

## PART 2

### Management and Corporate Governance

#### 7. Securities and Shareholders

##### 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 8 August, 2018<sup>1</sup> are the following:

Rank	Major Shareholders	Shares	% Shares <sup>2</sup>
1	Sunrise Equity Company Limited <sup>3</sup>	106,186,626	35.63
2	JARDINE CYCLE & CARRIAGE LIMITED <sup>3</sup>	76,107,368	25.54
3	Bangkok Broadcasting and Television Company Limited (BBTV) <sup>3</sup>	28,091,034	9.43
4	THAI NVDR COMPANY LIMITED <sup>4</sup>	4,877,458	1.64
5	NORTRUST NOMINEES LTD-CL AC	4,452,488	1.49
6	Vayupak Mutual Fund 1 by MFC Asset Management Public Company Limited	2,920,399	0.98
7	Vayupak Mutual Fund 1 by Krungthai Asset Management Public Company Limited	2,920,399	0.98
8	Mrs. Sasithon Ratanarak	2,734,639	0.92
9	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	2,585,654	0.87
10	STATE STREET EUROPE LIMITED	2,488,455	0.84
11	RBC INVESTOR SERVICES TRUST	2,140,632	0.72
12	Aberdeen Long-term Equity Fund	1,870,295	0.63
13	Ms. Pilanuch Ratanarak	1,865,404	0.63
14	THE BANK OF NEW YORK MELLON	1,834,297	0.62
15	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	1,796,924	0.60

Rank	Major Shareholders	Shares	% Shares <sup>2</sup>
16	HSBC (SINGAPORE) NOMINEES PTE LTD	1,776,050	0.60
17	Bua Luang Long-term Equity Fund	1,672,200	0.56
18	Aberdeen Growth Fund	1,622,031	0.54
19	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	144,596,787	48.52
2.	JARDINE Group Company	76,107,368	25.54
3.	Others	77,295,845	25.94
	Total	298,000,000	100.00

Remark:

- The record date was scheduled on 8 August 2018 to identify the Shareholders entitled to interim dividend, and the Shareholders register closing date was scheduled on 9 August 2018. 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.
- 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 8 August 2018, foreign shareholders portion is 33.04%)
- The majority of shareholders who are a group whose movement has a marked influence on the establishment of corporate policy and strategy.
- 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 2	Set 3	Set 4	Set 5
Type of security	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
Term to maturity	7 years	8 years	10 years	3 years

<b>Value of debentures</b>	2,000 million Baht	2,000 million Baht	2,000 million Baht	1,000 million Baht
<b>Number of debentures</b>	2 million units	2 million units	2 million units	1 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	29 April 2016	29 April 2016	9 May 2017
<b>Maturity date</b>	14 June 2020	29 April 2024	29 April 2026	9 May 2020
<b>Coupon date</b>	4.30 percent per annum	2.46 percent per annum	2.70 percent per annum	2.49 percent per annum
<b>Credit rating</b>	A	A	A	A

	<b>Set 6</b>	<b>Set 7</b>	<b>Set 8</b>
<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
<b>Term to maturity</b>	7 years	10 years	12 years
<b>Value of debentures</b>	2,500 million Baht	5,000 million Baht	4,500 million Baht
<b>Number of debentures</b>	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
<b>Offering price per unit</b>	1,000 Baht	1,000 Baht	1,000 Baht
<b>Issuing date</b>	9 May 2017	9 May 2017	9 May 2017
<b>Maturity date</b>	9 May 2024	9 May 2027	9 May 2029
<b>Coupon date</b>	3.65 percent per annum	4.08 percent per annum	4.26 percent per annum
<b>Credit rating</b>	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 of the Company

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

### Explanation:

This Dividend Policy was approved by the 17th Annual General Meeting of Shareholders, on 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 2016 -2018, the Company allocated dividends as follows:

#### **For fiscal year 2018, total dividend is 8 Baht per share**

- The Board of Directors approved payment of interim dividend on 24 July 2018 of 4 Baht per share.
- The Board of Directors proposes the Shareholders to approve payment of dividend for the second half of 2018 on 26 March 2019 for 4 Baht per share.
- Dividend payout 2,384 Million Baht, 78.9 percent

#### **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 Shareholders approved 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 Shareholders approved 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

## 8. Management Structure

### 8.1 Board of Directors

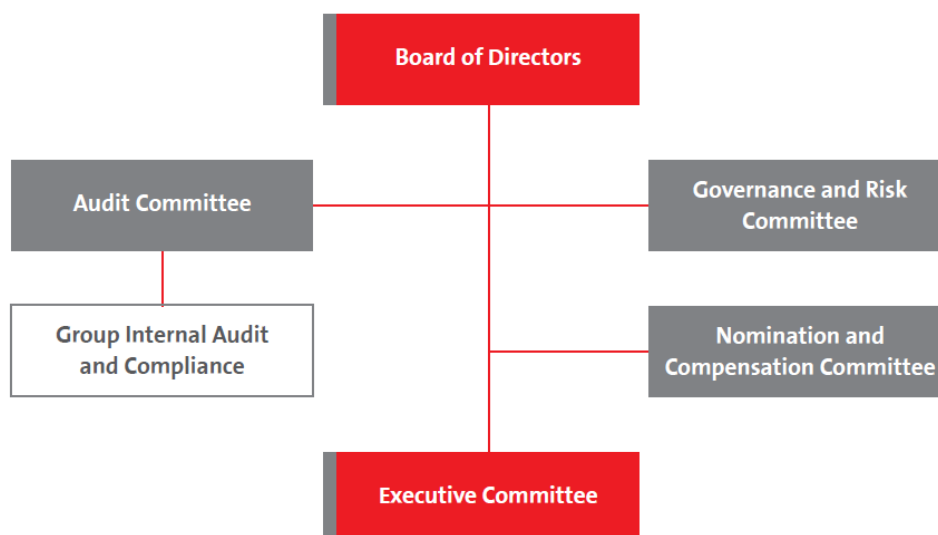
#### Structure of the Board of Directors

As of 31 December 2018, 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 and Risk 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 2018, 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 and Risk Committee; and
  - 5 directors being members of the Nomination and Compensation Committee;
- 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.



## 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 Ms. Phatchada Muenthong)

## 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 and Risk Committee (GRC)

1. Mr. Pongpinit Tejagupta	Chairman
2. Mr. Teng Wei Ann Adrian	Member
3. Ms. Nopporn Tirawattanagool	Member
4. Mr. Vanchai Tosomboon	Member

(Secretary of GRC 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 2018

Director/Executive Officers	Total Attendances/Total Meetings			
	Board Meeting	Audit Committee Meeting	Governance and Risk Committee	Nomination and Compensation Committee
<b>Non-Executive Directors</b>				
Mr. Paul Heinz Hugentobler	6/6	-	-	6/6
Mr. Chachchon Ratanarak	5/6	-	-	-
Mr. Vanchai Tosomboon	6/6	-	3/4	6/6
Ms. Nopporn Tirawattanagool	6/6	-	4/4	4/6
Mr. Pongpinit Tejagupta	6/6	-	4/4	-
Mr. David Alexander Newbigging	6/6	-	-	6/6
Mr. Teng Wei Ann Adrian*	6/6	-	2/4	-
Dr.h.c. Harald Link	3/6	-	-	3/6
Dr. Sunee Sornchaitanasuk	6/6	12/12	-	-
Mr. Pradap Pibulsonggram	4/6	12/12	-	-
Mr. Charin Satchayan*	6/6	12/12	2/4	-
<b>Executive Director</b>				
Mr. Siva Mahasandana	6/6	-		-

#### Remarks

- \* Mr. Teng Wei Ann Adrian was appointed as a member of Governance and Risk Committee in replacement of Mr. Charin Satchayan on 3 May 2018 onwards.

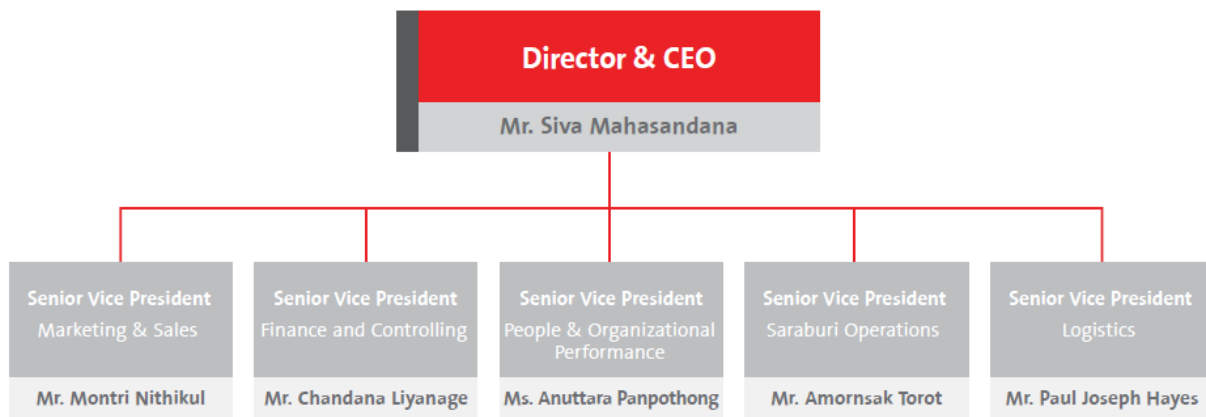
## 8.2 Executive Committee

As of 31 December 2018, there were 6 members of the Executive Committee, as follows:

### Executive Committee

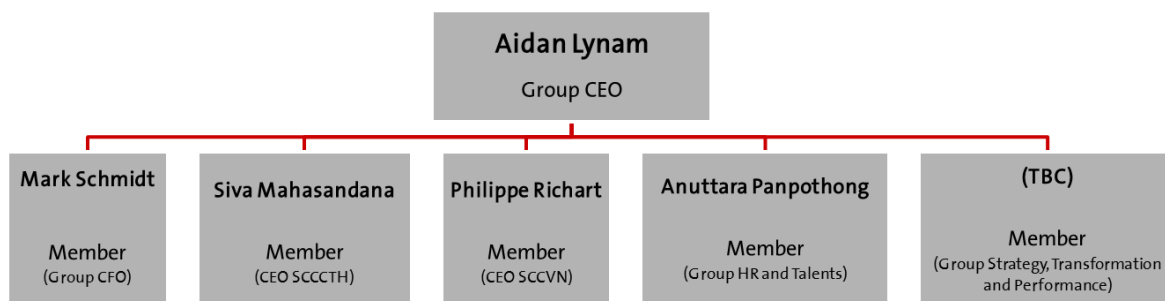
1. Mr. Siva Mahasandana	Director & CEO
2. Mr. Chandana Liyanage	Senior Vice President (Finance and Controlling)
3. Mr. Montri Nithikul	Senior Vice President (Marketing & Sales)
4. Mr. Amornsak Torot	Senior Vice President (Saraburi Operations)
5. Mr. Paul Joseph Hayes	Senior Vice President (Logistics)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

### Executive Committee structure



New Group Management was changed since 1 March 2019

- Board decision to strengthen regional leadership structure and team
- Group Executive Committee effective since 1 March 2019
- Aidan Lynam appointed as Group CEO





The Group Executive Committee consists of:

- |         |                            |                                                                   |
|---------|----------------------------|-------------------------------------------------------------------|
| 1.      | Mr. Aidan Lynam            | Group Chief Executive Officer (or Group CEO)                      |
| Members |                            |                                                                   |
| 2.      | Mr. Mark Anatol Schmidt    | Group Chief Financial Officer (or Group CFO) (start 1 April 2019) |
| 3.      | Mr. Siva Mahasandana       | CEO of Siam City Cement PLC (or CEO-SCCCTH)                       |
| 4.      | Mr. Philippe Richart       | CEO of Siam City Cement (Vietnam) Limited (or CEO-SCCVN)          |
| 5.      | Ms. Anuttara Panpothong    | Group HR and Talents                                              |
| 6.      | (Under nomination process) | Group Strategy, Transformation and Performance                    |

### 8.3 Company Secretary and Person Supervising Accounting

The Board of Directors' Meeting appointed Ms. Phatchada Muenthong to serve as the Company Secretary. Ms. Phatchada Muenthong will perform the duties defined under 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 and the Resolutions of Shareholders' Meeting.

In addition, the Company Secretary is also duty bound to provide legal advices of 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. Furthermore, the Company Secretary arrange the Board of Directors' Meeting and the Shareholders' Meeting; coordinates with other departments within the Company to ensure the compliance together with the resolutions of the Board of Directors and the Shareholders; coordinates with the regulatory agencies such as the Securities and Exchange Commission and the Stock Exchange of Thailand; monitor controls over the disclosure and reporting of information to the regulatory agencies and the public, properly and fully in accordance with the law. The Company Secretary conducts the new directors' orientations and perform other duties as assigned by the Board of Directors.

Detail of the Company Secretary:

Name:	<b>Ms. Phatchada Muenthong</b>	Age:	52 years old
Position:	Company Secretary	Appointed since:	24 July 2018
Company's Share-holding Ratio (%): 0%			

Relationship Among Executives: Nil

Education: Bachelor of Laws, Chulalongkorn University (2<sup>nd</sup> Class Honors)  
Master of Laws, Chulalongkorn University  
Master of Laws, University of Michigan, U.S.A

**Work Experience:**

Listed Company

2018 – Present	Company Secretary	Siam City Cement Public Company Limited (Cement Producer)
2016 – 2017	First Senior Vice President	Siam Commercial Bank (Bank)

Other Company

2017 – Present	Partner	Able & Primpton Company Limited and Company Secretary Company Limited (Management consulting provider)
2012 – 2016	GRC Director	Big C supercenter Public Company Limited (Retail)

Training Experience:

Thai Institute of Directors (IOD):

- Director Accreditation Program Big C, 2015
- Anti-Corruption: The Practical Guide, 2012

Chulalongkorn University:

Law and practice for company secretary,

Holcim:

Management Seminar September 2007, Zurich, Switzerland

The Company has appointed Mr. Kasem Makrailert to act as the Person Supervising Accounting since he has qualifications as required by SEC. This person must perform the duty in managing accounting and financial information, reporting the financial statement and ensuring the adequate internal control and auditing, communicating important financial information to related organizations, and performing other related duties assigned by CFO.

**Detail of the Person Supervising Accounting**

Name:	<b>Mr. Kasem Makrailert</b>	Age:	45 years old
Position:	Head of Group Accounting and Shared Services	Appointed since:	1 July 2018
Company's Share-holding Ratio (%):	0%		
Relationship Among Executives:	Nil		

Education: Master of Science in Finance (International Program), Chulalongkorn University  
Bachelor of Business Administration in Accounting, Assumption University

Work Experience:

Listed Company

2018- Present	Head of Group Accounting and Shared Services	Siam City Cement Public Company Limited (Cement Producer)
2013 – 2013	Corporate Finance Department Manager	Siam City Cement Public Company Limited (Cement Producer)
2011 – 2012	Business Analysis and Process Improvement Department Manager	Siam City Cement Public Company Limited (Cement Producer)
2013 – 2017	Chief Financial Officer	ItalThai Engineering Co., Ltd. (Engineering)
2010 – 2011	Commercial Finance Manager	Diageo Moet Hennessy (Thailand) Co., Ltd. (Importer and distributor of premium wines and spirits)

Other Company

2013 – 2017	Managing Director	ItalThai Engineering Myanmar Co., Ltd. (Engineering)
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Training Experience:

Thai Institute of Directors (IOD:

- Director Certificate Program Class 228 (DCP), 2016

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

The criterion for 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.25 on 30 March 2018 as follows;

“Remunerations of Directors consist of director fees payable on a monthly basis and bonuses. Payments of remuneration of directors should be made in accordance with the following principle from the day the resolution was passed by a vote of the shareholders onwards and until the shareholders’ Meeting determined otherwise.”

Director's Fees: The Board members should receive director fees on monthly basis, at the aggregated amount of not more than the annual budget of Baht 30 million. The Board of Directors should allocate accordingly.

Director's Bonuses: The Board of Director members should receive the annual bonuses in the aggregated amount not exceeding Baht 7 million. The Board of Directors should allocate accordingly.

The provisions of the foregoing paragraphs shall not affect the right of any officers or employees of the Company who were elected as directors to receive their remunerations and benefits as officers or employees of the Company.”

The aforementioned Directors' fees consisted of:

1. Retainer Fee Director received monthly retainer's fee of 100,000 baht each. The Chairman and the Vice Chairman of the Board received monthly retainer's 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's fee of 150,000 baht. Member received monthly retainer's fee of 100,000 baht each.
  - (2) Governance and Risk Committee. The Chairman of GRC 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's fee of 80,000 baht. Member received monthly retainer's fee of 60,000 baht each.

## Remuneration in Cash for the Board Members for 2018

List of Directors		Total of Director Fee Paid in 2018				Bonus for 2017 Paid in 2018 (Baht)	Total Amount Paid in 2018 (Baht)
		Board of Directors (Baht)	Audit Committee (Baht)	Governance and Risk Committee (Baht)	Nomination & Compensation Committee (Baht)		
Non-Executive Directors							
1	Mr. Paul Heinz Hugentobler	2,400,000	-	-	960,000	347,167	3,707,167
2	Mr. Chachchon Ratanarak	1,200,000	-	-	-	120,000	1,320,000
3	Mr. Vanchai Tosomboon	1,200,000	-	720,000	720,000	264,000	2,904,000
4	Ms. Nopporn Tirawattanagool	1,200,000	-	720,000	720,000	264,000	2,904,000
5	Mr. Pongpinit Tejagupta	1,200,000	-	960,000	-	216,000	2,376,000
6	Mr. David Alexander Newbigging	1,200,000	-	-	720,000	192,000	2,112,000
7	Mr. Teng Wei Ann Adrian*	1,200,000	-	478,000	-	90,333	1,768,333
Independent Directors							
8	Dr.h.c. Harald Link	1,200,000	-	-	720,000	192,000	2,112,000
9	Dr. Sunee Sornchaitanasuk	1,200,000	1,800,000	-	-	240,000	3,240,000
10	Mr. Pradap Pibulsonggram	1,200,000	1,200,000	-	-	204,000	2,604,000
11	Mr. Charin Satchayan*	1,200,000	1,200,000	244,000	-	250,200	2,894,200
Executive Director							
12	Mr. Siva Mahasandana	1,200,000	-	-	-	120,000	1,320,000
	Total					2,499,700	29,261,700

### Remark

- \* Mr. Teng Wei Ann Adrian was appointed as a member of the Governance and Risk Committee in replacement of Mr. Charin Satchayan on 3 May 2018.

Remuneration for 6 members of the Company's Executive Committee was Baht 85 million, including salary and bonus paid in 2018.

### Other Benefits

For Directors: None

For Executives:

- Contributions to Provident Fund of total Baht 4.8 million;

- Contributions to Employee Joint Investment Program (EJIP) for its executives was Baht 500,000; and Company cars provided for the members of the Executive Committee to use in performing his/her duty.

## 8.5 Personnel

As of the end of 2018, the Company (including its subsidiaries both in country and overseas) accounted for a total 5,700 employees. The total payment of remunerations to employees was at 4,884,055,080 Baht, such as salary, wage and other employee benefits.

Number of employees as at the end of 2018:

Company Group	Number of employees as at the end of 2016 (persons)	Number of employees as at the end of 2017 (persons)	Number of employees as at the end of 2018 (persons)
Production Line	3,202	3,553	3,383
Logistics	492	664	544
Marketing and Sales	640	815	801
Finance and Controlling	258	227	269
Others	467	643	703
<b>Total</b>	<b>5,059</b>	<b>5,902</b>	<b>5,700</b>

Number of employees and employee costs as at the end of 2018:

Company Group	Consolidated financial statements		
	2016	2017	2018
Number of employees as at end of year (persons)	5,059	5,902	5,700
Salary, wage and other employee benefits (Baht)	4,053,673,347	4,956,805,549	4,884,055,080

## 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 believed 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's 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 in Asia.

We encouraged good teamwork and foster good citizenship, ethics, safety, and environmental and social concern in our employees and also encouraged 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/middle/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 expertise in managing the business so they can perform in their current and future positions well; establish career development and succession plan that accommodates both individual and organizational needs. Thus, 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 to prepare them at the expected time and business requirement such as business expansion and



management retirement. INSEE Academy works with other human resource teams and Line Managers of each function to arrange the Development Program for senior and middle managerial level employees (Leadership Development Program: LDP) to be equipped with essential leadership/ management skills. Besides, number of projects is developed with domestic and international educational institutes; such as INSEAD, NUS, 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 that provides fundamental and technical development programs with supporting learning environment by internal Subject Matter Experts and external institutes; ensuring among other, that every employee has the right capabilities required to perform their work appropriately, 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.

Aside from our thrust of care to our business stakeholders, our outmost care also matters to our community, demonstrated through our knowledge and experience by 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's Development**

In 2018, SCCC delivered a variety of learning and development interventions to our employees, notes as follows:

1. Leadership and Transitional Development Program 17,977.62 hours.
2. Technical/Functional Skills Development Program 58,251.92 hours.
3. Induction & On-boarding Program 6,310.32 hours.
4. OH&S and Sustainable Development Program 16,212.6 hours.
5. English Proficiency Development Program 1,245.9 hours.
6. Of which, the development was delivered through Digital Learning 1,314 hours.



Unit: Hours per person per year

<b>Training Hour in classroom per employee per year (Not include coaching and, on-the-job training and on-the-job practice)</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Employee and management	49.51	32.08	26.84

Remark: In 2018, 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 2018.

Unit: Baht

<b>Training and Development Investment</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Employee and management average per employee per year	20,350.61	6,558.92	8,891.35
Total Investment *	80,303,499.16	23,474,385.06	32,195,601.69

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 of the concrete and sustainable compliance with the corporate governance code. The Company enhances the business governance in all organizational levels ranging from the Company’s Board of Directors, Executive Committee down to the operational level in order to maintain the status of being a sustainable corporate governance Company and elevate the Company’s Corporate Governance in high standards. The Company’s Board of Directors focally aim 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 the creation and driving the organizational culture in adherence to the Code of Ethics and that the Board should exemplified its leadership in the corporate governance at all times.

The Company’s Board of Directors has mapped out the Corporate Governance Policy in 2015 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 authorized party, to prescribed the policy framework as well as assigning the Governance and Risk Committee (formerly the Governance, Risk and Compliance Committee) to review the details of such Policy before submission to the Board of Directors for approval.

The Company is confident that the Corporate Governance Policy will serve as an instrument to express the efficiency, transparency and verifiable management system that can build confidence to all shareholders, investors and stakeholders and at the same time, lead the Company to prosperity, progress and enhance sustainable growth of the Company. The Company’s Board of Directors shall at all times firmly adhered that ethics, social and environmental impact must be taken into account as the material substance in the success of business operation apart from the financial turnovers.

The Corporate Governance Policy applies to all Board of Directors, Executives and employees of the Company as well as its subsidiaries. The written principles and guidelines of the operations served as the guide to which everyone in the organization should adhered and practice.

Other than the aforementioned Corporate Governance Policy, the Board of Directors also approved the revised edition of the Code of Business Conduct of year 2017 in accordance with the consent and agreement. The said Code had been submitted by Governance and Risk Committee to suit the current situation and comply with the international standards to ensure that the Directors, Executives, and employees of the SCCC Group perform their duties with integrity and honesty and to maintain the reputation, image and foster confidence in the

organization by the public, shareholders, investors in accordance with the prescribed Corporate Governance Policy.

Furthermore, apart from the said Corporate Governance Policy and the Code of Business Conduct, the Board of Directors has approved policies in relation to the Code of Business Conduct and Standard Operating Procedure in order to clearly indicate the procedural guidelines on the development that will lead to the creation of the organizational culture in various levels which supports the good corporate governance, particularly, on the aspect of receiving complaints and notifications of information or whistle blowing. Said measures and steps on whistle blowing should be prescribed in relation to the commission of the offense and violations of the laws or the Code of Business Conduct, and the improper financial report or lack of internal control for the protection of the whistle blower's rights. For this purpose, the Company has implemented additional channel for filing of complaints and/ or giving notifications of information. This is handled by outside expert to fundamentally guarantee and safeguard the employees or informants with confidentiality.

For other policies in relation 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. , which are among those promulgated and put into force, please visit Corporate Governance's menu under the Investor Relations' menu in Company's website (<https://www.siamcitycement.com/th/investor/governance>).

The Board of Directors has monitored controls to ensure the availability and the continuity of different communication channels and shall ensure that all Directors, Executives and employees will be able to comprehensively understand and have sufficient mechanism to support their actual implementations in accordance with the policies mentioned above via the communication tools such as INSEE Portal, Internal telecommunication, and Town Hall Meeting.

To keep the organization from being modernized and maintain the continuing developments, the Board of Directors has prescribed and monitored controls on the considerations, performance follow-ups, review of the Corporate Governance Policy and the Code of Business Conduct including the compliance thereof. The same applies to other related policies in which to be carried out along with the requirements in making communications, trainings, and organizing various promotional activities including pertinent actions on follow-ups and assessments at a regular and annual basis. In this connection, the Company has developed the E-Learning Program system in order to continuously enhance learning on this said 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 and for the convenience of Directors, Executives

and employees of the Company. Said Policy and Conduct can be used as reference by the Directors, Executives and employees and which can also be accessible to the shareholders, investors and interested via the Company's website under the "Corporate Governance for information". The Board of Directors shall also ensure that everyone has comprehensively understood the mechanisms, sufficient enough to facilitate the implementation in accordance with the said policies.

And with regards to the strict and regular compliance of the Corporate Governance Policy, in 2018, the Company humbly acknowledged the Awards that it has received in accordance with the Corporate Governance Code.

- Rated as Excellent in the assessment result according to the Corporate Governance Report of Thai Listed Companies (CGR) for 2018 and from the survey that was made by the Thai Institute of Directors (IOD).
- Membership Status Certificate from the Private Sector Collective Action Coalition Against Corruption (CAC) for 3 consecutive years since 18 August 2017 to 18 August 2020.

## **9.2 Committees**

The Board of Directors defined and reviewed the Structures of the Board and the Management to ensure sufficient and suitable audit and balance with each other on a regular basis in order to strengthen the effectiveness of the Board of Directors. To make this effective and functional, the Board of Directors has appointed an ad hoc committee/s to make decisions on important issues and specific matters, thoroughly and carefully, to be able to control information and propose proper guidelines to the Board of Directors for further approval.

The current Committee Structure is composed of the Board of Directors; the Audit Committee, the Governance and Risk Committee, and the Nomination and Compensation Committee and the Executive Committee.

Details of Names of the Board of Directors, Directors in each Committee, and Executives shall appear 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 adopted from Principle 3 in the Corporate Governance Code for Listed Companies 2017 is stated in Clause 9.7.

## **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 clearly express.

For the nomination criteria of Independent Directors, Directors and key executives as adopted from Principle 4 in the Corporate Governance Code for Listed Companies 2017, please refer under Clause 9.7.

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

The Board of Directors has a regulatory mechanism that has the capability to oversee and monitor controls over the management and has the responsibility to secure and maintain the operational interest of its subsidiaries and associated companies in terms of investments and business operations in Thailand. And since the Company exclusively hold shares in all of its subsidiaries in Thailand, including Lanna Resources Public Co., Ltd., its Associated Company and long-term investor, there is no need for shareholder's agreement. However, the associated company can appoint their representatives to be Board Members and participate in the approval of significant decisions or transactions. Whereas, in the case of Associated Company in Cambodia, like Chip Mong INSEE Cement Corporation, a minority shareholder requires a shareholder agreement. In this manner, the Company has the capacity to make an objection to any conflict of interest in order to secure and maintain the interest of the Company's investments. Provided, however, that other related issues of the Company and its subsidiaries shall be taken into account in order to monitor internal and risk controls effectively.

Details of the corporate governance for subsidiaries and other businesses in which the Company has invested, as adopted from Principle 3.6 in the Corporate Governance Code for Listed Companies 2017, are stated under Clause 9.7.

#### **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-benefit or other persons - 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, as adopted from Principle 6, Guideline 6.3.1 in the Corporate Governance Code for Listed Companies 2017, are stated in Clause 9.7

#### **9.6 Auditor's Fee**

In 2018, EY Office Limited, an auditing firm certified by SEC, received from the Company and its subsidiaries an audit fees in the amount of 12,571,693 Baht and in non-audit fee in the amount of 2,218,000 Baht.

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

The Board of Directors has adopted the Corporate Governance Code for Listed Companies 2017 which was announced by Office of Securities and Exchange Commission (SEC). This report presents the information in accordance with Form 56-1.

In 2018, the Company had conducted the analysis on the application of the Corporate Governance Code for Listed Companies 2017 of the SEC (CG Code 2017) and reported the results to the Governance and Risk Committee on 18 October 2018 for review and recommendations to the Board of Directors And on 1 November 2018 the Board of Directors had also considered the Reports and resolved that development and monitoring plans need to be developed.

The Board of Directors acknowledged the results and recorded rational and substitute measurements in the minutes of Board of Directors Meeting to ensure that the gap will not have any impact on good corporate governance of the Company. The non-application includes the case of having an independent director holding the office more than 9 consecutive years. The Nomination and Compensation Committee shall review and evaluate the performance of the Independent Directors to ensure that such independent director had performed his duty independently from the Management and major shareholders, and has qualifications and expertise that are beneficial to the Company.

The significant substances on the adoption of corporate governance in accordance with the guidelines of Corporate Governance Code for Listed Companies 2018 can be concluded as follows:

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

The Board of Directors, being the key in driving the organization, should understand and be aware of their leadership role and responsibilities as leaders to ensure that the organization adopts good corporate governance by playing the significant roles in determining the objectives and main goal of the business. Concretely, this is reflected in the approval of the 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 in a regular basis and in every fiscal year in order to ensure that the Management and employees have mutual goal in moving forward to the same direction. Furthermore, 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. It must set its goal as well as ensuring that the implementations in accordance with the work plan of the Management be closely monitored and in accordance with the direction and strategy in carrying out the Company's business operations. In this connection, there shall be Performance Evaluation and Operational Result Report that must be done regularly.

The Board of Directors believed that in carrying out the 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 in the performance of duty to the shareholder that is free from being dominated 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, the Directors, Executives and employees are required to comply and disclose such in its annual report and into the Company's website. The Board of Directors should ensure that the Company established the work system and mechanism that is sufficient to build confidence within the Company and has properly been carried out in accordance with the laws, rules, regulations, resolution in the shareholders meetings, Corporate Governance Policy, Code of Business Conduct, and other related policies and guidelines prescribed by the Company.

The Board of Directors has monitored controls to ensure that Directors and Executives perform their duty with due care, duty of loyalty and ensure that the operations are properly carried out in accordance with the laws, rules, regulations, resolution of shareholders' meetings and as well as 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 conflict of interest pursuant to the regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand and relevant regulations. It should establish Conflict of Interest Policy to determine the standards and guidelines as well as approval procedures for transactions undertaken in the Company's normal course of business, which may give rise to conflict of interest. In addition, the Management is required to seek the Board of Directors' approval for any entry of transactions with potential conflict of interest which are of significant in size or important nature to the business operation of the Company. The Company shall propose with the General Mandate for Interested Person's Transaction to the Board of Directors approval and report such entries of such transactions to the Board of Directors acknowledgement on an annual basis.

The Board of Directors has provided particular attention to responsible administration i.e., the approval of Manual of Authority as an additional procedure for Company's decisions to be reviewed, considered and approved by the Operations, the Executives and the Board of Directors.

The Board of Directors has a mutual understanding of their roles and responsibilities, wherein the roles and responsibilities between the Board of Directors and the Executives 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 of the duties and responsibilities of the CEO and the Executives, and to closely monitor the performance of their assigned duties. The duties of the Board of Directors, CEO and the Executives 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 Executives; and the matter that the Board of Directors assigned with the Executives to proceed.

The Board of Directors has the duty to consider and approve important matters concerning the Company's operations, such as Vision, Mission, strategy, goal, plan, budget and risk management. The Executive Committee has the duty to implement the Vision, Mission, and strategy efficiently and effectively into practice. Also, to provide good management and control system that was 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 with the operations for the Company's sustainability, the Board of Directors has defined the business objectives in compatibility with the value creation of the business, customers, stakeholders and the society as a whole.

The Board of Directors is responsible for overseeing to ensure that the business has clear and suitable objectives to use as a key concept in designing the business model and communicating it 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 our long heritage of shared loyalty, creating trust and long lasting relationships with our business partners, our people and our community. We will work hard to achieve the best business attitude, values and sustainable future for all our stakeholders.

**Values:**

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

In defining our objectives, the Board of Directors has taken into account the environmental condition and the changing factors, the adoptions of innovation and technology for suitable use, the needs of customers and stakeholders as well as the business readiness, expertise and competitiveness that must reflect the attributes of corporate governance, accountability, integrity, and transparency. Also, due consideration of social and environmental responsibilities which the Board of Directors has overseen to ensure by enhancing the communications and creation of the organizational objectives that is reflected within the frame of the decisions and operations of personnel in all levels developing as organizational culture. In addition, the Board of Directors has defined both financial and non-financial objectives suitably consistent with the



business environment and potentials with risk awareness in 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 that is aligned with the business objectives and goal by taking into account the current business environmental factors, opportunity, and expected risk. Furthermore, 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 stakeholders and value chains 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 and adopted such innovation and technology in creating competitiveness and response to the needs of stakeholders who are still undergoing 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 of the organization. This includes the 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 in determining and reviewing the Board Structure, in term of size, composition, and proportion of Independent Directors in order to ensure its leadership role in achieving the main objectives.

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

The Board of Directors assigned the Nomination and Compensation Committee to make considerations and proposals regarding 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 in terms of specific skills, experiences, competencies and characteristics as well as with regards to sex and age that is necessary for the attainment of the Company's objectives and can foster understanding and response to the needs of stakeholders. The Board of Directors must consist of at least One (1) non-executive Director who possess experienced in one of the main business and industry that is currently managed by the Company. The selections of Directors are considered in accordance with the skills matrix to ensure that the overall Directors have suitable qualifications and align with the Company's strategies.

The proportion of the Board of Directors shall consist of Executive and Non-Executive Directors that reflect the appropriate balance of power. In the current structure of the Board of Directors, Non-Executive Directors are more than half of the total Directors. At present, there are 11 non-executive Directors among the total of 12 Directors in conformity with the proper size under the Corporate Governance Code, where it stated that the Board should comprise of, at least, 5 Directors and not over than 12 Directors, an appropriate size, as to category and business compliance. Further to this, there are two women (Females) independent Directors of the Board of Directors. And since 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, which consist of at least one third of the total directorship, but not less than three persons. Whereas, the Audit Committee consists of three independent Directors, that perform and undertake works in accordance with the Charter of the Audit Committee and SET regulations. And there are also non-independent Directors in two thirds of the total directorship, 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 (1/3) 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 as follows:

#### **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 in compliance with the Corporate Governance Code. The main duties of the Chairman and CEO respectively, are as follows:

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

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

- Monitor controls and supervision / keeping follow-ups to ensure that the Board has efficiently discharged their duties to attain the Company's objectives;

- Oversee to ensure that all Directors have participated in enhancing the continuing formation of the organizational culture that is framed with ethics and good corporate governance;
- Oversee to ensure that a measure in monitoring control over important matters are filed in to be part of the meeting agenda and that in defining the Board Meeting Agenda, the Board Chairman had discussed the matters with the CEO;
- There must be an allocation of sufficient time for the management to propose matters as well enough time for the directors to discuss important matters, prudentially and thoroughly. Directors are encouraged to use their prudential discretions; their supervision to ensure that the meeting proceed in an orderly manner; open the opportunity for discussions and express opinions independently;
- Establish good relations between executive and non-executive Directors; and
- Being elected among the Board of Directors, serving Three (3) years for each term, the Chairman shall handle all activities and responsibilities of the Board of Directors.

The Chairman is not an independent Director but exercises functions independently of the Management and the major shareholders. He has the capability to use his independent discretion for the best interests of the Company under the Corporate Governance Code. Hence, the Chairman is a well-deserved person and trusted by the Board of Directors for 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 the 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 perform the duties of ensuring that the important matters are prudentially considered in details. It had appointed Committees to scrutinize various works that could provide good increase in the efficiency and effectiveness towards the Board duty performances. In this respect, each Committee should have its charter that clearly defines its role, duties, responsibilities, work procedures, meetings and reporting to the Board.

#### **The Board of Directors**

##### **Qualifications**

The Board of Directors is composed of fully qualified members and does not possess any 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. The Board of Directors possess diversified skills, professional

skills, specialized expertise, sex, useful experience 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, including among other things like the cement industry, laws, accounting and finance, etc. And in the exercise of Board functions, there shall be at least 1 non-executive Director that has related experienced in doing company business. (Currently, the Board of Directors comprises 3 non-executive directors out of 12 directors who are experienced in cement industry.)

### **Term of Office**

The Company requires that term of directorship be in accordance with its Articles of Association and in 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 take good care and be attentive in the exercise of its functions. It shall assume responsibility and undertake to manage the business to the best interests of the shareholders, to wit: duties:

- 1) To perform duties with due care (Duty of Care).
- 2) To perform duties with honesty and integrity 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) Consider or review and approve important issues regarding the Company operations, including the vision, mission, strategy, goal, plan, financial budget, and risk management on an annual basis;
- 2) Following up and supervision to ensure the implementation of the established policies, strategies and work plans by the Executive Committee or Management with efficiency and effectiveness;
- 3) Internal control and risk management, complaint receipt mechanism, and taking action from any whistleblowing;
- 4) Ensures a long-term business continuity, Executive Succession Plan and staff development;
- 5) Responsible for written provision of a corporate governance policy and approval thereof with review of the policy and its implementation at least once a year;
- 6) 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, and with monitoring and supervision to ensure that the Code

- of Business Conduct are strictly followed;
- 7) Careful consideration on matters of conflict of interest to ensure a clear guideline towards the overall interests of the Company and the shareholders in terms of potential conflict of interest when it comes to business transactions. Interested parties must have no involvement in the decisions making, and that the Board shall ensure full compliance with the procedural and disclosure requirements regarding any business transactions.
  - 8) Establishment of the organizational Risk Management Policy, to be implemented by the Management with regular report to the Board of Directors thereof. Review the risk management effectiveness for at least once a year with annual report that discloses all levels of risk changes, including the attachment of important advance warnings and other irregular transactions;
  - 9) Provides opinion/advice about the sufficiency of internal control and risk management in the annual report;
  - 10) Defines clear procedures for whistleblowers or interested parties to “blow the whistle” through website or by reporting directly to the Company;
  - 11) Provides regulatory mechanism of subsidiaries for Company investment interests; consideration of suitability of persons to be dispatched as 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 of 3 (three) 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.

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

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

The AC shall be an “Independent Director” and should be qualified as stated in SET and SEC rules. No director should serve as a member of the AC if such director had served on the AC for more than two other public companies, unless the Board determine that such simultaneous service would not impair the ability of said director to serve effectively and such determination is disclosed in the Annual Report and the Annual Registration Statement.

All members of the AC shall, in the judgment of the Board, be financially literate, which at a minimum does possess 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.

Currently, all three Audit Committee members are knowledgeable and has experienced in reviewing the Company’s financial statements and well-versed in the Company business

operation. Moreover, at least one of the Audit Committee member, that is the Chairman of Audit Committee respectively, should have a degree in Accounting.

### **Term of Office**

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

### **Roles and Responsibilities of the Audit Committee**

The AC has the following responsibilities and duties:

- 1) To review the Company and the entities of the Group’s financial reporting processes and to ensure their accuracy and adequacy; and coordinates with the external auditors and members of the Executive Committee who are responsible for the preparation of the quarterly and yearly financial reports. The AC may suggest issues to be reviewed or audited by the external auditors during their audit with the Company and the entities of the Group.
- 2) To review the internal control and risk management system, and internal audit system including business processes and the IT framework and ensure that they are suitable and efficient.
- 3) To decide on the organization and the qualification of the individuals of the Group Internal Audit and Compliance (“GIAC”) of the Company and to determine the GIAC’s degree of independence from the Management, as well as to approve the appointment, transfer and dismissal of the individuals of the GIAC 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 termination 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 might be in conflict with the auditor’s independence, efficiency and professional ethics. To freely discuss significant issues, the AC shall meet confidentially with the external auditor at least once a year, in the absence of any management representative.
- 6) To review the connected transactions or transactions that may lead to conflict 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 enough for the highest benefit of the Company.
- 7) To prepare a report on the activities of the AC as integral part of the Company’s annual report. The Chairman of the AC shall sign this report, which consist of the following information:



- Opinion/comments on the accuracy, completeness, and credibility of Company's financial report and the disclosure of its financial information.
  - Opinion on the adequacy of the Company's internal control and risk management system.
  - Opinion on the suitability of the Company's external auditor and its re-appointment.
  - Opinion about the compliance of the law on Securities and Exchange, the Exchange Regulations, or other related laws in relation to the Company's business.
  - Opinion regarding transactions that may lead to conflict of interest.
  - Number of the AC meetings, together with the attendance of each committee member.
  - Opinion or overview comment received by the AC in the performance of its duties in accordance with the charter.
  - other transactions which, according to the AC's opinion, should be disclose to the shareholders and the general investors, however, 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 consent of the AC.

### **Meetings of Audit Committee**

- 1) The AC shall hold a meeting at least once every three (3) months. And a special meeting may be called by the AC member as needed. However, the method for calling and the procedures for conducting meetings shall be agreed upon by the members of the AC.
- 2) A quorum for a meeting of the AC members shall be majority of its members.
- 3) The AC may invite the Chief Executive Officer of the Company to attend the AC Meeting but he/she shall be required to leave the meeting when matters being discussed is in relation to his/her interest or the AC need to conduct a private meeting.
- 4) The Secretary of the AC shall keep minutes of the meetings as directed by the AC.

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

Governance and Risk Committee structure must compose of at least Three (3) Directors of the Company.

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

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

The Governance and Risk Committee members must have their understanding on the business operations of the Company Group as well as understanding on the implementation of the principles in accordance with the Corporate Governance Code and in compliance with other Rules, Regulations as well with risk management and reduction system.

At present, all Company's Governance and Risk Committee members are knowledgeable, experienced and understands the Company's business. Moreover, they have experiences as Directors and had led leading companies that have good corporate governance.

### **Term of Office**

Term of office of the Governance and Risk Committee members including the Chairman is equal to the term of office of the Board of Directors.

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

The roles and responsibilities of Governance and Risk Committee are as follows:

- 1) To define and propose the scope of Group's corporate governance practices as approved by the Board, and shall oversee and monitor the implementation of such practices by the Management.
- 2) To review Group's major risks and mitigation actions carried by the Management.
- 3) To review governance and risk matters of the international subsidiaries.
- 4) To perform/undertake other duties as may be delegated to it by the Board.

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

- 1) The GRC shall hold a meeting at least Four (4) times a year. Any member of the GRC may call a special meeting as circumstances may require. The method for calling and the procedures for conducting meetings shall be agreed upon by the members of the GRC.
- 2) A quorum for a meeting of the GRC members shall be majority of its members.
- 3) The Chief Executive Officer of the Company ("CEO") and Head of Group Internal Audit and Compliance may be invited to the GRC Meetings to provide update on key risk and mitigation plan for the Group but shall be required to leave the meeting when being discussed is in relation to their interest or in case the GRC prefer to conduct a private meeting.
- 4) The Secretary of the GRC shall keep minutes of the GRC meetings as directed by the GRC.



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

The Nomination and Compensation Committee shall be comprised of at least 3 (three) directors of whom at least 1 (one) shall be an “Independent Director” as determined by the Board.

Names of the Nomination and Compensation Committee members and the Committee Secretary are stated under the topic of “Management Structure”.

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

Members of Nomination and Compensation Committee shall possess the knowledge and skills, experience and familiarity with the Company’s business and operations.

#### **Term of Office**

The term of office (“Office Term”) of the members of the NCC including the Chairman shall be Two (2) 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:

#### **Nomination, Composition & Structure**

- 1) Annual review of the composition of the Board of Directors including the structures of all subsidiaries’ and/or associate’s Boards and Board Committees that is applicable to the Group which shall be submitted for the Board’s resolution/consideration at least Ninety (90) days prior to the AGM.
- 2) To consider, appraise/evaluate and recommend selection of the Board member’s candidacy for nomination and/or re-appointment as forwarded by shareholder(s), Board member(s) and/or executives. Board’s review and recommendation for at least Ninety (90) days before passing on to the final shareholders’ selection at the AGM or at least Thirty (30) days prior to the upcoming Board’s meeting in case of the interim vacancy for the replacement by the Board’s decision is necessary in this matter.
- 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 of Subsidiary Companies
  - Directors of Subsidiary Companies
  - Company Representatives on the Board of Associated Companies
- 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 the ability to independently assess these candidates with regards to their respective expertise, skills, experience, performance 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 delegated by the Board.

### **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”) 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 Subsidiary Companies and the Associated Company Board representatives.
- 4) To half-yearly/bi-annually review with the CEO the succession plans for all TML positions in the Group.
- 5) To carry out such other duties as may be delegated by the Board.

### **Remuneration**

- 1) To provide compensation policies and programs of the Group, enabling the said Group and its individual companies to recruit, retain and align all employees to its overall aspiration and commitments, and at the same time creating a pay-for-performance linkage.
- 2) To approve and propose to the Board the compensation of each member of the Board, its Committees and Chairman thereof.
- 3) To review the performance of the CEO and propose his/her compensation to the Board for approval.
- 4) To approve the performance and compensation of the EXCO members and CEOs of the subsidiaries, as well as bonus and merits/ increase for SCCC and subsidiaries in Thailand.
- 5) To review the annual compensation and salary increase budget, as well as annual bonus scheme for subsidiaries outside Thailand as submitted by the Secretary of the NCC.
- 6) To carry out such other duties as may be delegated to it by the Board

### **Meetings of Nomination and Compensation Committee**

- 1) The NCC shall hold a meeting at least once every Three (3) months. A special meeting maybe called by any member of the NCC as circumstances require. The method for calling and the procedures for conducting meetings shall be agreed upon by the members of the NCC.
- 2) A quorum for a meeting of the NCC members shall be majority of its members.

- 3) The Chief Executive Officer of the Company (“CEO”) shall be a permanent invitee to the NCC Meeting but he/she shall be required to leave the meeting when discussing matters relating to his/her interest or in case the NCC wishes to conduct a private meeting.
- 4) The Secretary of the NCC shall keep minutes of the NCC meetings as directed by the NCC.

### **Executive Committee**

As of 31 December 2018, the Executive Committee is composed of Six (6) highest Executives of Marketing and Sales, Finance and Controlling, People & Organizational Performance, Saraburi Operations, and Logistics, and One (1) CEO Director to perform as the Executive Committee Chairman and Director.

Names of the Executive Committee members are shown under the topic of “Management Structure”.

### **Qualification of the Executive Committee**

The Executive Committee shall possess the knowledge and experience in business, management and leadership skills in determining the business strategies. He/she must also possess high responsibility and competency to drive and manage the Company in the achievement of its goals, visions and missions.

### **Roles and Responsibilities of the Executive Committee**

The Executive Committee must immediately report any found issues in the conduct of the business operations, clarify issues and make recommendations to the Board of Directors, in relation to market development, goal and strategy.;

The Executive Committee is the crucial/decisive group that drives the Company to achieve good turnovers, corporate governance, and attract efficient personnel to work with. In addition, the Executive Committee assigns various department managers to take part in driving the organization towards the achievement of the Company’s mission and goal.

Duties of the Executive Committee are as follows:

1. To organize, manage and supervise the business operations of the Company and Company Group for the accomplishment of the business and budget plan annually/of each year;
2. To prepare the business operations proposals to Board of Directors and resolved to implement the Company’s policies and the continuing development of such policies;
3. To prepare the Company budget and source of budget of the Company Group;
4. To implement the 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 mutual perspective;

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 immediately upon the occurrence of any negative circumstances from the budget of the Company or Company Group.

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

The Executive Committee shall hold a meeting at least twice (2) a month which may be extended as necessary. Matters for considerations by the Committee in the meeting shall be issues regarding 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.

### **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 establishing the criteria and selection of candidates who are fully qualified with, expertise and useful experience for the Company's business operation. A candidate must 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 obtain Directors, independent Directors and Top Executives that possess high qualifications that is suitable to the best interest of the company. Consequently, in case of Directorship appointment, the Nomination and Compensation Committee is required to propose the nomination to the Board of Directors considerations before proposing it to the Shareholders meeting. Further to this, adequate information regarding the candidates must be given to the shareholders to support in the decision making. Whereas, for the Nomination of Director and Executives, the recruitment agent will nominate the qualified candidates from the Directors' Database across Thailand and abroad for the interview. The Nomination and Compensation Committee will screen the candidates to ensure that the Independent Directors are knowledgeable, expertise, and experienced in the business.

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. Moreover, the Shareholders should have a chance to engage in nomination process every year.

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 elected as Directors respectively. In case of tie-vote, the Chairman of the Board shall cast his vote to break the tie.

In the case of a fulfillment of Director's vacancy other than rotation, the Board of Directors shall select a qualified person that does not possess prohibited characteristics under the law to fulfill such position 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 to call for shareholders' meeting for the replacement of any lacking director.

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

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

The selection of the candidates for Independent Directors is conducted by the Nomination and Compensation Committee, taking into account the qualifications of the candidates, i.e. the relevant knowledge, expertise and experiences. The Nomination and Compensation Committee will select the candidates from the Thai Institute of Directors' list collected from the recruitment agent and the Shareholders' nomination (if any).

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

The Independent Directors has independency from the Management and major Shareholders of the Company. The Board of Directors, at the recommendation of the Nomination and Compensation Committee, reviewed and revised the definition of the independent Director to suit the required qualifications by the Company 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 (0.5%) of the voting shares of the Company or the Company's parent Company, subsidiary, associated Company, major shareholder or controlling person. The shares hold by the Independent Director's related person are counted as if they are held by the independent Director;
2. Neither being nor a previous Management, a major shareholder, 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, 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 the Management, a major shareholder, 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 a previous 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 a previous 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 doing 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 bad or characteristics which would impair the ability to express independent opinions with regard to the Company's business operations.

**Principle 3.4: Remuneration of the Directors**

With respect to the determination of the 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 in leading 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 of the 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 25<sup>th</sup> Annual General Meeting of shareholders on 30 March 2018 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 reflects the accountabilities of each Director including the remunerations received by each Director from being a Director of the subsidiaries (if any). Currently, there has been no payment of the remuneration to Company's Representative being the Directors of the associated companies.

The 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 the Chief Executive Officer, which is based on the Company's 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 the 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 are adopted from Principle 3.2.

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

Board Meeting schedule and the key agenda of each meeting are determined yearly in advance prior to the beginning of the following year. Each Director is informed to reserved time and attend the meetings. And in every 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 that each Director are given the opportunity and freedom to propose agenda matters that is beneficial to the Company. Directors are notified of the Notices of Meeting and supporting document at least 7 days prior to the meeting so as to allow them the ample time to study the information.

The number of meetings of the Board of Directors is determined to suit the duties and responsibilities of the Company Directors as well as the nature of Company business. There were 6 meetings of the Board of Directors in 2018. Apart from that, Board Meetings of Subsidiary Companies should be held regularly at the headquarter in Ho Chi Minh City, Vietnam to extend opportunities for the Board to meet the investors and the joint ventures in Vietnam prior to the meeting. A Company performance report and the development plan are regularly furnished to the Board on a monthly basis to enable the Board to provide continuing and timely supervision and control to the Management's performance.

Board Meetings in 2018 are attended by not less than 80 percent of all the Board members.



The attendance of each Director is prescribed under 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 the Chief Executive Officer (CEO) to invite the Management or Executives to join the Board meetings to provide useful information and details as persons directly relating to the problems, and which as well will provide further supplement to the top management's succession planning and considerations.

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 perform their duties with honesty, integrity and carefulness in the best interests of the Company and fairness towards all shareholders.

The Board of Directors strictly follow the policy that limits the number of holding office to the listed companies, where each of the Directors may hold an office to not more than Five (5) listed companies. As of the moment, none of the Directors holds directorship in more than 5 listed companies. Also, the Company does not permit Managing Directors/ CEOs and Top Management of the Company to hold directorship in other two companies, except for subsidiaries, affiliates and joint-venture companies of the Company where supervision is required for the benefit of the Company. Such holding of position is subject to the prior Board approval. The Board of Directors shall establish reporting system for any other positions held by Directors and shall be disclosed in an annual report.

The Board of Directors shall follow a policy to allow non-executive Directors to have meetings with them, as necessary, to discuss managerial problems that are of interest without the Management participation, which result of the meeting shall be reported to the Chief Executive Officer (CEO). The Chairman conducted a meeting among the non-executive Directors after the collection of Board Assessment both on the individual basis and the whole committee basis for the performance of the year 2018 in order to make the improvement and monitoring plans.

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

With respect to the primary corporate governance of subsidiaries and associated Company, the Nomination and Compensation Committee will nominate, determine and propose qualified candidates for approval to the Board of Directors, where a report is made to the subsidiaries

and associated Company. The appointment of Directors, Executives and Controlling Persons responsible in taking part in the management of the business of the subsidiaries shall be conducted according to number and position, in compliance with shareholding proportion of subsidiaries and Associated Company.

The Directors and/or Executives appointed by the Board of Directors mentioned above shall have the duty to manage and administer the businesses of subsidiaries and/or associated Company in line and in compliance with the Company's policies and direction, wherein the Board of Directors establishes policies 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 supervised and monitored in compliance with the duties and accountabilities provided by law.

In cases of decision making to the key business operations of the subsidiaries, the Company sets out the value amount of the projects or businesses in the subsidiaries and requires that the Board of Directors of the subsidiaries shall seek the approval from the Board of Directors before any implementation at all times. Approvals of the Board of Directors are necessary for crucial operations or business activities, such as the increase-decrease in the capital and the termination of subsidiaries' businesses.

When on the part of the general business operations, the Company will map out policy, this must be communicated for considerations during the annual budgeting, including quarterly business operational result for review and reporting to the Company Committee meeting where appointed Directors and Executives had participated. In addition, the meeting of the Board of Directors 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 standard reporting forms of the subsidiaries and under the structure that is similarly attributable one another for 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 that oversee and taking responsibility in the related work or business line. Therefore, the measures and/or internal business control system within the subsidiaries would be compatible with or in the same way as that of the Company. In this respect, the monitoring mechanisms on the corporate governance define that the management and personnel of the subsidiaries must perform both aggressive and receptive

duties in conjunction with the Company's management who have monitored controls and ensure that the subsidiaries disclose, fully and accurately, the information in relation to the financial status and operational result, inter-transactions, implicitly significant acquisitions and dispositions of properties, capital increment and decrement, undertakings of significant transactions.

***Principle 3.7: Evaluation of the Board of Directors***

The Board of Directors and Board Committee conduct a personal self-evaluation at least once a year to jointly consider their mutual achievements, issues and corrective measures. While Board performance evaluation is conducted with the intention to improve the efficiency of the whole Board performance. The evaluation procedure can be summarized as follows:

The Company Secretary prepares and review the evaluation form for correction and completeness in compliance with the criteria required by the regulators. The evaluation form will then be proposed to the Governance and Risk Committee for approval before proposing it to the Board of Directors for completion. Subsequently, the Company Secretary will summarize the result of the performance evaluation of the Board of Directors as well as the strength and improvement areas before proposing it to the Board of Directors for 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 from (ranking scale from 0-5), 5 = excellent, 4 = very good, 3 = good, 2 = average, 1 = need improvement, 0 = not applicable. It is therefore concluded 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 high level of excellent performance

Furthermore, the Company also arrange for individual Director's performance -assessment on an annual basis. The evaluation procedure is the same as the performance evaluation 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. To extend the results, the Company has applied the evaluation results to improve the performance of Directors accordingly.

***Principle 3.8: Professional Development of the Board of Directors and the Executives***

The Board of Directors follow the policy to promote and facilitate continuing trainings for development for those who are involve in the corporate governance, such as Directors, Audit Committee members, Governance and Risk Committee members, Nomination and Compensation Committee members, Executives and Management, Company Secretary, and personnel whose functions are related to corporate governance. This is to ensure an ongoing performance improvement and development, including attendance of such training courses

organized by the Thai Institute of Directors (IOD), other courses by foreign institutes and other entities, and in-house training.

In this connection, more than 75% of the Board of Directors have attended particular training courses in relation to their duties. It also supported other directors to attend the courses or activities organized by Thai and foreign institutes in order to increase their knowledge in business in the passing year. The training record of each Director is as follows:

No.	Name of Directors	Selective training courses to increase the Director's knowledge 2018	Required training course for Directors As of the end of 2018
1	Mr. Paul Heinz Hugentobler	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System	- Leading from the Chair (INSEAD) 2015 (Course for Chairperson)
2	Mr. Vanchai Tosomboon	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System	- DAP 7/04, DCP 7/01, AACP 19/05, CGI 10/15
3	Mr. Chachchon Ratanarak	- Eastern Economic Corridor*	
4	Mr. Nopporn Tirawattanagool	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System - IOD National Director Conference 2018	- DAP 5/03, RCC 8/09, DCP 135/10, ACP 31/10, FGP 2/11, ACEP 7/13, RCL 1/15, IOD National Director Conference 2018
5	Mr. Pongpinit Tejagupta	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System - Inaugural CG Conference 2018, SEC	- DAP 71/08, DCP 126/09, ACP 30/10, FGP 1/10, MFM 2/10, MFR 10/2010, MIA 7/10, MIR 9/10, SFE 7/10, M&A 1/11, RCC 14/12, RNG 2/12, CDC 7/13, HRP 4/13, ACEP 7/2013, RMP 1/13, Inaugural CG Conference 2018 by SEC
6	Mr. David Alexander Newbigging	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System	- Mandatory Accreditation Program for Directors of Public Listed Companies 2012 (Malaysia) or MAP called by Bursa Listing Requirement, Malaysia
7	Dr. h.c. Harald Link	- Vietnam: An Open Economy, An Open Society, and A Close Political System	- Institute of Business and Industrial Development (IBID1), DAP 134/17

No.	Name of Directors	Selective training courses to increase the Director's knowledge 2018	Required training course for Directors As of the end of 2018
8	Dr. Sunee Sornchaitanasuk	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System	- DAP 28/04, ACP 5/05, DCP 53/05, MIA 2/08, MIR 3/08, QFR 5/07, RCP 18/08
9	Mr. Pradap Pibulsonggram	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System - Strategic Board Master Class SBM 5/18	- DCP 149/11, ACP 37/11, FSD 14/11, MFM 8/12, MFR 14/12, MIA 13/12, MIR 12/12, SFE 17/13, ACEP 8/13, HMS 4/14, BMT 2/17, SBM 5/18
10	Mr. Charin Satchayan	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System	- DCP 196/14, BMD 2/16, FBG 5/16
11	Mr. Teng Wei Ann Adrian	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System - SDP /18 (Singapore)	- SID-SUM Directorship Program or SDP by Singapore Institute of Directors (equivalent to IOD)
12	Mr. Siva Mahasandana	- Eastern Economic Corridor* - Vietnam: An Open Economy, An Open Society, and A Close Political System - Role of the Chairman Program RCP 43/18	- CGE SCCC/15, DCP 206/15, RCP 43/18

\*EEC: Keynote lecture for the Board and the Executives on the Eastern Economic Corridor Policy by Mr. Kanit Sangsubhan, Secretary General Eastern Economic Corridor Office of Thailand.

In 2018, the Executives, Company Secretary, and Secretaries to Sub-Committees attended the training course organized by IOD and the SEC as follows.

No.	Name	Position	Training in 2018
1	Ms. Anuttara Panpothong	Senior Vice President (People and Organizational Performance)	- Director Certificate Program DCP 265/2018
2	Ms. Phatchada Muenthong	Company Secretary	- IOD open house - Inaugural CG Conference, SEC
3	Ms. Chadaporn Thitisawat	Secretary to Audit Committee	- Inaugural CG Conference, SEC

For the subsequent appointment of a new Director, the Company will provide important documents and information that is useful for duty performances such as Directors Manual, Organizational Standard Operating Procedures (SOP), and Code of Business Conduct which

will delivered to the new Director. In addition, orientation and introduction of the company's policy and corporate governance, including the background and the nature of business, its policy and the business operational guidelines is given to the new Director. With this, the Company is confident that the new Director understands the job description and information which is useful in the performance of his duty.

The Board of Directors require the Chief Executive Officer to provide regular report on the development and succession plan that is jointly produced by the Nomination and Compensation Committee on annual basis for continuity and succession of CEO and Top Management positions.

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

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

While the Articles of Association defines the numbers of Board meetings in quarterly, but in 2017, the Board initiated and decided to reasonably hold 8 Board meetings to suit the Company's nature operations, accountabilities and needful. In addition, the Management is tasked to make operational result report to the Board in a basis so as to enable a continuing and timely monitoring control in a given 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 allowed access to additional necessary information from the Chief Executive Officer (CEO), the Company Secretary, or other delegated Executives within the established policy scope and, where it is necessary, and 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 to make coordination to ensure that the Board's resolutions are complied with. The Board shall enhance the Company Secretary to receive continuing and regular trainings and knowledge development on the aspect of law, accountancy and Company Secretary's duty performances, including various certified programs to which the Company Secretary is required to 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 should know; specifically 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. The Board of shall disclosed the qualifications and experiences of the Company Secretary in its annual report and in to the Company's website.

**Principle 4: Ensure Effective CEO and People Management**

**Principle 4.1: CEO and Key Executive Nomination and Development**

The Board has entrusted/delegated to the Nomination and Compensation Committee to carry out actions on the nomination and development of CEO and key executives and 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 delegated/entrusted by the Board of Directors to make considerations on the nomination rules and procedures in nominating persons possessing qualifications to hold the position of Chief Executive Officer (CEO), and 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 as potential candidates to the Top Management positions.

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

For the candidates in the 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.

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 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 support and enhance 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 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 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 which will create engagement between employees and the Company, such as Employee Joint Investment Program (EJIP), a 7-year program starting from year 2016 – year 2022, 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 that motivates the CEO to manage the Company's business and 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 every year which, in this connection, the Nomination and Compensation Committee is delegated to conduct such evaluation and that result of the evaluation and payment of the remuneration of the 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 the CEO.

In approving the CEO's annual remuneration, CEO performance evaluation result and other relevant factors have been taken into consideration.

The Board of Directors has made considerations to give its approval on the rules and relevant factors in the performance evaluation as well as its approval on the remuneration structure of the 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 the Nomination and Compensation Committee jointly consider and evaluate the 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, adherence to the Corporate Governance Policy and Company's Code of Business Conduct are used to supplement Nomination and Compensation Committee considerations.

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

#### **Principle 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 vital sustainability of the organizational culture as follows:

### **Enhancing Employees' Participations, Innovative Organizational Culture Creation, and New Innovation and Business**

To enhance the innovative culture in the organization, the Company is aware of the importance of the innovation resulting from changes in technology and market environment. The Company encouraged the employees to participate in the innovation-building activities such as innovation talks and workshops, main innovation programs, and the initiative programs in order to find new business models that can generate profit to the Company, and to build the mechanism to serve the demands in the global market. In 2018, the Company has established a team to push and add value to the new business models.

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

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

The Company holds the significance of the innovation in the creation of mutual corporate value for the benefit of the business, customers, business partners and stakeholders as well as the society and environment. In this respect, emphasis on the creation of corporate culture, and support to various activities as well as working in collaboration with related external organizations in order to promote for the acquisition of new innovation is a continuing goal.

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

The Company takes into account and put importance on the continuing creations of value for all stakeholders. Our stakeholders must be taken care of by the Company in accordance with their legitimate rights as provided by law or agreements entered with the Company. There must be a process to encourage mutual cooperation and trust between the Company and all groups of stakeholders 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 competitors and independent auditors. 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 are available mechanism to assure that the Company has carried out its business ethically and with corporate social and environmental responsibilities; refrain from violating the stakeholders' rights by implementing the guidelines in treating the stakeholders in the following manner:

(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 the 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, exercising the policies concerning illegal labor, child labor and pregnant women labor, ensuring that the benefits and welfares are 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 policies and operating procedures on the staff's and employees' remunerations, welfares, health and safety in working areas are provided and that relevant treatments are disclosed and publicly known to all staff and employees as part of human resource management.

### **Human Resource Management Policy**

All personnel of Siam City Cement Public Company Limited are considered as important resources in driving and pushing the Company towards its objectives, thus, they are deemed to be relevant contributing factors to the corporate success in the creation of competitiveness to the Company. Their duty performances are required to be in alignment with the corporate commitment and culture, and with the expectations that not only with their working achievements but also in matters of ethical manners and adhered to the corporate commitment of 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 on the impartiality and equity. Factors used in the staff and employees' remuneration administration and consideration is consisting of the accountabilities of each position, labor market rates and Company payment's ability by relying on work analysis technique, work appraisal, labor market surveys and corporate compensation structure as the tool to help in the determination of such considerations as to the employee's annual performance result. Such is considered as one of the factor that is used in the determination of the incentive remunerations in compatibility with the performance result in order to support and boost the morale and enthusiasms of the staff and employees having performance result higher than the Company's defined standards. At any rate, bonus and payments package to all staff and employees are dependent on the Company's annual as the basis for remuneration of their full dedications and efforts in performing duties throughout the passing year.

Apart from the salaries and bonuses, other welfares are provided to all staff and employees to help in mitigating their expenses burden in maintaining the cost of living standards that is reasonable 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, continuing trainings are regularly organized to educate the Company's staff and employees to be able to understand the financial management and the provident fund including the establishment of the Employee's Joint Investment Program (EJIP), as well.

## (2) Responsibilities to Customers

The Company is aware and put importance of the safety management upon the customers under the supervision of the Board of Directors to ensure compliance with relevant laws and standards. In addition, health, safety and equity, 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. Information and transactions must not be misleading, or exploit the customer's misunderstanding and incompatible 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 the occupational 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 effective occupational health and safety management system. It is an integral factor to sustain success in accordance with the Company's intention is the creation of a 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 collaborate in complying with various progress on the aspect of the occupational health and safety as well as controlling risk within the acceptable level.

The Company therefore place an 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 much maintenance can be made in order to create safety for customers regularly and consistently. This is to include launching of campaigns on safety driving for franchised customer groups twice a year, in the service of delivering goods to meet the international standard level. In addition, the Company provides personal safety equipment, safety symbols and marks for

transporters in order to provide 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 partners with the vision and carrying out business in similar direction as that of the Company, the rules and guidelines on the selection of a supplier as one of the stakeholders, the basic qualification of the supplier shall be based on the following:

1. Expertise and Experience;
2. Rational in terms of the Price and Quality;
3. Policy in 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 policy, etc.

In addition, the Company prescribes the strategic procurement 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 put 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 framed with 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 three aspects such as educational promotions, sustainable community developments and basic public utilities support that 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 initiate 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.

### ***Principle 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 promote and encourage 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.

#### ***Principle 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 27001: 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***

##### ***Principle 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 of 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 and Risk Committee to scrutinize and consider the approval of the acceptable risk, specifically, strategic risk, operational risk, financial risk and compliance risk, in which both the organizational internal and external factors may impair the Company to attain the prescribed objectives. Also to 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 put importance on making follow-ups and effectiveness evaluation on the risk management consistently and on the early warning signals and keeps tab to ensure that the risk management policy is regularly reviewed, at least, once a year.

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

The Board of Directors formed the Audit Committee that can efficiently and independently perform their duties. All Committee members are independent Directors who are 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 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 access information that is necessary for their assigned duty performances such as facilitating them to be able to call 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. Providing persons or internal audit organization having independence in performing their duties to be responsible in the development and verification of the efficiency of the risk management system and internal control together with the submission of 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 appearing in Clause 11 – Internal Control and Risk Management.

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

The Board of Directors has monitored controls and follow-ups and was able to manage conflict of interest that might occur between the Company and the Management, Directors or shareholders including the prevention of 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 that would lead to the taking advantage of 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. 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 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 has knowledge and possess the non-public important information are reviewed to reasonably 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 2017 and 2018 is follows:

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

List of Directors/ Executives	31 December 2018			31 December 2017			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		
<b>Non-Executive Directors</b>							
1. Mr. Paul Heinz Hugentobler	-	-	-	-	-	-	-
2. Mr. Chachchon Ratanarak	-	-	-	-	-	-	-
3. Mr. Vanchai Tosomboon	89,723	-	0.0301	81,887	-	0.0275	7,836
4. Ms. Nopporn Tirawattanagool	-	-	-	-	-	-	-
5. Mr. Pongpinit Tejagupta	-	-	-	-	-	-	-
6. Mr. David Alexander Newbigging	-	-	-	-	-	-	-
7. Dr. h.c. Harald Link	38,483	-	0.0129	31,221	-	0.0105	7,262
8. Mr. Teng Wei Ann Adrian	-	-	-	-	-	-	-
9. Dr. Sunee Sornchaitanasuk	-	-	-	-	-	-	-
10. Mr. Pradap Pibulsonggram	-	-	-	-	-	-	-
11. Mr. Charin Satchayan	-	-	-	-	-	-	-
<b>Executive Director</b>							

List of Directors/ Executives	31 December 2018			31 December 2017			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		
12. Mr Siva Mahasandana	211,992	-	0.0711	207,504	-	0.0696	4,488
Executives							
13. Mr. Montri Nithikul	13,522	-	0.0045	11,407	-	0.0038	2,115
14. Mr. Chandana Liyanage	18,613	-	0.0062	15,704	-	0.0053	2,909
15. Miss Anuttara Panpothong	-	-	-	-	-	-	-
16. Mr. Paul Joseph Hayes	-	-	-	-	-	-	-
17. Mr. Amornsak Torot	14,196	-	0.0048	16,692	-	0.0056	2,496

Note: The percentage of shares held for year 2017 and 2018 calculated from the registered capital 2,980 million baht.

### 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 situation where employees think that 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.

#### **Principle 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 about the insider operating procedures for clarity, 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 and Risk 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 strict monitoring 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 and 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 annually 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 and Risk 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 and Risk 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 and Risk 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 and Risk 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 shall arrange the communication of the guidelines on anti-bribery and anti-corruption constantly and regularly through training and online medias. And, that this training on Anti-Bribery and Anti-Corruption is also included as a part in the newly-recruited employees' orientations and in the communications to all goods sellers or service providers, contractors and suppliers since the establishment of the business relations. Based on the said policy and to 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, consequently, there is an assessment process on the risk from the corruption, a procedural guideline on practical performances in overseeing and monitoring controls to prevent any 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>)

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

The Board has monitored controls to ensure that an effective mechanism and process for handling complaints and whistle blowing be established and be in place to record, track, resolve, and report complaints and feedback of the stakeholders and to further ensure the availability of convenient complaint channels for more than one, thus includes 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 in good faith.

The Board of Directors has mapped out a policy on the receipts of complaints and Whistle blowing to enable the stakeholders to make their reports of whistle blowing and 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 and Risk Committee. In addition, mechanism for the protections of the informants and whistle blowers including persons against whom the complaints are lodged and prescribed.

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

1. Hotline: 001800 441 0657
2. Email: [inseespeakup@expolink.co.uk](mailto:inseespeakup@expolink.co.uk)
3. Website: [wrs.expolink.co.uk/inseespeakup](http://wrs.expolink.co.uk/inseespeakup) and
4. Application: "SpeakingUp" access code: InseeSpeakup

This process is another additional 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 Ambassador has been appointed as the Company's representative to receive the complaints and incidents. In addition, all stakeholders can file the complaints to the Board of Directors at [companysecretary@siamcitycement.com](mailto:companysecretary@siamcitycement.com). SCCC is firmly determined to maintain its high standard on the matter of good corporate governance as mentioned 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***

### ***Principle 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 relevant and 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 of the Board and Committees in the previous year, CG Policy, CSR Policy and Environmental and Social Policy and compliance with various policies through accessible channels with equality and reliability according to the standards and regulations set by SEC and SET. In this respect, the Board has ensured that

people related to the preparation and disclosure possess appropriate knowledge, skills, experiences and number for their accountabilities. Mentioned people are mainly the 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 has audited by the independent auditors certified by the SEC. 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 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 in 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 the encouragement of the Company to conduct the management discussion and analysis or MD&A to support the financial statement disclosure every quarter, so as to enable the investors to know the information and understand the changes that is occurring to the Company's financial statements and operational result. 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, such Director in particular must oversee to ensure that the disclosure on his/her part is completely and accurately undertaken.

### ***Principle 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 continuing and regular submission of the relevant report to the Board. 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 of problems about the financial liquidity and solvency.

### ***Principle 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 company 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.

#### **Principle 7.4 Sustainability Report Preparation**

The Board has considered the appropriate disclosure of information in compliance with the laws, the ethical code, anti-corruption policy, treatments of employees and stakeholders which include fair treatments and respect to human rights, social and environmental responsibilities and 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 implementation 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 functions as the investor relations who shall perform duties in communicating it with the shareholders and other stakeholders, (such as an investor, an analyst) appropriately, equally and in a timely manner.

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

The Board of Directors also set out the Disclosure Policy, and the Communication Policy. Respectively, the tasks related to Investor Relations (IR) is assigned to specific person in order to communicate it with the third parties, including investors, institutional investors, general investors, analysts, and associated state agencies with equality and fairness. The Company provides the opportunity as well to such parties to visit our Executives as appropriate. The information provided is an information for public disclosure, accurate, not misleading and informative to aid the investors in their investment decisions. The Board must ensure that the communication and information are disclosed to the public in an appropriate, equal, timely manner, and is 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 entire organization in compliance with such policy.

The Company attached importance to equitable and transparent treatment to all shareholders with which they will be provided with important, complete, and updated information and convenience in understanding the Company's information. Importantly, at the shareholders' meeting, there will be no agendas or changes in any significant information should be 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).

**Principle 7.5 Person responsible for Investor Relations**

In 2017, the Company regularly had meetings with individual investors and institutional investors, securities analysts, and provided information through quarterly press release, 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, 11th Fl., Ratchadapisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok, 10110
Telephone:	+66 2 797 7165
Email:	<a href="mailto:kasem.kakrailert@siamcitycement.com">kasem.kakrailert@siamcitycement.com</a>

The Board has monitored controls to ensure that the management had prescribed directions and provide supports in the investor relations functions such as the standard operating procedures (SOP) in giving information, policy or SOP on information management which definitely affects securities prices; this to includes the clearly defined accountabilities of the investor relations in order that the information communications and disclosures can be efficiently and constantly made (such as analysis meeting on the Company’s performance, news release, etc.).

**Principle 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****Principle 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 put 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 by participating in the shareholders' meetings, casting ballots either in person or by proxy, 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 a meeting agenda prior to the shareholders' meeting. In this connection, the Board will consider to include such proposed agenda. If the Board of Directors shall deny the proposed agenda, explanation must be given at the shareholders' meeting. Additionally, the Board of Directors must provide a process that allows the minority shareholders to participate in the nominations and appointments of Directors however, 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 14,900,000 shares (or zero point zero three four percentage (5%) of the Company's total number of the eligible voting shares) which is the very low number of the shares must be prescribed. 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 behalf. 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 2019, the Board gives opportunity to shareholders to submit to propose the agenda item, director candidate and relevant questions prior to the Annual General Meeting between 1 October 2018 – 15 January 2019 by establishing clear criteria for advance submission and disseminating such criteria on the Company's website <https://www.siamcitycement.com/en/investor/annual> 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 the Board of Directors were disseminated through the Company's website 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.

### **Principle 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 supporting explanations and reasons on each agenda that is specified in the Notices of Shareholders' Meeting. 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 specific matter in relation to the Directors, matters of the Director elections and approval, and on Directors' remunerations in a separate agenda
- (3) Objectives a, rationale 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' ability to exercise their rights.

In setting the meeting, the date, time and place must be considered at the shareholders' convenience. The time interval must have been discussed in order to facilitate travels and attendance of the shareholders.

The Board of Directors shall ensure that there are no actions that would limit the opportunity of attending the meeting or cause undue burden on the shareholders and shall send Proxy Letters along with the Notices of Meeting, as well as timely publication at the Company's website ([www.siamcitycement.com](http://www.siamcitycement.com)), for the shareholders' options and facilitations in case that they cannot attend a meeting in person. In addition, the Board does not specify any requirements for the shareholder's proxy in cases of documents and or evidences of identification that exceed applicable legal and regulatory requirements. However, duty stamps are also prepared for the appointment of proxies.

At the same manner, the Company's Board of Directors provide opportunity for shareholders who are unable to attend the meeting to appoint any of the independent Directors or other persons as their 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 promote 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 who personally attended the meeting and or by proxies, steps and methods in displaying result of the ballots, including opportunity to the shareholders to set the issues and make inquiries as well as ensuring that inquiries and answers, 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, the 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 are encouraged to provide ballot papers for voting in cases of 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 Fourteen (14) days from the shareholders' meeting date by overseeing to ensure that the Minutes of Shareholders' Meeting is recorded with the following information:

- (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) Important Issues of inquiries and replies in the meeting.

#### **Principle 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 providing details on the controlling interests of major shareholders 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 shareholder's agreement having implicitly significant impact on the Company or other shareholders. (If any)
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-subsidary Company.
10. Directors and executives of the Company do not have penalty record in relation to the securities laws.
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 Indicators

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 arises 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 2018 to keep the good score continuously.

Detail of SD Performance Indicators are available in the Company's website.

## 10. **Sustainable Development and Corporate Social Responsibility**

Siam City Cement Group has been conducting its businesses in the past 49 years with the continuing and steadfast commitment to sustainable development. It persistently and continuously creates shared value to meet the expectations of all stakeholders, its valuable contribution to the society and the environment based on good corporate governance in the conduct of our business where Siam City Cement Group believed to be the fundamental foundation of sustainable growth and business progress.

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

1. Strict adherence to corporate governance for transparency, respect for human rights, and equal and fair treatment to all stakeholders, namely employees, shareholders, customers, business partners and the community.
2. Care for the employees and respect for equal human rights in accordance with the international norms on human rights and all related labor laws.
3. Building good and close relationship with customers and suppliers – listening to their recommendations in order to be able to completely fulfill their needs and create good and sustainable relationship with suppliers to build shared value.
4. Be mindful of the environment and sustainable development – promoting and giving importance to the protection of the environment, reduce the impact on the environment and the community by strictly adhering to the highest standard in environmental management. Be attentive to the community and support social development by supporting the sustainable development of the communities in all locations that we operate as well as the society in general.
5. Support controlling and reporting to follow up and report on various activities that are relevant to the operation including those involving the society to allow the general public to be aware of various channels where stakeholders may share suggestions and recommendations to be considered for sustainable development.
6. Anti-bribery and corruption – Businesses are conduct in transparent and ethical fashion as well as strictly following all rules and regulations.

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

The Company strongly believes that with the good support from all key stakeholders is a cornerstone of the operations. Therefore, the Company created communication channels as a tool for exchanging ideas and experiences to get those valuable information, opinions and engagements. This would lead to 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 the major stakeholders and analyzed their expectations as well as communicated and built relationship to access the stakeholders' opinions and take that information to apply to strategic planning and business activities regularly

In summary, the company has set the following goals and processes to build the relationship with respective stakeholders:



## Customers



Respond to every need to be a part of the customers' success.

### Ways to foster lasting relationships

- Constantly survey customers' opinions
- Arrange regular small meetings and customers' visits
- Develop communication channels, promotes on-line transactions for increased speed, convenience and effectiveness
- Develop more value-added products

## Employees



Take care of the employees' safety and work environment, promote good livelihood and create opportunities for development and advancement in the work place.

### Ways to foster lasting relationships

- Develop leadership capabilities in supervisors to be more attentive to subordinates
- Promote engagement and two-way communications within the organization
- Develop environment and safety culture in the workplace
- Regularly surveys employees' opinions

## Shareholders



Carry out business operations with good corporate governance while building sustainable progress for the organization.

### Ways to foster lasting relationships

- Organize the Annual Shareholders Meeting
- Regularly communicate and arrange field visits, and participations in CSR and environmental projects

## Communities



Implement CSR-in-process to prevent or minimize operational impact on the communities, including creating projects to continuously support the communities' sustainable development - the so-called CSR-after-process.

### Ways to foster lasting relationships

- Regularly carry out official surveys of the communities' opinions
- Develop communication channels, both official and unofficial
- Arrange factory visits for community leaders and the public
- Promote the community's engagement and joint management in some important projects
- Create the Fund for community development and environment, as well as the advisory panel in relations to community relations

## Goods & Service Suppliers



Promotes good cooperation and mutual support to create business opportunities and mutual growth.

### Ways to foster lasting relationships

- Announce and implement the Suppliers Code of Conduct
- Announce and implement the Sustainable Procurement Policy & Guidelines
- Arrange meetings to promote good communications and training programs on various topics

## Government Agencies & Independent Organizations



Strictly adhere to the laws and provide good cooperation with the government sector and seek out opportunities for joint activities and projects which are beneficial to the society and nation.

### Ways to foster lasting relationships

- Study legal implications and controls all aspects of the business to ensure legal compliance
- Participate in meetings, seminars and forums with government agencies, as well as support official exhibitions and seminars
- Support and participate in projects for society and nation as organized by the government sector and organizations such as the Chai Pattana Foundation

## 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.

### Ways to foster lasting relationships

- Regularly support the media with information, operational facts and figures, and progress of major projects
- Regularly arrange opportunities for the media to meet the senior management, visit factory and participate in social and environmental responsibility activities

## **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 2018, , the Company's good governance activities are as follows:

"Excellent" recognition on Corporate Governance Report of the Thai listed companies for the 3<sup>rd</sup> year; and

In 2018 , the Company was recognized by the Thai Institute of Directors (IOD) in its Corporate Governance Report of the Thai Listed Companies 2018 with the highest level "Excellent" consecutively for 3 years.

## **Membership in the "Collective Action Coalition Against Corruption"**

The Company was awarded a certificate signifying membership in the "Collective Action Coalition Against Corruption" for atleast three years from 18 August 2017. In 2018, the Company continued to place great importance in communicating and arranging trainings on our anti-corruption policy with the ultimate aim to ensure that all our employees conduct their duties and businesses with all stakeholders in a transparent and accountable manner.

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

In 2018, the Company continued to enforce application of the Code of Business Conduct among all our Group companies in Thailand and abroad, namely, Sri Lanka, Vietnam, Bangladesh and Indonesia. The Company also arranged working seminars on the application of the Code of Business Conduct for new hires at all levels to ensure that all our employees conduct the business honestly and in accordance with good corporate governance.

And to support our determination to provide the best service to customers and to work with our business partners in a transparent and honest manner, the Company has stipulated the "No-Gift" policy that requires all employees and members of the management to refrain from accepting gifts, souvenirs or any other tangible items. If this is ethnically unavoidable, the employee must report the gift on the "E-Gift Disclosure" channel for transparency.

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

In 2018, the Company continued to provide the channel for complaint and whistle-blowing process called "INSEE Speak Up" to cover all countries in which the INSEE group operates as managed by an independent outsource firm and a Scrutinizing Committee that is independent from the management which was set up to monitor, analyze and investigate the complaints and suggestions in order to adjust the work and controlling processes as well as protecting the corporate culture.

## Compliance

In 2018, the Company has set the role and responsibility of compliance practices to be in-line with the laws and regulations in Thailand and in countries where we operate. In addition to the compliance procedure, the Company has also prepared the Compliance Dashboard and Business Conflict for the Compliance Committee.

In addition, the Company has organized regular trainings and workshops on compliance to develop the employees' knowledge and understanding in accordance with the policy that is applicable to effective work process to avoid risks that come with non-compliance.

## Social Responsibility Projects and Promotion of Relationship with the Community - Year 2018

The Siam City Cement Group has always been giving importance to support the overall society, both at the national level and around the countries in which we operate. We carry out in-depth studies on the needs and expectations of the society and the community and use the results to draw up the framework for our CSR projects on both CSR-in-Process and CSR-After-Process. We used the Company's knowledge and resources as tools to support projects for the society and the community to improve livelihood and sustain development to the society in general. Most of our projects are long-term and continuing endeavors under the "Green Heart" concept.

### CSR-at-large projects

- **INSEE Green School project**

The Green School project has entered its ninth year for the support and the development of education in the Thai society. The Company has been cooperating with the Border Patrol Police to renovate or to build educational infrastructure for children and youth living in the country's remote areas and as a fulfillment to the gracious wishes of Her Royal Highness Princess Maha Chakri Sirindhorn. In 2018, the Company constructed a new learning facility in Ban Huay Poom, Chiangkham District, Phayao Province with the aim to make this as an effective learning facility for the children in the community and also as a Knowledge Center for the people in the villages regarding the conservation of the natural resources and the environment. The Ban Huay Poom School is the 31<sup>st</sup> school building constructed in the last nine years under the Green School project where there were more than 50,000 children and youths who benefited from this project under the care of the Border Patrol Police.

- **INSEE Green Park (Suan Ming Mongkol)**

The Company has developed the INSEE Green Park on the Company's own land in Mitrphab 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 on caring for the community, society and the environment. 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 used the park for relaxation, exercise and other forms of community interaction. It has become the model for environmental friendliness and an outdoor classroom that enhanced the awareness and love for the environment by the community members and school children.

This model public park received the “Thailand Energy Award” from the Ministry of Energy, while the “ASEAN Energy Award” was received in 2015 in the category of “Energy Conservation in Creative Construction of a Tropical Building”.

- **INSEE Artificial Reef Project**

This project is Siam City Cement Group’s joint effort with the Department of Marine and Coastal Resources, Ministry of Natural Resources and the Environment to revive and rejuvenate the coastal biodiversity and marine resources by placing artificial reefs constructed from recycled concrete waste returned by the customers. This is in accordance with the CSR concept of Creating Shared Value (CSV). This means that the artificial reefs, not only help to conserve marine resources and environment restoring biodiversity and preserving the livelihood of the coastal fishermen, but also solve the problem of the concrete waste that otherwise would have to go to landfill. In 2018, the Company has delivered and placed 200 pieces of large artificial reef around Mannok Island, Rayong Province.

- **INSEE Share project, consisting of two main activities: INSEE Safety and Conwood Wall/Deck Installation Training**

INSEE Safety First - As the Company practices high international safety standard and possessed employees who are knowledgeable and experienced in the field of workplace safety, we have arranged seminars and workshops on safety in the workplace for Thai workers and students at various vocational institutes to provide them with the basic knowledge and understanding as well as to raise awareness on the importance of a safety mindset, not only in the workplace but also at home and on the road. In 2018, seminars and workshops have been held for more than 3,000 participants at the Skill Development Centers and at various vocational colleges throughout the country.

Conwood Wall/Deck Installation Training – Workshops Conwood Wall/Deck Installation Training each lasting for 18 hours were held for those who would like to acquire experience and skill in the installation of Conwood products, after which the participants received certificates jointly issued by the Company and Skill Development Department, Ministry of Labor. This workshops are aimed to create livelihood for the low-income group and to support the government’s policy to continuously develop and improve the skills for workers in the field of construction. In 2018, more than 300 Thai workers were able to complete this training.

- **Project to support masonry and concrete skill contests for vocational students at the regional and national levels**

For more than 20 years, the Company continued to support skills contests in the field of construction, masonry and concrete both at the regional and national levels through vocational colleges under the Vocational Education Commission, Ministry of Education. To date, more than 30, 000 persons have participated in these contests throughout the years. In 2018, the Company contributed about 800,000 Baht in the form of equipment, budget and prizes for contest at the regional and national levels. And for this year, the contestants will have the opportunity to experiment the use of the Company's new product for which new techniques will be necessary along with the ingenuity of the applications- INSEE Petch + hydraulic cement.

- **Green Heart Club**

The Company had been supporting the establishment of the Green Heart Club since 2012 to promote the unity and cooperation among the employees where they can volunteer to participate in various charitable activities for the environment and the society. In addition with the pride of helping the community and the society, the project also promotes teamwork and the closer relationship between the employees and the management. A total of four CSR activities are planned each year. For 2018, these activities are "INSEE Asa with Love"- an activity to build check dams in the community forest at Puhangnak Monestery in Suphanburi Province; "INSEE Asa rice planting" to plant organic rice at the INSEE Green Park in Saraburi Province; "INSEE Asa Let's Do Good" in which the participating employees help to pour concrete for walkways in the school and teach students on waste management and how to separate garbage at Wat Thongluern School, Angthong Province.; and for the last year's activity, the "Green Heart Run and Ride" which was also launched for those employees who enjoy exercising by jogging and bicycling from the INSEE Green Park to the Nature and Wildlife Education Center of Saraburi. And, aside from getting some good exercise, the participants also had the opportunity to build check dams and fire walls.

- **INSEE Care 2018 Project**

The Company organized a workshop for all employees of the Group companies who are involved in the CSR and community relation activities so that they will have the opportunity to exchange knowledge, experience and ideas among fellow practitioners from all business units. This is to ensure that CSR projects of all SCC Group Companies will adhere to the sustainable development principles. In addition, they will also learn new developments in the field of CSR for future directions, so that they will be able to adapt new ideas and strategy in developing projects that will create highest value for the community development project in Kung Bangkrajao, Phra Pradeng and Samut Prakarn Province, that can be adapted into our own sustainable community development projects.

## **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 to support the communities' sustainable developments in terms of economy, society and environment. In 2018, there have been continuing progress of major projects as well as new projects with the emphasis on community development based on participation. And in the same year, it was a source of great pride that all our three cement plants in Saraburi Province, the INSEE Mortar and INSEE Ecocycle plants in Siam City Power Co., Ltd. Have been all presented with the "CSR-DIW Continuous Award 2018" by the Department of Industrial Works, Ministry of Industry.

In summary, in 2018, the Company initiated the following notable community development projects namely:

- **INSEE Green Village**

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 developments that would lead to self-support and expanded under different context and needs of every community. The activities involved Green training and tree planting to increase green area, water management, garbage sorting and the setting up of community garbage bank. In 2018, Nursery for Saplings to be planted at "Spent Mines" project was initiated at Moo 1 Village to supply Saplings that will be planted to reforest SCCC's Spent Mines while creating a new revenue stream for the villagers. At Moo 4 and Moo 5 villages, the organic vegetable garden started with more than 30 households who became interested to join. This project utilized minimal spaces to grow organic and chemical-free vegetable using discarded materials to build the vegetable patches. In addition, Moo 2 Village also took part in the "Conservationist Family" project with the cooperation of the Siam City Power Co., Ltd. that provided knowledge on how to effectively conserve electricity through the adjustment in daily activities. Contest to choose the best "Conservationist Family" was held, and during the first phase of the project, the families that participated in the program were able to reduced electricity usage by about 37% in four months.

- **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 9-20 year-old youths in Tabkwang District and bolster their social spirit by playing a role in the development of the community and participating in green activities. For 2018, two youth camps were organized. One is the Tabkwang Youth Volunteers Camp that gave the 80 young participants the chance to share their ideas and participate in the community development activities according to their own potentials and abilities. The second was the Environmental Conservationist Youth Camp that helped the 78

participants to raise their awareness about the environment with the support of the SCCC employees knowledge about the Green Heart culture.

- **SCCC Tabkwang Community and Environment Development Fund**

This is the project that has been ongoing for the past 9 years which was fund-established and managed by a Committee consisting elected members of the community to manage the development fund in the Tabkwang community where the Company contributes on a yearly basis. The committee members are elected and are tasked with coordination to the communities to form development projects. Representatives from Siam City Cement and the district government also participate as committee members. Notable projects in 2018 included the care and conservation of the community environment, landscaping of the community, education, religious and cultural development. Also implemented is the support for families that has lost a member by death.

- **English proficiency training for primary student project**

With the support from the international school and a university with in the area, volunteer foreign teachers taught weekly English classes to students in Grade 5 to 6 in eight schools with in Tabkwang and Banpa Sub-districts, Kaengkoy District, Saraburi Province. More than 300 students participated in this worthy program.

## **Sustainable Development Roadmap**

As derived from the expectations of stakeholders in our industry and in regard to the key aspects of sustainability as well as the comparative study on the key aspects of sustainability by the global cement industry, the Company has defined six important sustainability focuses with long-term targets from year 2009 to year 2020 to enhance shared value in the areas of economy, society and environment for all stakeholders.

In the past years, our SD Roadmap has made satisfactory progress although some focus and set of targets may have fallen short due to impact of external factors that have become more challenging and difficult to control. However, the Company is determined to proceed and further the promotion of sustainable development, continuously well into the future.

- **CO<sub>2</sub> Emission Reduction**

The rate of our CO<sub>2</sub> emission in 2018 was 695 kilogram/ton-cement. The year's CO<sub>2</sub> emission was a significant improvement over the years, the most important factor is that we were able to used more fuels from utilizing plastic waste sifted from community landfills in our RDF project. Another major factor was the innovation in cement production to be more environmentally-friendly and the



promoting of its use. This is called hydraulic cement which has a reduced clinker factor, thus, more friendly to the environment and also have better work characteristics.

In summary, the record of the Company CO<sub>2</sub> emission from 2007 base year showed a reduction of 55 kilogram /ton cement, or a 7.3 % reduction. Although this is still far from the 20% reduction by 2020 target, the Company is determined to seriously work to find ways for further reductions in the future.

- **Stakeholders Engagement with Green Heart Activities**

The Company has created the “Green Heart” concept since 2009 to promote activities that will make the whole stakeholders more conscious of environmental conservation. These stakeholders include employees, communities, customers and business partners. The “Green Heart” program was a significant success, so much so that Siam City Cement Group was the first cement company in Thailand to have received the “Green Industry Level 5- Green Network” from Ministry of Industry for all its manufacturing facilities since 2014. Siam City Cement Group, therefore, worked and continuously developed until the “Green Industry Level 5” certification was again renewed in 2018. We also had many opportunities to share knowledge and experience to interested government agencies and private companies that is interested to study this aspect of sustainable development.

- **Community Involvement & Development**

The Company believes that the acceptance and support from the communities in the vicinities of our factories and or production facilities is our true license to operate. The Company has set of policies to all the Company’s production facilities within the Siam City Cement Group to prepare Annual Community Engagement Plans by targeting both CSR-in-process and CSR-after-process, as well as maintaining good communication channels with the communities. We are determined to promote community involvement through every process to ensure good relationship and the sustainability of all projects.

In 2018, all our factories in Saraburi Province, including all cement plants, INSEE Mortar Plant, INSEE Ecocycle and Siam City Power Company Limited have received the “CSR-DIW-Continuous Awards 2018” from the Department of Industrial Works, Ministry of Industry. This is considered to be a success in our responsibility towards the society and the promotion of good relationship with the communities which plays importance to the Company.

- **Zero Waste to Landfill**

The problem of trash or waste are becoming more and more serious specially when it affects the quality of the environment and the sanitation of human and animals. The Company therein set a “Zero Waste to Landfill” policy and has enforced the 3Rs concept (Reduce, Reuse and Recycle). Such initiative resulted in reaching our target in all our cement plants, Conwood factory and

alternative fuel processing plant since 2011. At present, the Company's challenge remained with the ready-mixed concrete business, where majority of the waste arises from the left over concrete that the customers have over-ordered and was returned to the plant necessitating the Company to find ways to manage this waste. Our major strategy was devised since 2017 and as of today, concrete recycling machines at high-capacity were installed at the concrete mixing plants.

- **Green Heart products & services innovation**

The Siam City Cement Group is determined to develop products that are friendly to the environment to fulfill the demand of the customers and to lead the growth in sustainable construction. In 2018, 37% of total sales of all services and products are considered environmentally-friendly - an increase over the 2017 figure. The significant progress stemmed from our research and development, along with the effort to introduce new eco-friendly cement that is even higher in quality and workability-hydraulic cement-both as "Easy Flow" INSEE Petch and INSEE Petch Plus. These products have received good responses from customers both from the public and private sectors. In addition, the Company has been working closely with the Thai Cement Manufacturers Association to introduce and promote more use of hydraulic cement that will ultimately support Thailand's target to reduce the emission of greenhouse gasses. The Company expect that we will achieve our 40% target by 2020.

- **Water Conservation**

The Company realized the importance of water conservation and responsible usage of water resources that benefits the society as well as the Company itself. In 2017, the Company was able to reach the 20% target in the reduction over the 2012 base year. This has been achieved through the tight cooperation of employees in all areas and every level in the initiation and implementation of water conservation activities over the past years.

To ensure that the activities to conserve water is sustainable while also beneficial to all parties, the Company has studied and set new targets to conserve water resources by concentrating on the increased usage of surface water to more than 50 % of the total water usage by 2023 – compared to the current usage of surface water of 27% which is the base figure in 2018.

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

In October 2015, the Company has applied for and was accepted as member of the Cement Sustainability Initiative (CSI), an organization that gathers the world's top cement producers and managed by the World Business Council for Sustainable Development (WBCSD) and whose aim is to work towards the promotion of business growth along with the accepted environmental and societal development standard.

In the past three years, the Company has initiated and developed the processes to align with CSI in different areas, such as the reduction of the impact on climate change, the management of fuel

and raw materials, health and safety in the workplace, air quality management, biodiversity promotion, water management and report on the results of the major sustainable development indicators.

In August 2018, the Company terms of agreement on its status as a CSI member have been reviewed by the CSI's experts in relation to the sustainable management standard as provided in the Charter and the CSI Guidelines. The review, having satisfactory rating and the Company having adjudged to be average in most sustainable management standards is higher compared to the average CSI standards as well as being on-par with other international CSI members, such as, the management of the greenhouse gases, fuel and alternative fuel, safety in the workplace, impact on the community and society, biodiversity management, air quality management and water management with two recommendations to be remedied: reporting and internal control regarding sustainability. The Company will take the results of the review and the recommendations from CSI experts into consideration to adjust and further improve the development plan on sustainability in the future.

Added to this, the Company has also applied to be a member of the Global Cement and Concrete Association (GCCA). The objective of the association is to bring together the global producers of cement with the combined world's production capacity of more than 50%. The GCCA's mission is to act as the communication representative of this industry at the global level and to speak about the fact that cement and the concrete industries operates with high responsibility along with the promotion of sound sustainable development management, as well as to develop innovations to create more value to the society and all stakeholders.

### **Cooperation with International Organization to Enhance Biodiversity**

On 27<sup>th</sup> of November 2018, Siam City Cement Group signed a Memorandum of Understanding (MoU) with the International Union of Conservation of Nature (IUCN) regarding the management and enhancement of the biodiversity conservation within the Siam City Cement Group. This 3-year agreement targeted the promotion of biodiversity of limestone mountains within the Company's mining concession perimeter as well as covering all quarry sites in Thailand, Cambodia, Sri Lanka and Vietnam.

Siam City Cement Public Company Limited became the first cement producer in Thailand to enter into an MoU agreement with IUCN. Siam City Cement Group's Chairman of the Board of Directors, Mr. Paul Heinz Hugentobler, said that, "Biodiversity is high on SCCC Group's agenda. The Group Company is committed to efficiency enhance biodiversity management and quarry sites by turning it into forests through the Company's quarry rehabilitation and biodiversity improvement programs".

The International Union of Conservation of Nature (IUCN) is an international organization dedicated to conserve nature with its membership comprising of the government and private

sectors and civil society organizations. IUCN, as a non-profit organization, provides its members and the general public with knowledge, tools and other resources for nature conservation in order to help create progress for humanity while promoting economic development in tandem with nature conservation. IUCN was established in 1948 and has evolved into the world's largest and most diverse environmental network with a membership of more than 1,300 organizations and support from more than 13,000 experts.

For detailed information and SD data regarding Economic Performance Index, Social Performance Index and Environmental Performance Index, please directly access at <a href="http://www.siamcitycement.com">www.siamcitycement.com</a>
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## 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. At the beginning of the year, the Company set up Group Internal Audit and Compliance function covering its operations in Thailand and overseas subsidiaries and lead to further strengthening of internal audit, risk management and compliance processes leveraging technology and global best practices. They will enhance and protect organizational value by providing risk-based and objective assurance, advice and insight. The internal control systems are designed to sustain efficiency and mitigate operational risks assuring fraud prevention. SCCC's Board of Directors, therefore, assigned Group Internal Audit and Compliance team to monitor the efficiency and effectiveness of this internal control system and assigned Strategic Planning and Transformation team to perform business risk assessment and follow up on the corrective action plan to mitigate risk. This is continuous activity in the Company to improve business performance and strengthen overall governance framework resulting into better brand image and market capitalization.

The Board of Directors has conducted assessments on the internal control system through the Audit Committee. The Audit Committee has approved SCCC's internal control system based on 5 factors per the internal standard given by the Committee of Sponsoring Organizations of the Treadway 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**, continuously updated 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 through 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.
  - iii. **Whistle Blower Policy**, the Company has established a Whistleblowing Policy and a reporting channel called INSEE Speak Up, 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 and properly investigated and reported to the Audit Committee.

2. **Operating Control** It is important that every activity of the company leads 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 (EXCO) 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.

The Finance and Controlling team also closely monitors the capital projects with regards to the estimated project costs which are regularly reported to the Board of Directors.

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. The Procurement Counsel, comprising of staff from various departments, is set up to consider the SCCC's procurement of a high value procurement and the Legal function validates this contract before signing the contract which is approved by the legal of SCCC.

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.

The access control to core system (SAP) has been rigorously reviewed to ensure proper authorization be assigning based on job positions by considering proper Segregation of Duties (SoD) and restricted use on sensitive transaction throughout the year.

3. **Risk Management System** entails detail assessment of strategic, operational, financial and compliance risks, which are categorized in company's risk heat map. It would give management view on the criticality of the risks in the company based on impact and likelihood.

In assessing the risk, Strategic Planning and Transformation 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.

The Governance and Risk Committee has closely monitored process of risk management and key risks to oversight risk of the company to be treated appropriately according to work plan as part of mitigating action.

- 4. IT and Communication** The company has invested in the whole 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 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 Group Internal Audit and Compliance**

The Board of Directors with the endorsement of the Audit Committee has appointed Mr. Ranjan Sachdeva to be the Head of 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 Group Internal Audit of the Company must be approved or assented by the Audit Committee.

Duties and responsibilities of the Head of Group 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 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 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.

## 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	163	-	-	-	-	-	-	-	-	-	-	768	Market price for the same industrial sector	The transactions were considered under ordinary course of business with general commercial terms and basis by the authorities of each party who are independent of each other.
	Dividend income	217	-	-	-	-	-	-	-	-	-	-	-	At the declared rate	The transactions were considered under normal course of business.
2. Transaction with associate which SCCC held directly 4.72% of Thai Agro Energy Plc. Ltd. and indirectly 22.95% through Lanna Resources Plc. Ltd.															
Thai Agro Energy Plc. Ltd.	Dividend income	7	-	-	-	-	-	-	-	-	-	-	-	At the declared rate	The transactions were considered under normal course of business.

Company	Type of Transaction	Amount (Unit : Million Baht)												Transfer Pricing Policy	Rational and necessity
		SCCC	Siam City Concrete	Conwood	Siam City Power	Energy and Environmental Services	INSEE Superblock	INSEE Digital	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	41	-	-	-	-	-	-	-	-	-	-	-	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.
	Service fee	52	-	-	-	-	-	-	-	-	-	-	-	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	641	-	-	-	-	-	37	-	-	-	-	-	463	Market price for the same industrial sector
4. Transaction with other companies that related by common shareholders which is Ratanarak Group															
Bank of Ayudhya Plc. Ltd.	Interest income	3	1	-	-	-	-	1	1	-	-	-	-	Market interest rate.	The transactions were considered under normal course of business.
	Interest expenses	-	-	10	-	-	-	-	-	-	-	-	-		
HR Professional Consilting and Service Co., Ltd.	Service fee	81	17	3	-	57	3	-	-	-	-	-	-	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	34	-	-	-	-	-	-	-	-	-	-	80	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.
Turangga Resources Pte.Ltd.	Purchases of goods	-	-	-	-	-	-	-	-	-	-	-	257	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.

**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.