows:

- (1) The Board of Directors has established the policy and guidelines on the occupational health and safety and disclosed the statistics of accident occurrence or rates of absence and work-related injury on a regular basis.

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

The Company's Board of Directors places the importance on the obligations 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.

(3) Intellectual Property Rights

The Company also emphasizes on respecting intellectual property rights of the third parties. It is the Company's policy that Directors, Executives and employees and other persons acting on behalf of the Company shall avoid infringement of intellectual property rights of the third parties. At the same time, the Directors, Executives and employees and other persons acting on behalf of the Company shall protect and inspect the Company's intellectual property for the interest of the Company as prescribed in the Code of Business Conduct and related policies, for instance, Appropriate Use of Company IT Asset Policy, Information Classification and Handling Policy, etc.

#### 14. Non-financial Performance Indicator

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 advice 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 relationship 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 2017 to keep the good score continuously.

## 10. Sustainable Development and Corporate Social Responsibility

The Siam City Cement Group is committed to operate on sustainable business practices together with the foundation of good corporate governance principles. By determining the policies, implementing the corporate social responsibility's activities and environmental caring with high responsibility to meet the expectation of all key stakeholders.

The Company has developed the social responsibility policy as a guideline in carrying out the work in this area in seven important aspects:

1. Strictly adhere to corporate governance
2. Respect human rights and hiring and caring for employees fairly
3. Pay close attention to building good relationship with customers and suppliers
4. Be mindful of the environment and sustainable development
5. Be attentive to the community and support social development
6. Support controlling and reporting
7. Anti-bribery and corruption

### Stakeholders and ways to foster lasting relationship

The Company strongly believes that with the good supportive from all key stakeholders is a cornerstone of the operations. Therefore, the Company creates the communication channels as a tool for exchanging the ideas and experiences to get those valued information, opinions and engagements. This would create major benefits as follows:

- 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

The Company has identified all major stakeholders and analyzed their expectations as well as communicated to access the stakeholders' opinions and bring the information to take advantage for strategic planning and business activities as follows:

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationship
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> </ul>

Major stakeholders	Our goals	Communication channels, or ways to foster lasting relationship
		<ul style="list-style-type: none"> <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>
Good & 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>



## **Conducting Business with Good Governance**

The Siam City Cement Group strictly adheres to the good governance principles in its business conduct by paying full attention to responsibility towards the society and the environment, as well as to try our best to fulfill the needs of our stakeholders. In the past year, the Company's good governance activities are as follow:

### Management standard given "excellence" recognition

In 2017, the Company was again evaluated for its management practice and was awarded an "Excellence" recognition by the Institute of Directors (IOD).

### Becoming a member of the "Collective Action Coalition Against Corruption"

The Company's anti-corruption policy ensures that Siam City Cement Public Company Limited operates its business with responsibility towards the society and proper accountability. The Company was awarded the certificate signifying membership in the "Collective Action Coalition Against Corruption" as from 18 August 2017, for at least three years.

### Code of Business Conduct: The key to Regional Business

In 2017, the Company expanded its Code of Business Conduct to cover the region, from Thailand its subsidiaries in Sri Lanka, Vietnam, Bangladesh and Indonesia. The Code of Business Conduct provides the code of conduct guideline when dealing with all stakeholders to employees at all levels, and to ensure that our staff will perform their duties honestly and in line with proper governance.

### "INSEE Speak Up Line" Covers the Region

The Company has expanded its complaint and whistle-blowing process called "INSEE Speak Up Line" to cover all countries in which the INSEE Group operates, as managed by an independent outsource firm. The "INSEE Speak Up Line" emphasizes the value of "doing the right thing" and to create a reporting culture and witnessing unlawful or unacceptable conducts as stipulated in the Code of Business Conduct.

### Compliance Training

The Company conducted many Compliance Training Programs for 229 SCCC Group executives and operation managers whose jobs carry compliance risks. The programs cover Compliance Leadership, and Prevention of Corruption within the Organization. These were designed to raise the awareness among the employees of the proper conduct and to become role models in conducts that are ethical and complying with good governance.

### Business Continuity Management

The Company has organized the Business Continuity Management program to review and develop this area of management to conform with international standard and prepare the readiness of the employees in all areas to be able to handle any emergency situations effectively to ensure continuity in the delivery of products and providing timely services to customers. At the same time, corporate image, security and safety of the employees must be maintained along with the relationship with all corporate stakeholders.



## Social Responsibility Projects and Promotion of Relationship with the Community

The Siam City Cement Group has initiated many social responsibility projects and activities to support the society and community under the “Green Heart” concept. Most of the projects are long-term and provide support at the national level as well as for the community in which the Company operates.

### CSR at large projects

- Green School project

The Green School project has entered its eighth year running and has developed into “Integrated Green School” that has incorporated community development into educational support. On 3 August 2017, Her Royal Highness Princess Maha Chakri Sirindhorn graciously presided at the opening of the “INSEE Asa Border Patrol Police Learning Center” of Ban Huay Nam Kuen, Mae Sruay District, Chiang Rai Province. This is the 30th school building constructed under the Green School project and is now providing education to children of over 300 Arkha families living in this remote area. Throughout this program, more than 50,000 children and youths have benefited from the availability of education under the care of Border Patrol Police.

- Green Community project

The Company received cooperation from the Chai Pattana Foundation to develop the quality of life and build communities that are environmentally friendly and self-supporting under the “sufficiency economy” doctrine, while also serving as a learning center for other communities. The pilot project was the community at Ban Doi Lan, Muang District, Chiang Rai Province.

The activities that have arisen from the specific needs of the members of the communities are separated into three categories, namely, agriculture and animal husbandry; vocational training; and environment. The learning center “INSEE Pattana” was created to provide knowledge on environmentally-friendly garbage disposal, check dam construction, solar power utilization and vocational training with the focus on inter-locking soil cement block production and construction of soil cement water tanks.

- INSEE Safer Together

This is a workshop to provide knowledge and awareness on safety in the workplace to prepare for job readiness for skilled workers at the Skill Development Institute and to students at 10 technical colleges under the jurisdiction of provincial educational departments. To-date, more than 1,600 persons have attended the workshop in 2017.

- Project to support masonry skill contests for technical students at the regional and national levels

This is a project that the SCCC Group has supported continuously for the past 20 years to promote and develop the skills and experience for students in the fields of masonry and concrete before they graduate and enter the workforce. The Company provides support in the form of equipment, budget and prizes amounting about 800,000 Baht for contests at the regional and national levels in the school year 2017.

### Community Relations projects

The Company has always been aware of the need to create and maintain good relations with the communities surrounding our facilities with the emphasis on social responsibility, by continuously supporting projects aimed at the sustainable development and growth of the communities. It is a source of pride that all our three plants in Saraburi Province have been presented with the “CSR-DIW Continuous Award 2017” by the Department of Industrial Works, Ministry of Industry. In addition, the INSEE Mortar plant, and INSEE Ecocycle plants in Saraburi and Chonburi were all given “CSR-DIW Award 2017”. This is a considerable success and a step in the right direction for the Company in its quest for enhanced social responsibility.

In 2017, the Company has a number of projects involving communities near the plants in Kaengkoy and Muaklek districts of Saraburi Province with the emphasis on joint participation. These projects are:

- INSEE Green Park (Suan Ming Mongkol)

The Company has developed the INSEE Green Park on the Company's own land on Mitraphab Road, Kaengkoy District of Saraburi Province to celebrate the 84th birthday of His Majesty the late King Bhumibol Adulyadej on 5 December 2011. This is to reflect the Company's important business philosophy of caring for the community, society and the environment. At present, INSEE Green Park has helped to add value to the community whose members bring their handicraft and OTOP products to sell at the park for extra income. The people in the area also use the park for relaxation, exercise and other forms of community interaction. It has also become a model for environmental friendliness and an outdoor classroom that enhanced the awareness and love of the environment for the community members and school children.

- INSEE Green Village - Tabkwang

This is a long-running project launched in 2011 based upon the need of the community and their leaders who would like to see the development that would lead to self-support and expanded under differing context and need of each community. The activities involved Green training, tree-planting to increase green area, water management, garbage sorting and the setup of community garbage bank. More importantly, the youths in the communities are encouraged to actively participate in these activities.

- INSEE Tabkwang Youth Camp

The youth development program was launched at the end of 2013 when the Company started the Youth Camp to support education for youth in Tabkwang District and bolster their social spirit by playing a role in the development of the community and participating in green activities. The Youth Camp is a project that clearly demonstrates SCCC's desire to instill in children and youth in the local communities the sense of being civic-minded and to become exemplary members of society. Children and youth who would like to participate in the youth camp must be 13 to 20 years old. The program is held continuously with the support of community leaders.

- Siam City Cement Tabkwang Community and Environment Development Fund

This is a fund that has been established and managed by a joint committee which consists of elected members of the community to manage the development fund in the Tabkwang community

that the Company contributes on a yearly basis. The committee members are elected from each of the villages and are tasked with coordinating with the communities to form development projects. Representatives from Siam City Cement and the district government also participate as committee members.

- Development of basic infrastructure support projects

Landscaping and community water distribution. These projects emphasize the cooperation between community members and INSEE employees under the name “INSEE Asa” projects that are planned and carried out together with community members, their leaders and INSEE employees.

Siam City Cement Public Company Limited continuously gives importance to the social responsibility aspect including the cultivation of social responsibility culture and the cooperation among the executives, employees, people, community leaders as well as government officials and independent organization representatives to join together to sustainably develop the community that will be beneficial to the members within - Just as in one of our mission statement: **“We care... for the future of us all”**.

## Sustainable Development Roadmap

The Company has studied the importance of sustainability of the business and considered the various expectations of the stakeholders towards our business. Then we used the collected data to define the topics on sustainability that we need to focus on. We have arrived at six indicators and have set challenging long-term goals from the end of 2009 to 2020.

In our six Sustainable Development (SD) Roadmap indicators, the Company is determined to create more substantive value for the community, society and the environment, and has considered an important expression of our responsibility towards the society in our business process, or what is known as “CSR In-Process”.

The overall picture of our SD Roadmap from past to present has demonstrated a positive direction. However, on some indicators more challenges have arisen especially from external factors that were difficult to control. This meant that the Company was faced with strong challenges in the determination to reach the set goals for some indicators. However, the Company believes that Sustainable Development is an unending journey that needs continuous development.



## Progress summary of the SD Roadmap in 2017

### CO<sub>2</sub> Emission Reduction

In 2017, the effort to reduce CO<sub>2</sub> emission into the atmosphere has not achieved the desired level with the CO<sub>2</sub> emission level reaching 722 kilograms per ton/cement, which represents a continuous rising trend since 2014. This is mainly caused by the continual market growth for OPC Cement which has a high clinker factor. However, the Company has been trying to substitute more alternative fuels as one way to reduce CO<sub>2</sub> emission.

Overall, the Company managed to reduce CO<sub>2</sub> emission based on 2007 figures by 28 kilograms per ton/cement, or a reduction of 3.7 percent. This is still far from the goal of reducing CO<sub>2</sub> emission by 20 percent by 2020.

However, the Company is mindful and is determined to tackle this issue through researches on ways to produce cement with low CO<sub>2</sub> emission and to keep up with new technology on this issue through our international network.



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

Under the “Green Heart” Concept, the Company has initiated and supported activities that promote engagement in environmental awareness to stakeholders namely, employees, community, customers and business partners since 2009 through various activities such as Green Factory, Green Village, Green Bank, Green Products, Green Heart Club and Green Transporter Club. So much so that the Company became the first cement producer in Thailand to receive “Industry Standard’s Green Industry Level 5 – Green Network” for all our plants since 2014 and has gone through reevaluation for the retention of the “Green Industry Level 5” at the end of 2017. This is a testament to the determination and promotion of this issue.



### **Community Involvement & Development**

Every year, all production units of the Company must prepare community engagement plans. All the activities and projects are carried out based on the involvement and participation of the community. In addition, the Company has carried out community surveys to compile suggestions and opinions that are used to draw up plans to facilitate better relationship with the community and organize various social responsibility projects so that they will be aligned with the actual needs of the community.

In 2017, the Company together with the Chaipattana Foundation dedicated the pilot “Green Community” project at Ban Doi Lan Community, Muang District, Chiang Rai Province. This project has been initiated since 2014 to create a self-sustainable and strong community while being friendly to the environment in accordance with the Sufficiency Economy philosophy. At the same time, the community is also ready to communicate this project to other community in due course.



### **Zero Waste to Landfill**

Cement plants, Conwood factories, alternative fuel preparation plant and production units of INSEE Aggregates have achieved this goal since 2011. At present, our challenge lies with the ready-mixed concrete business as there are still concrete scraps that arose from customers over-ordering the concrete products, resulting in scrap concrete being returned necessitating the Company to manage the scraps through the 3Rs concept. The major strategy for 2017 to 2018 is to install the machine to recycle concrete scraps left over from the customers. To-date the machines have already been installed at 12 production units. It was found that these recycling machines, aside from reducing waste to landfill, the recycled material could be reused as aggregates. This is truly an effective way of managing the resources.

As for the summary of the achievement of INSEE concrete from 2009 to 2017, the amount of concrete scraps has been reduced by 40.1 percent, or a reduction from 2.89 percent in 2009 to only 1.73 percent in 2017.

**Green Heart products & services innovation**

The Company fully understands the needs of the customers and the sustainable construction trend. We are determined to continuously research and develop new products that are friendly to the environment for the customers under the Green Heart Label certification and the ISO14021 Environmental Management Standard.

Aside from the various types of INSEE Mortar, the Company's new products include Hydraulic Cement with less amount of clinker than Portland cement to reduce the use of raw materials and energy used in the production process also resulting in less CO2 emission. The Company has communicated and introduced hydraulic cement to customers, contractors, the government sectors and other stakeholders as well as institutions as a way to promote the use of hydraulic cement well into the future.

In 2017, the Company's sales of environmentally friendly products amounted to 32 percent of the total revenue, slightly higher than in 2017, but still not quite reaching the 40-percent target. The Company is determined to develop more environmentally friendly products and services and promote their uses to customers who are aware of this issue well into the future.

**Water Conservation**

Water is a natural resource that constantly grows in importance. The Company fully recognizes the need to manage and conserve water by targeting the reduction of water usage in the cement production process by 20 percent by 2017 from the 2012 base year from 276 liters per ton production to 220 liters per ton production through the 3Rs concept.

With the determination and cooperation of every unit within the Company, the water usage dropped continuously with the rate of water usage in the production of cement reduced to 209 liters per ton production, which is lower than target. This is considered a success for the Company for being able to reach the five-year goal in a satisfactory manner.

The Company is determined to develop the management and conservation of water continuously to achieve the international standard, as well as the promote more use of on-ground water which will be beneficial to all.

Remarks: For details of the Company's sustainable development and social responsibility for year 2017, please go to [www.siamcitycement.com](http://www.siamcitycement.com)

## **The Development of Sustainability Management towards International Standard**

To elevate the development of sustainability management towards international standard regarding environment and society to ensure continuity and acceptance at the international level, in October 2015, the Company has applied for and accepted as member of the Cement Sustainability Index (CSI) which is a voluntary gathering of world's top cement producers and managed by the World Business Council for Sustainable Development (WBCSD) whose aim is to work towards the promotion of business growth along with the accepted environmental and societal development standard.

In the past two years, the Company has initiated and developed the process to align with CSI in different areas, such as the reduction of impact on climate change, the management of fuel and raw materials, health and safety in the workplace, air quality management, biodiversity, water management and the major sustainable development indicators.

The projects carried out to align with CSI standards during 2016-2017 includes:

- Becoming a member of “Getting Number Right” (GNR) to follow international norms in environmental reporting
- The addition of the usage level of biomass as fuel in the reporting
- The safety campaign at work or contractors and transporters
- The hiring of third-party consultant to evaluate crucial environmental information
- The adaptation of the CSI handbook on the management of biodiversity
- The development of water management and reporting to conform with CSI
- To communicate important CSI sustainable development indicators fully

In addition, the Company has assigned the staff to participate in CSI meetings and seminars to learn and exchange ideas with experts and other CSI members on a regular basis to develop our own employees with standardized international knowledge.

For details of the Company's Sustainable Development and Social Responsibility Policy, as well as the SD data on Economic Performance Index, Social Performance Index and Environmental Performance Index, please go to [www.siamcitycement.com](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 the objectives, goals, and related laws and regulations. The internal control systems are designed to sustain efficiency and mitigate operational risks assuring corruption prevention. SCCC's Board of Directors; therefore, assigned the Process & Operational Risk Management team to monitor the effectiveness of this internal control system and assigned BRM & Strategic Planning and Business Development team to perform business risk assessment and follow up on the corrective action plan to mitigate risk. This is continuous activities in the company to improve our business performance.

The Board of Directors has conducted assessments on the internal control system through the Audit Committee. The Audit Committee have approved SCCC's internal control system based on 5 factors per the internal standard given by the Committee of Sponsoring Organizations of the Tradeway Commission or COSO, and the guidelines from the Stock Exchange Commission or SEC.

1. **Internal Control within the organization** SCCC has committed to support the internal control within the organization under the internal control structure framework by shaping the policy and working steps, updating working methods, and communicating to all SCCC's staff. Moreover, revision of the internal control is also scheduled to be done constantly.
  - i. **Launching and reviewing the policy, working steps and methods**, updating to serve with the current business plan of the company, laws and any relevant regulations, and scheduling the regular review. The said policy, working steps and methods shall be approved by the concerned authorities and communicated to all staff for their common understanding thru the effective channel.
  - ii. **Building the awareness of staff in the importance of the internal control**, starting from the understanding of the risk in operation, risk assessment and management which the staff themselves can design the internal control to well serve with risks that may occur in their area of work. During 2016, Process and Operational Risk Management team have offered the training courses in risk management which include the identifying, measuring and responding with the risk by setting up the internal control system.
2. **Risk Assessment** Brainstorming and idea sharing among departments were arranged to assess both internal and external risk in term of business and operation. SCCC also sought for opinions from other organizations and invited them to join the risk assessment as mediators. This resulted in a reliable assessment which cover all aspects of company operations.

The Governance, Risk and Compliance Committee have closely monitored the procedure of risk management, measure to reduce the risk and workplan of the risk assessment. In respect of the risk assessment, the Board of Directors assigned the Business Risk Management (BRM), Strategic Planning and Development team to be responsible for achieving the workplan of risk management and the company strategic plan.

In assessing the risk, BRM, Strategic Planning and Development team hold operational meetings to assess the risk of SCCC within the year, with the company's top executives, business units and internal departments to find the risk, sharing opinions, discussing on the

risk level and its effects and seeking for the strategies to handle with the risks. The team then collect the information and issue the risk assessment reports of each business units and each internal department, follow up the risk management plan, monitor the timeline and report to the top executive consistently.

For operational risk assessment, Process & Operational Risk Management (PORM) team get assigned from the Audit Committee(AC) to perform operational risk assessment and review internal controls which are designed to mitigate risk in the operation. PORM works corporately with various business units to have most up-to-date controls to be applied appropriately and practically with different type of risks in the operation.

Besides, in year 2017, PORM team implemented Business Continuity Management (BCM) based on recognized international standard by introducing a standard BCM framework. The implementation brought SCCC to be more systematic on strategic, policy, and standard operating procedure related with BCM. This would create high confidence in Business Partner by trusting that SCCC can continuously operate effectively even in the crisis.

3. **Operating Control** It is important that every activity of the company lead to the targeted operating result. The top executives require all departments to report monthly on their operating summary in dashboard, especially the financial result. Reporting and discussion meetings among the management take place in every 2 weeks, while the operating results in the factories or production teams are reported and discussed in sub-group regularly, and reviewed with every department in factories by monthly.

Moreover, check-and-balance method is brought into use, and clear scope of work and responsibility is written, for example, the size limitation of the approval of procurement items. Committee, comprising of staff from various departments, is to be set up to consider the SCCC's procurement of a high value procurement before signing in the contract which is approved by the legal of SCCC. Annual review on authorization to access core system is performed to have proper segregation of duties (SoD) based on job positions.

Besides, the company has launched the IT solution for a better internal controlling which enables the management and relevant staff to be alarmed of improper transaction, to solve the problem and to report to the top executives to issue a preventive measure in time. In year 2016, SCCC has applied this system with an important work process, e.g. procurement. The system is to continuously monitor the transaction in area of procurement and payment process. The deficient transactions will be detected by the system and report to relevant management to take appropriate action to fix the issues. The system will be expanded to subsidiary company in Sri Lanka in year 2017.

4. **Follow-up System** Regular follow-up is always conducted, such as analyzing the result from the comparison between the operating result and forecast, so as to develop the process. In regard of the investment projects, the Controller team closely monitor the forecast of the investment, the content in hiring contract especially the trade agreement in the investment project, reimbursement and expense, project closing and assessment of the return on investment.
5. **IT and Communication** Since 2015, the company has invested in the whole new information processing and reporting system which can keep all data, process and report the updated data all the time, easily access everywhere and anytime, and is secured. It is aimed that the company is able to plan or make any decision with quicker pace, bringing about the leading

in business. Moreover, the system is also designed to serve the digital business and can be developed continually.

In addition, the Company has established a Whistleblowing Policy and a reporting channel called INSEE Speak Up Line, which is managed by a professional and independent external agency. This external helpline is set up for SCCC and its Group companies' employees and business partners to report and notify any wrongdoings, violation of laws and regulations relating to business operations, as well as violation of the Company's Code of Business Conduct such as corrupt practices, misuse of information and Company assets, violation of the Gift, Entertainment and Hospitality Policy and misconduct or fraud on financial statements. Accordingly, the concerns reported through this channel have been finding the facts and brought to the investigation process and reported to the Governance, Risk and Compliance Committee respectively.

In the opinion of the Board of Directors, the Company internal control system is proper and adequate. The Company has provided sufficient personnel to efficiently carry out the controlling of activities in accordance with the system. In addition, the Company establishes internal control system to monitor the conduct of the subsidiaries' business operations. As such, 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. Besides, the system also includes the review on the transactions of potential conflict of interest with connected persons. There is no deficiency in the internal control system and the risk management is set to promptly handle with any situation.

### **The Appointment of Head of Internal Audit and Compliance**

The Board of Directors with the endorsement of the Audit Committee has appointed Mr. Ranjan Sachdeva to be the Head Group Internal Audit and Compliance of the Company. Mr. Ranjan Sachdeva graduated the Master of Business Administration (Corporate and International Finance) and be the Certified Internal Auditor, The Institute of Internal Auditor, Florida, USA. He is experienced in internal audit works in many leading agencies as well as well-versed in the business 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 and Compliance are as follows:

- To propose the Annual Audit Plan, which was reviewed and prepared by the Head of Internal Audit, to the Audit Committee for reviewing and submission to the Board of Directors for approval;
- To coordinate work with the Executives of the Company and Subsidiaries for the purpose of the audit efficiency;

- To supervise the actions of the Internal Audit Department in accordance with the approved Annual Audit Plan including works specially assigned or projects upon requested by the Management and the Audit Committee;
- To acknowledge the internal audit report of each Internal Audit Project, operated by the Company's Internal Audit Department. Such 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 acknowledged before submitting to the Executive Committee and the Audit Committee, as well; 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.

According to the Compliance, Mr. Ranjan Sachdeva performed 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.

The qualification of Head of Internal Audit and Compliance appears in the "Attachment 3".

## 12. 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	Globe Cement	Siam City Cement (Bangladesh)	Siam City Cement (Lanka)	Siam City Cement (Vietnam)	Siam City Cement Trading		
1. Transaction with associate which SCCC held 44.99% of Lanna Resources Plc. Ltd. and had related directors, namely, Mr. Paul Heinz Hugentobler and Mr. Vanchai Tosomboon.															
Lanna Resources Plc. Ltd.	Purchases of goods	1,506	-	-	-	-	-	-	-	-	-	-	-	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.  The transactions were considered under normal course of business.
	Dividend income	163	-	-	-	-	-	-	-	-	-	-	-	At the declared rate	
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	Globe Cement	Siam City Cement (Bangladesh)	Siam City Cement (Lanka)	Siam City Cement (Vietnam)	Siam City Cement Trading		
3. Transaction with joint venture which SCCC invested 40% of shares of Chip Mong Insee Cement Corporation															
Chip Mong INSEE Cement Corporation	Other income	37	-	-	-	-	-	-	-	-	-	-	-	Trade agreements in the same manner that a responsible person would dealt with in the same manner as general partners.	The transactions were considered under normal course of business.
	Sales and service income	388	-	-	-	-	-	68	-	-	-	-	-	Market price for the same industrial sector	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	-	-	-	-	-	-	-	-	-	-	Market interest rate.	The transactions were considered under normal course of business.
	Interest expenses	4	56	23	-	-	-	-	-	-	-	-	-		
HR Professional Consilting and Service Co., Ltd.	Service fee	110	33	6	3	28	4	2	-	-	-	-	-	Trade agreements in the same manner that a responsible person would dealt with in the same manner as general partners.	The transactions were considered under normal course of business.
5. Transaction with other companies that related by common shareholders which is JARDINE Group															
PT Prima Multi Mineral	Purchases of goods	369	-	-	-	-	-	-	-	-	-	-	-	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 partywho are independent of each other.

**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 which 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.