



SCG Sustainable Development Framework



SCG can achieve its Sustainability goals and become a sustainable organization only when every company under SCG recognizes, understands, and cooperates in complying with **“SCG Sustainable Development Framework”** for the sustainable future of the organization, society, and our world.



Message from the CEO

SCG's business philosophy, which consist of four core values – adherence to fairness, dedication to excellence, belief in the value of the individual, and concern for social responsibility – forms the foundation of the Company's business operation and has been its source of strength. Passed down through generations, this philosophy has condensed into SCG's corporate culture and earned trust among stakeholders, as evident both domestically and internationally. This is in line with SCG's vision to become a leader of sustainable business practices. To this end, the Company places emphasis on harmonizing a balance between economic, social, and environmental dimensions in an integrated manner under the principle of corporate governance, while also collaborating with stakeholders to drive the operations towards achieving the United Nations Sustainable Development Goals.

Amid the changes of the 21st century, such as digital transformation, environmental concerns, especially impacts of global warming, as well as an emerging disease that will likely become a major risk and trigger macro-level repercussions, SCG has adapted to enhance resilience and agility as well as continuously accelerated its human resource development and team's capability building to equip them against challenges and ensure stability moving forward. SCG has also undertaken mitigations to reduce natural resource consumption and environmental impacts in accordance with the principles of circular economy as well as elevate health and well-being, ultimately in order to accomplish the Net Zero Goal by 2050 and achieve its target of zero injury and zero illness organization.

In an effort to establish uniform practice across SCG and a consistent understanding among employees at all levels in order to achieve sustainability goals and effectively adapt to an evolving business context, the Company has reviewed **SCG Sustainability Guidelines**, drawn up in 2008, and formulated this **SCG Sustainable Development Framework**, in the purpose that every unit across SCG will implement this framework to accomplish the defined objectives and goals and create sustainable values for all stakeholders.

Roongrote Rangsiyopash
President and CEO, SCG
December 2021



SCG is committed to business operations that are guided by environmental and social responsibility as well as profitability in order to achieve economic, social, and environmental sustainability under the principle of corporate governance. In addition, as stakeholders, customers, employees, contractors, suppliers, communities, investors, government and business partners, have increasingly prioritized sustainable development, SCG is driven to further enhance its capabilities in order to attain sustainable growth, drive business toward UN Sustainable Development Goals (SDGs) and ensure its adaptability to changes both on the regional and global.

This “**SCG Sustainable Development Framework**” is compiled with the goal of establishing an understanding of the significance and necessity of economic, social, environmental, and corporate governance actions among companies under SCG’s supervision, encompassing concepts, policies, strategies, action plans, implementation, outcomes compared to the defined goals, and monitoring for the management of risks related to the organization’s business strategies so as to ensure full compliance with SCG sustainable development framework.

SCG can achieve its sustainable development goals and become a sustainable organization only when every company under SCG recognizes, understands, and cooperates in complying with “**SCG Sustainable Development Framework**” for the sustainable future of the organization, society, and world.



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SCG Sustainable Development Framework

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Definitions

Sustainable development

refers to business conduct that achieves an economic, social, and environmental balance under the principle of corporate governance.

SCG

refers to

- The Siam Cement Public Company Limited and
- Subsidiaries of The Siam Cement Public Company Limited.

Company

refers to the Siam Cement Group Public Company Limited.

Subsidiaries

refer to

1. Any corporation or legal entity of which more than 50 percent of the voting stock is directly or indirectly owned or controlled by The Siam Cement Public Company Limited or
2. Any corporation or legal entity in which The Siam Cement Public Company Limited has the authority to introduce or implement its operating and financial policies to benefit from their activities.

Company directors

refer to the directors of the Siam Cement Group Public Company Limited.

Executive

refers to a supervisor who is responsible for managing operations to achieve objectives.

Employee

refers to permanent employees under employment agreement, probationary employees and employees under special employment agreement made with and companies in SCG in every country where SCG operates.

Supplier/Contractor

refers to a seller/supplier, contractor, service provider, lessor or hire purchase provider who delivers goods or services to SCG.

Customer

refers to a purchaser and user of goods and service receiver.

Stakeholder

refers to persons or groups of persons who are directly or indirectly affected by a business operation of SCG, as well as those who may have interests in a business operation of SCG, or abilities to influence over the outcomes of a business operation of SCG such as customers, employees, communities, shareholders, government agencies, intellectual leaders, etc.

Business Philosophy

SCG is committed to the concept of fair practice to all parties concerned by:



By virtue of its philosophy of doing business with righteousness that has made possible the continuing progress of our company, that same philosophy will enable it to grow further along with the growing prosperity of the nation.

SCG Sustainable Development Framework

SCG has established SCG Sustainable Development Framework by adapting international principles and guidelines and connecting them to SCG's 4 Core Values and corporate strategies so as to create uniform practice across all business units. SCG Sustainable Development Framework consists of sustainability issues that encompass economic, social, environmental, and corporate governance aspects, aiming to foster the sustainable growth in all regions and communities where we operate.

SCG considers sustainability issues on the basis of major trends on national, regional and global levels, opinions of key stakeholders, sustainability issues within the same industry, as well as potential risks and opportunities across the value chain.

Guidelines from International Organization



International Guidelines for Establishing SCG Sustainable Development Framework

ESG Rating Agency

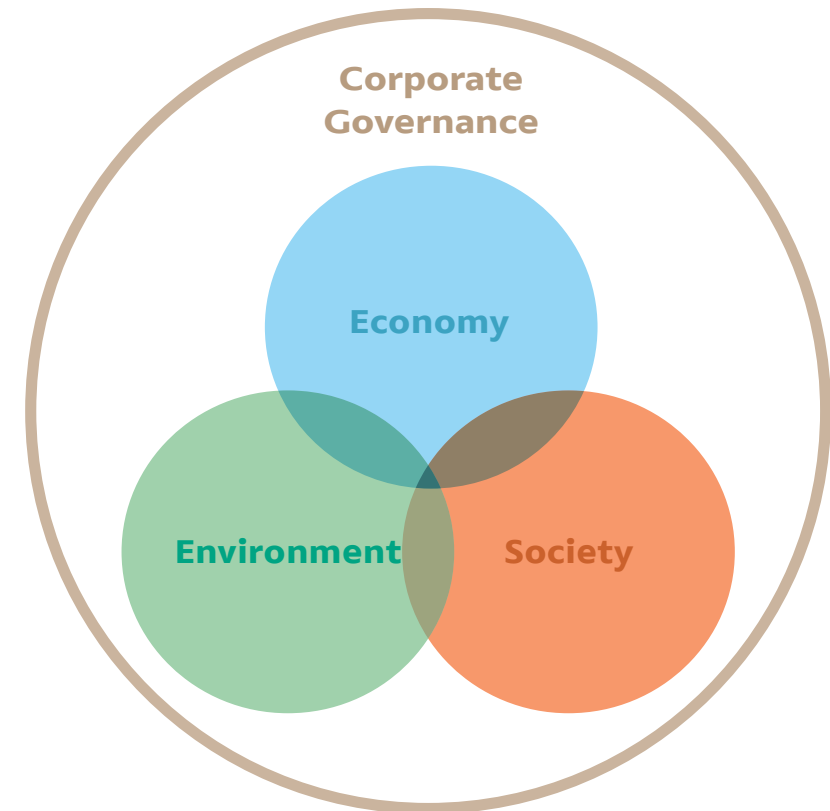


ESG Disclosure Framework



Corporate Governance

Conducts business with fairness and transparency in compliance with national and international corporate governance principles as well as implements systematic risk management and internal control.



Economy

Conduct business with the ultimate goal of creating mutual benefits throughout the value chain, meet the needs of customers, and enhance the quality of life and well-being of people in society through innovation.

Society

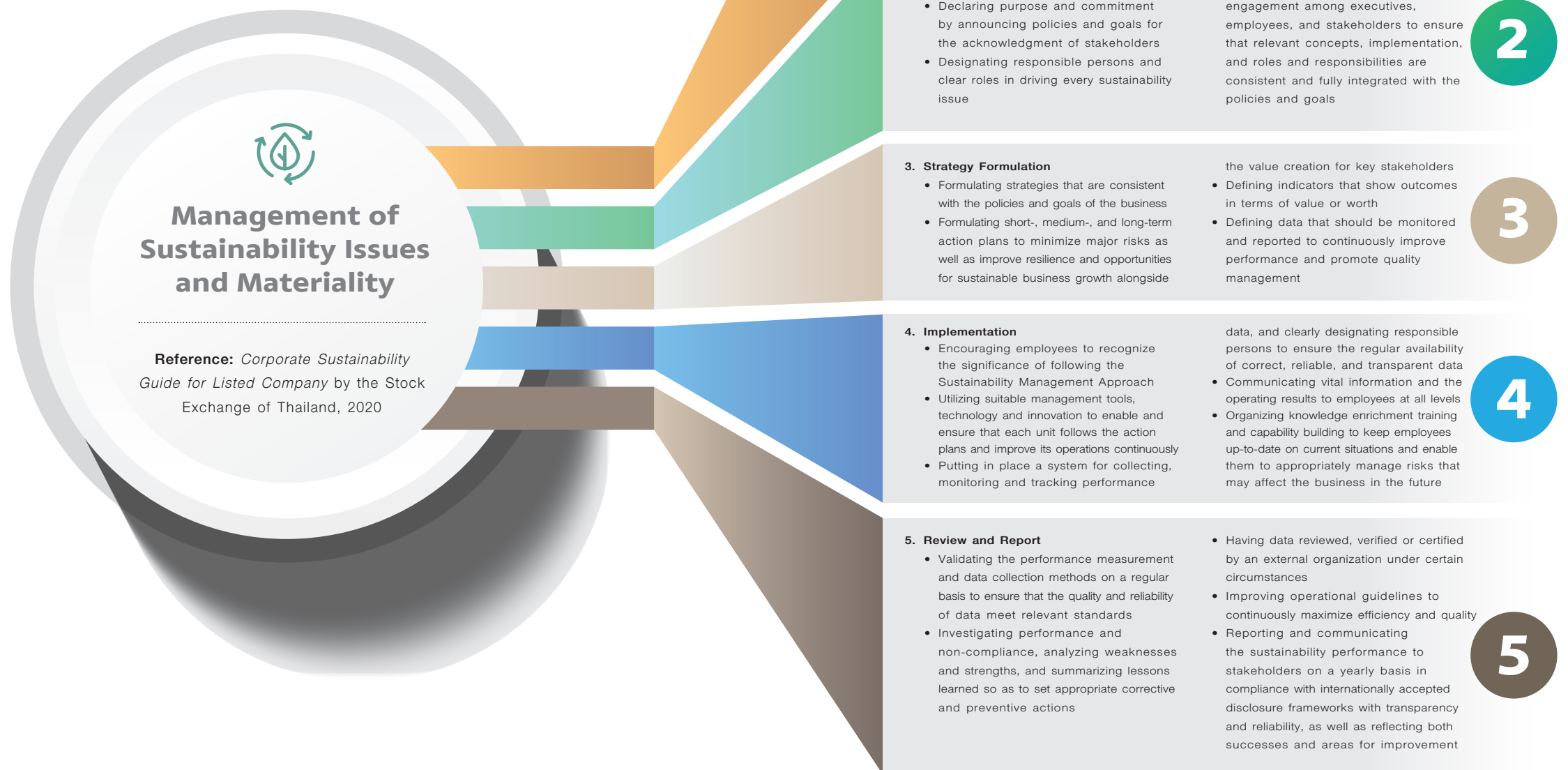
Provide equal opportunities for all groups of people to reach potential development and quality society.

Environment

Commit to sustainable environmental and natural resource conservation, resource efficiency, and the preservation of ecological balance.

Management of Sustainability Issues and Materiality

SCG prioritizes driving its businesses towards sustainability. To this end, it has prescribed concrete approach for the management of sustainability issues as well as systematic processes, based on widely-recognized frameworks, such as GRI, SASB, and TCFD consisting five key processes, as follows:



Stakeholder Engagement

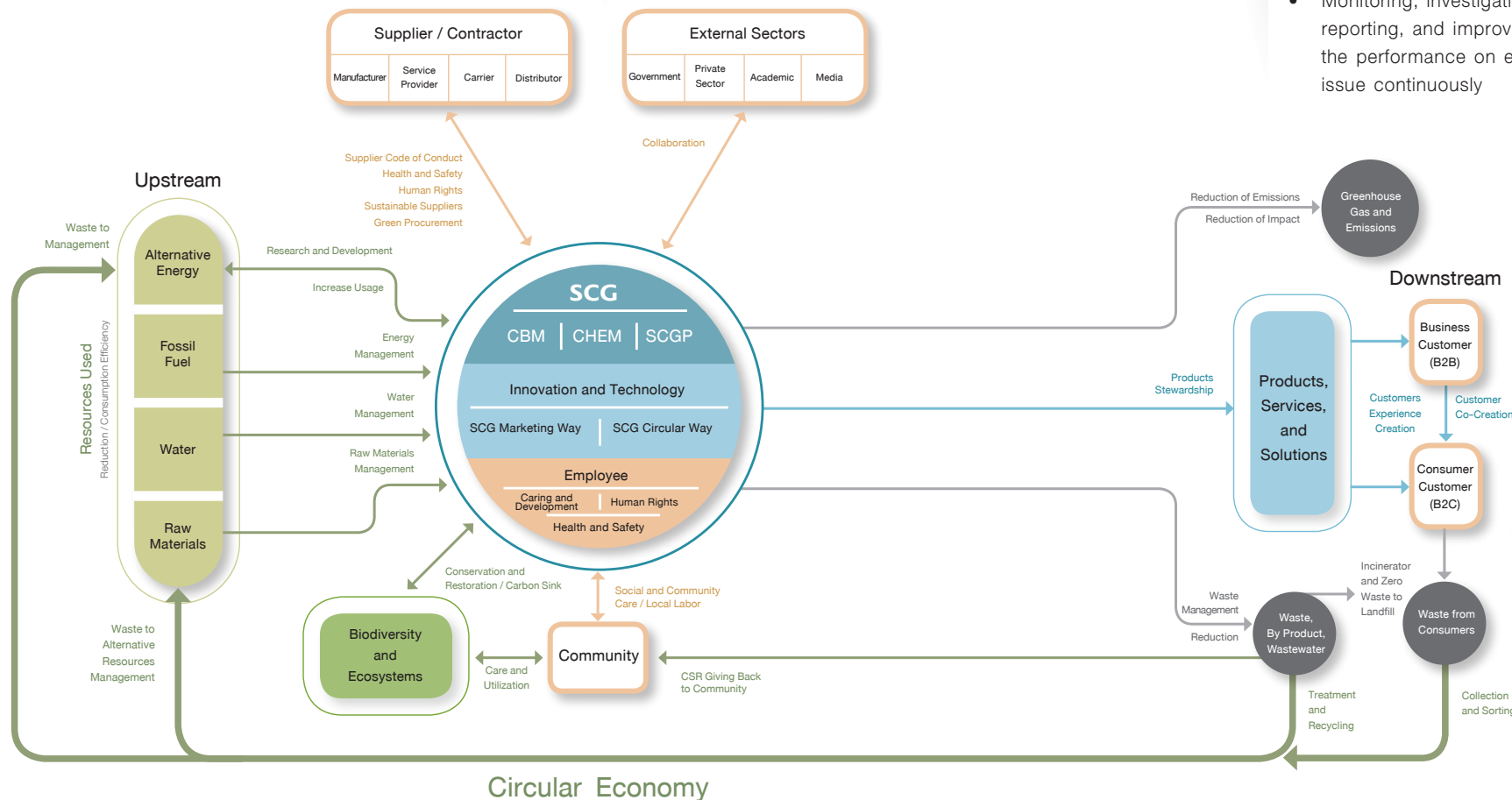
Stakeholders are individuals or agencies that are directly and/or indirectly related to the business. As each group of stakeholder has different relationships, roles, and impacts on the business operations, SCG actively strives to enhance and elevate its capabilities to appropriately respond to their needs and expectations across the value chain for the sustainability of its business operations and the continuous growth of the organization.

Understanding Stakeholder Roles

- Assessing the roles and importance of all stakeholder groups across the value chain regularly on a yearly basis
- Prioritizing the stakeholder groups that may impact business operations
- Surveying the interests and expectations of the stakeholders

Stakeholder Engagement

- Promoting good relationships with stakeholders through communications, public relations, and activities
- Analyzing the relationships between the business and stakeholders in each activity conducted
- Formulating suitable strategies and approaches to reduce impacts on business operations and collaboratively creating value with stakeholders
- Compiling sustainability issues of interest for stakeholders across the value chain and formulating appropriate approaches for impact management
- Monitoring, investigating, reporting, and improving the performance on each issue continuously



Key Activities in the Value Chain

There are five key interconnected and interrelated activities from upstream to downstream where stakeholder engagement is required and which must be managed in accordance with sustainability management across economic, social, and environmental dimensions under the principle of corporate governance.

1. Inbound Logistics

Activities with contractor/suppliers or providers of raw materials or resources for product manufacturing or service development

2. Operations

Activities that create value by transforming raw materials or resources into sellable products and services

3. Outbound Logistics

Activities that deliver products and services to customers

4. Marketing and Sales

Activities that involve prompting customers to decide to purchase products and services

5. After Services

Activities that promote positive customer experiences after purchasing such products and services, taking into account their sustainable utilization throughout the life cycle until the end of their useful life

Reference: Corporate Sustainability Guide for Listed Company by the Stock Exchange of Thailand, 2020

Governance

Structuring the organization to ensure efficient, transparent, and accountable management

Fostering confidence among all stakeholders in the organization's ability to achieve continuous growth and long-term value creation

SCG is committed to not only compliance with both national and international corporate governance principles in its business operations but also fairness, transparency and responsibility towards stakeholders and society, with systematic risk management and internal control. In addition, it complies with both domestic and international laws and regulations applicable to its business operations, with the directors demonstrating leadership roles in adopting and applying SCG's business philosophy, the principles of good governance, and SCG Code of Conduct.

SCG intends to develop its organization into a model of corporate governance excellence, build trust among shareholders and stakeholders, as well as grow returns and enhance its competitiveness sustainably.

Key Governance Activities

Risk Management

Audit and Review Governance

Internal Control

Communicating Governance to Stakeholders

Principles of Good Corporate Governance

SCG complies with the Corporate Governance Code of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), which stipulates the following principles:

1

Establishing clear leadership roles and responsibilities of the board

5

Nurturing innovation and responsible business

2

Defining objectives that promote sustainable value creation

6

Strengthening effective risk management and internal control

3

Strengthening board effectiveness

7

Ensuring disclosure and financial integrity

4

Ensuring effective CEO and people management

8

Ensuring engagement and communication with shareholders

Reference:
Corporate Sustainability Guide for Listed Company by the Stock Exchange of Thailand, 2020

Enterprise Risk Management

Enterprise risk management is a key process for enabling the organization to achieve its sustainability objectives and goals and adhere to the principle of good corporate governance. This process also creates value added for the organization, shareholders, and stakeholders. The board of directors, executives, and employees of the organization must understand and attach importance to the risk management as it is everyone's role and responsibility to manage risks within their scope of work.

Major Risks

- Input risk
- Business risk
- Compliance risk
- Environmental, social and governance (ESG) risk
- Hazard risk
- Emerging risk
- Others

Risk Management Guidelines

- Considering both threats and opportunities from future risk events
- Fostering an enterprise risk management culture
- Managing risks to achieve target results in the following three areas:
 - Medium to long-term strategies
 - Investment projects
 - Operations
- Adopting the Integrated GRC Guideline

Risk Management Process

1. Risk/opportunity identification
2. Risk/opportunity assessment
3. Risk response
4. Reporting and monitoring

See more details in SCG's Risk Management Handbook



Integrated GRC

SCG manages the businesses in accordance with Integrated GRC principle in order to enable employees at all levels working together efficiently based on the SCG four core values, taking into account risk and compliance management to ensure sustainable growth. SCG GRC e-Rulebook has been developed to compile information related to Integrated GRC and define GRC expected behaviors in order to provide concrete guidance and methods for adopting Integrated GRC.

Fostering an Enterprise Risk Management Culture

- Assigning the management to serve as a role model and communicate the significance of risk management by establishing the risk common language as well as methods for practical applying the risk management at work
- Standardizing risk appetite and risk assessment criteria
- Defining the roles and responsibilities of each risk owner
- Including the risk management in the agenda of key meetings
- Prescribing risk management programs for the training and development of directors, executives, and employees and building awareness among employees from the first day of employment
- Promoting the experience sharing across the organization in order to continuously communicate the benefits of risk management

Internal Control

Internal controls are mechanisms for assessing the effectiveness and efficiency of the organization's operations, thus ensuring transparency and compliance with relevant laws and regulations. Internal controls also help alleviate negative impacts, reduce the likelihood of risks that may affect business operations, and ensure resource efficiency in the organization through the regular monitoring, assessment, and improvement of the operational systems to constantly maintain efficiency.

Components of Internal Control

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Framework, internal control consists of five components:

1

Control Environment

Establishing internal control measures and methods for the organization as well as a management structure and chart along with the scope of authority, roles, and responsibilities, and operational protocols to ensure uniform practice.

2

Risk Assessment

Establishing risk management as part of the management, regularly monitoring risk management outcomes, conducting quarterly reviews, and carrying out risk assessment at least once a year.

3

Control Activities

Establishing adequate and sufficient control to prevent major risks in every role and at every level of the operation.

4

Information and Communication

4.1 Information: Putting in place efficient and secure systems for document management, accounting, and information processing to ensure that executives and employees receive accurate and complete information.

4.2 Communication: Putting in place an efficient system for two-way communication between executives and employees and for communication with external stakeholders.

5

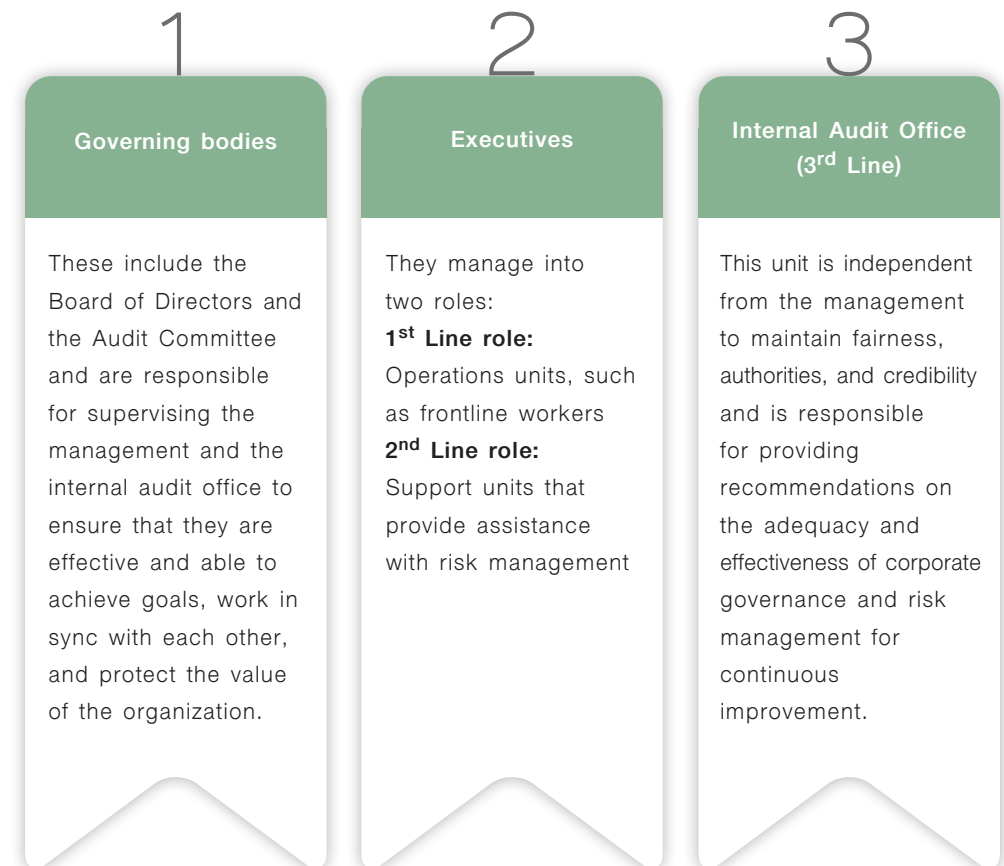
Monitoring Activities

Monitoring and assessing the measures and internal control systems, with a system in place for reporting the outcomes to the management systematically and continuously, along with Control Self-Assessment (CSA) so as to conduct analysis and solve issues in a timely fashion.



Internal Control Structure According to the Three Lines Model

Internal control must be governed by a suitable structure and process that classifies roles, authorities, responsibilities and accountability in accordance with the Three Lines Model.



Reference: Corporate Sustainability Guide for Listed Company by the Stock Exchange of Thailand, 2020



Audit and Review Governance

SCG mandates regular audits, assessments, and reviews of corporate governance to analyze, assess, and improve its operations and ensure checks and balances with the goal of controlling and preventing risks of frauds, non-compliance, and errors, reducing repetitive tasks to maximize efficiency and reduce operational costs, elevating the corporate management efficiently and effectively, creating added value to the organization, and achieving the defined goals in a sustainable manner.

Corporate Governance Audit

- Auditing the performance of duties and operations to ensure compliance with policies, guidelines, authority manuals, work manuals, and relevant laws, rules, and regulations
- Risk-based auditing to achieve the objectives of the organization
- Assessing the efficiency and effectiveness of the risk management system, control system, and corporate governance system

Reference: *Corporate Sustainability Guide for Listed Company* by the Stock Exchange of Thailand, 2020

Corporate Governance Review

- Analyzing audit results to identify trends and causes of structural or systemic problems
- Improving or revising the internal control structure or system to ensure adequacy and sufficiency and prevent gaps that would compromise efficiency
- Submitting suggestions by the internal audit office, the Audit Committee, and the Risk Management Committee to the Board of Directors to inform corporate governance review at least once a year
- Reviewing important policies and practices on a regular basis to keep the internal control system adequate, sufficient, and suitable for the operational environment

Communicating Governance to Stakeholders

SCG communicates corporate governance policies, directions, and performance to internal and external stakeholders on a regular basis to foster confidence and accurate understanding. Suitable strategies, methods, forms, and orders of communication are also established for each group of stakeholders, situation, timeframe, and local culture.

Communication with Internal Stakeholders

SCG seeks to communicate in order to foster awareness, uniform understanding, and transparent collaboration, which will lead to a good corporate governance culture. Two forms of communication are employed.

1

Downward Communication

refers to communication from the Board of Directors and executives to employees or operations officers:

- Policies, goals, objectives, action plans, and directions of the organization
- Assessment results, remuneration, and welfare
- Continuous employee development

2

Upward Communication

refers to communication from employees or operations officers to executives and the Board of Directors:

- Reporting performance, problems, or obstacles; seeking consultation; and giving opinions
- Whistleblowing on other employees or executives

Benefits of Upward Communication

- Obtaining information that can lead to improvement or solve problems or obstacles to keep operations efficient
- Obtaining information that informs the formulation of the organization's goals, policies, and directions
- Fostering participation in organization development and promoting employee engagement

Communication with External Stakeholders

SCG communicates to external stakeholders to develop understanding by disclosing basic information on corporate governance and performance as well as listens to the opinions of external stakeholders.



Basic Information on Governance

- Corporate governance policy and ensuring compliance with the policy
- Ensuring suitable internal control and audit systems
- Performance assessment according to the corporate governance policy
- Consistency with national and international corporate governance practices



Information on Governance Performance

- Reporting the performance of the Board of Directors, the Audit Committee, and the other sub-committees
- Information on director nomination, development, meeting attendance, remuneration, and performance assessment
- Providing various disclosure channels, such as the SET Portal, the Company's website, as well as other publications and media, such as annual reports and sustainable development reports



Listening to Opinions of External Stakeholders

- Organizing at least one external stakeholder listening session
- Providing easily accessible and safe whistleblowing channels

Business Ethics

Cultivating good governance in the corporate culture

Cultivating ethics and responsibility towards the organizations and stakeholders among personnel at all levels

Business ethics, coupled with a corporate governance culture as well as a structure and process for ensuring compliance, are vital for an organization in achieving its goals. To this end, SCG organizes training sessions and activities to foster awareness, knowledge, and understanding and enable employees to properly and efficiently adopt SCG Code of Conduct.

Policies and Guidelines

- SCG Code of Conduct
- SCG Corporate Governance Principle

Implementation Framework

1. Establishing Clear Guidelines

- Creating SCG Corporate Governance Principle and SCG Code of Conduct
- Establishing operational systems and procedures to ensure proper and thorough adoption of SCG Code of Conduct

2. Training, Managing, and Monitoring

- Communicating practices to and organizing business ethics training for relevant parties on a regular basis
- Conducting ethics e-testing for employees to promote compliance with the Corporate Governance Principle
- Creating and overseeing a corporate culture to ensure proper compliance with the Code of Conduct
- Instituting processes for controlling and monitoring compliance with laws related to securities and stock exchange, rules, regulations, and other relevant laws

3. Establishing a Whistleblowing System

- Communicating the availability of the whistleblowing channels to stakeholders
- Tracking complaint handling and taking action effectively against violation of the Code of Conduct
- Compiling, recording, and disclosing information related to complaints and violation of the Code of Conduct to foster confidence among stakeholders
- Reporting the results of compliance performance with the Code of Conduct to responsible committees

Major Ethical Issues in Business

- Anti-corruption
- Conflicts of Interest
- Whistleblowing Unethical Practices
- Confidentiality of Information
- Antitrust/Anti-Competitive Practices
- Use of inside information for personal benefits
- Safety, Health, and Environment
- Discrimination
- Human Rights
- Diversity and Inclusion
- Data Privacy
- Others

Sustainable Supplier/ Contractor Management

- Manage suppliers/contractors for risk prevention and to generate business opportunity for mutual growth
- Conduct supplier/contractor analysis and assessment for annual certification

Collaboration between SCG and suppliers/contractors (manufacturers, service providers, contractors, dealer, trader and distributors) plays a significant role in sustainability across the value chain. SCG operates a system of supplier/contractor selection and comprehensive assessment on ethical, legal, human rights, labor, environmental, health and safety aspects. The objectives are to prevent and mitigate possible risks to business operation, while opening up possibility for business collaboration that allows us to grow sustainably alongside our suppliers/contractors.

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Supplier Code of Conduct
- Sustainable Procurement Framework
- Guideline for Green Procurement
- Implementation Manual of Guideline for Green Procurement

Implementation Framework

Supplier/Contractor Analysis

- Select suppliers/contractors with potential to collaborate and for sustainable mutual business growth
- Spend analysis and risk assessment in tandem with ESG approach through risk prioritization

Planning Supplier/Contractor Development

- Strengthen performance capacity to bring it in correspondence with risk
- Build on supplier/contractor's competitiveness to grow alongside SCG

Employee and Supplier/Contractor Development

- Promote work in line with ESG approach and networking to multiply sustainability results
- Build capacity of procurement staffs and share knowledge among procurement officers in public and private sectors
- Educate suppliers/contractors on SCG Supplier Code of Conduct practices

Supplier/Contractor Assessment to Reduce Risk in the Supply Chain

- Evaluate compliance with SCG Supplier Code of Conduct
- Assess and certify supplier/contractor annually

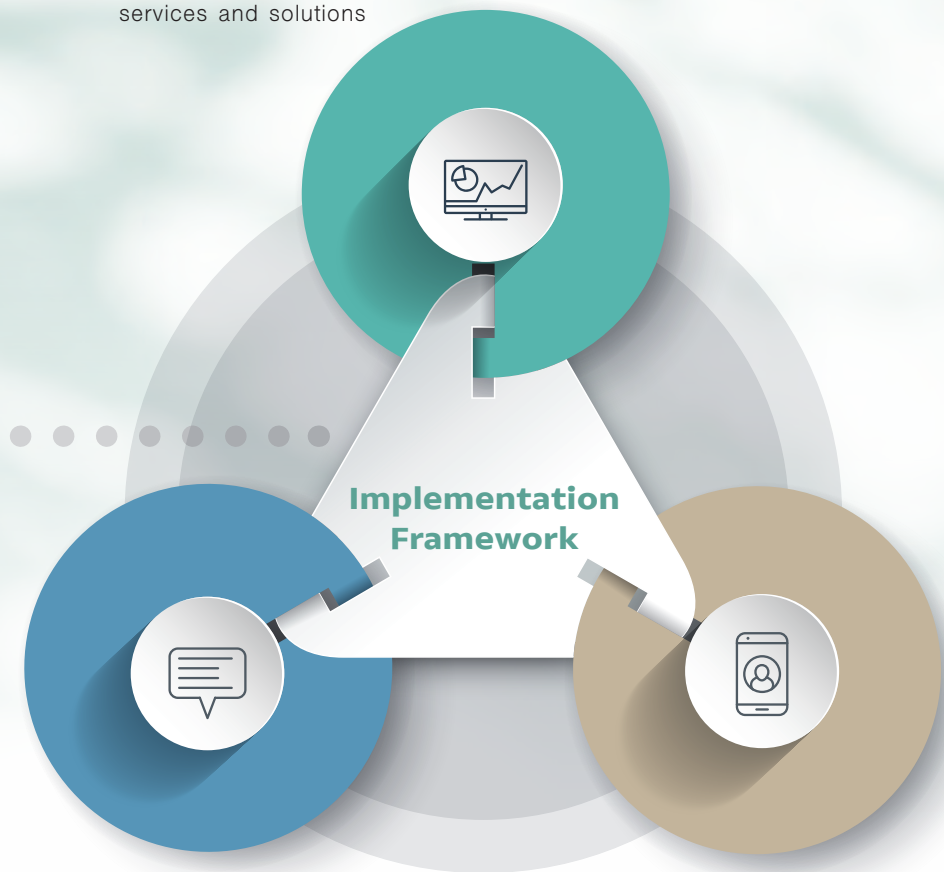
Customer Experience Creation

- Develop capability to respond to a diverse range of customer needs
- Generate innovation for sustainability and trust in products, services and solutions

SCG focuses on being a customer-centric enterprise by way of close and consistent relationship building to understand needs of different segments. On that basis we enhance our capability to respond corporate, business, and consumer groups through B2B2C marketing principles to place firm confidence in SCG products, services and solutions which are driven by innovation for better living and sustainability.

Customer Experience Analysis

- Identification of problems and needs, selection and purchasing behavior, use of products, services and solutions
- Analysis of customer satisfaction survey results as inputs for systematic improvement



Implementation Framework

Customer Satisfaction Survey

- Set customer satisfaction target
- Fix proportion of customers to be surveyed per total, or representative sampling for significant statistical weighting of the survey
- Organize customer satisfaction survey on products, services and solutions
- Collect data on proportion of satisfied customers per total of survey respondents
- Share survey results with the general public

Enhancing Customer Experience

- Use digital technology to support customer service to partner, supplier and all groups
- Connect virtual customer experience with offline service points for maximum convenience and satisfaction
- Deliver innovative products, services and solutions that meet customers' need sustainably

SCG develops products, services, and solutions that meet the needs of consumers in an eco-friendly and responsible manner, taking into account health, safety, and the environment through the life cycle and the value chain to prevent or minimize impact and maximize value such as Reduce Energy Consumption, Greenhouse Gas Reduction, Reduced Resource Use, Extended Life Product and Health or Hygiene Products, etc. To this end, innovation and technology are employed as tools to develop products and services that maximize benefits for customers and to expand sales channels for SCG's products, services, and solutions.

Products and Services Responsibility

- Uplift product, services, and solutions responsibility guidelines to cover health, safety, and the environment at every step across the life cycle of the products
- Conduct risk assessment and review measures at every step on a regular basis

Implementation Framework

Policies and Guidelines

- Quality Management Systems
- SCG Environment and Climate Policy
- SCG Green Choice Guidelines

Response to Emergencies Due to the Use of Products, Services, and Solutions

- Establish standards for responding to complaints and emergencies, from investigation to analysis and management
- Conduct drills and exercises in preparation for emergencies

Establishment of Product, Services, and Solutions Responsibility Guidelines

- Analyze market demand, shifts in social trends, and diverse consumer needs
- Develop comprehensive solutions that go beyond only product sales
- Develop high value added products that are friendly to health, safety, and the environment
- Protect health and safety throughout the process, from design to manufacturing and prepare warning labels according to international standards

2 Research and Development of Sustainable Products, Services, and Solutions

- Utilize technology and innovation to develop products, services, and solutions that are higher in quality and offer greater commercial value than existing ones
- Conduct Product Hazard Analysis (PHA) at every step, from production to transportation, storage, usage, and post-consumer management
- Develop and elevate health, safety, and environmental standards

- Improve the diversity of the products to cater to consumer needs appropriately
- Develop environmental labels, including self-issued certifications and certifications issued by trusted external organizations

3 Employee and Contractor Development

- Organize activities to educate relevant employees and contractors and establish an understanding of product, services responsibility among them on a regular basis

Assessment to Elevate the Quality of Product, Services, and Solutions

- Conduct Life Cycle Assessment (LCA) on products
- Conduct internal and external management systems assessment on products, services, and solutions responsibility on a regular basis
- Report product, services, and solutions responsibility performance

- according to standard to ensure operational efficiency
- Pursue product sustainability certifications by institutions that meet international standards, and disclose information to the public

Cybersecurity and Data Privacy

- Preventing risks of cybersecurity threats with strictly complying with SCG Privacy Policy
- Protecting personal data by strictly complying with SCG e-Policy

SCG places great emphasis on protecting cybersecurity to prevent risks arising from losses of essential data, which would negatively impact the credibility and business operations. SCG Privacy Policy has thus been instituted as a framework for personal data management to ensure that the rights of customers, shareholders, employees, and other stakeholders will be fully protected in compliance with personal data protection laws.

Policies and Guidelines

- SCG Privacy Policy
- SCG e-Policy

Implementation Framework

1



Protection Against Cybersecurity Threats

- Establishing cyber incident response plans and conducting drills regularly
- Formulating Disaster Recovery Plans (DRP) to accommodate emergencies and allow operations to continue via a backup site
- Installing tools that increase data security and help prevent cyber attacks
- Strictly complying with SCG e-Policy

2



Personal Data Protection

- Strictly complying with SCG Privacy Policy
- Informing data owners upon any change, modification, or addition to personal data protection policies and privacy policies

3



Employee Training and Development

- Organizing regular training to raise awareness on the use of information technology, protection against cyber threats, and personal data protection principles
- Requiring employees to take a test on SCG e-Policy every year

4



Auditing

- Subjecting the computer system used for manufacturing control to cyber risk assessments by internal and external parties
- Assessing risks and auditing operations to maintain compliance with personal data protection laws and SCG Privacy Policy at all times

Human Rights

- Conducting business that respects human rights throughout the value chain
- Cultivating a sense of responsibility and fostering knowledge and understanding of human rights

SCG places importance on human rights and regards them not only as a matter of rights but also as inclusive of the respectful, dignified and accept differences of individuals. To this end, SCG has formulated human rights policy and guidelines that are consistent with standards, universal practices as well as domestic and international laws for the entire value chain.

Policies and Guidelines

- SCG Code of Conduct
- SCG Supplier Code of Conduct
- Human Rights Policy
- Diversity and Inclusion Policy
- SCG Privacy Policy
- UN Guiding Principles on Business and Human Rights: UNGP and International Labour Organization: ILO

Implementation Framework

1

Establishing Policies and Human Rights Due Diligence Process

- Clearly and complete policies that are consistent with standards, universal practices and relevant laws
- Human rights risk management and due diligence process which cover stakeholders throughout the value chain
- Mitigation and remediation actions for affected parties of the organization
- Grievance mechanism through whistleblowing system

2

Employees and Suppliers/Contractors Development

- Cultivating a sense of responsibility and enhancing knowledge and understanding of human rights among employees at every level
- Publicizing relevant practices and providing training to employees and departments within the value chain to foster adherence

3

Supervising the Organization to Respect Human Rights with the Participation of All Levels

- Conducting human rights due diligence across Three Lines Model
- Supervising and providing grievance mechanisms through which stakeholders can conveniently and safely submit suggestions, complaints, and concerns
- Disclosing information and news on the implementation of the organization according to human rights policy

4

Responding to Human Rights Complaints and Violations

- Handling complaints efficiently within a suitable and clearly defined timeframe
- Implementing remediation actions for affected parties suitably and efficiently

Labour Practices with Fairness

- Caring for all employees and contractors with fairness
- Embracing diversity and inclusion
- Providing equal opportunities for all employees without discrimination

SCG treats its personnel and conducts human resources management with fairness in every process, from employment, promotion, remuneration, disciplinary actions, complaint handling, transfer or the giving of new assignments, performance evaluation, training and development, career advancement planning, all the way to safety and occupational health, determination of working conditions (working hours and remuneration), and employment termination. This is in order to attract and retain competent and virtuous employees and drive the organization towards prosperity.

Policies and Guidelines

- SCG Code of Conduct
- SCG Supplier Code of Conduct
- Stakeholder Engagement Policy
- Human Rights Policy
- Diversity and Inclusion Policy
- SCG Privacy Policy

Establishing Policies and Practices for Fair Treatment of Labour

Examples of policies and practices

- Do not discriminate against employees and contractors because of differences in physical, mental, ethnicity, nationality, religion, sex, age, education or any other matter
- Freedom of association and unionization for the promotion and protection of employees and contractors rights related to work

Promoting Fair Treatment of Labour

- Publicizing policies among employees within the organization and stakeholders across the value chain
- Publicizing relevant practices and regulations and providing training for employees to foster adherence throughout the organization
- Initiating projects promoting embracing diversity and inclusion
- Disclosing and communicating information on the Company's activities related to treatment of labour to foster confidence among stakeholders

Implementation Framework

Governance

- Defining indicators in line with international standards for performance measurement, management, risks reduction, and competitive advantage enhancement

Examples of key indicators

- Number of employees/Ratio of remuneration/incentives compare with female and male
- The average hours/amount spent on training and development per person
- Grievance mechanism through whistleblowing system

Human Capital Development

- Managing human resources and caring for all employees with fairness
- Continuously developing employee potential, skills, and competency

SCG believes that **employees are its most valuable resources**. As such, it places great emphasis on employee selection and development to equip them with necessary knowledge and skills for current and future changes by continuously building a systematic learning culture so that employees can work with full potential and help drive business growth according to the organization's strategies.

Policies and Guidelines

- Stakeholder Engagement Policy
- SCG Basic Principles for Human Resources Management
- Human Resources Management Regulations, Rules, and Guidelines

Human Resources Selection

- Instituting an efficient and fair selection system to acquire employees who are both competent and virtuous

Implementation Framework



Health and Safety

- Enhancing occupational health and preventing work-related illnesses, travelling and transportation
- Building a safety culture and reducing work-related injuries, travelling and transportation

SCG aims to ensure that its employees, contractors, and all parties involved are healthy and safe at workplace, travel and transportation and remain injury and illness-free. To this end, it has put in place an occupational health and safety system that focuses on proactive risk management and building an organization-wide safety culture to promote understanding and compliance among workers at all levels.

Policies and Guidelines

- SCG Safety Framework
- Safety Management System for Goods Transportation and Road Safety
- SCG Safety Performance Assessment Program (SPAP)
- Process Safety Management (PSM)
- Life Saving Rules

Development of an Occupational Health and Safety Management System

- An occupational health and safety management system that meets international standards
- A management system for goods transportation safety and road safety
- A contractor safety management system
- Defining indicators according to international standards for monitoring, measurement, management, and risk reduction

Establishment of Policies and Guidelines

- Establishing an occupational health and safety policy and a management structure to ensure effectiveness
- Using result of performance analysis to review policies, plans and measures for continuous improvement

Implementation Framework

Employees and Contractors Development

- Developing knowledge and competency for operational safety according to each employee's risks, roles, and responsibilities
- Building a safety culture by regularly cultivating occupational health and safety awareness

Monitoring and Assessment

- Assessing safety performance by Safety Performance Assessment Program on a regularly basis
- Monitoring performance by internal and external parties according to international standards
- Disclosing and communicating information to build up stakeholder confidence

Governance

- Assessing risks and establishing guidelines, standards, operational procedures and rules according to the risk
- Ensuring readiness and conducting drills in preparation for emergencies according to the risk of organization
- Establishing a system for reporting, investigating, and analyzing incidents

Corporate Social Responsibility

- Managing operational impacts to prevent conflicts with communities
- Developing the quality of life in communities and fostering sustainable self-reliance
- Fostering engagement among one another in creating an inclusive and shared-value society

SCG strives to achieve business growth alongside developing communities and society, paying particular attention to solving livelihood and quality of life problems, reducing social inequality, and restoring ecological balance. To this end, the Company provides assistance to enable communities to learn and understand their issues, develop and adjust to build up immunity and solve problems by themselves, and ultimately share and extend their success to other communities.

Policies and Guidelines

- Human Rights Policy
- Stakeholder Engagement Policy
- Guidance for Stakeholder Engagement

Establishing Policies and Guidelines

- Establishing policies or strategies, key issues, and projects or activities to serve as operational guidelines across the organization
- Designating responsible persons, both at managerial, supervisory and operational levels

Implementation Framework

2

Fostering Engagement

- Disclosing and communicating information to foster confidence among stakeholders
- Studying expectations and prioritize stakeholders to design engagement building
- Establishing guidelines to ensure the effectiveness of activities and the co-creation of long-term value with stakeholders
- Developing a complaint channel that stakeholders can access in order to collect suggestions and develop activities that meet their expectations and needs

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Assessing the Effectiveness of Activities

- Assessing benefits that the organization receives in terms of quantity/value/economic returns
- Analyzing Social Return on Investment (SROI) with internationally accepted tools or in accordance with international standards, such as LBG Measurement Framework, WBCSD Social & Human Capital Protocol

Climate Change

- Resilience through risk and opportunity management
- Mitigate climate change impacts by reducing greenhouse gases across value chain

SCG sets greenhouse gas emissions reduction targets according to the Paris climate agreement's goal to limit the global temperature increase by 1.5 degrees Celsius, and Net Zero in 2050. SCG has formulated strategies, governance, and actions in earnest, as well as adopting the guideline of Task Force on Climate-Related Financial Disclosure to mitigate climate risk and create business opportunities and to address changes coming from the shift to a low-carbon society.

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Environmental Management Framework
- SCG Environmental Performance Assessment Program
- SCG Risk Management Process

1 Set Goal, Approach and Strategy

- Establish a climate governance structure led by top executives, and incorporating it as part of annually Performance Management System and remuneration consideration
- Enact SCG Risk Management Process in formulating approach, strategy and measures to manage risk and opportunity, including physical and transition risk
- Set target of GHG emissions reduction, accompanied by short, medium, and long-term indicators

Implementation Framework

2

Implement Climate Actions

- Act according to the climate policy to achieve the goal

- Set the mitigations to reduce greenhouse gas for the whole value chain
- Apply economic tools to incentivize emissions reduction, including Internal Carbon Pricing (ICP)

3

Foster Stakeholder Collaboration

- Communicate the policy to internal and external stakeholders, for impact mitigation and creation of business opportunity
- Drive climate awareness and urgency of climate change to motivate stakeholders throughout the value chain
- Collaborate with stakeholders for climate actions network including nation and global level

Monitoring and Verification

- Monitor and report greenhouse gas emissions that covers direct and indirect emissions across the value chain
- Analyze and benchmark the trends against target in line with international standards
- Disclose climate change related information in line with international guidelines such as TCFD, CDP, and SBTi

4

Examples of Greenhouse Gas Reduction Initiative

- Increase the share of biomass and renewable energy use
- Innovate the lower-carbon products and services across the value chain
- Remove greenhouse gases with technologies and Natural Climate Solution

Energy Management

- Manage the energy consumption which highest efficiency and values according to circular economy principle
- Use alternative fuel and alternative energy, while ensuring energy-supply stability

Maintaining stability and managing energy portfolio to ensure an appropriate balance of energy sources taking into account volume, quality and pricing in the context of potential volatility of energy supply. Increase the share of alternative fuel and alternative energy use, while reducing fossil-fuel reliance, which leads to further greenhouse gas emissions reduction. Energy conservation and efficiency figure prominently in the picture, alongside optimization of the circular economy principle of waste-to-energy practice.

Implementation Framework

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Environmental Management Framework
- SCG Environmental Performance Assessment Program
- SCG Risk Management Framework

1

Set Goal, Approach and Strategy

- Establish energy management governance led by top executives
- Follow SCG Risk Management Framework in charting policy, approach, strategy and measures to manage business risk and opportunity holistically and appropriately
- Set energy management targets and performance indicators over short, medium and long term

2

Energy Management

- Take measures to improve energy efficiency, increase share of alternative fuel and alternative energy
- Monitor energy outlook alongside stakeholders to strengthen efficiency of energy management
- Reinforce knowledge and awareness of energy management among stakeholders

3

Monitoring and Verification

- Report and analyze of energy efficiency trend benchmarked against target in line with international standards
- Conduct regularly performance review and verification by external auditors
- Assess risk, opportunity and impact in regular update to top executives

Water Management

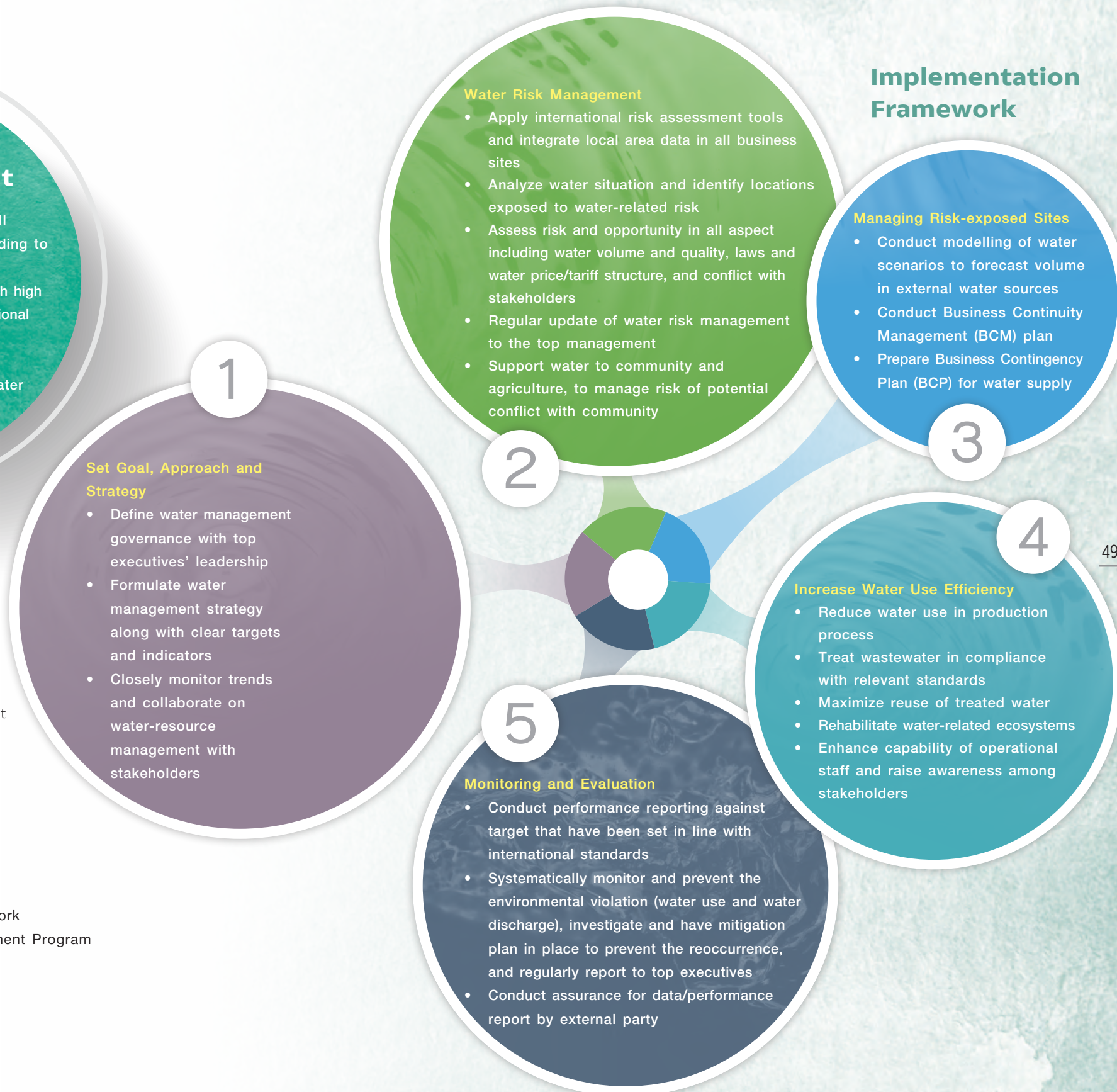
- Manage water-related risk in all business operation sites according to international standards
- Increase water use efficiency with high technology according to international concepts
- Efficiently manage wastewater treatment and reuse treated water

With climate change affecting water volume at source, SCG integrates international water-related risk management tools in collaboration with stakeholders. The purpose is to manage water usage from end to end, enhance efficiency of water use in production processes to maximize water use from water withdrawal. Efforts are invested towards efficient wastewater treatment and increased usage of treated water in consideration of preventing damage to business and society.

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Environmental Management Framework
- SCG Environmental Performance Assessment Program
- SCG Risk Management Framework

Implementation Framework



Resource and Waste Management

- Manage resource and waste according to 3Rs concept (Reduce-Reuse-Recycle) and Circular Economy principles throughout the supply chain
- Apply technology and innovation for optimization of resource use, recycling and reusing

Risk of limited natural resource and shortage, coupled with impact of waste on society and environment, SCG manages resource and waste according to the principles of 3Rs (Reduce-Reuse-Recycle) and circular economy throughout the supply chain. These principles govern design, material selection, production efficiency, appropriate waste management and reuse, aiming at optimization of materials' value and utilization.

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Environmental Management Framework
- SCG Environmental Performance Assessment Program



Implementation Framework

Set Goal, Approach and Strategy

- Define governance structure with top executives' leadership
- Formulate policy, strategy, clear quantitative targets and indicators

Resource Management

- Aggregate used materials from production processes and consumption for recycling to be raw materials and alternative materials as substitute of virgin materials
- Develop products, services, solutions and business models according to Circular Economy principles to optimize resource and material use

Waste Management

- Reduce waste generation through preventive measures built into design, material choice and enhanced production efficiency
- Efficiently manage waste to achieve Zero Waste to Landfill
- Govern external waste management to ensure efficiency in tandem with reducing external waste disposal volume to minimize risk of inappropriate or breach of proper disposal

Consumer Behavior Change

- Encourage consumer to practice waste-separation correctly at source

Monitoring and Validation

- Conduct reporting focusing on benchmarking performance against targets according to international standards
- Conduct assurance for data/performance report by external party

Biodiversity and Ecosystem

- Conserve biodiversity in limestone quarry and agroforest areas
- Generate Net Positive Impact in every process and ensure integrity of sustainable ecosystem

SCG is committed in its path as a role model in biodiversity conservation by caring for the environment and biodiversity through sustainable management. To achieve Net Positive Impact in all processes involved, we partner with stakeholders to maintain biodiversity and sustainable ecosystem.

Policies and Guidelines

- SCG Environment and Climate Policy
- Quarry Rehabilitation and Biodiversity Policy

1 Implementation Framework

Risk Management

- Apply risk management principle throughout the value chain to lay down preventive approach, rehabilitation and maintenance

2



Project Development

- Initiate biodiversity conservation project in operational sites to achieve Net Positive Impact
- Partner with external experts to develop work plan and performance monitoring
- Engage with community and stakeholders from the stage of work plan formulation to implementation
- Use international indicators to evaluate projects qualitatively

3



Stakeholder Communication and Awareness-raising

- Promote knowledge and understanding of ecosystem and biodiversity conservation to strengthen network collaboration
- Increase awareness and appreciation of ecosystem and biodiversity conservation effort by the corporation

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Monitoring and Verification

- Progress report of work plan on rehabilitation of affected areas and effort towards ecosystem rehabilitation at work sites
- Monitor, evaluate and certify performance by external expert as inputs for continuous improvement



Air Quality Management

- Manage air quality, noise and vibration, using latest top-line technology available
- Monitor and manage pollution in company's sites and surrounding areas that might be affected

SCG prioritizes pollution management, within its own premises and the vicinity which might be affected. It has adopted an approach to manage and ensure that air quality, noise and vibration comply with standards deploying latest and best technology. At the same time, it sets targets and monitors consistently to prevent impact on the community and environment. In addition, SCG expand its expertise and technology to solve the air quality problems of society.

Implementation Framework

Policies and Guidelines

- SCG Environment and Climate Policy
- SCG Environmental Management Framework
- SCG Environmental Performance Assessment

1



Set Goal, Approach and Strategy

- Governance structure led by top executives
- Formulate policy, strategy, management measures along with quantitative targets on reduction of impact from air pollution, noise and vibration as compliant with legal and international standards

2



Air Pollution Management

- Compliance with policy and measures planned to achieve the goal
- Deploy latest and best technology to control air quality, noise and vibration
- Preventive maintenance of machineries used for pollution control for optimal performance
- Measures air quality, noise and vibration with effective methods and equipment according to established standards consistently both in the company area and the surrounding area

3



Community and Stakeholder Engagement

- Provide communication channel on air pollution, noise and vibration management to stakeholders regularly
- Listen to opinions from community and stakeholders for continuous improvement of air quality, noise and vibration management

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4



Monitoring and Verification

- Conduct performance reporting against target that have been set in line with international standards
- Monitor performance of air pollution, noise and vibration control equipment and measurement tools according to preventive maintenance plan to optimize efficiency
- Conduct assurance for data/performance report by external expert

Sustainability Guidelines

- Corporate Sustainability guide for Listed Company by the Stock Exchange of Thailand, 2020

ESG Disclosure Framework

- Global Reporting Initiative (GRI)
- Sustainability Accounting Standards Board (SASB)
- Task Force on Climate-related Financial Disclosures (TCFD)
- Science Based Targets initiative (SBTi)

ESG Rating Agency

- Dow Jones Sustainability Indices (DJSI)
- Sustainalytics
- Morgan Stanley Capital International (MSCI)
- Carbon Disclosure Project (CDP)

Reference

- SCG Corporate Governance Principle
- SCG Code of Conduct
- SCG Supplier Code of Conduct
- SCG Risk Management Handbook
- SCG Basic Principles for Human Resources Management
- Human Resources Management Regulations
- Human Resource Management Rules and Regulations
- Whistleblower Policy
- Guidelines for Green Procurement
- SCG Safety Framework
- Safety Performance Assessment Program
- SCG Contractor Safety Certification System
- Environmental Management Framework
- Environmental Performance Assessment Program



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