

Part 2 Management and Corporate Governance

7. Securities and shareholders

Registered capital, as of December 31, 2019, stood at Baht 70,000 million and comprised:

3,417,264,904 ordinary shares par value 10 Baht

3,582,735,096 preferred shares par value 10 Baht

Paid-up capital, as of December 31, 2019, stood at Baht 33,992 million and comprised:

3,395,581,459 ordinary shares par value 10 Baht Voting right: one vote per share

3,610,739 preferred shares par value 10 Baht Voting right: one vote per share

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand (SET) are as follows:

- 1) Ordinary shares
- 2) Preferred shares

1. Ordinary shares

Amount	3,395,581,459 shares as of December 31, 2019
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Company Limited
Trading	Traded on both main board and foreign board: <ul style="list-style-type: none"> - Using the symbol SCB on the main board - Using the symbol SCB-F on the foreign board

2. Preferred shares

Amount	3,610,739 shares as of December 31, 2019
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Company Limited
Trading	Traded on both main board and foreign board: <ul style="list-style-type: none"> - Using the symbol SCB-P on the main board - Using the symbol SCB-Q on the foreign board

Preferred share features	Preferential rights conferred to preferred shares have a 10-year validity from the date of the initial payment by the Ministry of Finance, which reached the expiration date on May 10, 2009. Therefore, the rights of preferred shareholders are now the same as those of ordinary shareholders. Preferred shares can be converted to ordinary shares in accordance with the conversion schedule and procedure specified by the Bank.
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Conversion rate	Preferred shares can be converted to ordinary shares at the ratio of 1:1.
Conversion price	None
Conversion schedule	<p>Every quarter on March 31, June 30, September 30 and December 31 of each year.</p> <ul style="list-style-type: none"> - For conversion on March 31, requests must be submitted during March 16-30. - For conversion on June 30, requests must be submitted during June 15-29. - For conversion on September 30, requests must be submitted during September 15-29. - For conversion on December 31, requests must be submitted during December 16-30. <p>If a conversion date falls on a bank holiday, conversion shall be made on the last business day prior to the bank holiday.</p>
Conversion procedure	<p>(1) Conversion request forms can be obtained at the Thailand Securities Depository Company Limited or at any securities brokerage.</p> <p>(2) Conversion request forms can be submitted to the Thailand Securities Depository Company Limited or at any securities brokerage during business hours.</p> <p>(3) Documents required for conversion are:</p> <ol style="list-style-type: none"> 1. The Bank's conversion request form; 2. Preferred share certificates or any permissible substitute (as specified by the SET); 3. <u>For an individual</u>, a certified copy of a valid national identity card, foreigner identity card, or passport (whichever is applicable); <u>For a juristic person</u>, a copy of a juristic person certificate issued by the Ministry of Commerce within 1 year of the request submission date, together with a certified copy of a valid national identity card of a director with signing authority.
Place for requesting conversion	<p>(1) Thailand Securities Depository Co., Ltd. or</p> <p>(2) Brokerage</p>

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding through Thai NVDR Co., Ltd (NVDR)

As of December 30, 2019, the Bank had 3,399,192,198 registered and paid-up shares outstanding, of which 324,202,665 shares (or 9.54% of total shares) were held through NVDR. All shares in NVDR were ordinary shares which accounted for 9.55% of total ordinary shares. NVDR has announced that it will abstain from attending and voting at shareholder meetings, except for cases that involve stock delisting from the SET. Investors can obtain the number of the Bank's shares held through NVDR directly from the Stock Exchange of Thailand at www.set.or.th/nvdr.

Note: NVDRs, or non-voting depositary receipts, are tradeable financial instruments with claims on underlying shares listed on the SET. Thai NVDR Company Limited is a juristic person holding shares on behalf of foreign investors. This legal structure allows foreign investors to invest in Thai securities without foreign limit restriction.

Policy on Rights Issuance

The Bank has no plan to issue new shares to existing shareholders.

Shareholders**Principal shareholders (as of March 4, 2020)**

No.	Name	Common Shares	Preferred Shares	Total of Shares	Percentage of Shares ²
1	His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua ¹	799,792,359	-	799,792,359	23.53
2	VAYUPAK MUTUAL FUND 1	785,298,200	-	785,298,200	23.10
3	THAI NVDR COMPANY LIMITED	315,876,271	-	315,876,271	9.29
4	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	92,153,555	-	92,153,555	2.71
5	SOCIAL SECURITY OFFICE	83,636,700	-	83,636,700	2.46
6	STATE STREET EUROPE LIMITED	78,777,613	-	78,777,613	2.32
7	THE BANK OF NEW YORK MELLON	53,172,462	-	53,172,462	1.56
8	NORTRUST NOMINEES LTD-CL AC	44,389,796	-	44,389,796	1.31
9	GIC PRIVATE LIMITED	38,003,100	-	38,003,100	1.12
10	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	27,057,573	-	27,057,573	0.80
11	OTHERS	1,077,432,563	3,602,006	1,081,034,569	31.48
TOTAL ISSUED AND PAID-UP SHARES		3,395,590,192	3,602,006	3,399,192,198	100.00

THAI SHAREHOLDERS	2,785,472,960	3,421,249	2,788,894,209	82.05
FOREIGN SHAREHOLDERS	610,117,232	180,757	610,297,989	17.95

Remark: ¹ Including total share of related parties (CPB Equity Co., Ltd.).

² Based on issued and paid-up shares (common shares and preferred shares).

Dividend Policy

SCB Dividend Policy

The Board of Directors' meeting held on January 17, 2020, has resolved to change the Bank's dividend payment policy detailed as follows:

"The Bank has a policy of allocation at the rate of not less than 30% of reported consolidated net profit for dividend payment, which is payable in any year of positive profits net of all legal reserves and other reserve requirements, provided that there is no accumulated loss and the Bank maintains sufficient capital to meet legal requirements".

In 2019, the Bank paid dividends at Baht 5.50 per share to ordinary and preferred shareholders in a total amount of Baht 18,696 million, or 46.7%, of the Bank's 2018 consolidated net profits. Dividend payments from the Bank's 2019 profits will be proposed for approval at the Annual General Meeting of Shareholders in April 2020.

Dividend Policies of Subsidiaries

For a subsidiary over which the Bank has full control and is not listed on the Stock Exchange of Thailand (SET), dividends shall be paid at the maximum amount of net profits after appropriation for legal reserves or at an appropriate level given the subsidiary's business requirements.

In the case of a subsidiary being a SET-listed company or a company over which the Bank does not have full control, dividend payment will depend on the individual company's dividend policy and shall comply with applicable laws, rules and regulations.

Debt Securities

At the end of 2019, outstanding debt securities issued by the Bank were as follows:

	Amount	Interest rate	Maturity date
Senior Unsecured Notes	USD 400 million	3.20%	July 2022
Senior Unsecured Notes	USD 500 million	2.75%	May 2023
Senior Unsecured Notes	USD 500 million	3.90%	February 2024
Senior Unsecured Notes	USD 500 million	4.40%	February 2029

8. Organization Structure

Governance Structure

As of January 1, 2020



Details of the Bank's committees, senior executive officer, company secretary and remuneration of Directors and Executive are shown in #9 Corporate Governance. For the details of the Bank's staff, please refer to the Sustainability Report.

9. Corporate Governance

Corporate Governance Report for 2019

The Board of Directors of the Siam Commercial Bank PCL (“the Bank” or “SCB”) recognizes the importance of corporate governance (CG) and is determined to ensure that SCB’s business governance is efficient, transparent, and fair to all stakeholders in order to bolster the trust of all stakeholders – shareholders, customers, employees, business partners, debtors, society and regulators – and strengthen the Bank’s competitiveness with ethics and social responsibility to achieve sustainable growth both for the Bank and society at large. The Board believes that adherence to good corporate governance will lead to the Bank’s success in continually enhancing its internal practices and processes to meet the corporate governance standards that are widely accepted in Thailand and internationally. Highlights of the prestigious awards that the Bank received in 2019 for its corporate governance and sustainability excellence are:

- The Bank was listed on the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices 2019, ranked 8th globally in the banking sector.
- The Bank achieved the top level “Excellent” rating in the 2019 CG assessment of Thai Listed Companies by the Thai Institute of Directors Association (IOD), marking its 15th consecutive year for this recognition since 2005.
- The Bank was rated as “Outstanding” (score range of 98-100) in the Thai Investors Association’s assessment of shareholder meetings, continuing its achievement record since 2009.

Additionally, the Board decided that the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand and the Corporate Governance Code for Listed Companies, or the CG Code, which was developed by the Securities and Exchange Commission, should be adopted as appropriate to the Bank’s business context and that the Bank’s Corporate Governance Policy should be reviewed at least annually to ensure alignment with the CG Code.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance (NCCG) Committee to formulate the Corporate Governance Policy and monitor compliance. The NCCG Committee also reviews and revises the policy to ensure that it is appropriate and in line with regulatory guidelines pertaining to the Bank which is a commercial bank and a listed company with an aspiration to achieve world-class corporate governance standards. The Bank’s Corporate Governance Policy encompasses the following core elements:

- 1) The vision, core values, and codes of conduct applicable to the Bank, its directors, executives and employees of the Bank:
 - Vision: To be **“The Most Admired Bank.”** In other words, the Bank aspires to be recognized by each of its constituents as follows:
 - Customers: The Most PREFERRED Partner

- Employees: The Most CARING Employer
- Shareholders: The Most SUSTAINABLE RETURN Company
- Society and Environment: The Most RESPONSIBLE Corporate Citizen
- Regulators: The Most PRUDENT Bank
- Core values: The Bank's core values are known as CRIS which stands for Customer centricity, Risk culture, Innovation and Speed.

The Board has regularly reviewed the Code of Business Conduct, the Code of Conduct for Directors, Executives and Employees, and the Supplier Code of Conduct.

- 2) Corporate governance structure of the Bank: The policy clearly enumerates authority, roles and responsibilities of the Board; meetings of the Board; composition of the Board committees tenure of directors; nomination and election of directors; onboarding programs for new directors; development programs for directors; holding of positions in other companies/entities by the directors and senior executives; composition, roles and duties of Board committees; separation of positions between the Chairman of the Board and the Chief Executive Officer; remuneration of directors and persons with management authority; assessment of performance of the Board, Board committees, and persons with management authority; succession planning for key positions; and roles and functions of the Company Secretary.
- 3) Rights and treatment of all stakeholders: The equitable treatment of shareholders in terms of their basic rights, rights related to shareholder meetings, dividend entitlements, information disclosure and transparency.
- 4) Internal controls: The Bank implements internal controls such as prevention against the use of inside information by directors and employees, connected transactions and conflicts of interest as well as conflict-of-interest reporting of directors and persons with management authority, and the Anti-Corruption and Bribery Policy.

The Corporate Governance Policy is publicly disclosed and available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy." The policy has also been announced to directors, executives and employees of the Bank for their acknowledgment and compliance as the Bank intends to promote its members' understanding, awareness, regard and internalization of the Corporate Governance Policy, which will become their work habit and eventually the corporate culture.

2019 Corporate Governance

The Bank's corporate governance practices in 2019 are summarized as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy with the aim of ensuring that shareholders may appropriately enjoy and equitably exercise their rights, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Bank through easily accessible channels (the websites of SCB, Stock Exchange of Thailand and Thailand Securities

Depository Company Limited). In addition, shareholders are entitled to take part in material business decisions at shareholder meetings, e.g., payment of dividends, appointment or removal of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to the Memorandum and Articles of Association, and approval of special transactions (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions). The shareholders may cast their votes on the aforesaid matters according to details provided in the notices of the meetings of shareholders. The Bank is determined to encourage all shareholders to exercise their rights to the fullest extent permissible by law and shall not violate or derogate the rights of shareholders by any means. The principles adopted by the Bank in respect of the treatment of shareholders are shown in detail on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

1.1 Shareholder Meeting

In 2019, The Bank arranged the Annual General Meeting of Shareholders ("AGM") No. 196 on April 4, 2019 and the Extraordinary General Meeting of Shareholders No. 1/2019 ("EGM") on August 6, 2019. The proceedings were conducted by the Bank in a manner that ensures shareholders' ability to exercise their rights in accordance with laws, applicable regulations and good corporate governance practices as follows:

1) To ensure that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the notices of shareholder meetings and their accompanying documents, the Bank posted the notices of the shareholder meetings, accompanying documents, and proxy forms in both Thai and English on its website on March 4, 2019 (30 days prior to the meeting date) for the AGM and on July 9, 2019 (28 days prior to the meeting date) for the EGM. The Bank assigned Thailand Securities Depository Company Limited (TSD), which is its securities registrar, to send documents related to these shareholder meetings whereby AGM documents which included the Notice of the AGM and accompanying documents, in both Thai and English, and the 2018 Annual Report (in CD-ROM format) were sent via post to shareholders on March 4, 2019 (21 days prior to the meeting date) and EGM documents which included the Notice of the EGM and accompanying documents, in both Thai and English, were sent on July 26, 2019 (11 days prior to the meeting date). The notice of each shareholder meeting contained information such as date, time and venue of the meeting (with a map and directions), details of each agenda item including factual background, purposes, rationale, and opinions or recommendations of the Board, accompanying documents, and details of meeting procedures, voting and proxy appointments. The Bank also advertised the notice of each shareholder meeting in Thai daily newspapers for three consecutive days in accordance with law and took other relevant actions as required by law. Shareholders were entitled to receive, upon request, printed copies of the 2019 Annual Report before the date of the meeting from the Company Secretary.

2) The Bank recognizes shareholders' rights to know and gain full access to information and allows shareholders to submit questions in advance of the shareholder meeting to the Company Secretary through various channels, including via post or e-mail to company_secretary@scb.co.th, in accordance

with the guidelines on the Bank's website. Questions are compiled and proposed to the Board by the Nomination, Compensation and Corporate Governance Committee.

3) To encourage and facilitate participation of all shareholders (individuals, juristic persons and institutional investors) in shareholder meetings and exercise their rights in an equitable manner, the Bank delivered the Proxy Form B to shareholders for the appointment of proxies to attend the meeting on their behalf in the event that they were unable to attend the shareholder meetings in person. Furthermore, institutional investors such as fund managers and custodians were invited to nominate their representatives to attend the meetings and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.

4) To facilitate attendance by all shareholders and proxy holders in an equitable manner, each of the shareholder meetings was held during business hours and on a working day at the Bank's head office to facilitate convenient transportation for shareholders. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. For efficiency and convenience, the Bank made available revenue stamps to be affixed to the proxy forms presented by proxies attending the meeting and different registration counters were specifically set up for different types of shareholders, i.e., shareholders attending the meeting in person, individual shareholders, juristic persons and fund managers or custodians. For greater convenience and speed, the meeting registration service made use of a bar code system and each shareholder or proxy holder was given the ballot bearing the same bar code as his/her registration bar code for voting on each agenda item. Meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

5) Prior to proceeding in accordance with the meeting agenda, the Company Secretary, assigned by the chairman of the meeting, announced the voting procedure and vote counting practices for each agenda item. Holders of the Bank's ordinary and preferred shares, including proxy holders who attended the meeting, were entitled to cast their votes based on the one-share-one-vote basis. In order to increase the efficiency and speed of the vote tabulation process, only the ballots for disapproval and abstention votes were collected. Voting and vote tabulation were conducted openly, and the bar code system was employed in tabulating and reporting votes. Representatives from Baker & McKenzie, an independent law firm, were engaged to inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Therefore, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner. In addition, all ballots will be kept as evidence for post-meeting examination, in case of dispute.

6) The Chairman of the Board presided as the chairman of the shareholder meetings. All 16 directors of the Bank attended the 2019 AGM and there were 13 directors (out of a total of 15 directors) attending the EGM. The Chairman of the Board, chairmen of all Board committees, and the Bank's senior executives attended these two shareholder meetings held in 2019 in order to provide clarifications and respond to any questions or issues raised by shareholders. In addition, the auditor of the Bank attended the 2019 AGM to provide information related to the Bank's financial statements.

7) Multimedia presentations were used at the meetings. The chairman of the meeting allowed shareholders to ask questions, express opinions and make recommendations as appropriate on an

equitable basis and provided comprehensive responses to all questions or issues raised. The directors and management jointly responded to shareholders' questions and clarified issues. The Company Secretary recorded the minutes of the meetings and the votes cast under each agenda item. Additionally, the meetings proceeded in accordance with the announced agenda, and the Bank did not reorder, add or revise any agenda items, and did not modify previously issued information at the meetings nor proposed any other agenda that had not been specified in the notice of each shareholder meeting.

8) Following the meeting adjournment, the resolutions adopted at each shareholder meeting and the voting results for each agenda item (in both Thai and English) were publicly disclosed via the SET Portal platform of the Stock Exchange of Thailand and on the Bank's website on the meeting dates. In addition, the minutes of the AGM and the EGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website on April 18, 2019 and August 20, 2019 respectively (within 14 days from the meeting dates) for quick and inclusive access to shareholders. The minutes were also submitted to the Ministry of Commerce within the timeframe specified by law. The minutes contained the list of directors and executives who attended the meetings, the voting procedures, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and executives, and the resolutions reached, together with the number of approval, disapproval, abstention, and unentitled votes on each agenda item that required voting.

1.2 Dividend Payment

The Bank has a policy to pay dividends at the rate of, at a minimum, 30 percent of its consolidated annual net profit with consideration to long-term return for all shareholders. Dividends will be considered in any year that the Bank records a net profit after deduction of all statutory and other reserves, provided that there is no accumulated loss and the Bank is able to maintain adequate capital funds to comply with the regulatory requirements and to adequately preserve capital for its future business needs. The interim dividends and annual dividends will be paid within 30 days after approval by the Board or the shareholder meeting (as applicable). In proposing a dividend payment for approval, the Bank discloses its Dividend Policy, dividend rate and amount, including rationale and other relevant information to support the shareholders' decision-making.

At the 2019 AGM, the meeting resolved to approve the dividend payment from the Bank's 2018 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 5.50 per share, equivalent to a total of Baht 18,696 million or approximately 46.7 percent of the 2018 consolidated annual net profit. Such dividend payment complies with the Dividend Policy of the Bank, and its details are as summarized below:

1) The interim dividend was paid at the rate of Baht 1.50 per share to holders of the Bank's preferred and ordinary shares on September 20, 2018 (30 days from the date of approval of the interim dividend payment by the Board); and

2) The final dividend was paid at the rate of Baht 4.00 per share to holders of the Bank's preferred and ordinary shares on May 3, 2019 (29 days from the date of approval of the dividend payment by the shareholder meeting).

1.3 Election of Director on an Individual Basis

As part of the director election process, profiles of nominated directors are disclosed in the notice of the AGM to support the shareholders' consideration. Each profile included information such as the nominee's age, education, work experience, positions in other listed and non-listed companies, date of appointment as director, Board/Board committee meeting attendance in the previous year, and type of directorship to provide shareholders with useful information to support their decisions on the election of qualified candidates as directors of the Bank. In the case of independent directors, the Bank additionally provides its definition of independent directors and other information such as their relationship or conflicts of interest with the Bank, its parent companies, its subsidiary companies, its associate companies and any other parties having the authority to control the Bank or juristic persons with potential conflicts of interest with the Bank either at present or during the two years preceding their appointment as independent director of the Bank.

Pursuant to the Bank's Articles of Association, one-third of the directors shall retire by rotation at every AGM. At the 2019 AGM, six directors retired by rotation. The Bank arranged for shareholders to elect directors to replace the outgoing directors by independently directing their votes toward each individual nominee as opposed to a slate director election. Similar to the voting on of other agenda items, only disapproval and abstention ballots were collected and tabulated and the voting results for each director nominated for the election were clearly specified in the AGM minutes.

1.4 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association approved by the shareholder meeting, a director is entitled to receive remuneration from the Bank in the form of gratuities, meeting allowances, rewards, bonuses or other benefits consistent with the Articles of Association or the resolution of the shareholder meeting. Such remuneration may be a fixed amount or based on the criteria specified at the time, or may be allowed to remain in effect until changed. Further, a director is also entitled to allowance and welfare according to the Bank's rules. The Nomination, Compensation and Corporate Governance Committee is delegated to make recommendations on remuneration of directors and members of Board committees and the director's bonus to the Board prior to proposing such remuneration and bonus to an AGM for approval on an annual basis. The Board has a policy that the directors' remuneration should be appropriate and commensurate with the scope of duties and responsibilities of directors and Board committees, comparable to other major listed companies and commercial banks, and in line with prevailing business conditions and trends.

1.5 Communication Among the Bank's Shareholders

The Bank does not interfere with communication among its shareholders in any way. Shareholders have complete liberty to share information among each other and may request a copy of the list of the Bank's shareholders from the Business Development Department of the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to the same shareholder rights and are treated on an equitable and fair basis in accordance with the scope permissible by law. The principles of equitable treatment of shareholders, to which the Bank has adhered, are provided on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship, and Questions Prior to the Shareholder Meeting

All shareholders of the Bank are invited to propose matters to be included in the AGM agenda and to nominate qualified candidates for the director election by an AGM according the explicit criteria published on the Bank's website. Shareholders may submit their proposals on agenda and candidates for directorship including questions to the Company Secretary in advance of the meeting via post or e-mail at company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submitting them to the Board for further consideration. The decisions on these proposals will be notified to the shareholders concerned for acknowledgment. Any proposals that are accepted will be included in the AGM agenda.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2019 AGM three months prior to the end of the Bank's accounting period, i.e., from 1 September to November 30, 2018. Nonetheless, the Bank did not receive any proposals from the shareholders.

2.2 Proxy Appointments for Shareholder Meeting

For every shareholder meeting, the Bank has made available three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development of the Ministry of Commerce. Conditions and documents required for the appointment of proxies are clearly described and do not cause any difficulties to the proxy appointment.

For the shareholder meetings (AGM and EGM) held in 2019, the Proxy Form B indicating specific details of a proxy appointment was delivered to shareholders together with the notices of the meetings. Shareholders had an option to appoint as their proxies one of two independent directors of the Bank who did not have any conflicts of interest in the relevant agenda items of the meetings. Shareholders were given all important information about these independent directors and had the liberty to appoint either one of the two independent directors or any other person of their choice as proxy. In addition, Proxy Form A or Proxy Form C could be downloaded from the Bank's website for shareholders' use as and when applicable.

2.3 Ballots for Shareholder Meeting

In the AGM and the EGM held in 2019, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected and retained for future examination.

To ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and PDAs were employed in tabulating votes. Before proceeding with the meeting agenda, the Company Secretary informed the meeting of the voting and vote tabulation procedures. In addition, the Bank requested shareholders to return all unused ballots to the Bank's officers and kept these ballots as evidence.

2.4 Conflict-of-Interest Reporting by Directors and Persons with Management Authority

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act B.E. 2551 (A.D. 2008)) to report to the Company Secretary on a quarterly basis any conflict of interest concerning themselves and their related parties as well as changes to any previously reported items. The Company Secretary collects and submits copies of the conflict-of-interest reports to the Chairman of the Board and the Chairman of the Audit Committee in compliance with the Securities and Exchange Act B.E. 2535 (A.D. 1992). This information is used by the Bank to monitor transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with applicable legal requirements.

3. Role of Stakeholders

3.1 Treatment of Stakeholders

As a major financial institution with a long heritage of service to the country as the first Thai bank, SCB recognizes the importance of a guiding framework that bespeaks its responsibility toward all stakeholders. The Bank's framework for responsibility toward stakeholders is elaborated in the 2019 Sustainability Report and is summarized below:

Customers: The Bank exists to serve all segments of customers who encompass the entire spectrum of Thai society by offering a broad range of products and services that meet their needs via its digital and electronic channels, branch network, and other direct channels, namely SME Business Centers and SCB Investment Centers. Our overriding aim is to provide services as the most preferred partner for customers by offering products and services that truly match the needs of customers through systematic processes and simultaneously adhering to market conduct and rigorous standards governing confidentiality and security of customer data. To raise the awareness of employees at all levels, the Bank has specified these matters in the Employee Code of Conduct, arranged training and communication programs to emphasize the importance of confidentiality and security of customer data, and strengthened their strict compliance with applicable policies and guidelines.

In 2019, the Bank continued to actively promote compliance with market conduct among its employees by communicating and sharing market conduct knowledge across the organization while implementing an ongoing monitoring system. The Bank measures its success in this regard through regular customer surveys and has consistently attained top satisfaction scores from such surveys.

Employees: The Bank recognizes the importance of the continuous capability development of employees at all levels. Employees will always remain the Bank's most valuable assets. As such, the

Bank aims to recruit, develop and retain talents because they are central to the Bank's success in both short-term and long-term strategic implementation and accomplishing its vision.

The Bank has developed an employee capability development roadmap which incorporates various training programs, such as design thinking for innovation, digital transformation, and mindset change management, to foster skills and capabilities of its employees, provide career advancement opportunities, and develop their professional expertise and positive attitude toward change for their readiness to face any challenge, e.g., Design Thinking for Innovation, Digital Transformation, Mindset Change management.

With regard to employee compensation, it is the Bank's policy to align pay with the Bank's short-term and long-term performance and ensure that compensation is appropriate and competitive for the banking sector.

The Bank has employed the balanced scorecard as a goal-setting and employee performance management tool, which considers three dimensions of performance: strategy, organizational health and business performance. Senior executives are jointly accountable for the Bank's corporate KPIs and the KPIs of business units under their supervision which are then deployed into individual KPIs for employees. 360-degree assessment was also integrated as a tool to identify suitable development roadmaps for executives. In addition, executives and employees are required to jointly develop individual development plans to support fulfilment of assigned duties. The Bank has also implemented a performance-based compensation structure that incorporates fair and accurate evaluation.

Further, the Bank applied job-value factors and conducted a compensation survey to identify industry and cross-industry benchmarks to use as baselines for the Bank's compensation management. To increase the motivation and wellbeing of employees, the Bank offers attractive welfare and benefit packages that are regularly fine-tuned, i.e., medical benefits, scholarships, emergency financial assistance, pension fund, employee welfare loans such as mortgage loan and auto loan programs, retirement bonus and savings cooperative.

The Bank respects human rights and treats its employees fairly and equally without discrimination based on gender, age, religious belief or disability. As specified in the Human Rights Policy, employees are entitled to join labor unions and representatives of the labor unions are offered opportunities to meet with the human resources function to promote labor relations and collaboration for the best benefits of the organization. Also, employees are encouraged to voice their opinions that contribute to organizational development, such as improvement of the Bank's policies, work processes, procedures, and product and service offerings. Furthermore, the Bank respects intellectual property rights and deters the infringement thereof by incorporating policies and guidelines related to intellectual property in its Employee Code of Conduct, which enumerates that it is the responsibility of all employees to protect the Bank's intellectual property from unauthorized use and dissemination and to respect the intellectual property rights and copyrights owned by others. To assess the Bank's health and readiness for future changes, the Bank engaged third-party experts to conduct an organizational health survey in 2019 based on the organizational health index (OHI) benchmarks. According to the survey results, employees viewed that the Bank operated effectively and the average score rated by employees was 83 percent. The Bank believes that, similar to a performance evaluation, its organizational health should be regularly

assessed and dynamically managed and that workplace happiness, employees' wellbeing and work-life balance are building blocks for the Bank's sustainable and solid growth.

Shareholders: The Bank's existence is made possible by capital contributions of a large number of shareholders. The Bank aspires to provide transparent disclosure that meets high standards, equitable treatment of shareholders, and sustainable return on equity. Details about the Bank's strategy, performance and risk management are described in the Annual Report.

Community and Environment: The Bank aspires to always operate in an ethical way as a model corporate citizen with an emphasis on youth development and learning enhancement, improvement of the quality of life of members of society, and cultivation of the sense of responsibility toward the environment to promote the sustainable development of Thailand. The Bank has actively and consistently supported and carried out activities that are beneficial to communities and society at large with particular attention on activities relating to local youth as they are the foundation and drivers of the country's sustainable growth. Our priorities include activities that promote community involvement and sustainable development in accordance with the Sufficiency Economy Philosophy. Furthermore, to foster the culture and sense of volunteerism among employees, the Bank has arranged diverse CSR activities to encourage all employees to regularly participate in such activities. We also aim to make banking accessible to all by responsibly offering products and services and simultaneously promoting financial literacy, particularly among youth, students, new graduates, farmers and communities in remote areas that lack financial knowledge.

In light of the important role of financial institutions in economic activities as a mechanism for capital mobilization and allocation to businesses and mega-investment projects underpinning economic growth, the Bank is aware that lending and product/service offerings that are based solely on financial risk and returns without proper consideration of social and environmental risks or effective planning and management could be detrimental to the nation's economy. Recognizing such threat, the assessment of social and environmental risks has been integrated into the credit underwriting policy and processes applicable to large corporate customers under the Bank's responsible lending framework. Specifically, the Bank has an exclusion list and a risk rating process that serve as tools for screening projects based on the social and environmental risk categorization. Further, the Bank has a sector-specific guide that additionally requires credit applicants in particular industries to fulfill certain conditions in order to obtain financing from the Bank. In parallel, the Bank is determined to operate in accordance with effective environmental standards, laws and regulations, and implements workplace safety and environment management measures internally. The Bank also supports projects relating to natural resource and environmental conservation through awareness-raising campaigns and voluntary programs to educate and engage employees, business partners, customers and other CSR networks in this initiative. To raise environmental consciousness among SCB employees, the Bank initiated a successful internal campaign to reduce plastic bottle waste, which has become a major environmental problem, and planned to replicate this success across its network to create positive ripple effects.

Regulators: The Bank operates in accordance with the principles of corporate governance with effective oversight and transparency, as well as adopts the supervisory guidelines applicable to financial institutions, good market conduct and the government's policy to develop Thailand into a cashless

society. The Bank emphasizes long-term strategic stability and works to enhance its multidimensional capabilities to heighten its risk awareness and adaptability to uncertainties and change in pursuit of sustainable growth and returns.

Business Partners: The Bank honors its obligations to business partners with integrity and implements a transparent and fair procurement process in accordance with the Bank's procurement rules and guidelines. The Bank has enforced its "Supplier Code of Conduct" that requires all business partners of the Bank to, in writing, acknowledge applicable policies and desired practices before working with the Bank as well as to strictly comply with the Supplier Code of Conduct. In assessing and selecting suppliers and vendors, the Bank takes into account not only quality, price, service and reliability, but also their compliance with laws and ethics. In addition, the Bank refrains from doing business or engaging with vendors and suppliers that have been convicted of or involved with corruption and prefers business partners that maintain a high standard of environmental and social impact management. Green procurement guidelines have been adopted to promote the selection of environmentally friendly products and encourage manufacturers to improve the quality of their products and services with environmental considerations. The Bank also encourages all suppliers to conduct their businesses ethically, respect the freedom and rights of others, and treat their workers responsibly in accordance with labor rights and human rights principles, including occupational health, safety and environmental standards. The SCB Supplier Code of Conduct is communicated to its business partners at the Vendor Communication Day which is held annually.

Competitors: The Bank treats its competitors ethically, with transparency. It honors its obligations to its competitors with integrity, accountability and respect. To uphold fair business practices, the Bank does not interfere with fair price competition, respects intellectual property rights of others, and avoids intellectual property infringement.

Creditors: The Bank strictly fulfills the obligations and agreements made with its creditors, including guarantee conditions and its obligations toward effective capital and liquidity management to maintain financial strength and solid debt servicing ability. In an event that the Bank is unable to fulfill a condition, the Bank will notify its creditors of such matter without delay to jointly consider possible solutions based on the principle of reasonableness and accountability toward creditors. The Bank is committed to making punctual payments and debt repayments as well as maintaining good relationships with its creditors.

Furthermore, the Bank identified material sustainability topics based on their economic, environmental and social impact from the perspectives of both internal and external stakeholders and developed a sustainability report that was based on the GRI Sustainability Reporting Standards (GRI Standards): Core Option and the Financial Services Sector Supplement (FSSS). In this connection, the Bank identified 14 material sustainability topics as follows: 1) Digital Transformation, 2) Customer Experience, 3) Financial Inclusion, 4) Talent Attraction & Retention, 5) Culture and Mindset, 6) Responsible Lending, 7) Green Finance, 8) Climate Change Risks, 9) Operational Eco-Efficiency, 10) Financial Literacy, 11) Community and Society Empowerment, 12) Governance and Risk Management, 13) Data Governance and Cyber Security, and 14) Public Policy Advocacy. Details of approach and management each material sustainability topic are described in the 2019 Sustainability Report.

3.2 Anti-Corruption

Anti-corruption continues to be a priority of the Bank as evidenced by, among others, the Bank's membership in the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), which underlines the Bank's determination and commitment to fight corruption in all forms, including its aspiration to promote a culture of zero tolerance of corruption and bribery. All CAC members are required to undergo a membership certification process and the membership must be re-certified every three years. As part of the re-certification process, each CAC member is required to complete an anti-corruption self-assessment which is based on a highly rigorous standard. The Bank's CAC membership is scheduled for re-certification in 2020.

The Bank's anti-corruption activities were as follows:

1. The Bank has enforced the Anti-Corruption and Bribery Policy, which serves as an anti-corruption guideline, upon all companies in the SCB Financial Group. This policy has been communicated to directors, executives and employees at all levels to ensure that they recognize and understand their obligations and responsibilities in this respect and apply the policy in the workplace to their best abilities.
2. All employees of the Bank are required to enroll in relevant training courses, such as e-learning courses on anti-money laundering/combating the financing of terrorism (AML/CFT), and anti-corruption and bribery. They must pass relevant tests to complete the mandatory courses and must periodically enroll in refresher courses within a specified time frame.
3. In 2019, the Bank continued to strictly uphold the No Gift Policy in a bid to promote the culture of transparency and integrity and prevent corruption. Cooperation in refraining from giving or receiving gifts on all occasions was also requested.
4. The Bank has informed external parties and stakeholders of its Anti-Corruption and Bribery Policy through various channels, such as its website and credit card statements. To extend anti-corruption and bribery initiatives to a wider context, the Bank has encouraged suppliers, as key stakeholders of the Bank, to adopt the same principles and concepts, by formulating the "SCB Supplier Code of Conduct" as a guiding framework for its suppliers.
5. The Bank has set up complaint channels, such as the Whistle Blower Program, for complaints about wrongdoing or suspected fraud or corruption. To actively monitor and evaluate compliance with the Anti-Corruption Policy, the Bank regularly assesses corruption and bribery exposure, with the Audit Committee being responsible for overseeing the Bank's internal controls to ensure that they are adequate and effective in protecting the Bank from the risk of corruption and bribery as well as reporting the results to the Board of Directors.

3.3 Contact Channels for Stakeholders

The Bank provides multiple channels for various groups of stakeholders to directly contact the relevant unit as follows:

- *Customers or third parties* can communicate with the Bank through staff at branches or relationship managers or through the Customer Center at 0-2777-7777, or by writing to senior executives

of the Bank. All communications are recorded, monitored and responded to within a specified period. The Bank also has established a complaint management team with a major role in identifying corrective measures and ensuring that relevant units resolve customer complaints within applicable service level agreements, which are published on the Bank's website for customers' reference.

- *Employees* are informed that the Bank has multiple channels to accept complaints and reports of misconduct from employees. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct, either directly to their supervisors or through the following channels:

- SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's regulations, rules and Code of Conduct as well as acts that may cause damage to customers and the SCB Group, including any unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. There are multiple channels for reporting complaints, fraud or non-compliance, e.g., via e-mail (whistleblower@scb.co.th) or via post to PO Box 177, Chatuchak Delivery Post Office 10900, or via telephone (at 0-2544-2000). A brief report on actions taken in this regard will be presented to the Audit Committee every quarter.

It is the Bank's policy to maintain strict confidentiality to protect whistle-blowing employees from retaliation or adverse consequences. An independent investigation team will be set up to investigate any reported issue or suspicious behavior. If there are proven grounds for a complaint, the matter will be escalated in accordance with the following procedure:

- Employees submit opinions, reports, grievances, or complaints relating to fraud via a range of channels, where they can choose to remain anonymous, and the cases will be treated as confidential.
 - The working team conducts a preliminary investigation. The progress will be reported to the informants if they have chosen to be identified.
 - The working team forwards proven cases of misconduct to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Financial Crime & Security Services Division for further action.
- The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.

Further, all stakeholders can raise complaints, or make suggestions or comments to the Board and management of the Bank by contacting:

Company Secretary
The Siam Commercial Bank PCL.
9th Floor, Zone C, 9 Ratchadapisek Road, Chatuchak, Bangkok 10900
Telephone: 0-2544-4210 Fax: 0-2937-7931
E-mail: company_secretary@scb.co.th

Also, the Bank has established a clear policy and procedure for handling complaints from customers, employees and other stakeholders. All complaints received are kept confidential, investigated and resolved as well as reported to the Audit Committee and the Board.

4. Disclosure and Transparency

4.1 Disclosure Policy and Practice

The Bank's disclosure policy and procedures are enunciated in the Corporate Governance Policy. Disclosure of the Bank's information shall be in accordance with the following principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis;
- 2) Disclosure must comply with all applicable rules and regulations;
- 3) Stakeholders including shareholders, investors, analysts and interested persons must have equal right of access to the information disclosed by the Bank; and
- 4) Information that could affect the Bank's share price, influence investors' decisions, or affect the rights of shareholders must be immediately disclosed to the public through the Stock Exchange of Thailand.

The Bank has designated responsible persons for the disclosure of the Bank's information to regulators, shareholders and the general public with a specified time frame. For example, audited annual financial statements are released within 60 days from the end of each fiscal year and reviewed quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) within 45 days from the end of each quarter to give investors a clear picture of the Bank's operating results.

In addition to financial information disclosure to regulators, shareholders, and the public as mentioned above, the Bank regularly holds press conferences and media events and issues press releases to publicize and promote its activities.

The Bank's Corporate Governance Policy also requires directors and management to disclose their holdings of the Bank's shares. Changes in the holdings of the Bank's shares by directors and executives in 2019 are shown in the "Report of Holdings of SCB Ordinary Shares by SCB Directors and Members of Senior Management" section of the Annual Report.

4.2 Investor Relations

Investor Relations is one of the Bank's functions which is responsible for providing accurate, adequate, and clear disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable laws. In addition to its planned activities, such as meetings with investors and analysts, investor events and roadshows, Investor Relations serves as the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The Chief Executive Officer, the Presidents, the Chief Financial Officer and other senior executives regularly participate in investor relations activities.

In 2019, disclosure activities undertaken by Investor Relations are summarized below:

Form of activity	Frequency (times)
One-on-one meetings/conference calls with investors and equity analysts	82
Meetings with securities analysts	4
Investor conference	12
Global roadshow	2

The Investor Relations Code of Conduct is published on www.scb.co.th under the sequence of menu headings “About SCB,” “Investor Relations,” and then “Code of Conduct for Investor Relations”. Contact information of Investor Relations is as follows:

Investor Relations

The Siam Commercial Bank PCL.

19th Floor, Zone B, 9 Ratchadapisek Road, Chatuchak, Bangkok 10900

Telephone: 0-2544-4358

E-mail: investor.relations@scb.co.th

Website: www.scb.co.th

4.3 Auditors

Auditors' qualifications are vetted by the Audit Committee in terms of their independence, suitability, accountability and absence of any conflict of interest with respect to the Bank and its subsidiaries, management, major shareholders or related parties. The qualifications are also reviewed by the Bank of Thailand and the Securities and Exchange Commission (SEC). The Audit Committee reviews annual audit fees based on the scope of the audit and proposes qualified auditors and appropriate audit fees to the Board for consideration prior to proposing to the meeting of shareholders for approval.

In 2019, the total audit fees of the Bank and its subsidiaries were Baht 31.4 million. In addition, the Bank and its subsidiaries paid fees for services other than statutory audits as follows:

- Audits and examination as required by regulators, i.e., special audits and examination of banking returns
- Examination of foreign exchange booths
- Review of fixed asset revaluation
- Review of transfer pricing for transactions with related companies or entities
- Tax services

Non-audit fees were Baht 20.3 million, of which Baht 11.9 million was paid in the fiscal year of 2019 while the outstanding amount of Baht 8.4 million will be paid in 2020.

4.4 Compliance with the Principles of Good Corporate Governance

The Bank aims to adhere to both national and international corporate governance standards. However, certain practices of the Bank as specified below did not comply, or complied only in part, with the 2017 Corporate Governance Code for Listed Company (CG Code) announced by the Securities and

Exchange Commission and the corporate governance principles stipulated by the Institute of Directors Association, due to reasons set out below:

- 1) The Board should have an appropriate number of members ranging from five to 12.

As of 31 December 2019, the Board consisted of 17 members. The Bank views the number as appropriate, considering the growing size and complexity of the Bank's business. Given rapid technological change, it is necessary for the Bank to have directors with diverse experience, knowledge and expertise so that the Board can perform effectively.

- 2) Disclosed information on shareholding structure should clearly specify actual owners of SCB shares.

The Bank's shareholders include nominee companies serving as custodians of foreign investors. Such appointment of nominee companies as custodians is considered a normal practice and is beyond the Bank's control.

- 3) The Bank should include in its policy a requirement that directors and senior executives notify the Board or designated persons of their intention to trade SCB shares at least one day in advance of the transaction date.

At present, there is no such requirement in the Bank's policy, but the Bank already has in place clear regulations against insider trading. These regulations include Directors Code of Conduct, Employee Code of Conduct, rules governing securities trading by directors, executives and employees, insider trading rule, guideline on declaration of securities holding by directors, executives, and employees, and non-trading period rules, all of which directors, executives and employees must comply with.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2019, the Bank had 17 directors. The Bank selects its Board members based on the criteria set forth by relevant regulators and with the aim of fostering diversity in terms of professional skills, expertise, age, gender and other key attributes that are essential for, and in line with, the Bank's strategy. It is the policy of the Board to maintain such balanced diversity in its composition.

Of the total 17 directors, there were two women and 15 men with diverse professional backgrounds in banking, accounting and finance, business administration, strategic management, risk management, social development, corporate governance, law, science and technology, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The 10 independent directors* (representing 58.82 percent of the total directors): Mr. Prasan Chuaphanich, Mr. Kan Trakulhoon, Mr. Krirk Vanikkul, Dr. Thaweesak Koanantakool, Mr. Ekamol

* "The term "independent director" has the meaning as specified in the Bank of Thailand's Notification No. SorNorSor. 10/2561 Re: Corporate Governance of Financial Institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 39/2559, Re: Application and Approval for Offering Newly Issued Shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5 percent of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of no more than 0.5 percent is the Bank's standard, which is stricter than the standard set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1 percent of the total voting shares of the company of which he/she is a director.

Kiriwat, Mr. Weerawong Chittmittrapap, Dr. Pasu Decharin, Dr. Pailin Chuchottaworn, Dr. Lackana Leelayouthayotin, and Mr. Chaovalit Ekabut.

- An executive director (representing 5.88 percent of the total directors): Mr. Arthid Nanthawithaya.
- The six non-executive directors (representing 35.29 percent of the total directors): Dr. Vichit Suraphongchai, ACM Satitpong Sukvimol, Pol. Col. Thumnithi Wanichthanom, Mr. Chakkrit Parapuntakul, Mr. Prapas Kong-ied, and Miss Jareeporn Jarukornsakul.

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

Table 1 Board of Directors (As of 31 December 2019)

Name	Position	Date of Appointment	Number of Years in Directorship
1. Dr. Vichit Suraphongchai	Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	10 December 1999	20 years 1 month
2. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	4 April 2013	6 years 9 months
3. Mr. Kan Trakulhoon	Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	5 April 2016	3 years 9 months
4. Mr. Krirk Vanikkul	Independent Director and Chairman of the Risk Oversight Committee	1 November 2015	4 years 2 months
5. Dr. Thaweesak Koanantakool	Independent Director and Chairman of the Technology Committee	5 April 2016	3 years 9 months
6. ACM Satitpong Sukvimol	Director and Member of the Nomination, Compensation and Corporate Governance Committee	13 June 2018	1 year 7 months
7. Pol. Col. Thumnithi Wanichthanom	Director and Member of the Corporate Social Responsibility Committee	13 June 2018	1 year 7 months
8. Mr. Prapas Kong-ied	Director and Member of the Corporate Social Responsibility Committee	4 July 2018	1 year 6 months
9. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	8 years 9 months
10. Dr. Pasu Decharin	Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee	19 October 2018	1 year 2 months
11. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	22 September 2014	5 years 3 months
12. Mr. Chakkrit Parapuntakul	Director, Member of the Executive Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	25 November 2015	4 years 1 month
13. Dr. Lackana Leelayouthayotin	Independent Director and Member of the Executive Committee	5 April 2019	9 months
14. Mr. Chaovalit Ekabut	Independent Director and Member of the Risk Oversight Committee	5 April 2019	9 months

Name	Position	Date of Appointment	Number of Years in Directorship
15. Dr. Pailin Chuchottaworn	Independent Director, Member of the Executive Committee, and Member of the Technology Committee	19 September 2019	3 months
16. Miss Jareeporn Jarukornsakul	Director	21 November 2019	1 month
17. Mr. Arthid Nanthawithaya	Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee, and Member of the Technology Committee	2 April 2015	4 years 9 months

5.2 Directors' Term of Office

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Directors who have held office for the longest time shall retire. In the case that the total number of directors is not divisible by three, the number of directors to retire shall be the number closest to one-third of all directors. Directors retiring by rotation may be re-elected to continue their office.

To promote transparency and compliance with corporate governance principles and notifications governing corporate governance of financial institutions, the Bank has limited the office term of independent directors to nine consecutive years and may allow for, provided that there are reasonable grounds, the continuation of their tenure for one additional term at a maximum. At the 2020 AGM, there is an independent director whose tenure will reach the nine-year limit, namely Mr. Ekamol Kiriwat.

With regard to the tenure of directors on the six Board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee, and the Corporate Social Responsibility Committee, their tenure shall be concurrent with their directorships.

5.3 Segregation of Roles, Duties and Responsibilities

The positions and authority of the Chairman of the Board, the Chief Executive Officer and the Presidents are clearly segregated, and the positions of the Chairman of the Board and the Chief Executive Officer are assumed by different individuals, to enhance performance effectiveness, governance and transparency as detailed below.

Chairman of the Board – Pursuant to the Bank's Corporate Governance Policy, the Chairman of the Board must be an independent director or a non-executive director. The Chairman of the Board is not involved in the Bank's routine management. This conforms to the principle of segregation of policy-making and oversight duties from those in operations management. The key roles of the Chairman of the Board are: to oversee the Board's adherence to the corporate governance principles; to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending Board members to voice their opinions and ask questions; and to ensure that Board resolutions are clear and the meeting minutes are complete and correct. The Chairman of the Board also presides over the

shareholder meetings. Another key role of the Chairman is to ensure that the Bank's governance practices comply with the adopted policies.

Chief Executive Officer –The Chief Executive Officer is the Bank's top-ranking executive, who is chiefly responsible for directing and driving the Bank's business and operations toward the policies, strategies and goals as set forth by the Board, recommending alternatives and strategies that are fit for the changing business environment to achieve sustainable growth, considering and approving matters according to the Bank's regulations and as assigned by the Board and/or the Board Committees. The Chief Executive Officer shall also assume responsibility for building corporate culture.

Presidents – Presidents are senior executives who directly report to the Chief Executive Officer. At present, the Bank has three Presidents and they are collectively responsible and accountable for managing and stewarding the Bank in alignment with the established policies and strategies. The roles and duties of the Presidents also include formulating policies and strategies and making decisions on key matters that are interconnected and require the orchestration of interdepartmental efforts.

5.4 Directorships of Other Companies

The Bank has established a clear policy on holding of positions by the Bank's directors and senior executives in other companies. The Bank's directors are not allowed to hold directorship in more than five listed companies in Thailand and other countries (SCB and other four listed companies). This is in line with the Bank of Thailand's Notification Re: Corporate Governance of Financial Institutions, the 2017 CG Code, and the corporate governance principles stipulated by the Institute of Directors Association. Furthermore, to comply with the Bank of Thailand's Notification Re: Corporate Governance of Financial Institutions, holding of positions by directors, managers, persons with management authority, and advisors of the Bank as a chairman and/or an executive director and/or an authorized director of other companies shall be limited to three business groups only.

In addition to the policies stated above, the Bank has an internal guideline pertaining to holding of positions in other companies which requires the Bank's directors to notify the Nomination, Compensation and Corporate Governance Committee of their positions in other companies or organizations so that the Nomination, Compensation and Corporate Governance Committee can review the appropriateness of the appointment and its compliance with relevant laws and regulations. The Company Secretary will report changes in positions held by each director to the Board of Directors. Information on positions held by the Bank's directors in other companies, which is disclosed to shareholders in the Annual Report, indicates that no director holds positions in more than five listed companies (SCB and other four listed companies) and no director or senior executive of the Bank (Executive Vice President or higher) holds positions as chairman of the board of directors and/or executive director and/or authorized director of other companies in more than three business groups.

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursuing the highest standards of ethical conduct and complying with the provisions of laws. The Board's roles and responsibilities shall be in accordance with those specified by law, the Bank's objectives, Articles of Association, and the resolutions of the Board and shareholder meetings. Duties, responsibilities, and approval authority of the Board also include those specified in the charter of the Board of Directors such as setting the Bank's policies, strategies, and financial targets. In the prior fiscal year, the Board reviewed the Bank's vision and mission and approved the Bank's business strategy, which must be reviewed annually. The Board is also responsible for approving business policies and directions proposed by management and overseeing the performance of the management to ensure that policies and strategies are implemented and financial targets are achieved. The aim is to maximize long-term shareholder value by taking into account the best interests of all stakeholders. The Board is also responsible for reviewing the succession plan for the Chief Executive Officer, the Presidents and persons with management authority; establishing structures and processes for sound risk management, audit, compliance and internal control systems; and reviewing such structures and processes regularly. Details on the duties, responsibilities and approval authority of the Board are available on www.scb.co.th under the section "Charter of the Board of Directors."

In addition to complying with relevant laws and regulations as mentioned above, the Board, executives and employees strictly abide by the Code of Conduct for Directors, Executives and Employees, which provides ethical standards governing: 1) corporate governance, 2) protecting SCB's interest, image, honor, reputation and virtue, 3) conflicts of interest, 4) information integrity, 5) information confidentiality, 6) insider trading, 7) anti-money laundering and combating the financing of terrorism and proliferation of weapons of mass destruction, 8) anti-corruption, 9) gambling, alcohol and drugs, 10) giving and receiving gifts and entertainment, 11) corporate assets, 12) outside employment or other commercial activities, 13) harassment, and 14) whistleblower. The Code of Conduct of SCB and SCB Financial Group, which must be complied with by all directors, executives and employees, and the Code of Business Conduct, were approved by the Board. New directors of the Bank are provided with an orientation program and a director's manual that contains the said codes of conducts for their compliance. New executives and employees of the Bank are required to sign a pledge of compliance with these codes of conduct. Details of the Code of Conduct of SCB and SCB Financial Group and the SCB Supplier Code of Conduct are available on www.scb.co.th under the section "Code of Conduct."

5.6 Board Committees and Management Team Committees

5.6.1 Board Committees

The Bank has appointed six Board committees in total, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee, and the Corporate Social Responsibility Committee.

Meetings of each Board committee are held in accordance with the criteria specified in the charter of each Board committee and the Corporate Governance Policy and are scheduled in advance for the

entire year. Duties and responsibilities of each Board committee are clearly specified in its charter, which is available on www.scb.co.th under the section “Charter.” Details are summarized below:

- *Executive Committee*

The major duties and responsibilities of the Executive Committee are to oversee and ensure that the Bank’s business and operations are in line with its strategies, policies and regulations and to perform tasks as assigned by the Board. Key responsibilities include screening all matters that are proposed to the Board for consideration, excluding those matters under responsibility and/or authority of other specific committees, and approving credit requests, investments and matters that are within the scope of authority delegated by the Board and stipulated in the charter of the Executive Committee.

As of December 31, 2019, the Executive Committee consisted of five directors of the Bank, namely Mr. Arthid Nanthawithaya (Director and Chairman of the Executive Committee), Mr. Kan Trakulhoon (Independent Director), Mr. Chakkrit Parapuntakul (Director), Dr. Pailin Chuchottaworn (Independent Director), and Dr. Lackana Leelayouthayotin (Independent Director). Their tenure on the Executive Committee is concurrent with their directorships. Performance of the Executive Committee in 2019 is described in the Executive Committee Report in the Annual Report.

- *Audit Committee*

The Audit Committee’s scope of duties and responsibilities encompasses financial reporting, internal control, internal audit, and oversight of compliance with regulations, codes of ethics, codes of conduct, and risk management principles. These duties and responsibilities include, among others, to review the accuracy and adequacy of the Bank’s financial statements; to ensure that the management of the Bank has established appropriate and effective internal control and internal audit systems; to review the effectiveness of the Bank’s regulatory and legal compliance monitoring system; to review the efficiency of the risk management system of the Bank and SCB Financial Group; and to perform other duties as stipulated in the charter of the Audit Committee. Another major duty of the Audit Committee is to propose the appointment and discharge of external auditors, including the corresponding audit fees, to the Board for consideration prior to obtaining approval at the meeting of shareholders on an annual basis. Furthermore, the Audit Committee is responsible for evaluating performance of external auditors. The Audit Committee of the Bank also serves as the Audit Committee of SCB Financial Group.

As of December 31, 2019, the Audit Committee consisted of three independent directors of the Bank, namely Mr. Prasan Chuaphanich (Chairman of the Audit Committee and Independent Director), Mr. Ekamol Kiriwat (Independent Director), and Dr. Pasu Decharin (Independent Director). Their tenure on the Audit Committee is concurrent with their directorships. Every member of the Audit Committee has extensive knowledge and experience in reviewing financial statements, particularly with one member of the Audit Committee holding advanced degrees in accounting and finance. Performance of the Audit Committee in 2019 is shown in the Audit Committee Report in the Annual Report.

- *Nomination, Compensation and Corporate Governance Committee*

The three main responsibilities of the Nomination, Compensation and Corporate Governance Committee are: 1) To nominate qualified individuals as directors of the Bank as well as propose for the Board's consideration appropriate remuneration for members of the Board and Board committees prior to obtaining approval at the shareholder meetings; 2) To nominate individuals as senior executives and ensure that their remuneration is commensurate with their duties and responsibilities; and 3) To formulate the Bank's corporate governance policy and ensure compliance with corporate governance principles set forth by regulatory authorities and best practices. Details regarding duties and responsibilities of the Nomination, Compensation and Corporate Governance Committee are provided in the charter of the Nomination, Compensation and Corporate Governance Committee.

As of December 31, 2019, the Nomination, Compensation and Corporate Governance Committee consisted of four directors of the Bank, namely Mr. Kan Trakulhoon (Chairman of the Nomination, Compensation and Corporate Governance Committee and Independent Director), ACM. Satitpong Sukvimol (Director), Mr. Weerawong Chittmittrapap (Independent Director), and Mr. Chakkrit Parapuntakul (Director). Their tenure on the Nomination, Compensation and Corporate Governance Committee is concurrent with their directorships. Performance of the Nomination, Compensation and Corporate Governance Committee in 2019 is shown in the Nomination, Compensation and Corporate Governance Committee Report in the Annual Report.

- *Risk Oversight Committee*

The Risk Oversight Committee's duties and responsibilities are to provide advice to the Board regarding the risk oversight framework of the Bank and companies in SCB Financial Group and to review the overall risk management policies and strategies, and risk tolerance for all risks including emerging risks, to ensure their adequacy, effectiveness and proper implementation. The Risk Oversight Committee is also responsible for reporting to the Board risk positions, risk management effectiveness, status of the risk culture adoption, significant risk factors and issues, and risk management policy/strategy gaps. The Risk Oversight Committee is also responsible for providing advice to the Board concerning organization-wide risk culture cultivation, supervising the culture adoption and the management and risk function heads' compliance with the risk management policies and strategies and risk appetite framework, and rendering opinions on or assessing the performance of the Chief Risk Officer.

To promote independence, the Bank ensures that at least half of the total members of the Risk Oversight Committee are independent directors and non-executive directors. As of December 31, 2019, the Risk Oversight Committee consisted of six members, i.e., three independent directors, one executive director, and two executives, namely Mr. Krirk Vanikkul (Chairman of the Risk Oversight Committee and Independent Director), Mr. Chaovalit Ekabut (Independent Director), Mr. Pasu Decharin (Independent Director), Mr. Arthid Nanthawithaya (Director, Chief Executive Officer, and Chairman of the Executive Committee), Mrs. Apiphan Charoenanusorn (President), and Mr. Sarut Ruttanaporn (President). Their tenure on the Risk Oversight Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Risk Oversight Committee in 2019 is shown in the Risk Oversight Committee Report in the Annual Report.

- *Technology Committee*

The Technology Committee's duties and responsibilities are to steward the Bank's technology-related direction and strategy for their alignment with the Bank's strategy with an aim to enhancing the Bank's technology, data and technology risk management capabilities. Where necessary, other committees, such as the Risk Oversight Committee and the Audit Committee, are involved by the Technology Committee in the technology risk management process.

The Bank has prescribed that the Technology Committee must consist of at least four members who are directors and/or executives of the Bank and most of them must possess knowledge, expertise and insight in the field of technology with business and risk acumen. As of December 31, 2019, the Technology Committee consisted of four members, i.e., two independent directors, one executive director, and one executive, namely Dr. Thaweesak Koanantakool (Chairman of the Technology Committee and Independent Director), Dr. Pailin Chuchottaworn (Independent Director), Mr. Arthid Nanthawithaya (Director, Chief Executive Officer, and Chairman of the Executive Committee), and Dr. Arak Sutivong (President). Their tenure on the Technology Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Technology Committee in 2019 is shown in the Technology Committee Report in the Annual Report.

- *Corporate Social Responsibility Committee*

The roles and responsibilities of the Corporate Social Responsibility Committee are to direct, supervise and develop the Bank's CSR framework with the goal of contributing to Thailand's economy, society, and the environment. The Corporate Social Responsibility Committee focuses on building a strong foundation, nurturing new initiatives, developing networks, and sustaining success in the following three core areas: 1) youth development and learning enhancement, 2) development of the quality of life and environment, and 3) preservation of cultural heritage and environment. The Bank fosters a culture and spirit of volunteerism, civic awareness and sense of social responsibility among employees by actively involving them in the Bank's CSR activities.

The Bank has prescribed that the Corporate Social Responsibility Committee must consist of at least three directors. Their tenure on the Corporate Social Responsibility Committee is concurrent with their directorships. As of December 31, 2019, the Corporate Social Responsibility Committee consisted of four members, i.e., three directors and one executive, namely Dr. Vichit Suraphongchai (Chairman of the Board and Chairman of the Corporate Social Responsibility Committee), Pol. Col. Thumnithi Wanichthanom (Director), Mr. Prapas Kong-led (Director), and Mrs. Apiphan Charoenanusorn (President). Performance of the Corporate Social Responsibility Committee in 2019 is shown in the Corporate Social Responsibility Committee Report in the Annual Report

5.6.2 Management Team Committees

There are four key management team committees, namely the Management Committee, the Assets and Liabilities Management Committee, the Risk Management Committee, and the Equity Investment Management Committee. The roles and responsibilities of each committee are as outlined below:

- *Management Committee*

The Management Committee consists of the Presidents. The Management Committee is responsible for developing and proposing the Bank's strategy, business plan, annual action plan and business targets to the Board, collectively driving the Bank's operations according to the established strategy, plan and targets, including directing and monitoring operations, making decisions on major projects of the Bank, fostering corporate culture, and exercising oversight to ensure alignment of internal and external communication with the Bank's strategy. In 2019, the Management Committee held 43 meetings.

- *Assets and Liabilities Management Committee*

The Assets and Liabilities Management Committee is a key mechanism for the Bank's management of liquidity risk, interest rate risk and exchange rate risk. The key responsibilities are to formulate policies and approve risk management strategies to address funding and liquidity, interest rate and foreign exchange risk faced by the Bank as well as ensuring capital adequacy to support its business direction including Tier II capital. The Assets and Liabilities Management Committee also ensures that the Bank effectively and efficiently manage its assets and liabilities to build resilience against adverse economic conditions and unexpected shocks. In 2019, the Assets and Liabilities Management Committee held 12 meetings.

- *Risk Management Committee*

The Risk Management Committee is chiefly responsible for: formulating and aligning risk management policies with the risk governance framework of SCB Financial Group; screening risk management policies and guidelines of SCB Financial Group that address material risks; exercising supervision and control over compliance of companies in SCB Financial Group with the SCB Financial Group's risk management policies and strategies; assessing and controlling compliance with risk appetite; and establishing the Model Risk Management Committee (MRMC) in charge of risk model approvals. The Risk Management Committee is also responsible for reporting risk positions, risk management effectiveness, status of the risk culture adoption, significant risk factors and issues, and risk management policy/strategy gaps to the Risk Oversight Committee on a regular basis. In 2019, the Risk Management Committee held 13 meetings.

- *Equity Investment Management Committee*

The Equity Investment Management Committee's responsibilities are to consider, review, provide opinions on, and approve the Bank's equity investments, the equity investment policy, risk position, and investment-related operational processes and personnel. In 2019, the Equity Investment Management Committee held 14 meetings.

5.7 Board Meetings

Meetings of the Board of Directors are held in accordance with the rules and procedures specified in the charter of the Board and the Corporate Governance Policy. The Board meeting is scheduled to be held once every month (except December) and the meeting schedule is planned in advance for the entire

year. The Chairman of the Board determines the agenda of each Board meeting whereby directors and the Chief Executive Officer may propose agenda items through the Company Secretary. In addition, the Board has a policy to call a meeting of independent directors and non-executive directors on a semi-annual basis. An invitation to a Board meeting, meeting agenda, and supporting documents are sent to all directors at least five days prior to the meeting date, unless an urgent meeting is required to protect the Bank's rights or benefits, so that directors may have sufficient time to study such information, unless an urgent necessity requires otherwise. Directors can request additional information through the Company Secretary.

At each Board meeting, all Presidents are invited to attend the meeting and make a presentation on agenda items concerning their areas of responsibility in order to provide relevant details to the directors. In addition, the Board has specified in its charter that at least two-thirds of all directors should be present during the voting procedure.

In 2019, there were 16 Board meetings, consisting of 12 meetings that were originally included in the annual Board meeting calendar and four extra meetings. The meeting attendance of the Board was 91 percent, and the meeting attendance of most directors was above 75 percent, which is in compliance with the charter of the Board prescribing that directors shall attend at least 75 percent of the total Board meetings unless there is an overriding and reasonable necessity. In addition, the Bank arranged two non-executive directors' meetings (chaired by the chairman of the Audit Committee) to provide a forum for non-executive directors to discuss issues of their interest. Details of individual directors' meeting attendance in 2019 are as shown in Table 2.

Table 2 Individual Directors' Meeting Attendance in 2019

Unit : Meeting

<i>Name</i>	<i>Board of Directors</i>	<i>Board of Directors (Extra)*</i>	<i>Executive Committee</i>	<i>Audit Committee</i>	<i>Nomination, Compensation and Corporate Governance Committee</i>	<i>Risk Oversight Committee</i>	<i>Technology Committee</i>	<i>Corporate Social Responsibility Committee</i>	<i>Annual General Meeting of Shareholders No. 196</i>
1. Dr. Vichit Suraphongchai	12/12	4/4	8/8					9/9	2/2
2. Mr. Prasan Chuaphanich	12/12	3/4		13/13					2/2
3. Mr. Kan Trakulhoon	12/12	4/4	30/31		13/13				2/2
4. Mr. Krirk Vanikkul	11/12	4/4				15/15			2/2
5. Dr. Thaweesak Koanantakool	12/12	3/4					10/10		2/2
6. ACM Satitpong Sukvimol	11/12	0/4			10/13				1/2
7. Pol. Col. Thumnithi Wanichthanom	12/12	0/4						7/9	1/2
8. Mr. Prapas Kong-led	12/12	3/4						6/9	2/2
9. Mr. Ekamol Kiriwat	11/12	3/4		13/13					2/2
10. Dr. Pasu Decharin	11/12	2/4		12/13		4/5	2/2		2/2
11. Mr. Weerawong Chittmittrapap	12/12	3/4			13/13				2/2
12. Mr. Chakkrit Parapuntakul	12/12	3/4	27/28		12/13	6/6			2/2
13. Dr. Lackana Leelayouthayotin	8/8	1/2	22/23						1/1

<i>Name</i>	<i>Board of Directors</i>	<i>Board of Directors (Extra)*</i>	<i>Executive Committee</i>	<i>Audit Committee</i>	<i>Nomination, Compensation and Corporate Governance Committee</i>	<i>Risk Oversight Committee</i>	<i>Technology Committee</i>	<i>Corporate Social Responsibility Committee</i>	<i>Annual General Meeting of Shareholders No. 196</i>
14. Mr. Chaovalit Ekabut	8/8	2/2				9/9			1/1
15. Mr. Pailin Chuchottaworn	3/3		7/7				2/2		0/0
16. Miss Jareeporn Jarukornsakul	1/1								0/0
17. Mr. Arthid Nanthawithaya	12/12	4/4	30/31			11/15		1/1	2/2
18. Mr. Anand Panyarachun	3/3	2/2							1/1
19. Mrs. Kannikar Chalitaporn	3/3	2/2				5/6		3/3	1/1
20. Mr. Boontuck Wungcharoen	5/7	4/4	2/2			8/10	3/6		1/1
21. Mr. Orapong Thien-Ngern	0/1								

Remark * Extra Board meetings are Board meetings not included in the original Board meeting calendar that has been set in advance for the entire year.

** Changes in the Board and Board committees are detailed in an annex to this Corporate Governance Report.

5.8 Board and Senior Executive Assessment

5.8.1 Board and Board Committee Assessment

The Board assessment is conducted annually and is divided into four parts: 1) Board assessment, 2) Board committee assessment, 3) individual director assessment, and 4) Board Chairman assessment. An assessment form is sent to each director at the end of each year by the Company Secretary who is also in charge of compiling and presenting the assessment results to the Nomination, Compensation and Corporate Governance Committee. The assessment results and recommendations gathered are subsequently presented to the Board for acknowledgment and discussion on further improvement of the Board's performance. Aiming to enhance the Board assessment in accordance with the Stock Exchange of Thailand's Corporate Governance Code for Listed Companies, the Bank has hired an external consulting firm that has experience and expertise in corporate governance to conduct the Board assessment process every three years since 2012. In 2019, the Board assessment was divided into four parts: 1) Board assessment, 2) Board committee assessment, 3) individual director assessment, and 4) Board Chairman assessment. Self-evaluation and cross-evaluation were applied to the Board assessment and the individual director assessment. Details are as follows:

1) Board Assessment - Assessment topics were: Board composition, information management, Board processes, representation of shareholders and environmental, social and governance (ESG), managing the Bank's performance, Board strategy and priorities, management performance and succession planning, director development and management, and risk management.

2) Board Committee Assessment - Key assessment topics are: performance of duties as specified in the charters of the Board committees, compliance with applicable supervisory rules, regulations and principles, promotion of open communications, participation and rigorous decision-making at Board committee meetings, frequency of Board committee meetings and time for discussion at such meetings, access to information relevant to issues discussed at the meetings, and calendar of pre-scheduled

meetings with regular agenda items. All directors are engaged in the assessment of every Board committee for better reflection of each Board committee's performance.

3) Board Chairman Assessment - This section evaluates the performance of the Chairman of the Board in relation to: 1) Effective management and facilitation of Board meetings and shareholder meetings such as setting meeting agenda, encouraging contribution and different perspectives from all directors, effectively summarizing the outcomes from the meetings, ensuring that meeting minutes were adequately recorded and disseminated in a timely manner, and demonstrating leadership, and 2) Working with directors such as facilitating clear communication between the executive and non-executive directors, following up on the assessment of each director to elicit performance improvements, and leading the Board to perform effectively.

4) Individual Director Assessment - Key assessment topics are: contribution, knowledge and abilities, collaboration, integrity, and support for the Board.

Average rating of the four sections under the 2019 Board assessment was very good, i.e., the performance of the Board, Board committees, individual directors, and Chairman of the Board generally exceeded expectations. There were recommendations from the directors on areas for development to further enhance its effectiveness amid the growing complexity and rapid changes in today's business environment; and the Board is committed to applying the findings from the assessment to its performance development.

5.8.2 Senior Executive Assessment

The performance assessment of the Chief Executive Officer is conducted by the Nomination, Compensation and Corporate Governance Committee and is referred to the Board for approval. For the Presidents and senior executives at Executive Vice President level and above, their performance is assessed by the Chief Executive Officer against the predetermined criteria and the assessment results will be proposed to the Nomination, Compensation and Corporate Governance Committee and subsequently the Board for approval. These performance assessments are conducted annually.

5.9 Procedure for Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for screening and proposing to the Board qualified candidates whose qualifications match the Bank's strategic requirements to serve as directors and members of Board committees. Nomination is based on each candidate's knowledge, capabilities, expertise and past experience in relation to each vacancy's requirements, the board skill matrix, which is employed as a screening tool, and, in the case of independent directors, the independence of the candidate. The Bank proceeds with its due diligence process to ensure that qualifications of nominated individuals are not contrary to relevant laws and conform to the Bank's policies governing directors' holding of position in other companies. The Nomination, Compensation and Corporate Governance Committee selects candidates for directorship from the director pool of the Thai Institute of Directors Association (IOD), the nominations proposed by each director, the directors' acceptance of re-appointment offers, and the nominations by shareholders of the Bank. After thoroughly vetting each candidate's qualifications to ensure compliance with laws and

regulations (where applicable), the Nomination, Compensation and Corporate Governance Committee will propose the nomination to the Board for consideration. Following the Board's approval, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the nomination to the shareholders, if applicable, for approval of the appointment.

To ensure that the director nomination and selection is in line with the Bank's strategic and business directions, the Nomination, Compensation and Corporate Governance Committee has defined the qualification screening criteria which set out three aspects of attributes and expertise that constitute desired qualifications of directors: 1) knowledge, expertise, or experience in macro-level management, 2) knowledge, expertise, or specific experience in the management of financial institutions, and 3) knowledge, expertise, or experience in other fields deemed useful to the Board. The Nomination, Compensation and Corporate Governance Committee also regularly reviews and updates the board skill matrix for the effectiveness of the director screening and nomination.

In addition to the nomination of directors, the Nomination, Compensation and Corporate Governance Committee is responsible for reviewing and screening qualifications of candidates for positions at the level of Executive Vice President and higher, prior to proposing the nomination to the Board for approval and subsequently to the Bank of Thailand for endorsement of the senior executive appointment as well as overseeing the formulation of policies, criteria and procedures for the nomination and remuneration of directors and persons with management authority of companies in SCB Financial Group.

The process for nomination, selection and appointment of directors and senior executives and the oversight of the formulation of policies, criteria and procedures for the nomination and remuneration of directors and persons with management authority of companies in the SCB Financial Group as mentioned above are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee, and relevant management without any discrimination on race, religion, gender, marital status or physical disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee the responsibility of succession planning to ensure that the Bank has in place a succession plan that incorporates nomination, selection, and training for key positions, particularly the positions of Chief Executive Officer, Presidents, and executives at the level of Executive Vice President or higher. This is to ensure the continuity of the Bank's management and business operations when executive positions become vacant due to new appointment, job transfer, retirement, resignation, or any other reason.

The Bank's succession planning classifies key positions into two categories, i.e., 1) critical positions and strategic positions, and 2) succession plans for all of these positions are systematically developed in accordance with the Bank's well-defined processes.

5.11 Director and Executive Remuneration

5.11.1 Director Remuneration

The Board has a policy that director remuneration shall be commensurate with the functional duties of directors who must fulfill the expectations of various groups of stakeholders and comply with applicable laws and regulations. It is thus required that Bank's directors possess appropriate experience and qualifications and their remuneration reflect their contributions, responsibilities and risks associated with each director. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of members of the Board and Board committees to the Board for consideration and, subsequently, to shareholders for approval each year.

At the 2019 AGM, the shareholders resolved to approve the Chairman of the Board's remuneration of Baht 1.8 million per year, and each member of the Board's remuneration of Baht 1.2 million per year, which are the levels that have been in effect since 2000. In 2019, the annual remuneration paid to 26 directors (inclusive of nine directors who resigned during 2019) totaled Baht 39.91 million.

At the same AGM, shareholders approved a bonus payment to directors at a rate of no more than 0.5 percent of dividend and authorized the Board to determine the appropriate amount and allocation. Since shareholders approved the 2018 dividend at Baht 5.50 per share or Baht 18,696 million in total, the directors' bonus for 2018 was set at Baht 53.98 million in total or 0.29 percent of the dividend.

Remuneration of the Board committees in 2019 as approved by the 2019 AGM is shown below:

Committee	Monthly remuneration (Baht)	Attendance fee (Baht/meeting)
Executive Committee		
▪ Chairman	-	-
▪ Member	300,000	-
Audit Committee		
▪ Chairman	75,000	15,000
▪ Member	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000
Risk Oversight Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000
Technology Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000
Corporate Social Responsibility Committee		
▪ Chairman	45,000	15,000
▪ Member	30,000	10,000

Remark: Executive directors and senior executives of the Bank do not receive remuneration for serving on Board committees.

Details of monetary remuneration for individual directors are shown in Table 3.

Table 3 Details of Monetary Remuneration for Individual Directors in 2019*

(Unit: Million Baht)

Name	Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee	Directors' bonus for 2018 performance
1. Dr. Vichit Suraphongchai	1.64						0.49	3.27
2. Mr. Prasan Chuaphanich	1.20		1.09					3.27
3. Mr. Kan Trakulhoon	1.20	3.60		0.74				3.27
4. Mr. Krirk Vanikkul	1.20				0.77			3.27
5. Mr. Thaweesak Koanantakool	1.20					0.69		3.27
6. ACM Satitpong Sukvimol	1.20			0.46				1.81
7. Pol. Col. Thumnithi Wanichthanom	1.20						0.43	1.81
8. Mr. Prapas Kong-led	1.20						0.42	1.63
9. Mr. Ekamol Kiriwat	1.20		0.73					3.27
10. Mr. Pasu Decharin	1.20		0.72		0.20	0.09		0.66
11. Mr. Weerawong Chittmittrapap **	1.20			0.49				3.27
12. Mr. Chakkrit Parapuntakul	1.20	3.44		0.48	0.15			3.27
13. Miss Lackana Leelayouthayotin	0.89	2.66						
14. Mr. Chaovalit Ekabut	0.89				0.36			
15. Mr. Pailin Chuchottaworn	0.34	1.02				0.12		
16. Miss Jareeporn Jarukornsakul	0.13							
17. Mr. Arthid Nanthawithaya	1.20							3.27
18. Mr. Anand Panyarachun	0.47							4.91
19. Dr. Chirayu Isarangkun Na Ayuthaya								0.85
20. Khunying Jada Wattanasiritham								2.61
21. M.R. Disnadda Diskul								0.27
22. Dr. Kulpatra Sirodom								1.07
23. Mr. Ekniti Nitithanprapas								1.35
24. Mrs. Kannikar Chalitaporn	0.31				0.14		0.19	3.27
25. Mr. Boontuck Wungcharoen	0.63	0.13			0.27	0.22		1.88
26. Mr. Orapong Thien-Ngern	0.11							2.43
Total	19.81	10.85	2.54	2.17	1.89	1.12	1.53	53.98

Remark: * Changes in the Board and Board committees are detailed in an annex to this Corporate Governance Report.

** Mr. Weerawong Chittmittrapap received remuneration of Baht 0.65 million for serving as an independent director of a subsidiary of the Bank between January 1, 2019 and September 26, 2019.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives, including the Chief Executive Officer, the Presidents and senior executives at Executive Vice President level and higher to the Board for approval. Remuneration should be appropriate for and in line with the Bank's policies as well as reflect short-term and long-term corporate performance and individual performance. Performance is assessed and benchmarked against KPIs, which include financial indicators, customer-related indicators as well as indicators relating to work process improvement and people development, to build a solid foundation for sustainable success of the Bank. Remuneration is determined based on transparent criteria, scope of responsibilities, and competitiveness within the financial industry and relative to other leading companies in Thailand.

Based on the Securities and Exchange Commission's definition, the term "executives" refers to "the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive, exclusive of the persons holding the position of manager or equivalent and higher in the accounting or finance departments." In 2019, the number of the Bank's executives based on this definition was six (inclusive of one executive who resigned and changed his position during the year), and collectively they received remuneration in the form of salaries, bonuses, and allowances of Baht 163.85 million. On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives at Executive Vice President level and higher. In 2019, the number of Bank's executives based on the Bank of Thailand's definition was 95 (inclusive of six executives who resigned during the year), and collectively they received remuneration in the form of monthly salaries, bonuses and allowances of Baht 1,318.96 million.

5.11.3 Other Benefits for Directors and Executives

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. Directors are entitled to medical benefits, including an annual medical check-up, that are equivalent to those offered to the Bank's executives at Executive Vice President level or higher, and the Chairman of the Board is additionally entitled to a company car benefit. In 2019, non-executive directors of the Bank received welfare benefits (medical benefits, annual medical check-up, and life insurance) of Baht 0.46 million in total. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees, such as medical benefits, annual medical check-up, life and accident insurance, welfare loans and provident fund contribution. In 2019, the Bank's provident fund contribution for six executives (inclusive of one executive who resigned and changed his position during the year) as defined by the Securities and Exchange Commission was Baht 4.13 million in total, while the provident fund contribution for 95 executives (inclusive of six executives who resigned during the year) as defined by the Bank of Thailand, i.e., Executive Vice President level and higher, was Baht 47.83 million in total.

5.12 Director Orientation

The Bank arranges orientation meetings to brief all new directors on the Bank's vision, strategies, key business targets, performance highlights and relevant regulatory rules. Also, important documents are

provided to new directors, i.e., the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, SCB Code of Conduct, and Code of Conduct for Directors, Executives and Employees. These documents contain information that is important and vital for their performance as directors such as roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, roles and duties of Board committees, and the Anti-Corruption and Bribery Policy.

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to director development and encourages directors to regularly participate in courses or activities to enhance their knowledge and performance as members of the Board of Directors and Board committees. This includes courses and activities arranged by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Thai Institute of Directors Association, and other institutions. Directors are also encouraged to attend overseas seminars and activities relating to corporate governance practices and are regularly informed of relevant training courses.

Furthermore, the Board of Directors has directed the Bank to arrange appropriate development programs on an ongoing basis to ensure that directors remain current with skills and knowledge relevant to their performance as members of the Board of Directors and Board committees. Additionally, the Bank arranges workshops or seminars at least once per year as a knowledge-exchange forum for directors. Details of each director's participation in development programs and training courses in 2019 are shown in Table 4.

Table 4 Participation of the Bank's Directors in Training Courses and Development Programs in 2019

Name of Director	Course/Subject	Organizer
1. Dr. Vichit Suraphongchai	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
2. Mr. Prasan Chuaphanich	Australian Governance Summit 2019	Thai Institute of Directors Association (IOD)
	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	National Director Conference 2019	Thai Institute of Directors Association (IOD)
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand
3. Mr. Kan Trakulhoon	Exponential Manufacturing Thailand 2019	Singularity University, U.S.
	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand
4. Mr. Krirk Vanikkul	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
	Solving Banking Crisis	Bank of Thailand
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand

Name of Director	Course/Subject	Organizer
5. Dr. Thaweesak Koanantakool	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Collaboration for the Future of Finance	Bank of Thailand
	National Director Conference 2019	Thai Institute of Directors Association (IOD)
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand
6. Dr. Pasu Decharin	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
7. Mr. Weerawong Chittmittrapap	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
8. Mr. Chakkrit Parapuntakul	Exponential Manufacturing Thailand 2019	Singularity University, U.S.
	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Need for Change in Disruptive Era: Through the Lens of Financial Institutions	Kao Hoon Newspaper
9. Mr. Prapas Kong-led	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand
	Need for Change in Disruptive Era: Through the Lens of Financial Institutions	Kao Hoon Newspaper
10. Dr. Lackana Leelayouthayotin	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	National Director Conference 2019	Thai Institute of Directors Association (IOD)
	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
11. Mr. Chaovalit Ekabut	Cyber Resilience for Directors of Financial Institutions	Bank of Thailand
	Collaboration for the Future of Finance	Bank of Thailand
	National Director Conference 2019	Thai Institute of Directors Association (IOD)
	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand
12. Mr. Arthid Nanthawithaya	Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
	Bangkok Sustainable Banking Forum 2019	Bank of Thailand

5.13.2 Executive and Employee Development

Preparing employees and executives of the Bank for change amid digital disruption was a key theme of the Bank's people development roadmap for 2019, which was focused on the development of new skills and the leverage of data and emerging technologies for the best benefits of the Bank and its customers.

The Bank furthered its job skill development programs for employees at all levels to hone their skills and improved important enabling elements such as work processes, tools, and workstations to facilitate the practical and sustainable application of the new skills learned by these employees. To complement these programs, the Bank introduced an executive coach program which allowed executive coaches to directly share knowledge and a career coach program which was designed to offer opportunities for all employees to, by appointment, meet with executives for consultation throughout the year. Readiness of the organization and its leadership for the digital era was one of the Bank's priorities. Therefore, SCB

Academy, in partnership with International Institute for Management Development (IMD) furthered the skill acceleration program for a digital era, which had initially been implemented for executives, and expanded it to include employees at all levels and delivered through self-learning, online learning, and action learning. In recognition of the impact of this foundation building program for digital acceleration rolled out to more than 3,000 target employees, EFMD (a leading global accreditation body for educational institutes) bestowed the 2019 Excellence in Practice (EIP) award to SCB Academy and IMD. Additional details about the award is available at <https://efmdglobal.org/EIP2019>.

Besides, the Bank's digital learning platforms on www.phonlamuangdee.com and Line application were well-received, with more than 13,000 learners regularly accessing these online contents. A basic digital literacy certification program was open for all SCB employees and carried out by a world-leading digital literacy assessment center. Employees were also offered access to more than 10,000 courses curated from around the world and there are, to this date, more than 3,000 employees attending self-learning lessons at least four hours each month. Data analytics skill development programs that focused on practical and real-life application were delivered to data-driven teams in various learning formats such as training by data scientists and data hackathon for accelerated and effective learning.

Details of executive and employee development in 2019 are shown in the 2019 Sustainability Report.

5.14 Internal Control and Risk Management

The Bank regularly monitors its internal control system and risk management system and annually evaluates the adequacy of the systems, including related-party transactions and prevention of conflicts of interest. The monitoring and evaluation framework is based on the internal control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which encompasses five key components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Details are as elaborated under the section of "Internal Control and Risk Management" of the Annual Report.

5.15 Oversight of Companies in SCB Financial Group

The Bank, as the parent company, attaches importance to aligning the business direction of companies in SCB Financial Group to the Bank's policies and processes, to achieve synergy and operational effectiveness.

The Board of Directors has delegated the Nomination, Compensation and Corporate Governance Committee to oversee the formulation of policies governing the nomination and remuneration of persons with management authority of companies in SCB Financial Group and make recommendations to the Board on the appointment of representative directors and top executives of companies in SCB Financial Group. This is to enable the alignment between the policies and management guidelines of companies in SCB Financial Group and the Bank's key policies and to protect the rights and interest of the Bank and its shareholders. In this connection, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors.

The Board of Directors has delegated the Audit Committee to oversee and monitor compliance of companies in SCB Financial Group with the Bank's policies and review their financial statements to ensure accuracy. Also, to promote transparency and prevent conflicts of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in SCB Financial Group to comply with applicable regulatory and legal requirements.

As regards the risk oversight framework, the Bank has delegated the Risk Oversight Committee to control, monitor and oversee risk management practices of all companies in SCB Financial Group to ensure compliance with the SCB Financial Group Risk Management Policy and the Intra-SCB Financial Group Transaction Policy, including regulations of both the Bank and relevant regulators. The Risk Management Committee, which is a management-level committee, is in charge of reviewing such policies and proposing them to the Risk Oversight Committee for endorsement and subsequently to the Board for approval. These policies must be reviewed at least annually or upon significant changes to effectively address associated risks.

5.16 Board Support Unit

The Bank recognizes the importance of, and provides support to, the following units and their personnel who are responsible for ensuring the Bank's proper compliance with laws and regulations as well as the Board's adherence to statutory and good corporate governance practices:

5.16.1 Audit Function

The Audit Function is an independent and business-neutral unit that has been established to improve and enhance internal control, including policies, practices, and procedures of companies in SCB Financial Group with an aim of ensuring compliance of the Bank and companies in SCB Financial Group with applicable regulations. Also, the Audit Function conducts regular audits, identifies matters requiring attention, provides advice, and makes improvement recommendations on internal control, risk management systems and corporate governance practices. The Audit Function is led by Mr. Krieng Wongnongtaey, First Executive Vice President, Chief Audit Officer, who is responsible for ensuring that the roles and responsibilities of the Audit Function are effectively carried out and reports directly to the Audit Committee in an independent manner. The Audit Committee has the authority to consider and approve the appointment, removal, transfer or dismissal of the Chief Audit Officer, as well as the merit pay of the Chief Audit Officer.

5.16.2 Compliance Function

The Compliance Function serves as the Bank's regulatory center, providing consultation and advice pertaining to regulatory requirements and the Bank's policies, practices, procedures and controls as well as coordinating with the regulators on behalf of the Bank. The Compliance Function is also in charge of formulating internal policies, rules and regulations that govern the regulatory and legal compliance for all employees and executives of the Bank. It is also responsible for conducting due diligence on persons nominated as directors or executives of the Bank and its subsidiaries to ensure that the nominees possess appropriate qualifications that meet legal and regulatory requirements. The Compliance

Function is under the leadership of Mr. Nopadol Mungonchai, Executive Vice President, Head of Compliance, who functionally reports to the Senior Executive Vice President, Chief Legal and Control Officer, and independently reports to the Presidents and the Audit Committee in relation to key regulatory compliance matters.

5.16.3 Company Secretary

The Board of Directors has appointed a Company Secretary to act under the provisions of law and as further instructed by the Board of Directors. Currently, Mrs. Siribunchong Uthayophas, Executive Vice President, Head of Corporate Office, is the Company Secretary. The key roles are to support the Board with respect to statutory and supervisory requirements and good corporate governance. Functions of the Company Secretary are shown on the Bank's website (www.scb.co.th) under the "Functions of Company Secretary" section.

Educational background, work experience, and training records of the persons mentioned above are provided in the Annual Report under "Information of the Directors and Executives of the Bank."

Annex to the Corporate Governance Report

Changes in the Board and Board Committees in 2019

1. Dr. Vichit Suraphongchai was appointed as the Chairman of the Board and the Chairman of the Corporate Social Responsibility Committee on April 5, 2019 and resigned as the Chairman of the Executive Committee on April 5, 2019.
2. Dr. Pasu Decharin was appointed as Member of the Risk Oversight Committee on July 18, 2019 and as Member of the Technology Committee on September 26, 2019. He resigned as Member of the Technology Committee on December 1, 2019.
3. Dr. Pailin Chuchottaworn was appointed as Director, Member of the Executive Committee, and Member of the Technology Committee on September 19, 2019.
4. Mr. Chakkrit Parapuntakul was appointed as Member of the Executive Committee on January 18, 2019.
5. Dr. Lackana Leelayouthayotin was appointed as Director and Member of the Executive Committee on April 5, 2019.
6. Mr. Chaovalit Ekabut was appointed as Director and Member of the Risk Oversight Committee on April 5, 2019.
7. Miss Jareeporn Jarukornsakul was appointed as Director on November 21, 2019.
8. Mr. Arthid Nanthawithaya resigned as Member of the Corporate Social Responsibility Committee and Member of the Technology Committee on February 5, 2019 due to the reorganization of the Bank's management structure. He was appointed as the Chairman of the Executive Committee on April 5, 2019 and as Member of the Technology Committee on December 1, 2019.
9. Mr. Anand Panyarachun resigned as the Chairman of the Board on April 4, 2019.
10. Mrs. Kannikar Chalitaporn resigned as Director, Member of the Corporate Social Responsibility Committee, and Member of the Risk Oversight Committee on April 4, 2019.

11. Mr. Boontuck Wungcharoen resigned as Member of the Executive Committee on January 14, 2019 and as Director, Member of the Risk Oversight Committee, and Member of the Technology Committee on July 10, 2019.
12. Mr. Orapong Thien-Ngern resigned as Director due to the reorganization of the Bank's management structure on February 5, 2019.

Executives as per S.E.C definition

(As of February 5, 2020)

1. Mr. Arthid Nanthawithaya

Chief Executive Officer, Chairman of the Executive Committee

2. Mr. Sarut Ruttanaporn

President

3. Dr. Arak Sutivong

President

4. Mrs. Apiphan Charoenanusorn

President

5. Dr. Jens Lottner

Senior Executive Vice President, Chief Financial Officer

6. Mr. Anucha Laokwansatit, CFA

Senior Executive Vice President, Chief Risk Officer

7. Mrs. Wallaya Kaewrungruang

Senior Executive Vice President, Chief Legal and Control Officer

8. Mr. Thana Thienachariya

Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting)

9. Mr. Narong Srichukrin

Senior Executive Vice President, Chief Wealth Banking Officer

10. Mrs. Pikun Srimahunt

Senior Executive Vice President, Chief SME Banking Officer

11. Mr. Wasin Saiyawan

Senior Executive Vice President, Chief Wholesale Banking Officer

12. Mr. Sathian Leowarin

Senior Executive Vice President, Chief Strategy Officer

13. Ms. Auraratana Jutimitta

Senior Executive Vice President, Chief Retail and Business Banking Officer

14. Mr. Chiradej Chakrabandhu

Senior Executive Vice President, Chief Credit Officer

15. Mrs. Patraporn Sirodom

Senior Executive Vice President, Chief People Officer

16. Mr. Trirat Suwanprateeb

Senior Executive Vice President, Chief Technology Officer

10. Corporate Social Responsibility

SCB Sustainability Report

The Bank integrates sustainability thinking into its business strategy to achieve a balance in three dimensions: organizational growth, environmental responsibility and social development. SCB's sustainability framework rests not only on the context of organizational sustainability, but also considers issues relevant to the banking and financial services industry as well as emerging global trends.

SCB's journey to sustainability is driven by commitments to create economic and social stability while conserving the environment by offering financial solutions that address customer needs in an ever-changing context; improve financial inclusion and financial literacy; as well as create shared value and trust for all groups of stakeholders. This will help SCB achieve its vision of becoming **"the Most Admired Bank."** The Bank's sustainability performance has been communicated through the annual publication of a sustainability report since 2013.

The 2019 Sustainability Report has been prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards): Core option and in alignment with the Financial Services Sector Supplement. The contents and boundary of the report are based on SCB's assessment of its material sustainability topic areas with economic, social and environmental impacts from the perspectives of both internal and external stakeholders as identified and prioritized. In addition, the Bank discloses its contributions to the United Nations Sustainable Development Goals (SDGs) in the report. The Bank has also commissioned Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an accredited independent assurer, to perform limited assurance on selected topics. SCB's sustainability performance in 2019 is as follows:

Highlights of Sustainability Performance in 2019

To be the most... SUSTAINABLE RETURN Company	Shareholders	<ul style="list-style-type: none"> Operating income: Baht 166.1 billion Net profit: Baht 40,436 million Return on equity: 10.4% Return on assets: 1.3%
To be the most... PREFERRED Partner	Customers	<ul style="list-style-type: none"> Number of SCB EASY users increased to 10.5 million 16.4 retail customers
To be the most... CARING Employer	Employees	<ul style="list-style-type: none"> Organizational Health Index (OHI) at 83% Employee training averaged 68 hours/employee compared to the target of 40 hours/employee Human Capital Return on Investment: 3.87
To be the most... RESPONSIBLE Corporate Citizen	Society and Environment	<ul style="list-style-type: none"> Total energy consumption: 45,025 megawatt-hours, 10% reduction from 2018 Scope 1 and Scope 2 greenhouse gas emissions: 12 and 17,767 million tonnes of carbon dioxide equivalent respectively, representing 43% and 13% reduction from 2018 Total tap water purchased 0.35 million m³ or equals to 17% reduction from 2018 Employee volunteer hours equal to 37,229 hours
To be the most... PRUDENT Bank	Regulators	<ul style="list-style-type: none"> Maintain a "5 Star Excellent" rating in the Corporate Governance Assessment of Thai Listed Companies by the Thai Institute of Directors

For more information about SCB's sustainability performance, please refer to the SCB Sustainability Report 2019.

Report of the Corporate Social Responsibility Committee

Siam Commercial Bank is committed to providing a full spectrum of financial solutions, and we strive for excellence in developing and improving our products and services to serve customer requirements. These efforts are based on our firm belief that sustainable business growth requires not only strong financial performance for shareholders but also taking responsibility for creating value for society at large. This shared value will enhance the Bank's status and help ensure its stable growth, in line with SCB's vision of becoming Thailand's "Most Admired Bank." To support SCB's core strategic emphasis on driving social responsibility alongside service excellence, the Bank has laid out three major corporate social responsibility goals:

1. Youth development and learning enhancement
2. Quality of life and community development
3. Conservation of culture and the environment

The Bank also works closely with the Siam Commercial Foundation in initiating, managing and supporting projects beneficial to society to ensure that these activities run smoothly and to help broaden their long-term impacts. These efforts will support sustainable growth for the Bank.

In 2019, Siam Commercial Bank earned its place in the globally respected Dow Jones Sustainability Indices, both in the World Index and Emerging Markets Group, for the second consecutive year. This honor affirms the Bank's success in building sustainable development. The Bank also ranked among the Top Ten Sustainability Leaders in the banking segment, among a total of 175 financial institutions entered for assessment. This remarkable success was a result of the joint efforts of all of SCB's units to achieve sustainability in tandem with business growth.

In 2019, the Bank continued to adhere to the principle of building strong foundations favorable for a better quality of life for every member of society. The Bank engaged in corporate social responsibility activities, both directly and in close collaboration with the Siam Commercial Foundation, to drive projects involving youth and learning development, form collaborative networks and ready youngsters for knowledge and skills critical for being citizens in the 21st century. The Bank worked with select partners that have demonstrated clear working processes, and also joined forces with allies in both the public and private sectors to supporting the self-reliance and sustainable growth of communities. These charitable activities are moreover encouraging staff to take part in volunteer activities to help our society.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for determining the direction, and overseeing the establishment, of a CSR framework to benefit the economy, society and environment. The framework has prioritized laying foundations, ensuring continuity, expanding networks and strengthening impacts in three major areas comprising: 1) Youth Development and Learning Enhancement; 2) Quality of Life and Community Development; and 3) Conservation of Culture and the Environment. The Bank has worked to continuously instill a volunteer spirit among our staff by

encouraging them to adopt a public service mindset and become more socially responsible. SCB staff take part in social activities that provide them with first-hand experience.

Members of the CSR Committee are appointed by the Chairman of the Board of Directors, comprising no less than three members whose terms are equal to their tenure on the Board. As of December 31, 2019, the CSR Committee comprised four members, of which three members were non-executive directors, and one executive director, namely Dr. Vichit Suraphongchai (Chairman of CSR Committee), Pol. Col. Thuminthi Wanichthanom (Director), Mr. Prapas Kong-led (Director), and Mrs. Apiphan Charoenanusorn (President). Outstanding achievements of the CSR Committee in 2019 are hereby listed in this Annual Report.

Activities to Strengthen Our Society

1. Youth Development and Education

One major focus of SCB's efforts for society is youth development. The Bank believes that youngsters are of greatest importance in development of the nation. SCB prioritizes promoting the capabilities of young people to ready them for the changes coming in the 21st century by equipping them with three core values: critical thinking, communication and collaboration. These skills will empower youngsters to deal with change. By developing both academic knowledge and integrity, young people will help develop society and communities and bring the nation long-term prosperity.

1.1 CONNEXT ED Education Reform, Phase 2 (2018–2022)

Education has long been emphasized by SCB as an important foundation for sustainable social development. In 2016, SCB participated as one of 12 private firms under the Leadership Program for Sustainable Education, working closely with the government and civil society sectors to transform schooling. Under its strategic framework, the initiative aims to improve the nation's core education system, reduce discrimination and develop leadership. Now in its second stage, the project has been working with 65 schools. The Bank applied lessons learned from successful cases it worked on with experts and schools in the previous phase to maximize outcomes at schools under SCB's supervision in an education reform "sandbox" covering the provinces of Sisaket, Rayong and Satun. The project calls for collaboration between local education supervisors and communities in those three provinces working to leverage education system changes through improvements in curriculum and staff training. Working goals were clearly determined to promote and support teachers in changing from a traditional passive learning approach to an active one, encouraging learners to engage in research to keep abreast of emerging technology and to demonstrate favorable behaviors.

Sixty-five schools have adapted seven learning approach modules, comprising:

- A whole school approach, adapted from Lumplaimat School in Buriram Province
- A brain-based learning approach, by Ajarn Pornpilai Lertwicha, Senior Research Scholar
- Montessori approach, of the Association Montessori Internationale (AMI), by Dr. Kannikar Butt
- Lesson study & open approach, by Dr. Maitree Inprasitha
- Research-based learning, by Assoc. Prof. Dr. Suteera Prasertsan

- Holistic education, adapted from Roong Aroon School and Arsorn Silp Institute of the Arts
- Research-based learning in community projects, adapted from Satun Kindergarten School, Satun Province

This project has seen active participation by 38 volunteer staff members serving as school partners and working with school directors and teachers at 65 schools, to learn and analyze deep-rooted problems in order to formulate practical action plans. SCB's management and education specialists were also involved in offering strategic advice, recommending action plans and monitoring outcomes to align with plans.

While engaging in the project during 2018–2019, the Bank discovered the benefits of working closely with school directors and teachers to optimize opportunities to promote the new learning concepts. SCB also had opportunities to develop online learning platforms to create a network of teachers participating in the project at the schools. In addition, SCB closely followed up and supported development plans for schools having strong potential in terms of academic achievement. These plans included promoting learning spaces and the development and usage of electronic media for learning and teaching. Schools demonstrating strong potential will be promoted as models for other schools in the same areas to maximize the effectiveness of this learning reform at four other schools.

From outcomes observed during CONNEXT ED Phase 1, SCB has discovered opportunities to disseminate better understanding of educational innovation to benefit society at large. It has therefore incorporated effective learning approaches into an online system offering self-learning access for teachers nationwide so that teachers are able to become more involved in active learning styles that are not just limited to classrooms. Teachers can design and arrange learning processes focusing on learners, which will allow them to engage in research, problem analysis and solutions. At the initial stage, the online learning system has adopted the systemic innovations of the Lumplaimat School.

1.2 Vidyasirimedhi Institute of Science and Technology (VISTEC)

SCB actively takes part in promoting and supporting the country's development at all levels, from building a strong foundation through to reaching the advanced level. It has helped sponsor establishment of the VISTEC School of Information Science and Technology, one of the five schools of the Vidyasirimedhi Institute of Science and Technology (VISTEC), founded by the PTT Group. This support began with the idea that Thailand should have a world-class higher education institution focusing on science and technology. This institution will help create knowledge excellence and support front-line researchers to prepare Thailand for global competition. The school will help offer educational opportunities for the cream of the crop and build connections between education institutions and the business sector to alleviate burden on the government sector. Therefore, SCB agreed to support and sign a memorandum of understanding with the Power of Innovation for the project to establish VISTEC's School of Information Science and Technology with a budget of Baht 450 million. This project aims to create quality personnel in the area of information science, and to develop new concepts, knowledge and innovations leading to economic progress and the sustainable development of the nation.

In 2019 the Bank collaborated with Siriraj Hospital's Faculty of Medicine to study patients with Alzheimer's disease in order to use artificial intelligence (AI) to build instruments allowing faster, more

accurate diagnosis. This should help lower medical costs, providing patients with better access to medical treatment. At present, the project is in the process of collecting patient data.

In addition, the Bank collaborated with the Digital Economy Promotion Agency (DEPA) to build a Thai Natural Language Processing (Thai NLP) Database enabling computers to better understand the Thai language. At present, the project is working on building a database for machine translation and speech emotional recognition.

1.3 U.REKA project: Support for collaboration between Digital Ventures and universities in developing “deep technology”

U.REKA is a university-industry collaboration program designed to support deep technology researchers seeking to create innovations. SCB supports the project financially in the hope of inspiring university students to learn about and develop deep technology. The goal of the U.REKA project is for SCB to help foster a local, sustainable innovation ecology that will enhance Thailand's digital competitiveness. It also aims to introduce novel and significant deep technology having potential to be published as research or academic articles and/or to be patented, to demonstrate theoretical and managerial contributions that can be developed into marketable products or services in the future. The project also helps promote entrepreneurship that enables participants to build their own start-ups.

In 2019, SCB provided sponsorship for research projects at the following universities:

Universities	Projects	Research allowances 2019 (Baht)
King Mongkut's Institute of Technology Ladkrabang	Development of a rice quality assessment tool that uses AI	1,678,000
Thammasat University	Development of a 3D human and computer interaction system	2,019,000
Mahidol University	Development of a chatbot for mental health support.	2,518,000
King Mongkut's University of Technology Thonburi	An initiative to promote and ready Thais for quantum technology.	814,000
Khon Kaen University	Development of scannable video technology through mobile phone cameras	1,291,000

1.4 Youth Development in Science and Technology

SCB collaborates with the National Science and Technology Development Agency in helping the young generation to excel in science and technology by supporting three projects, as follows:

- **Junior Science Talent Program (JSTP):** This five-year program offers an Enrichment Program, which provides opportunities for 200 secondary school students that show strong potential. In addition, a separate five-year Scholarship Program will offer five scholarships per year to students demonstrating strong potential.

- **Young Scientist Competition (YSC):** SCB supports secondary school students competing to win awards at the Young Scientist Competition Program to further demonstrate their potential and to provide real-life experience in the global arena. This support will enable young people to create a network of young scientists and offers opportunities for them to study at world-class universities. Recognizing these benefits, SCB provides financial support to seven teams of 21 members each, for a period of five years from 2019.

1.5 SCB Challenge

SCB is proud to have supported and promoted children and youth through the SCB Challenge Program for 14 consecutive years. This competition program emphasizes activities that will allow young people at all academic levels to demonstrate their knowledge, skills, creativity and team-work ability. Students at the secondary school and undergraduate levels are given opportunities to initiate projects beneficial to communities and society at large. Since its inception, 61,850 students from 3,200 education institutions at the primary, secondary and undergraduate levels have taken part in this program.

For 2019, SCB focused on equipping young people with three important skills critical for the 21st century in an effort to ready Thai children for the era of innovation: critical thinking, communication and collaboration. The Bank joined forces with Chulalongkorn University's Faculty of Education to hold workshops to help young people boost those skills and to apply what they have learned to the competition. For students at the secondary school level, SCB collaborated with the Vidyasirimedhi Institute of Science and Technology (VISTEC) to organize a pre-competition activity to let students enhance the three skills and propose solutions for community problems applying technologies related to the internet of things, healthcare and circular economy. Activities were closely observed in order to improve future efforts.

1.6 New Seed Project

The New Seed Project is an extension of the Youth Development in Science effort sponsored by SCB and the Siam Commercial Foundation, and operated by the National Electronics and Computer Technology Center (NECTEC).

The project aims to provide incubation support programs for young scientists to assist them in creating new technology that benefits society and can be used in everyday life. The program targets secondary and undergraduate level students competing in IT expos nationwide. The project has been continued for seven years during 2012–2019.

Project achievements for 2019 include:

- 1) **Science and technology incubator:** SCB has joined forces with NECTEC to recruit experts from a wide variety of disciplines to offer advice useful for product designs that will respond to the requirements of consumers. These 29 experts chosen from the government sector, universities and private companies will provide relevant technological and business coaching and advice for young people to help them incubate their science and technology work and bring

it into actual usage. The approach will help pave the way for them to become inventors or entrepreneurs in the future.

- 2) **Supporting the modification of 14 innovations** divided into five categories, comprising 3 projects for agriculture, 3 projects for business and professional support, 4 projects for education and learning, 1 project for services, and 3 projects for entertainment. Among these 14 projects, 12 will be modified to serve as prototypes for real-life usage.
- 3) **The development of 65 youngsters** to become innovators with analytical skills in user experience, 3Cs (critical thinking, collaboration and communication), management and responsibility.
- 4) **A network of 56 young IT people** that will serve as volunteer mentors to provide advice to the new participants.

1.7 Provincial NGOs for Youth Development

The Provincial NGOs for Youth Development project allows youngsters to enhance capabilities critical for the 21st century through non-classroom activities, real actions and community problem-solving. The Siam Commercial Foundation provides support to NGOs in nine provinces to manage learning, focusing on three areas:

- 1) Developing skills critical for the 21st century, comprising critical thinking, communication and collaboration.
- 2) Letting young people identify the outstanding characteristics of their communities, which will be adopted as the basis for economic and social development and problem-solving.
- 3) Letting young people engage with their communities to instill responsibility and a spirit of volunteerism.

Some of the outstanding achievements of these projects were as follows:

1. **Youth development:** Some 1,681 youngsters joining the project showed improvement in skills critical for the 21st century (critical thinking, communication and collaboration) and other skills, such as project management, emotional intelligence, responsibility and problem solving. However, these young people will need improvement in their analytical skills. Parents and relevant parties assessing the young people participating in the project have found that they have changed in a positive way, such as recovering from drug addiction, reducing mobile phone usage, building leadership ability, increasing engagement in activities, developing esprit de corps, becoming more responsible, becoming better team players, and becoming less aggressive.
2. **Successful projects carried out by young people:** Young people were allowed to carry out 306 community development projects that helped solve community problems related to natural resources and environment, local culture and wisdom, education, occupations, health care and community development. These projects have continued until present.

- 3. Knowledge and communication:** The Siam Commercial Foundation has documented lessons learned from these youth development projects for publication on its website and through social media. The lessons can offer useful experiences and views on the approaches for instilling critical skills for the 21st century adopted by mentors. This type of information is useful for other youth development networks, such as networks of scholars, academia, artists, politicians, educational institutions, parents, etc.

1.8 Youth Development in Local Communities

In Phase 3 of its Youth Development Projects in Local Communities (4 Regions), the Siam Commercial Foundation worked with SCB in collaboration with Thailand Science Research and Innovation (TSRI) to support research projects in five municipal subdistrict offices in Surin Province, comprising the Mueang Kae, Kantuattramuan, Salak Dai, Nong E Yor and Nong Sanit Subdistricts. The project examined the formats, systems and mechanisms applied to child and youth development. These projects have been supported by 68 mentors working as researchers to promote learning among 300 young people through 22 community projects. These efforts will help to synthesize knowledge and identify successful cases to improve child and youth development. The outcomes of the projects will be used to determine local education management for equitable education, and target children and youths aged 2–21 years that have been excluded from the formal education system in Surin Province. The project has been expanded to cover 25 other local administrative offices in Surin Province, with expanded collaboration by the Equitable Education Fund, Surin Education Assembly, Area Education Management Committee of Surin Province, and Surin Provincial Administrative Organization to strengthen capabilities for 81 local staff members for mentoring roles and to coach youngsters on community projects. These efforts will help improve and develop mechanisms applied to child and youth development at the subdistrict, district and provincial levels. It will encourage participation by all relevant segments, allowing them to take advantage of information for planning problem solving approaches, reducing gaps, alleviating poverty, and assisting children and youths excluded from the formal education system. Children are, therefore, offered opportunities to create plans for their lives, recognize challenges, dare to think, make decisions, and take real action for self-learning. These efforts will furnish them with the life and occupation skills necessary for happy lives and positive behavioral changes.

The results of a survey of the 25 target local administrative organizations in 2019 found that among 400 children and youths leaving schools before completion, 99 of them were willing to continue their education, and 301 of them required vocational development. The project is in the process of holding child and youth development camps in 2020 using a budget from the Equitable Education Fund and the Surin Provincial Administrative Organization.

2. Quality of Life and the Environment

SCB firmly believes that improvement in quality of life and the environment will offer a stable foundation for the advancement of our society. The Bank has therefore prioritized developing quality of life for people in communities and conserving the environment. SCB has supported external agencies in organizing campaigns to build awareness, disseminated knowledge or supported staff members in

initiating and participating in volunteer projects. With a firm commitment to consuming natural resources for optimal benefit with the least impact on the environment, the Bank has launched campaigns encouraging its staff to save energy, reduce plastic usage and preserve the environment.

2.1 Say No to Plastic

Realizing the importance of caring for the environment, SCB holds campaigns to raise awareness among staff of everyday efforts by changing behaviors in order to reduce, refrain from, or stop consuming plastic bottled water and to use personal bottles. Having carried out the project for two years, the Bank was able to reduce plastic bottle usage from 18,000 bottles per month to just 2,400, or by 86 percent. This success can be adopted into practice by its branch network and business partners. The project has been expanded to cover reduction in plastic bag usage as the Bank firmly believes that changing behavior to discourage using plastic bottles and bags will help solve environmental problems in a sustainable manner.

2.2 Blood Donation Campaign with the Thai Red Cross Society

SCB has presented more than 500 million cc of blood to the Thai Red Cross Society as part of its ongoing efforts to support the Society's blood donation campaigns, which have continued for 23 years in a row and saved 3.8 million patients. Taking advantage of its close relationship with the government and private sectors, the Bank has been successful in collecting and delivering to the Red Cross the largest amount of blood of any financial institution, helping save many lives. In 2019, SCB presented 63.8 million cc of blood to the Thai Red Cross Society from 159,500 donors, helping save the lives of 478,500 patients. SCB organized blood donation campaigns with the National Blood Center through ten mobile blood donation vehicles presented by the Bank to the Thai Red Cross Society; through activities on World Blood Donor Day; and through other activities in 16 provinces. The Bank also raised awareness to create the correct perceptions and motivate its staff and members of the public to join in donating blood.

2.3 Disaster Relief Effort and Northeastern Region Support Project

SCB takes immediate action whenever there is any national disaster in Thailand, supporting people that suffer from calamities. Being a large firm with a full commitment to corporate social responsibility, SCB always sends support to disaster victims, allowing them to quickly resume normal life. In August 2019, the Podul and Kajiki tropical storms swept across Thailand causing torrential flooding and landslides in 32 provinces and affecting many people. In response, SCB and the Siam Commercial Foundation supported the following disaster relief efforts:

1. **Survival Packages:** Goods necessary for daily life were provided to affected families to help alleviate suffering and support morale. SCB joined forces with a network of agencies at both the national and local levels to offer emergency support. Through this effort, 500 survival bags were presented to the Khon Kaen Governor; 300 bags to members of the Senate for delivery to disaster victims in Roi Et; and another 100 bags to the Selaphum Rescue Team for disaster victims in Roi Et. SCB executives and SCB's team of volunteers under the Royal Volunteer Spirit Program (904

VorPorRor) also packed another 2,000 survival bags, of which 1,000 bags were delivered to the Royal Thai Air Force for those affected in Phitsanulok Province and Ubon Ratchathani Province; 500 bags to the Ministry of Industry; and another 500 bags to other agencies. In addition, SCB's team of volunteers under the Royal Volunteer Spirit Program (904 VorPorRor) joined forces with the Princess Pa Foundation to pack 11,500 survival packages at the 11th Infantry Regiment in Bangkhen District, Bangkok for disaster victims in Thailand's Northeastern region.

2. Northeastern Region Support Project: SCB undertook the following relief efforts to support affected people:

- 1) Home Rehabilitation Program:** Assistance was provided to those in special need, such as the elderly, disabled and underprivileged people, by working with the Social Development and Human Security Office in Ubon Ratchathani Province and Yasothon Province to repair 138 homes.
- 2) Book Donation to School Libraries:** After many schools in the area were damaged by floods, SCB presented books to 312 schools in Ubon Ratchathani Province and Roi Et Province to help rehabilitate their libraries.
- 3) Providing Rice Seeds:** SCB provided 1,760 sacks of RD61 paddy rice seed for 370 farmers in Selaphum District of Roi Et Province for consumption and use for off-season paddy field planting and future crops. Communities in the areas have also set up seed banks to ensure that farmers will have seed reserves available year-round.

3. Cultivating Volunteerism

With a strong commitment to supporting charitable activities for good causes, SCB encourages its staff to develop awareness of mutual support and social responsibility by allowing them to initiate CSR activities and gain direct experience in these efforts. In 2019, 45 projects were initiated in 25 provinces, with 7,310 staff members taking part.

3.1 904 VorPorRor Royal Volunteer Spirit Program

SCB recognized the great kindness shown in Royal initiation of the Royal Volunteer Spirit Scheme (904 VorPorRor): We Do Good Deeds with Our Hearts, in the hope of encouraging Thais from every walk of life to unite, collaborate and take part in public services benefiting society, so as to develop a better life for Thai people and continue the legacy of the program. Some 2,425 SCB executives and staff participated in three categories of volunteer activities, comprising volunteering for development, volunteering for natural disasters, and volunteering for ad hoc projects, in alignment with His Majesty the King's guidance.

In 2019, SCB, in collaboration with the government sector — comprising district offices, the Royal Thai Air Force, the Royal Thai Navy and the Royal Thai Army — engaged in 15 volunteer projects by performing public services, removing weeds and picking up garbage in communities in Bangkok's Don Muang and Chatuchak districts. Volunteers also joined hands in making landscape improvements in four provinces, namely Bangkok, Nonthaburi, Pathumthani and Saraburi, and took part in an urgent project to help pack survival bags for disaster victims.

3.2 SCB...Let's Do Good

The SCB...Let's Do Good project is a key project that seeks to promote trends, values and a culture of caring for one another, as well as sharing, social responsibility and a volunteer spirit in the mindset of SCB staff. The effort serves to extend SCB's firm commitment to doing good deeds for society and communities. Staff are encouraged to dedicate their personal time to take part in volunteer activities based on community requirements. In 2019, more than 7,310 staff members from both regional offices and the head office took part in 45 CSR projects, such as:

- Promoting financial literacy among children.
- School projects involving landscape improvement.
- The renovation of classrooms, libraries and playgrounds to increase safety.
- Tree planting activities.
- The Say No to Plastic project encouraging staff to reduce plastic usage, to protect the environment.
- Beach cleaning by staff from branches in seaside areas to help raise awareness of the environment and improve the landscape.
- Volunteering for public and community services, such as cleaning public areas and religious premises.
- Cremation ceremonies for those donating their bodies for science education.
- And many more activities.

11. Internal Control and Risk Management

To achieve its goal of becoming "the Most Admired Bank" and to respond proactively to global uncertainties and rapid changes in the economy, customer behaviors and technology, SCB needs effective and efficient risk oversight and management, operational compliance and internal control following international standards, both in operations and IT systems. At SCB, the Audit Committee is responsible for overseeing SCB and the SCB Group's performance to ensure that it is in compliance with all policies and a sound internal control process. The Internal Audit unit regularly performs the audit of internal controls and reports audit findings to the Audit Committee.

The Board of Directors, the Audit Committee and the management set the Bank's internal control based on the Internal Control Practice Guidelines 2013 of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Internal Audit unit assesses the adequacy of the Bank's internal control system, following the Securities and Exchange Commission's assessment form. The Internal Audit Unit presents the assessment of the internal control system for the Audit Committee's consideration and endorsement before approval by the Board of Directors.

According to COSO's internal control practice guidelines, there are five necessary components for internal control, namely: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communications and 5) monitoring activities. The Bank's activities undertaken under each of these components are outlined below:

1. Control environment

The Bank is determined that all business and functional units, including those under the umbrella of SCB and the SCB Group, maintain a culture and environment providing for a sound and effective internal control system, together with a commitment by employees at every level to adhere to the principles of integrity and transparency. The Bank is well aware that a sound internal control system is a critical foundation in meeting its business objectives in a sustainable manner - effective and efficient operations, trustworthiness of financial reporting, and regulatory compliance.

With formal policies and procedures in place, the Bank requires management and staff at every level in the organization to have roles, duties and responsibilities in maintaining sound internal control. The Bank has established a sound internal control structure, with an organizational structure clearly defining supervisory lines and scopes of authority and responsibility for management and staff, all of which are under the oversight of the Board of Directors. The Board of Directors is independent from management and oversees the development and effectiveness of the internal control environment.

In 2019, the Bank restructured the organization by appointing four presidents, who have a mission to drive short-term strategy and long-term strategy, including new ways of working across the Bank, a new corporate culture, and a transformative mission to bring sustainable value to all stakeholders. The Bank also restructured the Audit Function's organizational structure and operations, by separating the Credit Review Division from the Audit Function to ensure independence and promote the principle of good corporate governance. The Credit Review Division reports credit reviews directly to the Audit Committee.

Management, as the overseer after the Board of Directors, have promoted the development of tools to create a preventive system for business operations to cope with changing risks, as follows:

1.1 Promoting a culture of risk awareness

- Develop mandatory e-learning courses to educate and promote awareness among staff at all levels every year, so that they understand their roles and responsibilities, products and processes to prevent damage to the Bank, customers and concerned parties. The Bank also produces videos showing how top management are cultivating the culture of risk awareness.
- Develop a formal policy to promote and drive the Three Lines of Defense model, which is internationally recognized and emphasized by regulators. The Bank encourages staff and supervisors across the operations of operating units (the first line of defense), supporting units (the second line of defense), and audit units (the third line of defense) to continuously apply the model in performing their duties, from risk assessment to control, monitoring and evaluation. Those at the first line of defense are deemed to have the most important role in leading a successful and effective model. The Bank promotes awareness through many activities, including communication with staff and workshops for further execution.
- Continuous communication about case studies concerning “non-compliance with law, regulations, corporate policies, and codes of conduct” is in place to raise staff awareness and the prevention of recurrence. Included is the promotion of concrete operations in line with regulatory guidelines on the market conduct of financial institutions. The Bank has set a fair customer service policy and strict operational measures covering pre-sale, during-sale and after-sale processes. The Board of Directors and senior executives have specified personnel in charge of overseeing operations, and punishment provisions for inappropriate staff performance. For maximum operational effectiveness, the Bank conducts quality assessment by means of mystery shopping by third parties to ensure that customers receive quality service and are treated fairly. In addition, the Bank reviewed its KPI & Incentives Policy to encourage staff at every level to treat customers fairly. The policy covers ways to encourage staff and to set incentives, establishing key performance indexes and performance measurements as well as a staff remuneration process. Policy appropriateness is regularly reviewed, as are integrity and accountability guidelines for every action in line with the Bank’s policy.

The Bank continues its No Gift Policy as a guideline for staff and executives at all levels, covering the appropriate giving and receiving of gifts and other benefits, and attending receptions, meetings, seminars and company visits. Strict compliance with the policy is required.

1.2 Whistleblowing

The Bank has whistleblower channels to receive complaints and notifications from staff and external stakeholders that may indicate non-compliance with corporate governance, the code of conduct, regulations, anti-corruption law and policies or indicate potential fraud or corrupt practices. The whistleblower channels include a Whistleblower Hotline; an e-mail inbox (whistleblower@scb.co.th); and by writing directly to the CEO & Chairman of Executive Committee, head of the Audit Function, or head

of the People Function. The Bank has set a clear procedure for complaint management covering confidential fact-finding, appointment of a fact-finding committee, consideration and approval of punishment, and reporting complaint management results. The results and actions taken are reported to the Audit Committee on a quarterly basis. Suggestions for improvement can also be sent to the CEO & Chairman of Executive Committee at ceo@scb.co.th. Such whistleblowing has promoted business integrity, so that management and staff effectively perform their duties with transparency, integrity, fairness and accountability, and their performance is routinely reviewed to gain trust from all stakeholders.

The Bank has gathered customers' and third parties' complaints from all channels and conducted deep complaint analysis of root causes to find corrective actions.

2. Risk assessment

Being aware of the importance of risk management amid changes in both internal and external factors affecting businesses, the Bank considers risk management an essential component in every process of SCB and SCB Group business operations, which must be connected across all levels. The Board of Directors has set a Risk Management Policy for SCB and the SCB Group, which requires compliance by all staff. Risk assessment is in place at every level. For overall risks there is systematical management through the Bank's sub-board committees, while operational risks are under the responsibility of executives in charge of each operation. Key sub-board committees having main roles and responsibilities related to risk management are, namely, the Executive Committee, the Risk Oversight Committee, the Technology Committee and the Audit Committee.

In addition to the above-mentioned sub-board committees, the following management committees have also been set up to oversee the Bank's risk management matters: The Risk Management Committee, the Assets and Liabilities Management Committee, the Equity Investment Management Committee, etc.

In 2019, the Bank became a member of the Operational Risk Data Exchange Association (ORX) to receive operational risk data from third parties for analysis of risk scenarios, impacts on business operations and internal control, and emerging risks, so that the Bank can prevent them in a timely manner. For an additional layer of prevention, the Bank developed model rule bases to better find ways to detect suspicious incidents.

In risk management, the Bank considers chances of fraud or operational risk, and direct and indirect or potential impacts on its business. Risk management is an essential component in every process of its business operations, which must be connected across all levels and reported to management and concerned committees. The Risk Management Committee reports resolutions from its meetings to the Executive Committee, the Risk Oversight Committee, the Audit Committee and the Board of Directors on a monthly basis. This is to ensure the Bank's compliance with related regulatory requirements and maintain its capability for coping with unforeseen risks at acceptable levels.

The SCB Group's Risk Management Policy requires that executives manage and monitor key risks to ensure that they are at acceptable levels, and report significant risks to concerned senior executives/committees. The Bank applied the Three Lines of Defense management model to increase

effectiveness and check accuracy in each process. Hence, there are collaborations among internal functions, from the Board of Directors to employees. An internal risk control self-assessment (RCSA) is a tool for preliminary risk management by each unit. The importance of risk assessment is communicated and risk control tools are regularly tested to ensure their effectiveness to best mitigate risks.

The Bank considered external factors led by changes in the business environment that may affect its business in order to support defining its overall strategy. Risk management units formulate plans to support the Bank's key goals, mainly based on risk management. The Bank has developed a risk materiality assessment process covering all material risks, namely, strategic risk, credit risk and concentration risk, market risk, IRRBB, liquidity risk, operational risk, reputational risk, people risk and technology risk. The process is reviewed annually to ensure that it is continuously and regularly exercised, with appropriate risk management, controls and monitoring.

In 2019, the Bank considered model risks and established a unit to be directly in charge of model risk management and model validation.

3. Control activities

The Bank has formal policies, regulations, operational procedures, manuals and instructions, which are reviewed and updated on a regular basis or upon any significant incident or change. These include general controls over the information systems covering data center operations, data networks, systems development and testing, IT system maintenance, and physical and technology security procurement and management.

Further, the Bank specified scopes of duty and approval authorization for executives at each level in the Bank's operational regulations, such as those for procurement, administrative expenses and capital budget, and investment approval. They clearly emphasize the segregation of duties as a key control in maintaining adequate and appropriate controls over operations at every level within the organization and to maintain a system of checks and balances, particularly for activities prone to risk or giving rise to conflicts of interest.

The Bank has put high importance on information security system development and customer data privacy, with an information security policy in place for acknowledgment and compliance by all SCB and SCB Group staff, including interns and those under temporary contracts, business partners and consultants. Based on the confidentiality-integrity-availability (CIA) principle, the information security policy clearly defines duties and responsibilities for development and usage as well as monitoring policy compliance. The Technology Committee has a duty to screen and support operations to ensure policy compliance, and to review and assess appropriate levels of data security systems to suit the Bank's strategy. The Internal Audit Function has a duty to audit and provide recommendations on improving the effectiveness of cyber security.

The Bank has placed high importance on customer data protection to ensure top security in terms of customer data maintenance and management, with operational guidelines in compliance with the Bank of Thailand's regulations, the Anti-Money Laundering Act, and other related laws. As for the Bank's

guidelines on fair customer service, the Bank has prepared and reviewed The Market Conduct Policy, The Data Privacy and Protection Policy for SCB and the SCB Group, and regulations on confidential customer information protection and customer information disclosure. These regulations cover customer data protection; levels of the Bank's information priority; duties and responsibilities of concerned units in customer data maintenance and management; related approval authorization for using customer data; and technology adoption for customer data protection to ensure that these operations are careful and effective.

As for people development, the Bank has embraced cutting-edge technologies to improve the effectiveness of people development and learning under a comprehensive development plan; encouraged job rotation within the organization for learning opportunities of new skills; promoted cooperation with universities for recruitment opportunities; and encouraged staff to hone and apply their knowledge and skills to benefit society through the Bank's corporate social responsibility (CSR) activities.

The Bank's business operations involve cooperation with a large number of business partners, including through general procurement, IT procurement and building management. To facilitate proper and fair business operations, the Bank places importance on business practice guidelines by introducing an SCB Supplier Code of Conduct as guidelines, and encourages business partners' ethical business practices with respect to labor and human rights, and occupational health, safety and environment.

The Bank communicates the guidelines for business partners' acknowledgment in an annual event called Vendor Communication Day. Each business partner is required to sign acknowledgment and strictly follow the guidelines. The Bank monitors and assesses business partners' compliance with the SCB Supplier Code of Conduct and reserves the right to take any action with them based on the consideration of impacts and damage incurred.

4. Information and communications

The Bank has continuously developed innovations and IT systems, including financial technology and innovations such as artificial intelligence (AI), blockchain and biometrics, and created a financial ecosystem to enhance the business competitiveness of SCB and the SCB Group in terms of effective IT and communications. The goal is to keep up with new global challenges led by financial technology, a changing business environment and consumer behaviors rapidly responding to digital trends. The Bank has developed IT systems for constant data communications that provide complete, reliable and timely information to the Board of Directors, executives and other stakeholders, such as shareholders, investors and regulators. The Bank emphasizes the importance of IT security in processing transactions and the protection of customers' confidential data, to ensure that its security measures remain sound and appropriate.

2.1 IT systems

The Board of Directors approved and promoted efforts following the digitization roadmap to develop innovations for greater operational effectiveness and cost savings in business operations with effective IT and communications. This is to achieve the goal of perfect digital banking, which will be a key channel

to support and create added business value for SCB and the SCB Group. For example, the Bank works with SCB Abacus on big data management for smart analytics to offer the most useful products and services for business operations, but also uses internal units for the development of integrated data systems for the People Function and people development, and digitization of internal operational systems for higher effectiveness, time-savings, reduced paperwork, etc.

As part of the Bank's constant development of the SCB EASY Application to become a total digital banking platform, those efforts in 2019 aimed to improve the app's stability to the highest level, as well as its security and agility to respond to the needs and lifestyles of users nowadays. New features introduced included digital lending with the assistance of AI and wealth management based on machine learning.

2.2 Communications

The Bank provides internal communication channels for the Bank and the SCB Group to circulate policies, regulations, procedures, manuals and other essential information. These communications are designed to keep all executives and staff knowledgeable and informed, and to facilitate proper compliance with policies, procedures and regulations in a timely manner. In addition, the Bank provides a separate special communication channel to enable safe communication for both internal and external parties.

5. Monitoring activities

The Bank has internal control monitoring and assessment in place to ensure that the internal control system remains effective and efficient, with complete and appropriate monitoring and assessment ability that is designed and able to tackle changing risks.

5.1 The Compliance Function is responsible for reviewing and monitoring the operations of all units within the Bank and the SCB Group to ensure their compliance with important regulations, laws, rules and regulatory requirements.

5.2 The Credit Review Function, independently from the credit approval process, is responsible for reviewing credit-related operational processes; following up actions taken with troubled debtors; ensuring the accuracy of debt classification and provision; and non-compliance issues.

5.3 The Audit Function performs independent assurance and consulting, so that the organization's internal processes are regulated with sound governance, risk management and internal control. The Audit Function also considers the root cause of findings and risks found during audits.

The three functions report directly to the Audit Committee on a monthly basis and follow up on corrective actions to ensure that issues are solved.

The Audit Committee and the Board of Directors have considered the results of internal control adequacy assessment, and discussed with the Bank's management the actions taken in line with recommendations for internal control development. The Audit Committee and the Board of Directors' opinion is that the Bank's internal control system and risk management system are appropriate and adequate for its business operations. This conclusion was in line with the opinion of the external auditors.

Audit Committee Report

The Audit Committee of Siam Commercial Bank PCL is comprised of the following three Independent Directors:

- | | |
|--------------------------------------|---------------------------------|
| 1. Mr. Prasan Chuaphanich | Chairman of the Audit Committee |
| 2. Mr. Ekamol Kiriwat | Member of the Audit Committee |
| 3. Assoc. Prof. Pasu Techarin, Ph.D. | Member of the Audit Committee |

Mr. Krieng Wongnongtaey, First Executive Vice President and Head of the Audit Function, serves as Secretary to the Audit Committee.

The Audit Committee performed its duties in accordance with the scope of responsibilities defined in the Audit Committee Charter approved by the Board of Directors. This is in line with the Securities and Exchange Commission's guidelines on best practice. The Audit Committee reviewed and encouraged SCB and its subsidiaries' compliance with good corporate governance and regulations, an adequate risk management system and internal control, and effective and efficient internal auditing. Importance was placed on defining structures and systematic processes and enhancing the quality of the Bank's internal audits for the internal audit's development toward being a trusted advisor in developing and providing sustainable added value over the long run. Highlights are as follows:

- Fostered a corporate culture in the areas of risk management systems, internal control and regulatory compliance, and promoted the Three Lines of Defense management model by leveraging IT systems to maximize capabilities across operating functions (the first line of defense), Compliance Function (the second line of defense), and Internal Audit Function (the third line of defense) for more effective and efficient operations and compliance control and to prevent activities that are against the law or the Bank's regulations, reducing chances of fraud.
- Upgraded internal audits, focusing on professionalism of internal auditors for more effective and efficient internal audit performance to keep pace with the business and changing global trends in the digitization era. The internal audit policy included continuous personnel development to promote auditors' capabilities and skills necessary for professional and effective audit performance to support rapidly changing businesses. Leveraging IT tools and systems was also promoted to increase audit effectiveness to handle a larger volume of data.

In 2019, the Audit Committee held 13 meetings with management and senior executives in charge of concerned functions, in addition to regular meetings with representatives of the Audit Function and Compliance Function. The Committee also met with external auditors, both with and without management's presence at meetings. Summaries of the deliberations and recommendations of each Audit Committee meeting were presented to the Board of Directors to both inform the Board and, if appropriate, to seek direction on specific matters.

Highlights of the Audit Committee's performance are as follows:

- **Review of Financial Reporting**

The Audit Committee reviewed SCB and its subsidiaries' quarterly, half-year and annual financial statements, including consolidated financial statements, related transactions and transactions prone to conflict of interest of the SCB Group. The financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS) and the requirements of the Bank of Thailand and the Securities and Exchange Commission. The Audit Committee regularly met with external auditors and the Bank's finance executives to review material issues, such as the accuracy and completeness of financial statements; significant accounting adjustments; accounting estimates; the appropriateness of accounting policies; the scope of audits which include key audit matters related to SCB and the SCB Group; correct, complete, and adequate information disclosure; and the independence of the external auditor. The Audit Committee received explanations from auditors and the Bank's finance executives to ensure that the Bank and the SCB Group's financial statements reflected financial transactions and incidents that were material to the Bank and the Group's financial statements; were in accordance with legal requirements and Thai Financial Reporting Standards; were reliable and timely; and provided adequate information disclosure useful for users of the financial statements. In 2019, the Audit Committee reviewed significant new accounting policies effective in 2019 and impacts of the Thai Financial Reporting Standards (TFRS 9), which takes effect for the first time in 2020.

The Audit Committee also met with auditors without management's presence in one exclusive meeting to discuss the independence of audit performance, information received and audits, particularly material matters in the preparation of financial statements, risk control and management regarding the Bank's new platforms and innovations, and suspicious behavior prone to fraud or violations of the law related to the performance of directors and executives under Section 89/25 of the Securities and Exchange Act, B.E. 2559 (2016). In 2019, the auditors did not discover any material findings or reports of any suspicious behavior.

- **Review of Risk Management**

The Audit Committee reviewed the effectiveness and appropriateness of SCB and the SCB Group's risk management processes and risk management policies, and held monthly meetings with executives in charge of the Risk Management Function to acknowledge risk management guidelines and plans for risks that might affect the performance of SCB and the SCB Group, and to monitor potential risk issues and provide recommendations for improvement. Emphasis was placed on the readiness of management and staff to cope with rapidly changing business, cyber security management, big data leveraging, a careful process to monitor investment in SCB's transformation projects, and management of issues in the public's interest. The Audit Committee encouraged management to systematically prepare data for readiness to cope with various situations.

Further to the establishment of the Risk Oversight Committee (ROC) in the previous year, the Audit Committee considered the ROC's comments and recommendations on key issues to ensure that the SCB Group's risks are within the acceptable risk levels.

The Committee and management discussed both internal and external risk factors and significant risk issues, particularly credit risk issues, provision adequacy and the Bank's credit approval process for large projects/corporate businesses to ensure that SCB and the SCB Group's risk management guidelines and measures are adequately effective in addressing potential risk from current operations and future risk scenarios. The Committee also discussed the adequacy of the risk management systems and procedures under the supervision of the Risk Management Function, the Risk Management Committee and the Risk Oversight Committee for readiness to cope with unanticipated incidents.

- **Internal Control and Audit**

Reviewed the effectiveness of the internal audit system

The Audit Committee considered the adequacy of the internal control system following the COSO framework, which covers the following five areas: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring activities. Key matters in each area considered are summarized in related sections in this report.

The Audit Committee placed importance on compliance with law, related regulations and the Three Lines of Defense management model. The Committee considered audit reports presented by the Audit Function on a monthly basis, and reviewed internal control adequacy assessment by management, the external auditors, the Bank of Thailand and other regulators overseeing the Bank and its subsidiaries. The Committee monitored performance to ensure that corrective actions with respect to critical risk issues were completely taken by management, and root causes were fixed to prevent recurrence, particularly of high-risk issues, fraud or serious operational errors. The Committee also met with the audit committees of key subsidiaries to exchange opinions and to ensure that key risk issues have been audited and monitored.

Because information technology is especially crucial to the Bank in the digitization era, the Audit Committee placed particular emphasis on this matter. The Committee regularly met with executives in charge of IT units to acknowledge and monitor issues regarding IT operations to ensure that the Bank is prepared for the digitization era in terms of hardware, software, people development and recruitment. In 2019, the Bank and an external consultant developed a technology risk management framework, so that the Bank has standard guidelines on IT operations.

On a quarterly basis, the Committee acknowledged a summary of complaints and notifications, mainly received through the Bank's whistleblower channel, and assessed them for any indication of potential fraud, misconduct or corrupt practices. Further, the Committee held meetings with units concerned with complaint management to ensure that the complaint management process is appropriate and transparent, and relevant to ever-changing customer behaviors and services.

Overseeing Internal Audit

In 2019, the Audit Committee considered the independence of internal audit performance, approved the review of the Internal Audit Charter, reviewed the annual strategic plan and approved the annual audit plan. On a monthly basis, the Committee followed up the Audit Function's performance as per

the plan and audit findings, provided recommendations and followed up corrective actions on significant issues, so as to promote good corporate governance and increase the effectiveness and efficiency of audit performance.

The Committee also provided recommendations about Audit Function staff training and development plans and recruitment, to upgrade internal audits regarding people, processes, tools and technology for audit performance, with a focus on the professionalism of internal auditors for more effective and efficient internal audit performance to keep pace with business and changing global trends in the digitization era. Importance was placed on potential risks with significant impacts on the organization, particularly such emerging risks as cyber risks and risk issues in the public's interest. The leveraging of IT tools and systems was also promoted to benefit and support internal audit performance, including use of data analytics as an audit technique, and capability and skill development of internal auditors to operate such IT tools and systems.

As a result of the activities discussed above, the Audit Committee concluded that the overall internal control environment of the Bank was appropriate and adequate for the business operations of the Bank and its subsidiaries. This conclusion was in line with the opinion of the external auditors. Further, the Audit Committee was of the opinion that the First Executive Vice President and Head of the Audit Function has appropriately and effectively supervised and monitored the operations of the Audit Function. The annual merit increase was based on the assessment of his performance (see the profile of the First Executive Vice President and Head of Audit Function on attachment 3).

- **Regulatory Compliance Review**

The Audit Committee reviewed SCB and its subsidiaries' regulatory compliance with applicable laws and regulations of state regulators such as the Bank of Thailand, the Anti-Money Laundering Office and the Securities and Exchange Commission, especially regarding the anti-corruption and bribery policy and the anti-money laundering and combating the financing of terrorism (AML/CFT) regulations, through monthly meetings with the executives in charge of the Compliance Function. The Committee acknowledged and discussed issues to ensure effective monitoring and control over key regulatory compliance issues of units under SCB and its subsidiaries, and improvements in the operational processes in accordance with related regulations. The Committee regularly met with the subsidiaries' management to acknowledge their guidelines on operational process improvements and preventive efforts against mistakes and errors that could cause damage to the Bank as a whole.

In 2019, the Committee promoted the Bank's good corporate governance and transparency in line with the financial institutions' compliance guidelines, with an emphasis on market conduct to ensure that customers receive fair and quality services. The Committee met regularly with management to ensure that the Bank has a fair customer service policy and strict operational measures covering pre-sale, during-sale and after-sale processes; persons in charge of overseeing the operations; and punishment provisions for inappropriate staff activities.

The Audit Committee regularly reported to the Board of Directors all critical issues and significant regulatory changes that may affect the Bank's operations, and approved the annual compliance report before its submission to the Bank of Thailand and the Securities and Exchange Commission.

- **Reviews of Related Party Transactions and Conflicts of Interest**

The Audit Committee reviewed, supervised and commented on any significant related party transactions, particularly those that may involve a conflict of interest, in line with regulatory compliance norms, before proposing such transactions to the Board of Directors and/or shareholders, as required. This is to ensure that those transactions are transparent, reasonable and protect the interests of the Bank and its shareholders. In 2019, the Bank did not have any materially connected transactions to be disclosed in accordance with the regulations of the Stock Exchange of Thailand. The information about other connected transactions is disclosed in the notes to the financial statements.

- **Consideration of Annual External Auditor Appointment and Audit Fees**

The Audit Committee considers, on an annual basis, the appointment of the Bank's external auditor and audit fees. Following its recommendation and the Board's endorsement thereof, the shareholders appointed KPMG Phoomchai Audit Ltd. as the auditor for SCB and its subsidiaries at the 2019 Annual General Meeting, although in some countries where the Bank has a presence it was necessary to appoint another firm in accordance with the law in such countries. Recommendations to shareholders were based on the auditor's qualifications, knowledge, capability, audit experience in the banking industry, audit approach, independence in accordance with ethical requirements by the Federation of Accounting Professions and the requirements of the Securities and Exchange Commission; the quality of the audit over the past year; as well as the appropriateness of audit fees.

- **Others**

In 2019, the Audit Committee members undertook a self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors and in line with the responsibilities stated in the Audit Committee Charter. It exercised its knowledge and capabilities and adhered to the principles of integrity, prudence, transparency and independence, and provided constructive comments and recommendations for the equal benefit of stakeholders, with the Bank's and stakeholders' ultimate interest as a priority.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately and are complete, with adequate disclosure, in accordance with financial reporting standards. It is also of the opinion that the external auditor is independent and has performed all its duties professionally. The Committee notes that the Bank places a high level of importance on its internal control systems, as well as ensures that the policies, procedures and systems for risk management are adequate and appropriate for its business operations. Further, the Committee opines that the Bank has sound corporate governance, adequate risk management, and appropriate and effective internal controls and internal audits. The Bank has monitored changes so that it is well prepared to face any potential risks that may arise in the future.

12. Related Party Transactions

The Bank places great emphasis on safeguarding against misuse of internal information for personal gain by directors and staff. Accordingly, the Bank has set policies, rules and approval procedures for related party transactions, as well as guidelines on related party transaction execution and disclosure to prevent and manage any potential conflicts of interest in a transparent and fair manner.

The Bank's rules and approval procedures for related party transactions and conflicts of interest transactions are as follows:

- Strict compliance with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, as well as notifications of the Capital Market Supervisory Board, regarding related party transactions and conflict of interest transactions. In particular, any directors or executives related to a transaction that may lead to a conflict of interest must be excluded from making decisions or consideration regarding such transaction. Furthermore, the Company Secretary must have a formal record of directors or executives related to the issue under consideration in meeting minutes, if applicable.
- Policies on pricing and terms and conditions for transactions between the Bank and related entities are required to be on an arm's length basis and, broadly, on the same terms as those applied to transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) has approval authority for loans, investments, obligations or lending-like transactions with the Bank's major shareholders or related businesses (as defined by the Financial Institution Business Act B.E. 2551 (2008).)
- The Bank has also established the Intra-Group Transactions Policy to ensure compliance with applicable regulations and to prevent conflicts of interest. SCB also complies with the Joint Policy Statement between the Bank of Thailand and the Securities and Exchange Commission Thailand on Consolidated Supervision of Financial Groups that Operate Fund Management Businesses. In 2019, SCB and intra-group transactions complied with the Joint Policy Statement.

Intra-Group Transactions Policy and SCB Group Risk Management Policy

Governance on Intra-Group Transactions

To enhance transparency for intra-group transactions within the SCB Group and to avoid any conflict of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, the Bank has established the Intra-Group Transaction Policy, which has been approved and reviewed annually by the Board of Directors. This policy entails risk management for intra-group transactions and controls for material transactions which are classified into two types of significant transactions, namely, credit transactions (loans, investments and obligations or lending-like transactions) and non-credit transactions (those other than loans, investments or obligations). The policy ensures that such transactions comply with regulations and requirements of the Bank of Thailand, the Stock Exchange of Thailand and the Securities and Exchange Commission as well as local laws and regulations in the countries where SCB operates.

A key part of this Policy requires that intra-group transactions be executed without special terms and conditions that are materially different from other risk-equivalent transactions. In the absence of equivalent transactions, intra-group transactions must follow standard market practices with enforceable contracts, proper documentation and record keeping as well as approval authority based on risk and materiality.

Related Party Transaction Trends and Policy Outlook

SCB's emphasis on good governance principles has led to a clear policy on related party transactions to comply with laws, regulations and notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission on related party transactions, which include the acquisition and disposal of assets of listed companies, as well as compliance with the Bank of Thailand's notifications.

SCB's related party transactions may arise as part of its normal business operations, for which the Bank has clear and appropriate internal approval measures and procedures.

Information Disclosure

The Bank's policy on disclosure of market-sensitive information focuses on timely, transparent and adequate disclosure of all material information and prohibits misuse of internal information, either directly or indirectly.

The Bank discloses related party transactions and connected transactions as defined by the Stock Exchange of Thailand in the notes to the financial statements in the Annual Report in accordance with information disclosure requirements and guidelines. Related party transactions are reported to the Audit Committee on a quarterly basis.

In 2019, the Bank did not have related party transactions with sufficient materiality to require disclosure per the Stock Exchange of Thailand's criteria. Information pertaining to other related party transactions is disclosed in the notes to the financial statements.