

## Report of the Nomination and Compensation Committee

The Nomination and Compensation Committee is composed of Mr. Paul Heinz Hugentobler as Chairman and four additional Board members which are Mr. Vanchai Tosomboon, Ms. Nopporn Tirawattanagool, Dr.h.c Harald Link and Mr. Benjamin Herrenden Birks, as a successor of Mr. David Alexander Newbigging, who retired from the Board of Directors on 30 September 2019.

In 2019, the Nomination and Compensation Committee has continued its duties and responsibilities according to the Committee Charter with a total of eight meetings conducted. In addition to the supervision of the implementation of nomination and compensation policies aiming at creating superior value for our shareholders, and for the delivery of the SCCC and its Group companies' strategic objectives, the Committee particularly focused on shaping the organization to sustain the Company's competitive edge in the domestic and international markets.

Effective 1 March 2019, the Group Executive Committee was established to formally take over the executive management and leadership roles and tasks in our Group. Accordingly, to strengthen the Group's management structure, the Nomination and Compensation Committee focused on selecting and placing leaders in key executive positions at both the Group, and the country level,

which included the Group Chief Executive Officer, members of the Group Executive Committee, Group Chief Financial Officer, Group Strategy, Transformation and Performance Officer, Chief Executive Officer (Light Building Materials), Chief Executive Officer of Siam City Cement (Bangladesh) Limited, Chief Executive Officer of Chip Mong INSEE Cement Corporation, Head of Chinese Business Segment, as well as the appointment of a member of the Board of Directors of Siam City Cement Plc., Mr. Benjamin Herrenden Birks as the successor of Mr. David Alexander Newbigging.

The Nomination and Compensation Committee is committed to ensuring the building of an effective organization driven by an entrepreneurial culture through the selection of passionate leaders; to drive our Company's performance in today's highly competitive environment, who will be leading our Group into the future.



**Paul Heinz Hugentobler**

Chairman of the Nomination  
and Compensation Committee

## Report of the Governance and Risk Committee to the Shareholders

Building sustainability, governance and risk management for the organization are the key components to enable the organization to achieve its business goals efficiently. With this respect, SCCC and its Group companies have been emphasizing on corporate governance and risk management systematically and continuously in order to ensure that the Company is able to handle with various uncertainty situations effectively, which has led to the confidence of our stakeholders.

The Board of Directors of Siam City Cement Public Company Limited Meeting no. 161<sup>st</sup> on 26 March 2019 appointed Mr. Stephen Patrick Gore as a member of the Governance and Risk Committee (GRC) from 1 April 2019 to replace Mr. Teng Wei Ann Adrian. The GRC presently consists of four members, the Chairman Mr. Pongpinit Tejagupta, and three other Directors, Mr. Vanchai Tosomboon, Ms. Nopporn Tirawattanagool, and Mr. Stephen Patrick Gore.

Directors which specified in the GRC Charter. In this regard, the GRC conducted a total of four meetings and regularly reported the results of the GRC Meeting to the Board of Directors.

At SCCC, we have highlighted the importance of business operations with good corporate governance, business ethics and transparency. We have announced the No Gift Policy since 2017 by setting forth a policy stated that our employees and management are strongly suggested to decline the receiving of gifts, souvenirs or any other benefits in all cases.

In addition, The GRC has continuously given the guideline for improvement on the corporate governance and the risk management to the relevant units in order to formulate the strategies to deal with the volatile economic within the country and abroad. The GRC also supervised the management and various operations to effectively implement risk indicators and monitor the progress of significant risk mitigation.

SCCC received the recognition from the Thai Institute of Directors (IOD) in its Corporate Governance Report of the Thai Listed Companies 2019 with the highest level “Excellent” consecutively for the 4<sup>th</sup> year which emphasizes on the success of our good corporate governance.

The GRC endorsed and then proposed to the Board of Directors to approve the review of the Corporate Governance Policy and the Risk Management Policy for the Group in order to make it align with the principles of good corporate governance including overseeing the implementation of such policies closely.

The GRC is confident that the business operations under good corporate governance and risk management practices are essential in driving business performance, competitiveness, and the opportunity to grow a sustainable business as well as promoting the trusted organization, which create high values to our shareholders in the long-term future.



**Mr. Pongpinit Tejagupta**  
Chairman of the Governance and Risk Committee

## Report of the Audit Committee

### To the Shareholders of Siam City Cement Public Company Limited

We are pleased to present our report for the financial year ended 31 December 2019.

The Audit Committee comprises 3 independent directors and performed its duties as assigned by the Board of Directors under a written Charter adopted by the Audit Committee and approved by the Board of Directors and in compliance with the regulations of the Stock Exchange of Thailand (SET).

In 2019, the Audit Committee held 11 monthly meetings. In the meetings, the Audit Committee discussed with the Management, the Internal Audit and the Company's External Auditors, various topics under its responsibility, such as integrity of financial reporting, effectiveness of the risk management system, internal control system covering its operations in Thailand and overseas subsidiaries and lead to further strengthening of internal control, risk management, technology and global best practices, and compliance to all relevant laws and regulations.

The Audit Committee's main activities are summarized below:

**(1) Financial Reports Review:** The Audit Committee reviewed quarterly, annually and consolidated financial statements for the year 2019 of Siam City Cement Public Company Limited and subsidiaries, including related party transactions and items with potential conflicts of interest with the Management and the Internal Auditor and External Auditor. The Audit Committee discussed with the External Auditor on the accuracy and completeness of the financial statements, significant adjustment which affected to the financial statements, adequacy and suitability of account recording methods, audit scope, accuracy and adequacy of information disclosure as well as the External Auditors' independence. These were to ensure that the financial statements were prepared in conformity with legal requirements and generally accepted accounting principles, reliable and timely, and information was sufficiently disclosure. In addition, the Audit Committee also held one private meeting with the External Auditor in the absence of the Management to discuss the external audit plan and approach and the results of their examinations and evaluations of the Company's internal controls, and the quality of financial reporting.



**(2) Internal Audit Oversight:** The Audit Committee reviewed the Internal Audit performance, audit findings and recommendation on a monthly basis. The Audit Committee provided recommendations and monitored corrective actions for significant aspects for good governance and adequate internal control. Where the improvements were required, the Audit Committee was satisfied that Management had taken appropriate remedial actions. The Audit Committee requested special reviews of the areas with high risk such as cyber security, support functions, subsidiaries, etc. Finally, the Audit Committee reviewed and approved an Internal Audit Annual Plan 2020 including the budget to support the plan.

**(3) Internal Control Effectiveness Review:** The Audit Committee reviewed the internal control system together with Internal Auditor and Risk Advisory Services on a monthly basis, and with Group Chief Finance Officer and External Auditors on a quarterly basis by reviewing stewardship of properties, resource assumption, prevention or reduction of errors or damage, losses, waste, or corrupt practices, operations, credibility of financial reports, and compliance with relevant laws and regulations. The Company’s External Auditor agreed that no significant issues or shortcomings were found. The Audit Committee reviewed the updated Manual of Authorities and Policy Landscape that was implemented across the group in 2019.

**(4) Review of Compliance and Good Corporate Governance:** In 2019, the Audit Committee focused on the management policy in support of systematic corporate governance and leveraging IT in conducting corporate governance and internal audit to increase the efficiency and preventing non-compliance with the laws and company regulations that relevant to the business. In addition, Audit Committee also reviewed the WhistleBlower complaints received through the “INSEE Speak Up” hot line and investigations thereon and provided recommendations on process improvement to raise efficiency and ensure alignment with good governance.

**(5) Risk Management Review:** The Audit Committee reviewed the Company’s risk management mechanism of the risks arising from both internal and external. The Audit Committee also reviewed the efficiency and suitability of risk management processes regularly and provided recommendations for improvement, which have been incorporated in the Risk Management framework for 2020.

**(6) Appointment of the External Auditors for 2020:** The Audit Committee recommended the appointment of Ms. Siriwan Nitdamrong and/or Ms. Kamontip Lertwitworatep and/or Ms. Sarinda Hirunprasurtwutti of EY Office Limited as the Company's External Auditors for 2020 with its audit fees for the Board's concurrence and the shareholders' approval at the AGM 2020.

In summary, the Audit Committee performed its duties and responsibilities stated in its Board-approved charter with competence, experience, care, prudence, and adequate independence for the equitable benefit of stakeholders. Whilst reviewing the quarterly and annual financial statements for 2019, and the above-mentioned assessments performed by the External and Internal Auditors, the Audit Committee did not note non-compliance of the Company's activities with the Securities and Exchange Act and with rules and regulations of the Stock Exchange of Thailand.

February 12, 2020  
For and on behalf of the Audit Committee  
Siam City Cement Public Company Limited



Dr. Sunee Sornchaitanasuk  
Chairperson of the Audit Committee