

The Siam Cement Public Company Limited

**Annual Report  
2022**

Form 56-1 One Report\*



**RISE  
TO THE CHALLENGES  
FOR SUSTAINABLE GROWTH**

\* Annual Registration Statement/Annual Report

## Polycrisis in 2022

### Soaring energy costs, the cycle trough of the petrochemical industry that reached its lowest point in 20 years

#### Energy Crisis



##### Russia-Ukraine Conflict



##### Energy Shortage in Europe

#### Higher energy prices

(Compared with 2021)

##### Global energy prices



**Crude oil (Brent) 39%↑**



**Naphtha (MOPJ) 22%↑**



**Coal (Newcastle) 159%↑**

##### Energy Prices in Thailand



**Liquefied natural gas (Pool Gas) 91%↑**



**Ft rate 108.75↑**

Price increased by satang  
(Based on information at the end of 2022, compared to the same period in 2021)

#### Petrochemical Trough Hitting Its Lowest Point in the Cycle in Q4



##### An Increase in Supply



**Weak Demand from China's Strict Zero-COVID Policy**



##### Raw Material Cost Volatility

#### Impacts on the Chemical Market



**Capacity reduction by global producers Average in Q4 20%↓**



**Regional chemicals prices fell by 10-20%↓**



**Higher Production Costs The Price of Main Raw Materials Increased by 22%↑**

(Compared with 2021)



**Chemical spreads dropped to the lowest levels in 20 years 20 years↓**

#### Interest Rate Crisis and High Inflation



##### Impacts from Higher Energy Prices

#### Persistent Economic Slowdown

(Based on information at the end of 2022 compared to the same period in 2021)

##### US Inflation

**6.5%↓**

(Down by 0.5%)

##### Thai Inflation

**5.9%↑**

(Up by 3.7%)

##### US interest rate

**4.50%↑**

(Up by 4.25%)

##### Thai interest rate

**1.25%↑**

(Up by 0.75%)

## SCG rises to challenges by reducing costs, increasing production efficiency, proactively catering to the mega trends, seizing economic opportunities, and maintaining in financial stability

**1**



### Ensure financial stability

Maintain financial stability by increasing financial liquidity, cost control, and carefully investing according to the business strategy.

**2**



### Focus on reducing costs, and accelerating efficiency

Reduce costs, mitigate rising energy prices, increase use of solar and renewable energy, accelerate management efficiency, develop digital technology.

**3**



### Expand business to meet tomorrow's needs

#### Energy Transition Solutions



#### ASEAN and Beyond Expansion



#### Smart Living Solutions



#### Green Solutions



#### Health and Medical Solutions



**4**



### Enhance business immunity by accelerating ESG 4 PLUS



Set Net Zero



Go Green



Lean Inequality  
Enhance Collaboration



Plus trust and transparency in all operations.

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In case this Annual Report (Form 56-1 One Report) reference disclosed on the Company's website, the disclosed information shall be deemed to be part of Form 56-1 One Report. The Board of Directors certifies the correctness and completeness of disclosed information and annual information disclosure in Form 56-1 One Report.



"All paper inside the report us 100% made from Ecofiber,  
Soy Ink used in the printing process for environmentally  
friendly"



Their Majesties the King and Queen presided over the ceremonial unveiling of a statue of His Majesty King Vajiravudh (King Rama VI) at SCG Head Office on March 20, 2022. The construction of the statue epitomized the sense of gratitude of SCG employees toward His Majesty who decreed the establishment of Siam Cement Co., Ltd in 1913. Since its founding, the Company has grown sustainably over the years.

## 01 Vision

With his unparalleled intuition, His Majesty King Vajiravudh decreed the establishment of Siam Cement Co., Ltd, Thailand's first cement manufacturer, in 1913 to fully utilize local resources, reduce imports, and develop the knowledge and experience of the Thai people in managing a large-scale industrial enterprise to promote the country's economic stability and advancement and improve people's quality of life. Since then, SCG has grown sustainably alongside Thailand's economic and social advancement over the course of the century. Despite having encountered countless crises, SCG has survived the challenges and grown even stronger than ever, thanks to the dedication and collaboration of employees at all levels.

SCG is a leading industrial conglomerate in ASEAN that has grown steadily well into its 110<sup>th</sup> year, thanks to its business resilience and use of technology, enabling the Company to develop innovative products, services, and solutions to meet the diverse application needs of consumers and the rapidly-changing market conditions as well as deal with crisis situations promptly. Currently, SCG comprises three core business units: Cement -Building Materials Business, SCGC (Chemicals Business), and SCGP (Packaging Business).

To elevate the quality of life today and pass on a better world for future generations, SCG make it a duty and responsibility to grow toward growing business alongside building a strong society and sustainable environment. The Company has incorporated the Environmental, Social and Governance (ESG) framework into its business operations at the national, ASEAN, and international levels and collaborated with all sectors

to push forward the ESG 4 Plus targets developed by SCG, encompassing "Set Net Zero – Go Green – Reduce Inequality – Embrace Collaboration" plus trust to transparency in all operations.

The relentless commitment to create value for all stakeholders in accordance with the sustainable development approach resulted in SCG being the first organization in ASEAN to have been included in the prestigious Dow Jones Sustainability Indices (DJSI) since 2004. SCG has been evaluated as a global sustainable company in the category of DJSI World and DJSI Emerging Markets in the Construction Materials Industry for the 19<sup>th</sup> consecutive year, demonstrating its sustainable development accomplishments in balancing economic, social, and environmental growth in line with its promise: "Passion for Better".

## 02

### Message from the Board of Directors



**Air Chief Marshal**

A handwritten signature in black ink, appearing to read "Satitpong Sukvimon".

**Satitpong Sukvimon**

Chairman

**SCG quickly adapted to polycrisis in 2022 by maintaining financial stability, reducing costs, enhancing production efficiency, and entering into new businesses to address the needs both for today and tomorrow**

In 2022, the world was beset by compounding crises triggered by the Russia-Ukraine conflict, precipitating escalating energy prices which spiked to their highest levels in decades, exacerbating impact from the trough of petrochemical industry that reached its lowest point in 20 years. Central banks raised interest rates historic high to combat elevated inflation. Such adversities were compounded by China's strict zero-COVID policy, slowing the global economy. These incidents had far-reaching consequences on the quality of life and business like never before.



2022 Operation Result  
Press Conference.

Scan to watch video

SCG swiftly adapted and mitigated the repercussions on the overall business, taking multiple initiatives such as maintaining financial stability, strictly managing liquidity, reducing costs, and making prudent investment decisions. This ran parallel with entering into new businesses and taking on new opportunities arising from the economic recovery in areas such as clean energy, green innovations, health and medical solutions, and smart living solutions to elevate the quality of life, enabling people to live a more convenient, cost-effective, safe, and environmentally-friendly life.

As at year end 2022, SCG manifested a strong financial position. The Company's operating results registered revenue from sales of 569,609 Million Baht, an increase of 7% from the previous year. Profit for the year amounted to 21,382 Million Baht, down 55% from the preceding year due largely to repercussions from slow economic growth, the trough of the petrochemicals industry that reached its lowest point in 20 years, and soaring energy costs. In 2022 SCG's revenue from sales of High Value Added (HVA) Products & Services totaled 195,520 Million Baht, representing 34% of total revenue from sales. Net debt to Equity ratio stood at 0.6 times while cash flows were stable. As a result, the Board of Directors resolved to propose at the 2023 Annual General Meeting of Shareholders a full year dividend payment of 9,600 Million Baht, or 8.0 Baht per share, representing a payout rate of 45% of profit for the year according to the consolidated financial statements. This comprised an interim dividend of 6.0 Baht per share, and a final year-end dividend of 2.0 Baht per share.

### **Maintaining Financial Stability with a Robust Cash Flow of 95,000 Million Baht**

Amid the compounding crises, SCG placed strong emphasis on risk management, liquidity management, effective and resilient inventory management in response to the market demand and making prudent strategic investment decisions in nearly completed projects with short lead time to cashflows whilst delaying lower priority investments. The efforts resulted in a robust cash flows of 95,000 Million Baht as at year end 2022.



A handwritten signature in black ink, appearing to read "Roongrote Rangsiyopas".

**Roongrote Rangsiyopas**  
President & CEO

## **Reducing Costs, Accelerating Production Efficiency**

In the wake of surging energy prices, SCG strived to reduce costs by every possible means, enhance production efficiency, and increase clean energy use. In 2022, SCG achieved a 34% use of alternative fuel for domestic cement operations. Another key contributing initiative was the development of multiple digital technologies for the production process to enhance competitiveness, for example, the Digital Twin and Advanced Process Control simulation technologies, AI robots, and automation machines. On the other end, SCG collaborated across the supply chain of ceramic businesses in four countries, namely, Thailand, Vietnam, Indonesia, and the Philippines to ensure effective multi-plant production rationalization along with developing production technology and innovative products with high value add.

## **Advancing into the Energy Transition Solutions Business, and Striving to Achieve Net Zero Target**

SCG has advanced into the integrated energy transition solutions business, delivering solar energy for residential market, factories, industrial estates, hotels, shopping malls, and hospitals through its Smart Grid technology. In 2022 SCG has solar capacity of 234 megawatts both for internal and external, uses an increase of 78% from the previous year. In addition to investing in heat battery technology (thermal energy storage) that stores solar energy for use when there is no sunlight, SCG is determined to develop high quality biomass and biocoal from agricultural waste and Refused Derived Fuel (RDF) as alternative energy.

## **Accelerating Development of green solutions to Address Eco-Friendly Trends**

In response to consumers' preference shift towards more sustainable products and services, SCG has accelerated the development of green solutions that enable consumers

to live a more convenient life and become more eco-conscious. For example, eco-friendly polymer, which has gained wide acceptance in the global marketplace, recorded sales of 140,000 tons last year, a growth of 5 times, compostable packaging, and CPAC Green Solution construction technology such as the 3D Printing Solution helped speed up construction and reduce labor costs.

## **Staying Safe and Healthy with Health and Medical Innovations**

COVID-19 has made more people concerned about their health. In response, SCG has expanded the Smart Living Solution business that helps elevate health safety. The business introduced SCG Bi-ion air disinfection system and SCG Air Scrubber, an energy-saving air purifier. SCG has also developed DoCare, a health and safety monitoring solution that connects homes and hospitals, enabling real-time health monitoring. SCGC has developed plastic resin for medical equipment such as syringes, IV bags and tubes. At the same time, SCGP extended its reach into the medical supplies and labware by partnering with Deltalab of Spain to produce over 150,000 SKUs of products for global distribution.

## **Expanding into ASEAN and Global Markets, Taking New Opportunities Arising from the Economic Recovery**

As the economy has shown signs of recovery with sustained growth, SCG has taken bold moves to expand investment in high potential and sustainable projects into ASEAN and global markets. Examples are Long Son Petrochemicals Company Limited (LSP), an integrated petrochemicals complex in Vietnam scheduled to commence commercial production in 2023, adding to the Company's petrochemicals capacity by 40% from 6.9 million to 9.8 million tons per annum. Also, SCGC teamed up with Sirplaste company in Portugal to expand the capacity of high quality post-consumer plastic resins aimed to supply to the



European and African markets. SCGC also entered into plastic waste recycling business in collaboration with Recycling Holding Volendam B.V. (Kras), a leading waste recycling business in the Netherlands, managing plastic waste to the production of recycled plastic, as well as signed a joint venture agreement with Denka Company Limited in Japan to produce acetylene black, a component for the manufacture of lithium-ion batteries for electric vehicles (EV).

Additionally, SCG plans to take new opportunities arising from economic rebound by providing a complete range of services in logistics and supply chain through SCG JWD Logistics Public Company Limited (SCGJWD). The merged company between SCG Logistics and JWD Info Logistics, which has become ASEAN's largest integrated logistics and supply chain service provider, offers services for goods that demand special care in all industries, for example, vaccines, expensive artworks, cars, and frozen food with an extensive network across ASEAN and China.

To expand the packaging material recycling business in response to the eco-friendly trends, SCGP acquired stakes in Peute Recycling B.V. (Peute) in the Netherlands and Jordan Trading Inc. (Jordan) in the United States.

### **Embracing ESG to Drive the World toward Sustainability**

SCG pledges to grow businesses in alignment with the ESG 4Plus strategy, encompassing “Set Net Zero, Go Green, Reduce Inequality, and Embrace Collaboration” plus trust through transparency in all operations. The Company takes aim at realizing the Net Zero Target by 2050. In 2022, SCG achieved a reduction of 4.13 million tons in green-house gas emissions through the use of alternative energy, tree planting, and cooperation with multiple networks to construct 115,000 check dams to restore watershed forests. In pursuit of reducing social inequality, SCG focused on promoting skill development initiatives to create careers and generate income for communities and collaborating with a consortium

of partners to combat climate emergency and reduce inequality at ESG Symposium 2022.

### **From the Royal Intuition to an Innovative Organization for Sustainability**

Throughout the course of 110 years, SCG has grown sustainably alongside the nation's economic and social advancement. To honor His Majesty as well as commemorate the King's royal grace in decreeing the establishment of Siam Cement Co., Ltd., SCG has obtained a royal permission to build a statue of His Majesty King Vajiravudh as a memorial representing the gratitude of SCG employees toward His Majesty. Their Majesties the King and Queen subsequently presided over the unveiling ceremony of the statue of His Majesty King Vajiravudh (King Rama VI) at SCG's Head Office on March 20, 2022.

The Board of Directors would like to express its sincere gratitude to all shareholders, debenture holders, joint-venture partners, suppliers, contractors, customers, and all other relevant parties including domestic and international financial institutions for their continued support toward SCG. This gratitude also extends to all SCG employees for their agility and dedication that have enabled SCG to create innovations and solutions that satisfied customer demand. All relevant parties can be rest assured that SCG will be able to weather the crisis and grow the business robustly while taking care of society and the environment with adherence to transparency in alignment with the ESG approach. The Company is keen to partner with all sectors to pass on a better and more sustainable world to the next generations to come.

Bangkok, January 25, 2023



## SCG Strived to Reduce Costs and Increase Production Efficiency

**Strived to reduce costs and tackle soaring energy cost by increasing the proportion of solar energy generation and alternative energy use**



**Increased solar energy generation** 49% from the previous year to replace other energy sources in the production process.



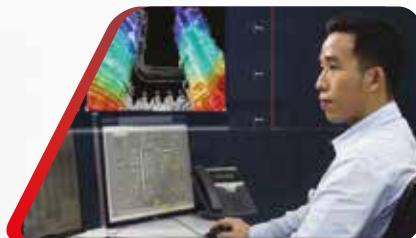
**Increased use of alternative energy** to be 34% for domestic cement operations

By developing high quality bio-fuels from agricultural waste and producing Refuse Derived Fuel (RDF), the effort helped reduce energy cost and greenhouse gas emissions as well as minimizing waste and PM 2.5 emissions.

### Accelerated production efficiency enhancement and digital technology development to adapt to the changing world.

#### ● Enhancing production process efficiency with digital technology and Smart Factory

Increasing efficiency in management, production planning, and sales to achieve maximum profit. To that end, the Company adopted technologies such as Digital Twin and Advanced Process Control, AI robots, and automation machines to upgrade its facilities to boost competitiveness in the global market and create sustainable growth.



#### ● Expanding customer base and developing eCommerce business with eCommerce platforms

With the likes of scghome.com, Q-Chang, Design Connex, and Prompt Plus, these digital platforms have been developed to manage the distribution of building materials to 9,000 dealers nationwide.



#### ● Becoming an integrated logistics and supply chain solutions provider

Delivers its services in the form of multimodal transport, using several modes of transport such as by ship, rail, plane, and truck to haul both inbound and outbound cargos to their destinations. The objectives were to enable maximum efficiency, lower costs, and reduce greenhouse gas emissions.



#### ● Developing linkage across the supply chain of ceramic businesses in four countries

Namely, Thailand, Vietnam, Indonesia, and the Philippines to manage and maximize production with Multi-Plant Production Rationalization model. Collaborate to develop production technology, produce innovative products to create. (Value Release)



03



## CREATE SOLUTIONS TO MEET CURRENT AND FUTURE DEMANDS

Our ever-changing world gives rise to new challenges every day, with polycrisis such as the COVID-19 pandemic, the volatile economy, the increasing energy costs, a world in increasing turmoil, the fluctuating climate and the high PM 2.5 air pollution problem. All of these crises have impacted our livelihoods and the economy. Consequently, SCG has developed and proposed the following solutions of the future to meet these new demands and help us all live in a more convenient, worthwhile, and safe society while taking better care of the environment.



### Energy Transition Solutions



### Green Innovation Solutions



### Health and Medical Solutions and Smart Living Solutions



### ASEAN and Beyond Expansion



Welcome to The Next Chapter

[Watch VDO Clip](#)



Smart Grid platform for clean energy management installed at Sahauniam Group, Bangpakong, connects clean energy plants between 10 companies, reduces energy costs by 30 percent and reduces greenhouse gas emissions by 3,670 tons per year.

**Energy Transition Solutions are able to provide clean energy in a convenient and cost-effective way.**

As a result of the global climate change and continually rising energy prices and electricity costs, SCG is ready to tackle these challenges and move forward with our integrated Clean Energy business, which is developing solar energy products for the residential markets, factories, industrial estates, hotels, department stores and hospitals by utilizing the Smart Grid intelligent electrical network systems by SCG Cleanergy Company Limited.

The company currently has a leading customer base, covering both public and private sectors domestically and internationally. Currently, our solution is already installed at Saha-Union Group in Bangpakong, helping to connect clean energy between 10 companies while helping to reduce energy costs by 30% and decreasing greenhouse gas emissions by 3,670 tons per year. In addition, we have invested in a new innovative battery technology to store heat from solar energy, also known as Thermal Energy Storage, for use in the absence of sunlight and help prevent power shortage in factories.

We are continuing to develop innovative solutions for renewable resource management (Green Circularity Solution), under the “Circular Plus” program which provides renewable resource management services and

solutions by re-using waste materials and by-products from the manufacturing and agricultural sectors and communities. These solutions are cost-effective and environmentally-friendly, including the development of High-Quality Biofuel through a joint collaboration between the government and the community, the purchase of agricultural waste products to reduce their burning and subsequently, the reduction of PM 2.5 emissions in our air quality levels. Within five years, SCG anticipates reducing the burning of agricultural waste products by more than 350,000 rai (approximately 56,000 hectares) and the emission of carbon dioxide by more than 400,000 tons. This will create the opportunity for Thailand to be an exporter of clear energy in the future.

In addition, the company has entered electric vehicles business. This is in line with the Smart Clean Mobility trend to capture an opportunity in the growing electric vehicle sector in Thailand. Moreover, we are collaborating with partners who have expertise in delivering products and services in EV areas, including EV Fleet Solution which ranges from the supply of electric vehicles, insurance, to repair and maintenance, EV Charging Solution, as well as rental services for freight transport and employee pick-up and drop-off to support the use of electric vehicles in the country.



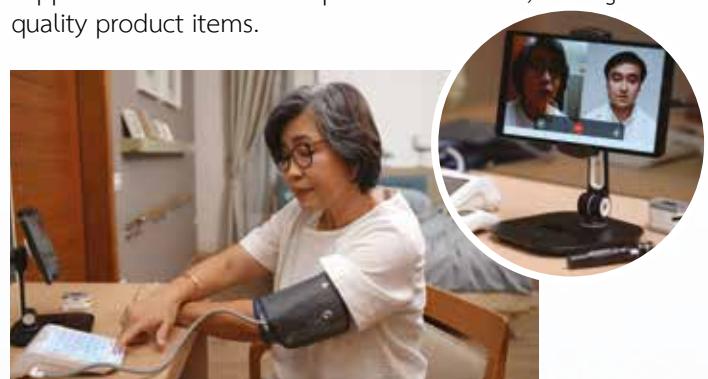
Innovative plastic to save the world, Green Polymer which is recyclable or biodegradable is in demand, SCG's sales of 140,000 tons in 2022 is more than 5 times of previous year.

#### **Innovation in Green Solutions : Developing Green Products to Respond to a Global Megatrend**

The environmentally-friendly product and service market has continuously grown. Consequently, SCGC has accelerated the innovation in respond to a global megatrend. In 2022, SCG Green Choice had grown 34%, exceeding the goal. The Company had **developed eco-friendly plastic, SCGC GREEN POLYMER**, which can be recyclable and biodegradable for packaging products, such as a soap bottle and liquid detergent, as well as Fest by SCGP, **a food service packaging and recyclable paper tray** for chilling fresh food which helps to retain freshness, cleanliness and food safety. Moreover, the packaging innovation OptiBreath, which can preserve and extend vegetables and fruits' freshness, and diminish the food waste issue. In addition, this also supports the growing e-commerce market, **develops the comprehensive environmentally-friendly construction technologies** known as CPAC Green Solution, such as CPAC Drone Solution, CPAC BIM, CPAC Bridge Solution and CPAC 3D Printing, that helps increasing the speed of construction with less manpower, enabling to support the continually growing global construction market.

#### **Health & Medical Solutions: Technology for Healthcare and Safety**

SCG continues to make progress on the development of technology for healthcare and safety which is aimed at elevating our quality of lives in terms of safety and disease prevention. Our DoCare solution (Health & Safety Monitoring Solution) integrates the technologies of IoT (Internet of Things) and Digital Platforms to connect homes and hospitals, sending information to track symptoms and receive consultation from doctors in real-time. DoCare solution also implements a help alert system helping to notify when there is an abnormality, such as when the patient has a fall (Fall Detection). Moreover, the Company has developed plastic resins for the medical SCGCTM PP and PVC for use in the production of medical and pharmaceutical devices such as syringes, IV lines and saline bags, blood transfusion bags. SCG has also developed solutions to improve the quality of life of healthcare professionals and patients, such as smart medicine dispensing carts, syringe disposal bins, patient wheelchairs, capsules for transporting patients by air and hygienic face masks under the brand VAROGARD. At the same time, SCGP has expanded its business into the medical supplies and labware market by acquiring Deltalab, a company that produces medicle supplies and labwares in Spain with over 15,000 high quality product items.



DoCare, a technology for remote health care and safety. Connected the patients closer to doctors.



**CPAC Green Solution**, an innovative construction that is environment friendly. Construction completed 30% faster, 70% reduction in material waste, 50% savings in labor costs.

## Smart Living Solutions: Lead a Smart and Healthy Life with Smart Technologies

COVID-19 has resulted in consumers becoming more health conscious as part of the new normal after the pandemic. Consequently, SCG has accelerated our progress in the business of Smart Living Solutions to enhance the modern quality of life by improving the level of convenience, value, and safety. This has been achieved through the development of intelligent innovations that improve air quality while also save energy, including the SCG Bi-ion and SCG Air Scrubber used for large buildings, convention centers or department stores. These units have now been installed at various locations, including at Terminal 21 Shopping Center Pattaya branch, Kloud by Kbank at Siam Square Central Ayutthaya branch, Chulabhorn Research Institute, Siriraj Hospital, Vajiravudh College, Saint Dominic's School and Amnuay Silpa School, amongst others. In addition, the firm have invested in the company enVerid, a specialist in air pollution treatment systems to help build on our innovation in air quality while saving energy costs in buildings around the world.



## ASEAN and Beyond Expansion: Expanding International Investment Projects to Penetrate High-Potential Businesses and Achieve Growth

SCG continues to expand its investment in high-potential projects around the world to support the continually growing market. Our petrochemical project, Long Son Petrochemicals Company Limited (LSP) in Vietnam, will begin commercial operation in 2023. In addition, SCGC has expanded its production capacity in high-quality plastic resins in collaboration with the company Sirplaste from Portugal to support the growing recycled plastic market in Europe. In addition, the Company has entered recycled plastic business by partnering with (Kras)/Recycling Holding Volendam BV Co., Ltd, the leader in waste management from the Netherlands, from storage to sorting to production of recycled plastic resins, covering both household and industrial sectors. Our goal is to develop 1 million tons of the innovative Green Polymer per year and also entered into a joint investment with the Japanese company Denka to produce Acetylene Black, a specialty carbon black product used as a component in producing rechargeable lithium-ion batteries in electric cars.

Furthermore, the Company is continuing with Integrated Logistics business in ASEAN countries. Through an extensive network covering all of ASEAN and China, SCGJWD is now serving all sectors in the transportation industry, such as land, sea, and air, as well as the delivery of goods that need special care such as vaccines, medicine, high-value artwork, frozen food and dangerous goods.



# 04

## Financial Overview

The Siam Cement Public Company Limited and Its Subsidiaries

	2022	2021	2020	2019	2018
<b>Consolidated Income Statement</b> (Million Baht)					
Revenue from sales	569,609	530,112	399,939	437,980	478,438
Costs and expenses <sup>1</sup>	570,620	494,613	373,564	419,241	445,392
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA) <sup>1</sup>	61,912	91,867	74,600	75,105	86,641
Profit for the year <sup>2</sup>	21,382	47,174	34,144	32,014	44,748
Profit for the year before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562				34,049	
<b>Consolidated Statement of Financial Position</b> (Million Baht)					
Assets	906,490	861,101	749,381	634,733	589,787
Liabilities	454,066	411,093	353,255	306,990	271,918
Shareholders' equity	452,424	450,008	396,126	327,743	317,869
Equity attributable to owners of the Company	374,255	365,691	320,972	280,215	277,097
<b>Financial Ratio</b>					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	311.9	304.7	267.5	233.5	230.9
Earnings per share (Baht)	17.8	39.3	28.5	26.7	37.3
Dividends per share (Baht)	8.0	18.5	14.0	14.0	18.0
Dividends payout ratio on profit for the year (%) <sup>3</sup>	44.9	47.1	49.2	52.5	48.3
Return on revenue from sales (%)	3.8	8.9	8.5	7.3	9.4
Return on equity (%)	5.8	13.7	11.4	11.5	16.6
Return on assets (%)	2.4	5.9	4.9	5.2	7.7
EBITDA on total assets (%)	7.0	11.4	10.8	12.2	14.9
Net debt to equity ratio (Times) <sup>4</sup>	0.6	0.5	0.4	0.6	0.5
Price earnings ratio (Times)	19.2	9.8	13.3	14.7	11.7

<sup>1</sup> The figures for year 2019 are reclassified according to the notification of the Department of Business Development.

<sup>2</sup> Profit for the year attributable to owners of the Company

<sup>3</sup> Proportion of dividends for 2019 is 49.3% on profit before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562

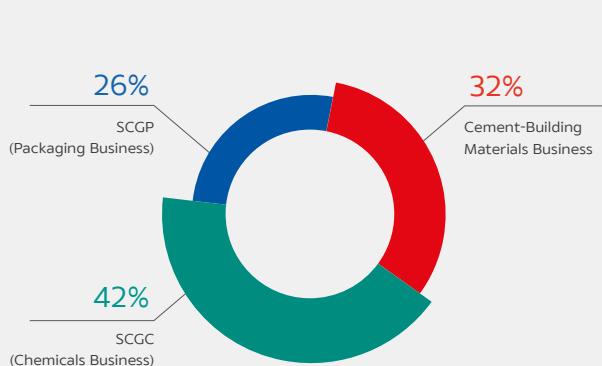
<sup>4</sup> Net debt to equity ratio = Net debt divided by shareholders' equity

# 05

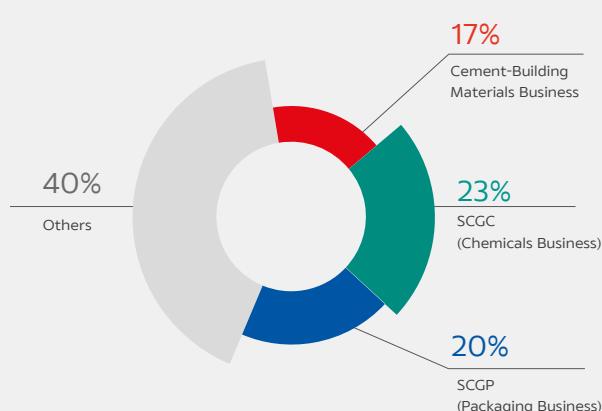
## Operating Results

The Siam Cement Public Company Limited and Its Subsidiaries

**Revenue from Sales Breakdown 2022**



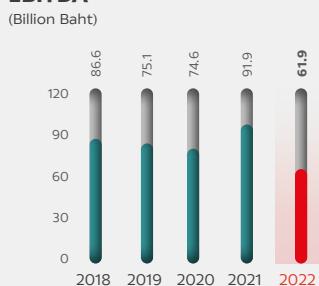
**Profit for the Year\* Breakdown 2022**



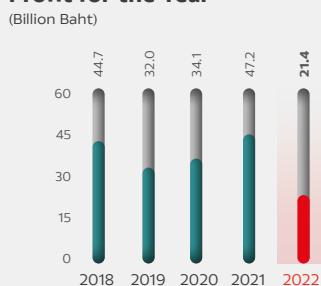
**Revenue from Sales**



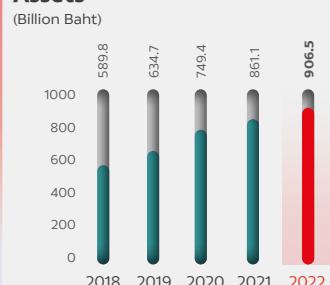
**EBITDA**



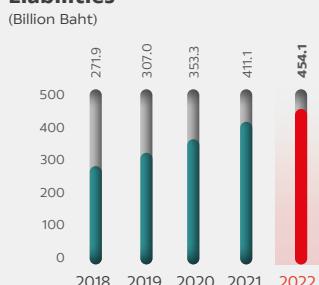
**Profit for the Year\***



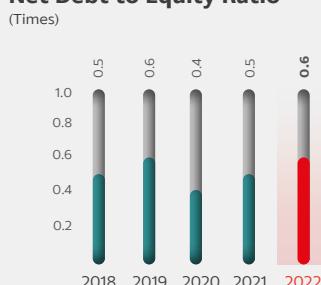
**Assets**



**Liabilities**



**Net Debt to Equity Ratio**



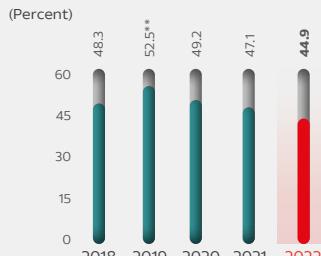
**Earnings per Share**



**Dividends per Share**



**Dividends Payout Ratio on Profit for the Year\***



\* Profit for the year attributable to owners of the Company

\*\* Proportion of dividends for 2019 is 49.3% on profit before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562



013

Vietnam's first integrated petrochemical complex (Long Son Petrochemicals Company Limited : LSP), the project is ready to produce products to the market by 2023

At the same time, SCGP is expanding its global recycled packaging business network by partnering with the rigid plastic packaging manufacturer Duy Tan of Vietnam, paper box manufacturer Intan Group of Indonesia as well as investing in Peute Recycling B.V. (Peute) in the Netherlands and Jordan Trading inc. (Jordan) in the United States. Additionally, the Company have developed innovation in "Nanocellulose fibers" where agricultural wastes are used as raw materials in the production of packaging paper along with recycled pulp, resulting in packaging that is durable, strong, uses less resources and can be developed for use in other industries. Examples are composite materials that are lightweight but of high strength, used for cosmetics that add moisture to the skin.

#### Building Business Immunity with ESG According to the ESG 4 Plus Principles

SCG aims to achieve net zero greenhouse gas emissions by 2050 through the use of clean and environmentally-friendly energy. The Company collaborated with the community and the government to plant trees, implement forest restoration and build up to 115,00 check dams, as well as cooperated with the Utokapat Foundation under the Royal Patronage of His Majesty the King and the Hydro Informatics Institute (Public Organization) to promote sustainable water management for households, thereby allowing farming all year round and helping people to become self-reliant and achieving stable income. The project aims to reduce inequality in society by developing vocational skills needed by the market. SCG created jobs and earning opportunities for over 9,000 people by promoting careers for those in the business network. For instance, "Q Chang" program which develops careers and enhances skills for mechanics and the "Taksa Pipat School" to provide training in car and truck driving to unemployed persons and discharged soldiers, the "Development of Construction Skills by CPAC". Finally, through our "Community Power" program, this allowed to promote the creation of communities knowledge and help build sustainable careers, which allows communities to become more self-reliant.



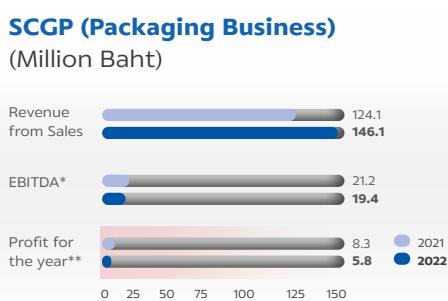
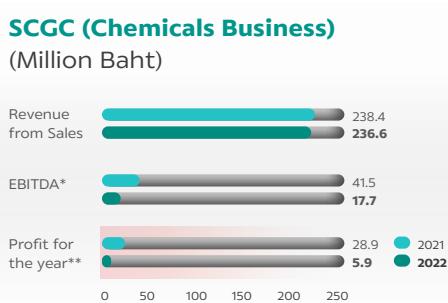
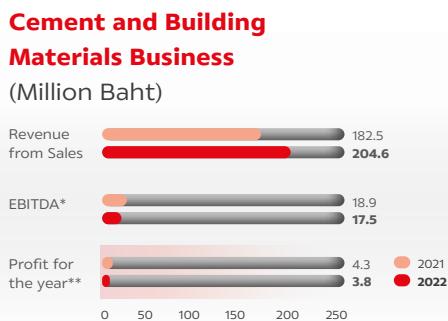
SCGC entered into integrated recycle business with KRAS, a leading company in waste management from the Netherlands



Upskill / Reskill 9,000 people for high market demand jobs

# 06

## Business Highlights



### SCG

Consolidated revenue from sales registered at 569,609 Million Baht, an increase of 7% from the previous year mainly from Packaging Business (SCGP) and Cement and Building Materials Business. Consolidated EBITDA decreased 33% from the previous year to 61,912 Million Baht. Correspondingly, profit for the year registered at 21,382 Million Baht, a decrease of 55% from the previous year, largely resulted from Chemicals Business (SCGC). Profit excluding key items would have been 23,270 Million Baht, a decrease of 50% from the previous year.

### Cement and Building Materials Business

Revenue from sales registered at 204,594 MB, increased 12% from the previous year. EBITDA registered at 17,540 MB, decreased 7% from the previous year. Profit for the year registered at 3,789 MB, decreased 11% from the previous year. Normalized profit registered at 4,670 MB, decreased 41% from the previous year due to higher production cost. The business managed to retain its leadership position in ASEAN market through developing new products and services, offering High-Value-Added product and services & solutions to address fast-evolving consumer needs, delivering social and environmental-friendly products by adjusting production operations and developing products with less CO<sub>2</sub> emission for environment and sustainable society and communities, and fostering a good relationship with customers via various channels continuously.

### SCGC (Chemicals Business)

Revenue from sales was 236,587 Million Baht, decreased 1% from the previous year, as a result of lower sales volume from operating rates adjustment due to the global weak demand, as well as the turnaround of the olefins plant. EBITDA decreased 57% to 17,745 MB due to lower chemicals spread from higher feedstock cost along with the rising oil price and weak demand. Profit for the year was 5,901 MB or decreased 80% from the previous year due to lower spread and equity income from associates. SCGC continues to maintain its leadership in ASEAN through; focusing on the commercial start up of Vietnam's first fully integrated petrochemicals complex (LSP), expanding the sales of Green Polymer products in response to the Circular Economy Principle as well as creating new business growth opportunities, for example, the joint venture agreement with Denka Company Limited (Denka), Japan, to manufacture and distribute Acetylene Black, used as a component in the production of lithium-ion batteries to support mega trend in electric vehicles.

### SCGP (Packaging Business)

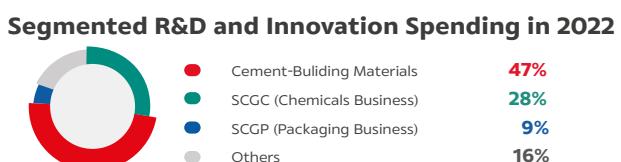
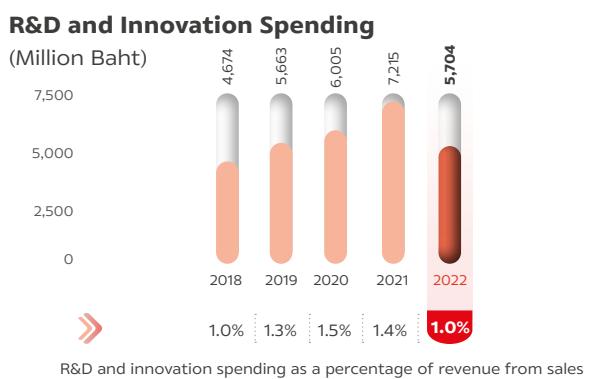
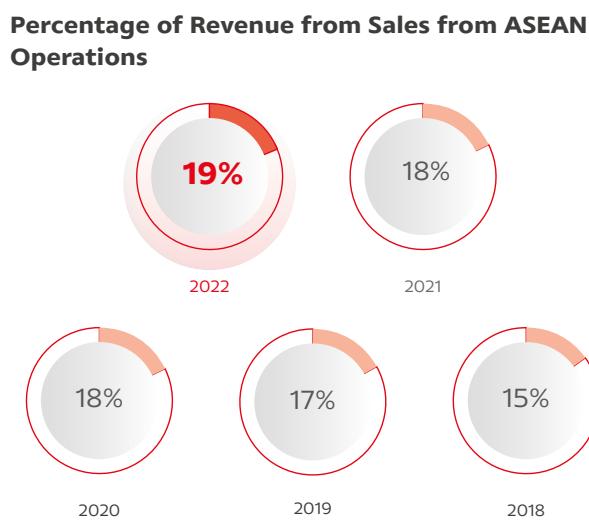
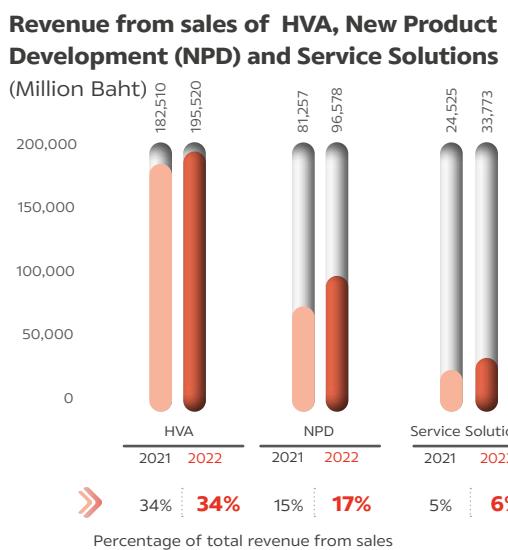
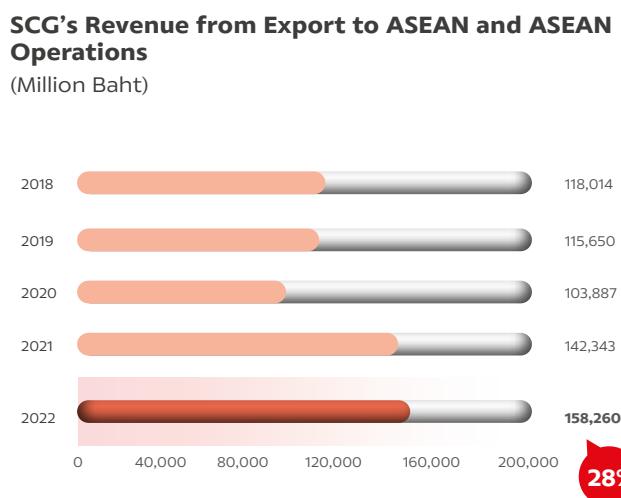
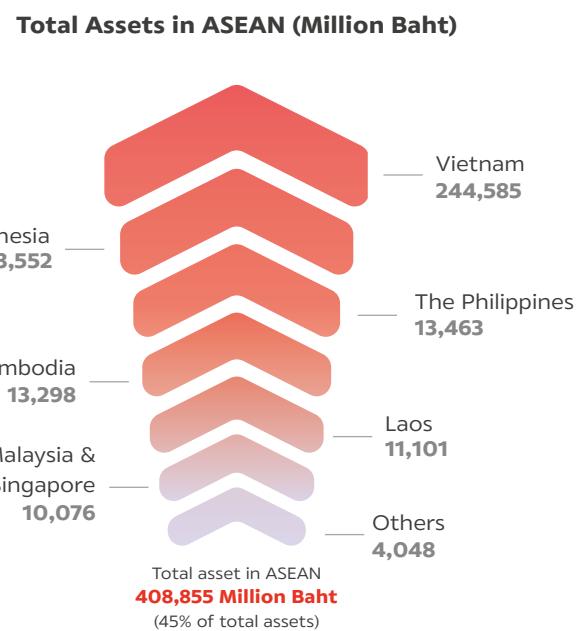
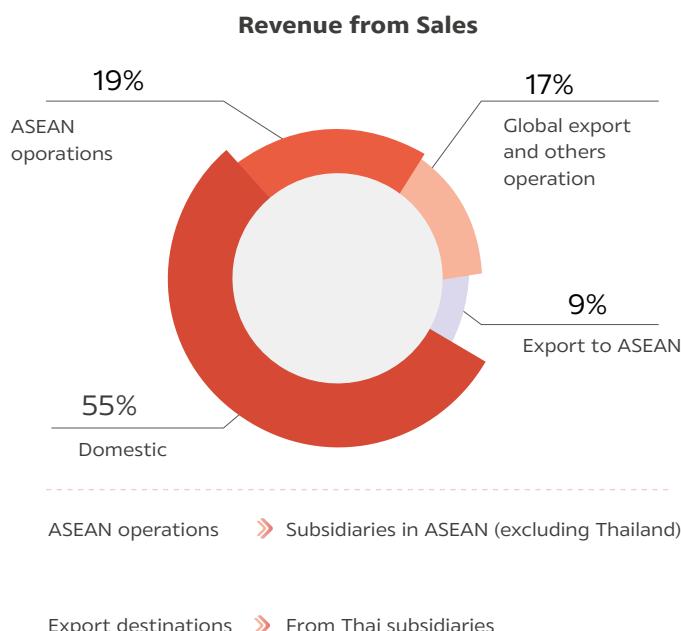
SCGP's total revenue from sales recorded at 146,068 MB, increased 18% from the previous year mainly supported by business growth through both Merger & Partnership (M&P) and organic expansion. EBITDA reported at 19,413 MB decreased by 8% from the previous year and Profit for the year was 5,801 MB, decreased by 30% from the previous year as a result of heightened energy cost and contraction of packaging paper sales volume in the midst of weakened global demand. Nonetheless, packaging industry is heading toward a recovery especially in ASEAN supported by improved momentum in tourism, import and export activities, as well as improved supply chain's situation in various industries. SCGP has proceeded on building growth with quality through prioritized expansion, along with continuous pursuit of cost saving via optimization. In addition, SCGP has aimed at strengthening operation in ASEAN, together with enhancing customer network into high growth regions.

### Others

EBITDA registered at 9,105 Million Baht, decreased 16% from the previous year. Profit for the year was 8,796 Million Baht, increased 8% from the previous year. This was attributed to the operating results of Investment Business that recorded EBITDA inclusive of dividend from associated companies of 7,417 Million Baht and profit for the year of 10,033 Million Baht after deducting general and administrative expenses.

\* Includes dividend from associates

\*\* Profit for the year attributable to owners of the Company



# ENHANCING INNOVATIVE SOLUTIONS FOR BETTER LIVING



Distributor of products and services for complete home and living



Smart Technology to enhance the quality of life



Eco-friendly Construction Innovation



Integrated logistics and supply chain service provider across ASEAN and China



# Cement and Building Material Business

## ELEVATING THE FULL RANGE OF CONSTRUCTION SOLUTIONS FOR **A BETTER QUALITY OF LIFE**

Amid the challenges that affect the economy; Soaring energy costs, and lower consumer spending, the Cement-Building Materials business has quickly adapted in response to the changes by focusing on the High Value added products, service, and solutions development, using unique technology and innovations to cater to customer needs, as well as implemented cost reduction by using renewable and alternative energy to promote sustainable business operations.

### **Business Challenges**

Even though the COVID-19 pandemic gradually subsided and the tourism sector began to see positive signs, the Russia-Ukraine conflicts exerted pressure on the production costs, especially energy prices resulting in a price increase in building material products while household demand and purchasing power had not rebounded. Moreover, as the global crises remained unpredictable, the cement-building materials business decided to adapt to changing global trends and customers.

### **Operating Result**

The Cement-Building Materials business generated Revenue from Sales of 204,594 Million Baht, an increase of 12% from the previous year, with EBITDA of 17,540 Million Baht, a decrease of 7% from the previous year, and Profit for the Year of 3,789 Million Baht, a decrease of 11% from the previous year. Normalized Profit for the Year was 4,670 Million Baht, a decrease of 41% compared to the previous year due to higher production costs. However, the business still maintains its leadership in the ASEAN market with new product development and the improvement of production process to reduce carbon dioxide emissions and achieve sustainable social development.

### Operating Results 2022

#### **Revenue from Sales**

**204,594** Million Baht

Increased 12% from Year 2021

#### **EBITDA**

**17,540** Million Baht

Decreased 7% from Year 2021

#### **Profit for the Year**

**3,789** Million Baht

Decreased 11% from Year 2021

**Financial Information**

(Million Baht)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Information from Statement of Financial Position</b>					
Current assets	<b>76,048</b>	71,128	58,655	59,539	64,031
Assets	<b>228,277</b>	224,226	212,615	211,573	218,316
Liabilities	<b>113,278</b>	94,139	91,448	98,484	105,775
Shareholders' equity	<b>114,999</b>	130,087	121,167	113,089	112,541
<b>Information from Income Statement</b>					
Revenue from sales	<b>204,594</b>	182,529	171,720	184,690	182,952
Costs and expenses <sup>1</sup>	<b>203,576</b>	179,461	167,483	180,904	178,874
Profit for the year <sup>2</sup>	<b>3,789</b>	4,262	6,422	5,455	5,277
Normalized profit <sup>3</sup>	<b>4,670</b>	7,939	8,771	7,449	6,593
EBITDA <sup>4</sup>	<b>17,540</b>	18,877	21,591	21,009	20,382

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 are restated.

<sup>2</sup> Profit for the year attributable to owners of the Company

<sup>3</sup> Profit before assets impairment, investments sold and others

<sup>4</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates

**Business Adaptation to Address Situation in 2022****Financials**

Prudently reprioritized capital expenditure by focusing on projects relating to business strategies, such as cost saving or renewable energy projects, automation projects, and backbone investment to increase production efficiency as well as managed inventory and raw material at appropriate level for risk diversification and cash flow balance.

**Business**

- Focused on developing and introducing solutions to meet customer needs, including Green Solution Business, which is a one-stop construction solutions via the CPAC Solution Center (CSC), and the expansion of the Green Circularity Business to maximize the value of resources used. In addition, the business has expanded into SCG Smart Building solution using intelligence technology to manage the building system, investing in

enVerid, a leading American startup that provides indoor air quality solutions, to enhance the building efficiency by using cutting-edge technology.

- Reducing greenhouse gas emissions in the cement and building materials industry, by replacing OPC cement with Hydraulic cement, developing new building materials products, e.g., Eco Terra tiles made from recyclable materials aligned with circular economy concept, Mosaic tiles certified by Thailand Greehouse Gas Management Organization for Carbon Footprint Product. Additionally, the business became first in Thailand to receive circular mark label certified for recycled products.

- Developed and launched new environmentally-friendly products in many applications e.g. SCG hybrid structural work mortar (green mortar), ready mix Tiger mortar (Expert formula), and CPAC low carbon concrete, etc.



Solar Farming, generating solar energy for cement plant

- Developed distribution channels and platforms for homeowners including SCGHOME website, SCGHOME smartphone application as well as launched Official stores in online marketplaces or in social commerce. Moreover, the Business continued to improve internal process, e.g., establishing distribution centers to enhance efficiency and shorten product delivery time, as well as managing the shipping costs for competitiveness.

- Increased the proportion of renewable energy including solar and waste heat generator (WHG) that generates electricity from production heat. This is to mitigate the impact from rising electricity cost, to rely less on high cost electricity from the grid and to increase competitiveness in using biomass or refused derived fuel (RDF).

- Merged SCG Logistics with JWD and renamed to SCGJWD to provide end-to-end logistics services to all industrial sectors across ASEAN and South China. This includes the development of railway transport for wider commerce, lower shipping cost in Door to Door service to China and one-stop service customs clearance.

- Enhanced construction process with technology, in order to increase operational efficiency and reduce construction waste, solutions of which includes

“CPAC BIM”, which provides digital technology to construction design and post-construction services resulting in waste reduction. CPAC 3D printing solution, the innovation that uses 3D printing to create free-form construction design. This help to shorten the construction time as well as to create labor efficiency and reduce construction Waste. The business also developed the first thinnest concrete bridge in Thai and ASEAN called “Chalerm Prakiat Bridge” using UHPC technology (Ultra High Performance Concrete).

- Developed products and solutions that correspond to the wellbeing and quality of life trends for example, SCG Bi-ion, a well-being solution that purifies indoor air and eliminates up to 99% of airborne viruses and bacteria as well as limiting PM 2.5.

- Developed a digital logistics system service to customers in order to enhance efficiency, and be able to manage transportation through the TRUCK GO platform, where the transport operators are able to save cost for over 50%.

#### **Human Resource**

- Raise competitiveness to all levels of SCG employee in 2 aspects, Leadership skill and Business Competitiveness Skill, to ensure that that are ready to



CPAC Ultra Bridge Solution, the innovative, the first thinnest concrete bridge in Thailand and ASEAN with UHPC (Ultra-high Performance Concrete) technology

adapt the rapidly changing business. The topics focus on creating competency through Speed, Execution, Adaptability and Tell the Truth.

- Generated momentum in business operations and aligned work of all functions with ESG guidelines by deploying SCG Code of Conduct into business to shape fairness and social responsibility.

#### **Sustainable Development in Business Operations**

- Set Net Zero** : With SCG's Net Zero goal to be achieved by 2050, SCG has adopted and implemented several Global Cement and Concrete Association (GCCA) guidelines such as carbon dioxide reduction from clinker production by increasing the proportion of alternative fuel use and using electricity from renewable energy in the cement and concrete production. In addition, as a member of the Thai Cement Manufacturers Association (TCMA), SCG took part in declaring the "MISSION 2023" to elevate its carbon neutrality practices in the Industrial Processes and Product Use, Replacing clinker production with hydraulic cement production to minimize greenhouse gas emissions by 1,000,000 tons of CO<sub>2</sub> by 2023.

- Go Green**: Developed Green Choice labeled products as an eco alternative for consumers; for instance, Tiger Cement of special plastering formula, CPAC Swab Cabinet, CPAC Precast Concrete System Solution, etc. In addition, it also cooperated with various

sectors to promote environmentally-friendly practices. For example:

SCG has joined forces with Quality Construction Products PCL, or Q-CON, for the recycling of Autoclaved Lightweight Concrete (ALC) waste from the construction site of One Bangkok, the largest holistically integrated district in the heart of Bangkok, into Q-CON Sound Barriers for an underpass entrance to the premises. This initiative reiterates their ambition to achieve zero waste by optimizing all resources, mitigating environmental impacts as well as elevating the Thai construction industry to a sustainable future.

SCG has partnered with Supalai and SC Asset to integrate SCG Green Choice products in more than 100 housing and condominium projects to ensure a



Joined hand with Supalai, adopt a certified product as SCG Green Choice to apply in the project.

"Consumers want to figure out a way to reduce the electricity cost and the way to take care of their health. SCG aims to develop living solutions that meet new generations' desires such as SCG Solar Roof, SCG Active AIRflow System, and SCG Active AIR Quality to improve customers' living to be better and safe from the pollution. Moreover, SCG has created SCG Green Choice Label to certify products and services that can save energy, reduce global warming, and save environmental resources as well as extend the service and have good hygiene."



**Anchalee Chavanalikikorn**

Head of Housing Products Business  
Cement and Building Materials Business

sustainable low carbon society through products such as CPAC low-carbon concrete of green formula, Q-CON lightweight bricks, SCG eave liners, and water-saving COTTO faucets

- **Lean Inequality:** Established the 2022 Water Conservation Project to support communities with water management, and a sustainably strong community process to ensure the locals have access to water supply throughout the year. The goal is to build 5,000 check dams in Lampang Province by 2022 and join hands with educational institutions across the country to implement digital construction know-how to their courses so that they can be equipped with new skills and knowledge to meet the labor market demand of the future construction industry. It also helps elevate Thailand's construction

industry to be compatible with the international standards.

- **Enhance Collaboration:** Implement the Sea Conservation Project, rehabilitated natural marine resources by placing artificial coral reefs made from the CPAC 3D printing solution in Samae San area, engaged in the Plant Genetic Conservation project under the Royal Initiative HRH Princess Maha Chakri Sirindhorn, as well as cooperated with the Department of National Parks, Wildlife and Plant Conservation, Lamphun Province, government bodies and communities in the area to conduct participatory reforestation at Mae Ping National Park, Lamphun Province, covering an area of 400 rai to restore the forest and absorb carbon dioxide as guided by the Natural Climate Solution (NCS) project.



SCG Active Air Quality, an indoor air quality management system to respond for the global trends

# REAL INNOVATION FOR THE SUSTAINABLE FUTURE



Leveraging to develop High Value-Added Products (HVA), ready to respond for the global-mega trends



Investing to create growth opportunities for new businesses. Preparing to enhance potential for a sustainable future



Advancing with environmentally-friendly innovations for a sustainable world





## (Chemicals Business)

### Chemicals Innovation For Quality of Life and Sustainable World

SCGC modified strategies in response to the petrochemical trough, fluctuating raw material costs, and decreased product demand brought on by global economic conditions. In 2022, the Company continued to develop and expand green polymers platform, entered the recycling business in Europe, and achieved fivefold increase in green polymers sales volume over the year. The Company also utilized digital technologies in the manufacturing process to lower costs and maximize profitability, and carefully managed and prioritized future investments to maintain a strong financial position. To hold the leadership position in ASEAN, the Company prepared the commercial production of Long Son Petrochemicals Company Limited (LSP), Vietnam's first integrated petrochemical complex, which will be ready for commercial start-up by mid 2023, while also created growth opportunities through new businesses to support future growth.

### Operating Results 2022

#### Revenue from Sales

**236,587** Million Baht

Decreased 1% from Year 2021

#### EBITDA

**17,745** Million Baht

Decreased 57% from Year 2021

#### Profit for the Year

**5,901** Million Baht

Decreased 80% from Year 2021

#### Business Challenges

SCGC faced challenges from the petrochemical trough, driven by huge wave of new production capacity in China, the Russia-Ukraine conflict, and the unfavorable economic condition exacerbated by inflation and China's zero-Covid policy. All of these had resulted in a steady decline in the products spreads since the beginning of 2022, with PE-N and PP-N's spreads falling by more than 22% and 35%, respectively, compared to 2021. Due to this, the Company has had to move rapidly to continuously adapt and lessen the impacts of situations.

**Financial Information**

(Million Baht)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Information from Statement of Financial Position</b>					
Current assets	<b>71,581</b>	83,483	55,275	49,258	55,241
Assets	<b>387,154</b>	377,174	283,614	230,543	213,263
Liabilities	<b>197,806</b>	186,092	125,102	76,364	57,028
Shareholders' equity	<b>189,348</b>	191,082	158,512	154,179	156,235
<b>Information from Income Statement</b>					
Revenue from sales	<b>236,587</b>	238,390	146,870	177,634	221,538
Costs and expenses <sup>1</sup>	<b>243,839</b>	214,152	130,668	167,539	197,693
Profit for the year <sup>2</sup>	<b>5,901</b>	28,931	17,667	15,480	28,410
EBITDA <sup>3</sup>	<b>17,745</b>	41,465	30,965	32,262	45,237

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 are restated.

<sup>2</sup> Profit for the year attributable to owners of the Company

<sup>3</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates

**Operating Results**

SCGC's total sales revenue was 236,587 Million Baht, a 1% drop from the previous year owing to reduced sales volume. Meanwhile, EBITDA and profit for 2022 were 17,745 Million Baht and 5,901 Million Baht, respectively, down 57% and 80% from the previous year due to lower products' spreads and a reduction in the earnings from associates.

**Business Adaptation to Address Situation in 2022****Financial**

- Managed to enhance financial stability and liquidity. SCGC successfully offered debentures worth a total of 60,000 Million Baht, which reflected investors' confidence in SCGC business operations and leadership in integrated chemicals in ASEAN.
- Prudently invested and allotted funds emphasizing SCGC's core business strategies, such as investments in key growth projects such as LSP and recycling businesses in Europe, manufacturing efficiency improvement projects, and investments related to safety of employees and business partners for the continuation of business operations.

**Business**

- Managed production and sales across the entire value chain to keep up with the dynamic market situation by focusing on sales to the continuously growing markets and on high value-added (HVA) products such as plastic resins manufactured with SMX™ technology, plastic resins for use in the automobile sector, etc.
- Developed green innovation under SCGC GREEN POLYMER™ in line with the principles of the circular economy, which has been well-received on the global market. The sales green polymer volume has reached 140,000 tons, a fivefold increase over the year.
- Developed HDPE resins from SMX™ technology for the film to make plastic packaging, which enhances strength by 20% and can be mixed with recycled resins by up to 30% while maintaining performance, resulting in a 16% reduction in greenhouse gas emissions compared to conventional grades.
- Developed innovative barrier coating technology for flexible plastic packaging, which facilitates the manufacture of mono-material packaging that can be recycled. It has been tested and certified by RecyClass



Long Son Petrochemicals Company Limited (LSP), the first integrated petrochemical complex in Vietnam.

international standards, the first in ASEAN.

- Tapped into the High Quality Post-Consumer Recycled Resin (PCR) market in Thailand and Europe with leading global brands to support the ever-expanding demand. SCGC acquired Sirplaste, a leader in recycled plastics in Portugal with the production capacity of 36,000 tons of PCR and subsequently invests to increase its production capacity to 45,000 tons per year by the second quarter of 2023 adopting new technologies and machinery to enhance washing and deodorization processes to satisfy the needs of customers and brand owners who seek high-quality, and acquired a 60% stake in Recycling Holding Volendam B.V., or Kras, a leading waste management company in the Netherlands with an annual PCR capacity of 9,000 tons and will be doubled by 2023.
- Launched Circular PP, a high-quality recycled resin manufactured from recycled feedstock using Advanced Recycling technology. The Company has also partnered with TOYO Engineering, a leading engineering company, to study the feasibility of expanding the manufacturing capacity of such technology.
- Applied cutting-edge digital technologies to enhance SCGC's capabilities throughout the value chain. Examples included the implementation of Artificial Intelligence to help manage raw material costs and the use of Digital Twin and Advanced Process Control to

develop an Always Optimization system that can forecast, analyze, and visualize production data by minute. This enables constant planning for the manufacturing and sale of products at the most profitable price point.

- Prepared to operate Long Son Petrochemicals Company Limited (LSP), Vietnam's first integrated petrochemical complex, and planned sales management, product management, customer base, and system setup to be ready to start commercial production while handling the rapidly changing market situation. The Company also emphasize on the safety of employees and business partners in preparation for a mid-2023 market entry.
- SCGC (Chemicals Business) received SEC approval. SCGC has assessed the timing of its IPO and listing on the Stock Exchange of Thailand based the economic conditions and external factors.
- Continuously developed high value-added (HVA) products utilizing innovation management processes and the i2P Center to accelerate innovation and adapt to the changing market environment. The Company also enhanced research efficiency and production development, which resulted in over 100 innovative development projects in pipeline and an average of 20 to 25 new products to the market per year which estimated to increase profitability by more than 400 Million Baht annually.



SCGC signed an agreement with Denka Co., Ltd. (Denka) to manufacture and distribute Acetylene Black used for battery production.

- Entered into a joint venture agreement with Denka Company Limited (Denka), Japan, to manufacture and distribute Acetylene Black, a specialty carbon black product used as a component in the production of lithium-ion batteries for electric vehicles. This joint venture aims to manufacture approximately 11,000 tons per year, with production anticipated to begin in early 2025.

#### **Human Resource**

- Developed local and foreign employees in Vietnam to perform their tasks to the best of their abilities in line with SCGC's standards and in compliance with Vietnamese laws through various classroom, supervisory engagement, and hands-on learning processes. This included educational trips to study the Company's operation in Thailand. In addition, the Company has promoted cultural interchange through various activities.

#### **Sustainable Development in Business Operations**

- SCGC announced ESG targets gearing towards "Chemicals Business for Sustainability" in ASEAN and continued to drive resource maximization based on circular economy principles and aim to reduce the impact of global warming. To achieve these goals, SCGC has put efforts

into increasing energy efficiency, developing low-carbon technologies to attain carbon neutrality, improving the quality of life for communities, promoting job creation, and creating a low-carbon society to contribute to building a sustainable world and society.

- Accelerated the development of green polymer innovations in line with circular economy principles, with an annual sales target of 1 million tons by 2030.
- Efforts were made to achieve carbon neutrality by 2050 using the "Low Carbon Low Waste" strategy. Actions included improving or modifying processes and equipment to increase energy efficiency, using clean energy to replace fossil fuels, developing and investing in technologies that do not release carbon dioxide into the atmosphere, applying circular economy principles throughout the value chain, and engaging in carbon offsetting activities.
- From 2007 to 2022, SCGC lowered its carbon footprint by 577,130 tons per year, or 14.4%, compared to the base year of 2021. Furthermore, additional solar energy-producing systems were installed in 2022. SCGC currently consumes 11,431 MWh of solar electricity or 0.7% of its overall electricity demand.
- With regard to social development, SCGC created a favorable setting for a low-carbon society through

"People across the world are taking an interest in eco-friendly trends. SCGC has adapted the Circular Economy principle as a strategy to develop environmentally friendly products and services such as SCGC GREEN POLYMER™ S199F, manufactured by SMX™ technology, which is 20 percent stronger than conventional plastic resins and able to reduce the thickness of the end-product. Additionally, SMX™ technology has been applied to the SCGC's largest HDPE production plant and allowing SCGC to achieve sales volume of 200,000 tons this year, which will play a significant role in promoting the broad use of green polymer."



**Boonpitak Subpisarn**  
Film Sales Manager  
SCGC

the "Plant-Cultivate-Protect Campaign", a project to increase green space for the Rayong Province in collaboration with various sectors and employees for mangrove and terrestrial reforestation. Over 230,000 trees were planted, which absorbed over 2,995 tons of carbon dioxide. SCGC has concurrently implemented the "Upcycling Milk Pouches" and "Waste-Free Communities" projects to encourage the effective use of resources, which helped reduce carbon dioxide emissions by more than 483 tons.

- Supported a decade-long effort to reduce inequality by generating income through the restoration

of water resources in drought-stricken areas on Yaida mountain in Rayong province, in collaboration with local communities, government officials, and academic experts, resulting in sustainable management. This increased the community's ability to retain sufficient water, improving its quality of life and agricultural output. The activities contributed to the community's income generation and skills development for Rayong's community enterprises. Furthermore, SCGC incorporated innovations to promote product development and extend distribution channels so that locals could become self-reliant in a sustainable manner.



Plant-Cultivate-Protect Campaign to increase green space for the Rayong Province

# FULFILLING BETTER WAYS OF LIFE WITH SUSTAINABLE GROWTH



Recyclable and Compostable  
Packaging for the Environment



Integrated Packaging  
Solutions with State –  
of-the-Art Technologies



Innovative Packaging  
to Simplify Every  
Step of Living



## (Packaging Business)

### Integrated Packaging for Sustainability, **INCREASING** **THE LIVING CONVENIENCE**

SCGP continued to pursue quality growth amidst the economic volatility and fluctuated energy price. With these challenges, SCGP closely monitored and adjusted to the dynamic situation for continual business operations, strategic expansions via merger and partnership (M&P) while further enlarge the customer network to new markets with high growth opportunity in order to support diverse demands such as foodservice packaging which is offered to both Duy Tan and Go-Pak customers, customer network expansion of Batico's consumer and performance packaging into SOVI's customer group. SCGP also worked closely together with customers to develop packaging solutions as well as improved production for operational excellence through knowledgeable and skilled personnel. Emphasized on environmental, social and governance (ESG) aspects, the company is committed on improving the environment with a clear target on green house gas emission reduction to Net Zero by 2050 to deliver consumer convenience, good health and societies as well as a sustainable environment.

#### **Business Challenges**

In 2022, the ASEAN economy was heading toward a continued recovery with increased regional consumption and released COVID-19 situation. Nonetheless, COVID-19 restrictions in China and the drought in the southern part of the country in the second half of last year have led to supply chain instability, which affected the manufacturing and trading sectors in the region while the global economy was affected by highly fluctuated energy price. This was a major cause of hyperinflations and the surge of interest rates in many countries, adding pressure on overall economic recovery, which need to be closely monitored.

#### Operating Results 2022

##### **Revenue from Sales**

**146,068 Million Baht**

Increased 18% from Year 2021

##### **EBITDA**

**19,413 Million Baht**

Decreased 8% from Year 2021

##### **Profit for the Year**

**5,801 Million Baht**

Decreased 30% from Year 2021

**Financial Information**

(Million Baht)

	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
<b>Information from Statement of Financial Position</b>					
Current assets	60,154	69,186	62,919	35,383	30,074
Assets	197,280	206,824	172,429	139,513	93,246
Liabilities	74,313	84,524	62,588	76,697	39,986
Shareholders' equity	122,967	122,300	109,841	62,816	53,260
<b>Information from Income Statement</b>					
Revenue from sales	146,068	124,223	92,786	89,070	87,255
Costs and expenses <sup>1</sup>	139,298	115,100	85,148	83,147	79,661
Profit for the year <sup>2</sup>	5,801	8,294	6,457	5,268	6,066
EBITDA <sup>3</sup>	19,413	21,164	16,884	15,159	14,566

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 are restated.

<sup>2</sup> Profit for the year attributable to owners of the Company

<sup>3</sup> Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates

**Operating Results**

In 2022, SCGP had operating results with revenue of 146,068 Million Baht, an increase of 18% from the same period of last year with main contribution from production capacity expansion and M&P, full-year financial consolidation of completed M&P in Duy Tan, Intan Group and Deltalab, and partial revenue consolidation of Peute and Jordan; and lastly, the product prices adjustment in line with rising costs. Meanwhile, EBITDA was 19,413 Million Baht, 8% drop from the same period of last year. Profit for the year was 5,801 Million Baht, or a 30% drop from the previous year, attributed to heightened energy costs and lower sales volume amidst softened packaging paper demand globally and regionally as an effect from stringent lockdown in China.

The Company has also prepared both short-term and long-term credit facilities from commercial banks to enhance the Company's liquidity in preparation for future uncertainties and economic challenges. In addition, the Company has laid out a policy for overseas subsidiaries to manage working capital by using short-term loans in the currency corresponding to their income to mitigate foreign exchange risks.

- Cash and capital expenditures (CAPEX) management are prudently planned and executed. The Company aims to prioritize business expansion on projects that are in line with the long-term business strategies to uplift its competitiveness throughout the value chain, while also strengthen the fast-growing business segments including Healthcare & Medical supplies, Bio-solutions, and Recycling. The Company also further explores opportunities in the ever-expanding consumer linked segments e.g. healthcare related products, and expands the customer base to new growth destinations e.g. South Asia, Middle East, Southern Africa.

**Business Adaptation to Address Situation in 2022****Financial**

- The issuance of new debenture with total amount of 10,000 Million Baht to the general investors (Public Offering) as preparation of a sufficient cash flow requirement for business operations and future investments.

### **Business**

- Expanded Fiber Packaging capacity by additional 75,000 tons per year through Thai Containers Group Co., Ltd. (TCG) to fulfill the growing demand for Fiber Packaging in Thailand, with expected commercial startup in the first quarter of the 2024.
- Acquired 100.0% shares in Peute Recycling B.V. (Peute), the largest recycling company of paper and plastic packaging in the Netherlands. This investment will strengthen SCGP's packaging recycling potential as well as extend its material supply network to meet customers' and consumers' higher demands.
- Acquired 90.1% of shares in Jordan Trading Inc. (Jordan), a trader of recovered paper (RCP) based in the USA, to enhance SCGP's capability to supply recovered paper and carry on business through collaboration and recycling knowledge sharing with its network in ASEAN and Europe.
- Invested in flexible packaging business expansion project in Thailand by Prepack Thailand Co., Ltd. through the purchase of assets in flexible packaging business from CyberPrint Group Co., Ltd., the printing and packaging distributing company in Thailand, resulting in around 12% increment of Prepack's total production capacity.
- Signed MOU with Kao Industrial (Thailand) Co., Ltd., a leading consumer goods manufacturer and chemical supplier, to jointly develop and introduce innovative products using sustainable and customer-centricity approaches to minimize pollution and preserve the environment for future generations.



Paper Lid for foodservice packaging that is recyclable and environmentally friendly

- Jointly designed Green Meeting with the Ministry of Foreign Affairs on the occasion of Thailand hosting APEC 2022 Thailand by utilizing recycled paper in the process of design and production to organize an event or decorate a venue, for example, on any entrance, backdrop, photo spot, podium.

- Collaborated with 3 leading medical supplies and labware distributors, namely, Meditop Co., Ltd., Affinitech Co., Ltd. and PCL Holding PLC to distribute medical innovations and medical solutions, satisfying the increasing demands for health products and medical supplies in Thailand and ASEAN countries, enabling accessibility of high-quality medical supplies for consumers, improving quality of life and public health, as well as supporting potential growth of the business.

### **Human Resource**

- Encouraged continuous self-development among employees as per the SCGP Learning Framework to ensure their capability is up-to-date and they are able to overcome new challenges, including keeping up with fast-paced demand and lifestyles of consumers and new environment, as well as possess knowledge, functional competency, and leadership competency through various forms of learning and the 70:20:10 learning solutions. Employees could improve themselves anytime and anywhere with the learning platform, which raises performance in line with organizational and people capability.
- Encouraged employees to comply strictly with safety regulations, starting with themselves before passing on the mindset to surrounding individuals,



SCGP Packaging Speak Out 2022



SCGP Collected paper waste and decorative materials from APEC CEO Summit 2022 revalued into bookshelves to 15 schools nationwide under the Young Ambassador of Virtue Foundation.

as well as being a role model for colleagues to meet the safety-related goals of the business.

- Cultivated an innovative culture through “The Inspiring Innovation” activity to continually encourage employees to create innovative products, as well as improve work processes or systems to increase manufacturing efficiency through hands-on experience in the form of education and contests. This activity also promoted learning and innovation with the assistance of external experts and employees in order to expand knowledge and apply it at work.

### **Conduct Business Following ESG Direction for Sustainability**

• Placed important on reducing greenhouse gas 20% by 2030 compared with the base year of the 2020 all business units and aimed to achieve Net Zero by 2050. Furthermore, SCGP aimed to reduce water withdrawal by 35% by 2025 compared with Business As Usual (BAU) basis at the base of 2014 and continuous monitoring and processes in accordance with international guidelines. Another goal of SCGP is to achieve 100% recyclable, reusable, or compostable packaging by 2025.

- Maintained its status as one of the leading sustainable companies in Thailand, or Thailand Sustainability Investment

(THSI) and SET THSI Index for the 2<sup>nd</sup> consecutive year, and received 2 SET Awards, in the categories of Business Excellence (Best Innovative Company Awards) and Sustainability Excellence (Best Sustainability Awards) from the Stock Exchange of Thailand.

- Planted a total of 68,863 trees in Ratchaburi, Kanchanaburi, Prachinburi, and Khon Kaen where its factories are located, as well as offered education to preserve and sustain growth of the forests.
- Collaborated with business partners to gather and recycle used paper for sustainable management.
- Held a packaging contest, “SCGP Packaging Speak Out 2022”, among university students for the 7<sup>th</sup> year with the theme of “RETHINK FOR BETTER NORMAL”, allowing Generation Z youth to propose creative packaging solutions and take part in the change for the betterment of the world and environment with innovative and unique approaches, as well as providing education on the topic of “EASY to RECYCLE” or “UPCYCLING”.
- Promoted the Circular Economy and make the district a role model in efficient waste management for 3 consecutive years. In this year, 20 new communities joined the project, bringing the total to 61 model communities; SCGP aimed to reach out to all 183 communities in the Ban Pong District by 2030. In addition,

“Due to consumers’ lifestyles focusing on convenience and good health, SCGP executes operating strategies to offer various packaging solutions and innovations. SCGP utilizes its expertise to further its packaging and houseware business to fulfil consumers’ needs. The business also enters into the medical supplies and labware business to improve the quality of life and public health and increase the opportunity for consumers in Thailand and the ASEAN region to access high-quality medical supplies and labware.”



**Karan Tejasen**  
Chief Operating Officer  
Consumer and Performance Packaging Business  
SCGP

SCGP in 2022, brought this project to 11 communities in Prachinburi, Kanchanaburi, and Khon Kaen, where SCGP’s plants were located.



Top left : Medical supplies and labware, responding to the growing healthcare and medical demands  
 Top right : Housewear products of Duy Tan in Vietnam  
 Down left : Flexible Packaging  
 Down right : SCGP invited 3 world class golfers to plant trees in “Plant Beats Heat” project

## SIGNIFICANT DEVELOPMENTS DURING 2020 – 2022 ARE AS FOLLOWED:

### **Year 2022**

#### **Cement and Building Materials Business**

- Approved a merger between SCG Logistics Management Company Limited (SCGL) and JWD Infologistics Public Company Limited (JWD) through a share swap between the shares held by SCG Cement and Building Materials Business (SCG-CBM) and SCG Distribution Company Limited (SCG Distribution) in the amount not exceeding 35,031,000 shares and not exceeding 776,806,301 new ordinary shares of JWD for a total value of 18.66 Billion Baht (at 24.02 Baht per share). After the completion of the merger transaction, JWD will change its name to SCGJWD Logistics Public Company (SCGJWD or Merged-co). The transaction is expected to complete in Q1/23. The purpose of this transaction is to develop a complete range of logistics services and become the ASEAN leading logistics and supply chain solutions provider.
- Established Zifisense Asia Company Limited, a joint venture company in which Nexter Living Company Limited (Nexter Living) holds a 55% stake and Xiamen ZiFiSense InfoTech Company Limited (ZiFiSense) holds a 45% stake with a registered capital of 22 Million Baht. The joint venture company engages in selling and developing IoT products and platforms for smart building, smart industrial, smart logistics, and new business area in ASEAN. The establishment of Zifisense Asia aligned with the mission and strategy of Nexter Living.
- Global House International Company Limited (GBI), a joint venture company with 50% stake held by the Siam Cement Public Company Limited (SCC), acquired 628,146,900 common shares from Caturkarda Depo Bangunan Tbk (CKDB), accounting for 9.25% of the total shares outstanding, at 482 Indonesian Rupiahs/ share for 303 Billion Indonesian Rupiahs, equaling to approximately 713 Million Baht. Following the transaction, GBI now holds 22% stake in CKDB. CKDB is a leading Indonesian retailer of building material, decorative, hardware, construction, renovation, and decorative house/garden products under the brand Depo Bangunan. This investment will support SCG's strategic expansion of its retail business in ASEAN.

#### **SCGC (Chemicals Business)**

- Completed the 70% acquisition in Sirplaste-Sociedade Industrial de Recuperados de Plástico, S.A. (Sirplaste), the largest manufacturer of high-quality recycled polymers or post-consumer resin (PCR) in Portugal. This investment was made by SCG Chemicals Trading (Singapore) Pte. Ltd., a wholly-owned subsidiary of SCG Chemicals Public Company Limited (SCGC). A total payment of 29.6 Million Euro (approximately 1,078 million Baht) would be made on the date of signing.
- Acquired a 60% stake in Recycling Holding Volendam B.V. (Kras), a leading waste recycling company in the Netherlands, for a total value of 55.1 Million Euro (approximately 2.1 Billion Baht). Kras is capable of securing good quality 160,000 and 120,000 tons of plastic waste and paper per year, respectively, which will be further processed in the circular economy value chain. In addition, Kras has a subsidiary in high-quality polymers recycling business with a capacity of 9,000 tons/year, and plans to double the capacity output in 2023. This investment is linked to SCGC's green polymers growth pillar and enables the company to further its reach in the end-to-end plastic recycling business.
- Approved an investment project to establish A.J. Plast (Vietnam) Limited (AJVN), a joint venture between SCGC and A.J. Plast Public Company Limited, who hold a stake of 45% and 55%, respectively, to produce biaxially-oriented polyethylene terephthalate (BoPET) facilities in Vietnam. This particular BOPET investment is through SCGC by means of capital investment in AJVN, maintaining SCGC's shareholding proportion in AJVN at 45%. The total equity value is 22.7 Million USD (approximately 851 Million Baht), of which SCGC's 45% equity investment is 10.2 Million USD (approximately 383 Million Baht). The expected commercialization is the first half of 2024.
- Entered into a joint venture agreement with Denka Company Limited (Denka) in Japan to set up a company involved with the production and supply of acetylene black, a conductive material used in electric vehicle (EV)

lithium-ion. Denka will hold a majority stake of 60% in the joint venture while the remaining 40% stake will be held by SCGC. With a production capacity of 11,000 tons/year, the joint venture company will be set up in Rayong, Thailand, and it is scheduled to begin production in 2025. The detail of the investment is expected in early 2023, once the final investment decision (FID) has been made.

- Securities and Exchange Commission (SEC) granted approval of the issuance of SCGC's debentures: 1/2565 and 2/2565 with total amount not exceeding 60 Billion Baht. The first offering for sale is for the holders of SCC224A who are individual investors, the holders of the other debentures of SCC or the holders of SCG Packaging Public Company Limited who are individual investors, and other individual investors. The second offering for sale is for institutional investors and/or high net worth juristic persons, excluding private funds owned by individual investors.

- Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand approved the application for the initial public offering (IPO) of SCG Chemicals Public Company Limited (SCGC) and the listing of the shares of SCGC on the Stock Exchange of Thailand (SET) in the form of a holding company ("Plan to List Shares in SET"). The portion of the shares to be offered for sale in the IPO would not exceed 25.2% of SCGC's paid-up capital after its capital increase and issuance and offering for sale in the IPO. The proceeds will be used by SCGC for investment business expansion both in Thailand and overseas, for financial restructuring, for working capital, and for other purposes.

### **SCGP (Packaging Business)**

- Invested in the production capacity expansion of corrugated containers by an additional 75,000 tons/year through Thai Containers Group Company Limited with the commercial start-up expected to begin in first quarter of the 2024. The investment was aimed at enhancing SCGP's manufacturing capability to cater for the growing demand for corrugated containers amid the continual recovery of the Thai economy.
- Acquired a 100.0% stake in Peute Recycling B.V. (Peute) in the Netherlands, an international packaging

materials recycling company covering both recovered paper and plastic. This investment will increase SCGP's capability of material recycling business and expand its material sourcing network to accommodate the growing needs of customers and consumers.

- Acquired a 90.1% stake in Jordan Trading Inc., a trader of recovered paper based in New York, USA.
- Conducted a project to expand the flexible packaging business of Prepack Thailand Co., Ltd. (Prepack) in Thailand through an acquisition of flexible packaging assets from Cyber print Group Company Limited (Cyber), a multi-type printing and packaging service provider in Thailand. The investment increased the total production capacity of Prepack by 12%.
- Issued and offered debentures to the public (Public Offering) twice on August 1, 2022 and December 1, 2022 in the total amount of 10 Billion Baht. The offering was under the Medium-Term Note (MTN) filing for a two-year term in the amount of not exceeding 40 Billion Baht at any time (revolving basis) as approved by the Extraordinary General Shareholders' Meeting 2/2562 on November 25, 2019. The proceeds will be used for loan repayment, investments, and the working capital of the company.

### **Year 2021**

#### **Cement and Building Materials Business**

- Established a new company in the Philippines, which will provide international forwarding logistics services, fleet management services and warehouse management system services, as part of SCG's strategy to expand logistics business across ASEAN. The total value of this investment is 10.4 Million Philippine pesos (approximately 7.8 Million Baht). SCG Logistics Management Company Limited holds a 100% equity stake in the new company.
- Nexter Ventures Company Limited (Nexter Ventures), a wholly owned subsidiary of SCG, has completed the acquisition of a 9.90% stake in Team Consulting Engineering Public Company Limited (TEAMG). This was done via the purchase of 67,328,800 common shares in TEAMG, or 9.90% of total shares outstanding, at 2.54 Baht per share, equal to a transaction size of approximately 171 Million Baht. TEAMG principally engages

in providing integrated engineering, environmental, and project management consulting services to diversified industries. Its platform complements SCG's Cement and Building Materials Business which focuses on developing and offering solutions to serve customers' needs. This acquisition will enable joint collaboration and the creation of innovative solutions such as environmentally-friendly construction technologies (Green Construction Solution) to help reduce construction waste, optimize budget, and shorten construction period.

- SCG International India PVT. LTD. (SCG INTL INDIA) has entered into a joint venture agreement with Big Bloc Construction Limited (BCL) to engage in the production and sale of lightweight concrete blocks and panels with the total capacity of approximately 2.6 million square meters in Gujarat, India, where construction is a large growth industry. SCG INTL INDIA will hold a 48% equity stake in the joint venture, while the remaining 52% stake will be held by BCL. The total value of this project is 891 Million Indian Rupees (approximately 410 Million Baht). Plant construction is expected to be completed within one year, followed by commercial startup.

- Global House International Company Limited has completed its investment in a 12.75% stake in PT Caturkarda Depo Bangunan Tbk (CKDB). This was done via the subscription of 865,653,100 new common shares, at 482 Indonesian Rupiahs/share for 418 Billion Indonesian Rupiahs, equal to approximately 981 Million Baht. CKDB is a leading Indonesian retailer of building material, decorative, hardware, construction, renovation, and decorative house/garden products under the brand Depo Bangunan. This investment would support SCG's strategic expansion of retail business in ASEAN.

### **SCGC (Chemicals Business)**

- Began and completed trial run in Q1/21 demonstration plant for advanced recycling. With a proprietary technology and capacity of 4,000 tons per year, the demonstration plant is designed to produce renewable feedstock using post-consumer plastics as raw materials. Once produced, the renewable feedstock was supplied to the Chemicals Business and utilized in the

production of olefins. The plant was operated by Circular Plas Co. Ltd., a joint venture between REPCO Maintenance Company Limited (a wholly-owned subsidiary in the Chemicals Business), and GRD Energy Company Limited, each holding an equity stake of 60% and 40%, respectively with the total registered capital of 165 million baht.

- Completed construction of the capacity debottlenecking project of Map Ta Phut Olefins Company Limited (MOC), increasing olefins capacity by 350,000 tons per year. The plant started trial run in Q1/21 and running at full production capacity in May 2021. The project would provide MOC with enhanced feedstock flexibility. Furthermore, by using the latest technology, the project is considered a highly energy-efficient "Green Process" at lower investment cost.

- Entered into a share purchase agreement through a subsidiary in Singapore, SCG Chemical Trading (Singapore) Pte. Ltd., to acquire a 70% stake in a recycling business, Sirplaste on April 27, 2022. The existing shareholders of Sirplaste agreed to retain 30% ownership and manage the business together with the Chemicals Business. Chemical Business Sirplaste operates the largest plastic recycling business in Portugal, with a production capacity of 36,000 tons per year, to manufacture products sold to domestic customers in Portugal and in Europe. The investment in Sirplaste would enable the company to enter into the plastic recycling business and create opportunities to develop and grow the capacity relating to recycling technologies and expand sales channels in the European market.

- Subscribed to the equity rights issuance of PT Chandra Asri Petrochemical Tbk (CAP) of 434 Million USD (or approximately 14.26 Billion Baht) to maintain a 30.57% stake in CAP. The first investment totaled 327 Million USD with the company planning to invest the remaining amount of 107 Million USD, pending CAP's approval of its final investment decision in CAP's second petrochemical complex (CAP2) project by 2022. This strategic investment in CAP is aimed at expanding the petrochemical business in Indonesia, a country with the largest petrochemical market in ASEAN and with high growth potential.

- Increased stake to 54.2% in Bangkok Synthetics Company Limited (BST), a leading producer of mixed C-4 products such as butadiene, nitrile latex, and synthetic rubber. BST's products are used in the production of goods that meet megatrends such as medical gloves and fuel-saving green tires.

### **SCGP (Packaging Business)**

- Acquired 100% of shares in Go-Pak UK Limited (Go-Pak), a leading provider of foodservice packaging solutions for takeaway and ready-to-eat food and beverage businesses in the UK, Europe, and North America, with headquarters in the UK and production bases in Southern Vietnam.

- Acquired 70% of shares in Duy Tan Plastics Manufacturing Corporation Joint Stock Company (Duy Tan), a leading rigid packaging manufacturer in Vietnam. The majority of the company's customers are multinational corporations and owners of consumer goods in rapidly growing countries.

- Acquired an additional 20% of shares in Visy Packaging (Thailand) Limited, resulting in SCGP's stake in Visy increasing from 80% to 100%. The 7<sup>th</sup> thermoform production line was added with related warehouse, resulting in an increase of 347 million pieces, or approximately 15-20% depending on SCGP's product mix at a specific point of time.

- Acquired 75% of shares in Intan Group, one of Indonesia's corrugated containers manufacturers with both domestic and multinational customers in the food, beverage, and FMCG industries.

- Acquired 85% of shares in Deltalab, S.L. the medical supplies and labware specialist company registered in Spain. This investment is in line with the megatrends in health care and the growing tendency toward an aging society.

- Invested in pressboard capacity expansion of foodservice packaging by additional 1,615 million pieces per year at the Ratchaburi plant in Thailand and Binh Duong plant in Vietnam, and expanded molded pulp packaging production capacity by additional 223 million pieces per year at Kanchanaburi plant in Thailand

with operations expected to begin up by Q2/22. Both investments are aimed at increasing the company's capabilities for future market expansion and to capture the growing demand for foodservice packaging, especially from overseas.

- Invested in the new packaging paper production complex in the north of Vietnam for Vina Kraft Paper Company Limited (VKPC), which is in the process of Environmental Impact Assessment and expected to be commissioned in 2025.

### **Year 2020**

#### **Cement and Building Materials Business**

- Entered into a share purchase agreement to acquire all shares of Oitolabs Technologies Private Limited (OITOLABS) in India from the existing shareholders to support the digital technology and software development of the Cement and Building Materials Business. This acquisition complemented its strategy to expand the Active OMNI-Channel retail platform for home building customers in the ASEAN region. The transaction was valued at 2 Million USD (approximately 62.4 Million Baht.)

- Entered into a joint venture agreement with SHOBOND & MIT Infrastructure Maintenance Corporation (SB&M) to engage in lifetime solutions for building and infrastructure in Thailand, catering to the growing trends in the repair and maintenance market in Thailand and across ASEAN. The total value of this investment was 150 Million Baht with CPAC holding a 51% equity stake.

- Entered into a joint venture agreement with Boonthavorn Group Company Limited and Boonthavorn Ceramic Company Limited to establish SCG-Boonthavorn Holding Co., Ltd. in order to expand home-related design solution retail outlets in Thailand and ASEAN. The total registered capital was 525 Million Baht with SCG Retail holding a 51% equity stake.

- Entered into a joint venture agreement with PT Marindo Inticor (MI), a local holding company, to establish PT Renos Marketplace Indonesia (Renos), to provide a digital marketing platform for home & living products in Indonesia. This transaction aligned with SCG's strategy to develop a digital marketing platform in ASEAN. The

registered capital was 17.2 Billion Indonesian Rupiahs or approximately 39 Million Baht with BetterBe holding a 49% equity in Renos.

- Entered into a joint venture agreement with Bulk One Group Company Limited (BULK) to establish an integrated technology service company to provide a cost control management system, B2B e-Commerce platform, and customer relationship management system in the Philippines in response to the growing trends in the construction industry and the increasing accessibility to the internet of end users. The transaction value was 25 Million Philippine Pesos or approximately 15.5 Million Baht. SCG Distribution would hold a 70% equity in the new joint venture.

- Entered into a joint venture agreement with two local individual shareholders to co-invest and establish SCG Boonthavorn (Cambodia) Co., Ltd. in Cambodia following SCG's strategic plan to expand its Active Omni-Channel retail business across ASEAN. The joint venture was SCGBT's first flagship store outside of Thailand and will strengthen SCG reach to the growing end-user market segment. The total value of this investment was 383 Million Baht (approximately 12 Million USD) while SCGBT would hold a 80% equity stake in the joint venture.

- Entered into a joint venture agreement with BIMobject AB of Sweden to provide the digitized Building Information Modeling (BIM) object and service platform used in the conceptual design, material selection, and construction simulation of buildings and infrastructure projects. Progressively, this was in line with SCG's strategic plan to extend its breadth of innovative construction solutions. The joint venture had a registered capital of 5 Million Baht, with CPAC holding a 51% equity stake.

### **SCGC (Chemicals Business)**

- Acquired a 100% share in HTExplore S.R.L. (HTExplore), a leading high throughput experimentation service provider headquartered in Naples, Italy. This acquisition will allow SCG to increase research and development capability.
- Acquired 9.22% shares in A.J. Plast Public Company Limited (AJ), one of the leading flexible packaging

manufacturers in Southeast Asia, and established a joint venture company with AJ that will engage in the production and distribution of Biaxially Oriented Film (BO Film) in Vietnam. The total capital value of this investment was 700 Million Baht with SCG Chemicals holding a 45% stake.

### **SCGP (Packaging Business)**

- Acquired 94.11% shares in Bien Hoa Packaging Joint Stock Company (SOVI) at the price of 171,450 Vietnamese Dong per share, which was equivalent to a total payment of 2,070 Billion Vietnamese Dong (approximately 2,700 Million Baht.) This purchase was through TCG Solutions Pte. Ltd., a wholly-owned subsidiary of Thai Containers Group Company Limited (TCG). SOVI was one of the leading fiber-based packaging companies in Vietnam. This acquisition will enlarge SCGP's customer base particularly in food, beverage, and FMCG segments and reinforce internal integration with its packaging paper manufacturing.

- SCGP's Board of Directors resolved to approve the allocation of not exceeding 1,296,680,000 newly issued ordinary shares with a par value of 1 Baht each in its IPO and the delegation of the power to allot shares. On October 8, 2020, SCGP determined the final price at 35 Baht per share. On November 25, 2020, after the registration of the change in the paid-up capital from the Over Allotment Agent's exercise right to purchase the newly-issued ordinary shares, and SCG received the shares from the Over-Allotment Agent, the number of shares held by and the direct shareholding of the company will be 3,095,882,660 shares in the proportion of 72.1% of the total shares.

- Entered into a conditional share subscription agreement with Rengo Co., Ltd. Japan (Rengo) in the Philippines whereby Rengo subscribed to the newly issued shares at the total value of approximately 2.5 Billion Baht. The partnership will allow United Pulp and Paper Co., Inc. (UPPC) to expand its sales and customer base in the Philippines, while strengthening SCGP's packaging chain in ASEAN.

# 07

## Nature of Business

### Revenue Structure in 2022

Business Unit	Million Baht														
	2022					2021					2020				
Business Unit	Revenue from sales	Other Income	Total Revenue	Sale Breakdown (%)	Equity in Associates*	Revenue from sales	Other Income	Total Revenue	Sale Breakdown (%)	Equity in Associates*	Revenue from sales	Other Income	Total Revenue	Sale Breakdown (%)	Equity in Associates*
Cement and Building Materials Business	204,594	2,315	206,909	32.35	1,682	182,529	1,785	184,314	31.27	1,511	171,720	2,446	174,166	39.94	1,012
SCGC (Chemicals Business)	236,587	3,975	240,562	41.12	4,928	238,390	790	239,180	44.23	11,577	146,870	1,981	148,851	36.55	5,033
SCGP (Packaging Business)	146,068	1,464	147,532	25.34	55	124,223	2,532	126,755	23.44	57	92,786	603	93,389	22.93	66
Others	869	12,773	13,642	1.19	4,037	219	12,615	12,834	1.06	4,398	122	8,965	9,087	0.58	3,346
<b>Total Consolidated</b>	<b>569,609</b>	<b>12,683</b>	<b>582,292</b>	<b>100.00</b>	<b>10,703</b>	<b>530,112</b>	<b>10,594</b>	<b>540,706</b>	<b>100.00</b>	<b>17,543</b>	<b>399,939</b>	<b>7,278</b>	<b>407,217</b>	<b>100.00</b>	<b>9,456</b>

Remark: Financial figures are classified according to business unit before intersegment elimination.

\* Share of profit of jointly-controlled entities and associates is recognized by using equity method.



### Key Operations of Each Business Unit

#### Cement - Building Materials Business

The Cement - Building Materials Business, which consists of cement, building materials and distribution business, focuses on developing high value-added products & services (HVA) and aims to be the market leader both in Thailand and ASEAN. The Company's main products are categorized into four product groups; cement, building materials ceramic and sanitary ware & fitting.

Key Information			
<b>Capacity and main products</b>	• Grey cement (Thailand)	23	tons per year
	• Grey cement (Outside Thailand)	10.5	tons per year
	• Ready-mixed concrete	693	plants
	• Roofing products	85	million sq.m per year
	• Ceiling/board/wood substitutions (Thailand)	101	million sq.m per year
	• Floor and wall ceramic tiles	181	million sq.m per year
	• Sanitary ware	2.59	million pieces per year
	• Fitting	1.65	million pieces per year
<b>Brand</b>	• Portland cement: SCG		
	• Mixed / Masonry cement, Mortar cement, Decorative cement and Tile Adhesive cement: Tiger and Cement Chemical products (Domestic) and SCG (International)		
	• Portland and mixed cement: K-Cement (Cambodia)		
	• Ready-mixed concrete: CPAC (Domestic and Laos), SCG (Domestic and Laos), Jayamix by SCG and CPAC (Indonesia)		
	• Fireclay bricks and special refractory: SRIC		
	• Compacting wall system: Tiger		
	• Precast and Post tension: CPAC		
	• Fully precast concrete system: Consulting services from design to construction: CPAC Green Solution		
	• Structural design by digital technology: CPAC BIM		
	• Lightweight Concrete: Q-CON and SCG		
	• PVC pipe and accessories: SCG		
	• Concrete pipe and precast: SCG		
	• Roofing products: SCG		
	• Ceiling/board/wood substituted products: SCG		
	• Concrete blocks, concrete floor tiles and precast concrete walls: SCG		
	• Reinforcing steel: SCG		
	• Thermal and acoustic insulations: SCG		
	• Home building service: SCG HEIM		
	• Solar roof system: SCG		
	• Active AIRflow™ system: SCG Living Tech		
	• Unit bathroom: SCG		
	• Products/service/installation for elderly: SCG Eldercare Solution		
	• Completed consulting service for eco-friendly buildings with international standards: SCG Green Building Solution		
	• Ceramic floor and wall tiles: COTTO, SOSUCO, CAMPANA, Prime, KIA and Mariwasa		
	• Pyrolithic stone: GEOLUXE		
	• Sanitary ware, sanitary fittings and bathrooms: COTTO		
	• Sanitary ware, sanitary fittings and bathrooms: PREMA		
	• Total solutions for tiles and sanitary ware: COTTO Life		
	• Smart flexible vinyl floor tile – LT by COTTO		
	• Repair, decoration, home improvement, and installation of tiles and decorative materials – CTIS		
	• Energy management and integrated energy efficiency improvement services for the industrial sector – SUSUNN		

Key Information	
<b>Brand</b>	<ul style="list-style-type: none"> <li>Building materials flagship retail store: SCG Experience</li> <li>Building material active omni-channel retail: SCG HOME</li> <li>Logistics and delivery services: SCG Logistics and SCG Express</li> <li>Import/export service: SCG International</li> </ul>
<b>Strengths</b>	<ul style="list-style-type: none"> <li>Producer of cement and building material products in ASEAN</li> <li>The world's second largest production capacity of floor and wall ceramic tiles with sustainable development philosophy embeded in the company's policies and operations</li> <li>Rigorous in-house R&amp;D efforts to create innovative products and services</li> <li>Integrate customer journey in home improvement and renovation through SCG HOME active omni-channel which conveniently connects customers with different channels with one single ID. We also have digital platform to facilitate and connect home owner to contractor and designer</li> <li>Sanitary ware and fitting production facilities converter into "Smart &amp; Green Factory" to increase competitiveness in the ASEAN market in terms of cost, technology, speed and design</li> <li>Expand sanitary ware and fitting products in the export market by promoting COTTO as an ASEAN Brand and establishing a strong presence in potential markets such as China and India</li> <li>A market leader in Smart &amp; Hygiene market segment with service centers nationwide to ensure service accessibility and build up customer's confidence in COTTO products and services which support the growth of the Smart &amp; Hygiene group. For example, Premium Collection offers sophisticated design for, premium customer segment Solution in a Box, targets customers looking to present themselves through space and style by choosing products with the Mix &amp; Match Concept.</li> </ul>
<b>Major Business Policy</b>	<ul style="list-style-type: none"> <li>Develops new products to serve customers' requirements, promotes High Value Added Products &amp; Services through innovations, and offer integrated services and solutions.</li> <li>Accelerate business expansion by developing active omni-channel and building up its ecosystem to connect online stores and physical stores, as well las other platforms for searching design and contractor to capture large opportunities in the domestic and regional markets</li> <li>Continuously focuses on work and production processes improvement-by using alternative energy such as solar energy, waste heat generator to generate electricity, automation and digital technology to increase operational efficiency.</li> <li>Conserves natural resources and concern for the environment such as reducing CO<sub>2</sub> emissions and optimize resource usage, as well as take part in activities contributing to social and community development.</li> </ul>



### 1. Product or Service Features

Products and services are primarily classified as follows:

#### Cement

1. Portland cement
2. Mixed cement
3. Mortar cement
4. Decorative cement
5. Tile adhesive cement
6. Ready mixed-concrete
7. Fireclay bricks and special refractory



- 8. Compacting wall system
- 9. Precast, Fully precast and Post tension
- 10. Green construction solution

#### **Building Materials**

- 11. Aerated Lightweight Concrete (ALC)
- 12. Roofing products (fiber cement roof, concrete roof, ceramic roof, metal roof, clay roof, and glaslit roof), roof truss and accessories
- 13. Ceiling, wall, floor, fiber cement board and cement board products
- 14. Wood substitute products
- 15. Landscape products (paving block, paving tile, wall tile and fence)
- 16. Reinforcing steel
- 17. Thermal and acoustic insulation
- 18. PVC pipe and accessories
- 19. Concrete pipe and precast
- 20 Solar roof system
- 21. Active Airflow™ system
- 22. Unit bathroom

#### **Ceramic**

- 23. Floor and wall tiles
- 24. Pyrolithic stone
- 25 Sanitary ware, sanitary fittings, and bathroom
- 26. Smart flexible vinyl floor tiles

#### **Sanitary Ware & Fitting**

- 27. Smart product
- 28. Water closet
- 29. Wash basin
- 30. Urinal/bidet
- 31. Faucets

- 32. Showers
- 33. Flush valve
- 34. Color product
- 35. Accessories
- 36. Spare parts

#### **Other products and services**

- 37. Logistics service
- 38. Import / Export services
- 39. Disposal of industrial waste
- 40. Other products and services such as roofing center, and home product and service
- 41. An expert consultant specializing in sustainability advice and services on both national and international green building standard practices
- 42. Products/service/installation for the elderly
- 43. Home building service
- 44. Total solutions for tiles and sanitary ware
- 45. Home and building material retails
- 46. Construction solutions
- 47. Digital platforms for structural design
- 48 Fixing service and bathroom solution
- 49 Smart public toilet
- 50. Home improvement and innovation, and tile and decorative material installation services

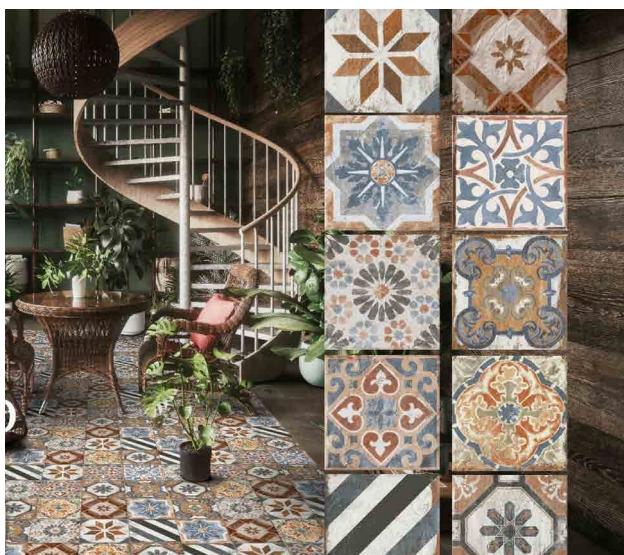
#### **2. Market and Competition**

- (1) Policy and Market Features of Main Products and Services**
  - Policy and Market Features
  - 1) Competitive Strategy
    - CBM conducts its business with vision to sustain its business in accordance with the ESG standard which

concern to Environmental, Social, and Governance) through the “Green Construction” strategy with an aim to lift up construction standards in Thailand environmentally-friendly process in every stage of construction. The Business promotes the use of resources and construction materials to their maximum value to lower the impact on the environment while utilizing renewable resources, turning waste or loss to wealth, and giving back to society through the development of total innovative solutions through CPAC Green Solution. The CPAC Green Construction deploys digital and construction technology to drive construction innovation that will lead to end-to-end service solutions, from design and construction, to post construction management. This solution helps to solve the issues from inefficient construction and obsolete technology that might affect the environment. Besides, to address the changing needs of a new generation of consumers who are more environmentally conscious, the Business developed innovative tiles that reduce resource usage. “Eco Collection” tiles are produced by reusing of waste to ensure zero waste. The effort reduces resource consumption by 80% and CO<sub>2</sub> emissions from transportation by 75%, equivalent to planting 944 big trees, while reusing 25% of water in the process. This collection is free from volatile organic compounds and heavy metals,

they are eco-friendly tiles of the year under the green COTTO logo which symbolizes green products.

- The Business emphasizes on developing High Value Added (HVA) products and services (HVA) with advance-technology to differentiate and respond to customers’ needs as well as contribute to the growth of construction industry. Efforts included carrying out continuous products improvement through R&D, and developing eco-friendly products to reduce natural resource consumption. With its own research and development function, the Business can develop and improve the quality of products and services to meet customers’ requirement in each segments and to cope with the rapidly changing the construction industry. The product are SCG Hybrid Cement (Eco-friendly cement), Tiger Plastering Cement, SCG Precast Cement, Tiger Mortar Xpert Formula crack resistant mortar, Tiger Tile Adhesive for ceramic, granito, marble, and granite tiles, Grey-White Skim Coat, ) chemical admixtures (for waterproof concreate, concrete coating, decorative concrete), CPAC Low - Carbon Concrete, CPAC Super Series Concrete, concrete for specific areas such as CPAC Marine Concrete, CPAC Saline Soil Resisting Concrete. SCG wood plank cool plus, SCG Roofing “CPAC SMOOTH COOL series” with double coating technology which defcts twice more heat, AIR ION innovation, an air purification tile, that traps PM2.5 up to 89% and increases fresh air mass 24 hours a day without using electricity by releasing negative ions at a level of 3,000 ions/cm<sup>3</sup> to capture dust in the air, and Hygienic Tile which prevents and inhibits the growth of bacteria by incorporating silver nanoparticles into the tile texture. Smart flexible vinyl floor tiles, the latest flooring material innovation including SPC/LVT, are manufactured using advanced technology to ensure flexibility for maximum application efficiency. The vinyl flooring gives the realistic look of wood grain and offers water – resistance, easy maintenance, and quick, easy installation. Other products using hygienic technology include touchless sanitary ware with a self-elimination of



ECO Collection tiles reduce the use of resources



Composite and Luxury Vinyl Tiles

bacteria by 99% within 24 hours, and automatic faucets with beautiful design and high efficiency. The underlining development concept for COTTO sanitary ware and faucets spans 5 aspects convenience, which are safety, worthiness, reliability, and satisfaction with the beautiful design to deliver “Hygienic Innovations” to customers.

- The Business continuously increases its production efficiency, improves qualitys of products, and offers innovations with the ESG 4 Plus strategy which, minimize environmental impact, and manage cost simultaneously. For example, the Business conducts plans to use more alternative energy and manage raw material cost. Moreover, the Business has a team of experts (Cement Business Solution Team to provide consultancy to our business partners to increase their competitiveness, enhance efficiency and effectiveness in the production process, quality control, and cost management. They also provide suggestions and solutions to problems related to product usage. Our business partners can also report problems directly to the Business' Complaint Center.

- The Business aims to lift up construction industry standards and develop skills of construction workers through the Wall and Floor

Technology Center, Which is a training center to introduce construction innovation and technology of floor and wall along with enhancing professional skills of construction workers and contractors toward becoming “Smart Tiger Team”. The center also provides opportunities for students from various institutions to observe and learn about modern construction materials and technologies.

## 2) Customer Features and Target Groups

- Cement products are sold to affiliate companies to use as raw material for other downstream businesses such as concrete roofs and precast. Besides the product are sold to SCG customers, including dealers, building material shops, ready mix concrete producers, and major contractors.
- Ready-mixed concrete products are sold to real estate developers, contractors, home owners, project owners, and entrepreneurs.
- Construction solutions are offered to developers, home owners, and large, medium, and small entrepreneurs.
- Building material products are classified by pricing and targeted customer groups in segments. Emphasis is put on design, technology, and eco-friendliness to add value to products.
- Ceramic products can be classified into two customer segments, middle-to-lower and middle-to-upper segments.
- Sanitary ware and fitting products are continuously developed to cater to 5 market segments:
  - New Built Market
  - Renovate Market
  - Replacement Market
  - Fixing & Maintenance Market
  - Restoration Market

## 3) Channel of Distribution

- Domestic distribution:** The Business has a strong domestic distribution network of over 500 dealers nationwide to which we support sales campaigns and activities. Beside, the Business has implemented “Project Management system”, as a one stop solution to our Project customer. This system allows us to monitor and supply products

for our customers more efficiently. The Green Construction Solution, the business established 23 CPAC Solution Centers (CSCs) nationwide a center for co-designing and offering construction technology knowledge as well as providing products, consultancy, design service, cost estimation and installation for customer and e-co-partner. In addition, the Business develops retail business through “SCG Home Boonthavorn” (a franchise store which is a joint venture between SCG and Boonthavorn Group) Our retail strategy is to offer a various range of products and solutions in response to customers' demand as well as accessible distribution channels for customer in all areas, in the form of physical retail stores nationwide and online stores such as e-Commerce website, smart phone application, Marketplace platform and Social Commerce to connect customer through Active Omni-Channel. Beside our business is enhanced by the efficient supply chain management to ensure fast delivery to customers with competitive cost to strengthen our competitiveness in retail business.

- For regional retail expansion, the business has set up distribution business in other ASEAN countries such as Indonesia, Cambodia, Myanmar, the Philippines, and Vietnam in the form of SCG's operated stores and the joint venture stores managed by the business partners.

- Apart from ASEAN, The Business has assigned SCG International Corporation Co., Ltd. (previously SCG Trading Co., Ltd.), a subsidiary of SCG to export our products to other countries focusing on the needs of customers or dealers in each country.

In addition, the Business focuses on increasing efficiency of dealers as follows:

- The business has developed Prompt Plus online platform, which is a digital tool, to increase efficiency in selling products to dealers by collaborating with SCG's dealers. And this year, we further develop “Prompt Dee” online platform, which is a distribution channel to reach end-customer target groups such as contractor.

- For the project customer, the business

has also developed “Rudy” application for monitoring sales of products in every step to reach medium-to small-size contractors. Beside we has introduced “Rak-Mao” which is a platform for contractor and procurement officer to make building material purchase more convenient. The business has more sellers and more services to broaden product offerings to better serve the requirements of contractors and procurement officers.

- For retail channel: The Business converted previous SCG Home Solution centers to SCG Home Boonthavorn format as mentioned above, while the rest of the stores are still SCG authorized dealers.

#### **- Policy and Market Features of Main Products and Services**

Presently, the Business has five grey cement plants in Thailand: 1) Ta Luang plant 2) Khao Wong plant 3) Kaeng Khoi plant (Saraburi) 4) Thung Song plant (Nakorn Si Thammarat) 5) Lampang plant (Lampang). With a total production capacity of 23 million tons. The Business has the highest production capacity in Thailand compared to other domestic cement producers. As for the building materials group, the Business operates plants in Saraburi, Nakhon Prathom, Lampang, Lamphun, Chonburi, Khonkaen, Nakhon Ratchasima, and Nakhon Si Thammarat to produce roof, ceiling and wall products. Apart from domestic operation, the Business has expanded its operation activities for cement and housing products in 6 countries in ASEAN: Indonesia, Myanmar, Cambodia, Laos, Vietnam,



Prompt Plus from B2B e-Commerce platform  
: The construction store



and the Philippines. Apart from that, the Business has exported its product by developing sales channel in export destination countries which will definitely help the Business to increase its sales and strengthen its selling networks globally.

Regarding ceramic business, The Business has local production bases for floor and wall tiles in Saraburi and regional plants in the Philippines, Indonesia, and Vietnam with a total capacity of 181 million square meter per year. For sanitary ware and fitting business, the Business is the leader in the domestic market, and aim to be widely acceptance in the global market. The key policy and main marketing strategy of the Business are as follows;

1) Develop the construction market with CPAC Green Solutions such as CPAC 3D Printing Solution, CPAC Ultra Bridge Solution, CPAC Low Rise Building Solution, CPAC Farm Solution, CPAC Floor Solution, and CPAC FillGood Solution to create wealth and green society. The solutions have been developed to meet various application needs, leveraging digital technology. For example, CPAC Drone Solution is an innovation for the assessment of the overall construction area using drones to collect information on the elevation and overall terrain which are analyzed to map the project. The technology can be

adapted in multiple industries and can lower the rate of construction error, enhance the efficiency of land usage, increase safety, and decrease construction time. The data will be subsequently sent to CPAC BIM to manage construction projects which allows all stakeholders to understand the construction ecosystem in every step from the design and monitor the speed of construction to ensure that it is in line with the project's target. Moreover, once the project is delivered, the data gained from the system can be used for the management of the next project. The system also lowers the rate of rejects, rework, and waste. Customers can consult our experts for appropriate and modern construction solutions at one of the 23 CPAC Solution Center (CSC) branches nationwide.

2) Expand innovative construction technology continuously with CPAC 3D Printing Solution that enables the formation of workpiece with structural cement. It can create 3D printing design formats as follows: 1) structures with fixed shapes such as the structure at Café Amazon to create an outstanding and attractive design 2) free-form structure designs such as the Thai woven basket 'Chalom', APEC 2022 official logo; Yi Peng lantern, the symbol of northern Thailand; and CPAC 3D Concrete Pavilion, which stands out and



differentiates from other structures. 3) forming structure of a 2-story building with CPAC 3D Printing for PPVC that creates a usable space of 65-220 sq.m, meeting the needs of customers for home improvement.

3) Promote hydraulic cement usage standards with SCG Hybrid Cement in response to the growing environment concern trend in the construction industry and entrepreneurs by reducing greenhouse gas emissions along with taking care of the environment and resources. The Business has engaged the government authorities and private sectors to support environment-friendly products with an aim to achieve Net Zero Emission target by 2593. The Business is a member of Global Cement and Concrete Association (GCCA) in hope to raise living standard for the customers and enhance Green Building standards by reducing CO<sub>2</sub> emissions from the production process, increasing the use of alternative fuels, and strengthening the concrete structures.

4) Expand the mortar market under Tiger brand in the Premium segment, such as general plastering mortar with Expert Formula and mortar for Lightweight Brick with expert formula by focusing on the requirement of local and business across the country. Those products have key

features that reduces the chance of cracks, reduces repaired works, saves budget and time as well as improve the quality of life of the residents.

5) Increase market base of decorative cement under the “Tiger Decorative” brand, which is for floor and wall decoration to serve customers who demand unique and outstanding decoration by expanding to the renovation segment with Tiger Decor Polymer cement loft wall, and loft floor. SCG has also enlarged its business opportunities in decorative products and services through its online channels with a professional service team to build desired loft wall for customers.

6.) Expand to the construction market to serve customers in wall and floor decorative segment with the newly developed wall and floor coating products called Tiger Water Repellent Coating (water-based) which can be used in various types of work to create beautiful surface.

7) Develop the new formula Tiger Tile Adhesive for ceramic, granito, marble, and granite tiles. The Business is the first producer to receive an industry standard certification from Thai Industrial Standards Institute (TISI). In addition, the Tiger Tile Adhesive has been developed and sold through wholesale, retail, and project channels in Thailand.

8) Lift the construction standards by developing skills of contractors through the Wall and Floor Technology Center, which is certified by the Department of Skill Development as well as developing Smart Tiger Team control construction projects. New construction technology and tools are developed to facilitate work with quality and time saving. As well, the Business cooperate with leading educational institutions to promote development and learning via e-learning and VR Showroom to deliver new experience for stakeholders across the Business' value chain.

9) Research and develop a smart ventilation system and indoor air quality control system for better living standards in Thailand with innovation that combines Passive Stack Ventilation and a ventilation system using a solar powered fan with a smart control to provide optimum cooling comfort and reduce the build-up of heat during the day. Furthermore, new products have been developed to improve indoor air quality – humidity, temperature, CO<sub>2</sub> and VOCs, by controlling and monitoring the air quality with IOT technology.

10) SCG Eldercare Solution, a housing innovation for the elderly includes a wide range of innovative healthcare solutions. An innovative product has been developed to solve problems or ease pain associated with joints and muscles in the lower body of the elderly as well as other bedroom innovations that address the needs of the elderly having difficulty getting up from a sitting position or being prone to falling down such as special bed system to ease bedsore, which is easily adjustable and movable, automatic turn-on intelligence light when leaving bed at night and movable toilet, automatic turn-on intelligence light when leaving bed at night, or special mattress to ease bedsore, which is easily adjustable and movable toilet.

11) Distribute 3D Printing Mortar in both domestic and international markets such as Singapore. For the extrusion 3D printing technology, SCG developed 3D cement printing technology which can be used effectively with SCG's cement material. Aside from easing the

problem of labor shortage, this technology allows for a freeform in the fabrication of designs with complicated patterns, easy onsite and fast installation. For further business advantage, SCG started to enlarge 3D printing business model toward "CPAC 3D Printing Solution" by co-creating and co-designing with customers to utilize the technology and respond to various customized demand from customers.

12) Research and develop wood substitute product for new applications such as decorative plank and skirt, using extrusion technology and fiber-reinforced composites.

13) Research and develop products to meet the needs of consumers, such as AIR ION, air purification tiles, trapping PM2.5 dust up to 89% and adding fresh air 24 hours a day without using electricity by releasing negative ions at a level of 3,000 ions/cm<sup>3</sup> to catch dust in the air, provided that 40% of the room has installed AIR ION tiles. Our Hygienic Tile, has the properties to prevent and inhibit the growth of bacteria by incorporating silver nanoparticles. The results are certified under the Japanese Industrial Standard JIS Z-2801.

14) Conduct R&D on ECO Collection tiles by combining advanced technology and concern for nature in the development of environmentally-friendly products services, and solutions to deliver home decorative materials that can match every lifestyle and increase quality of life for society, community, and the environment under the COTTO brand and the COTTO Green logo. This indicates the eco-friendly products that reaffirm our commitment to taking care of the world and the environment.

### **- Domestic Market and Competition**

Domestic demand for cement recovered from last year as the COVID-19 situation was improved and the tourism sector began to see positive trend. However, the Russia-Ukraine war caused a surge in energy costs such as natural gas and coals, resulting in an increase in building material price while people's income remained low, with high household debts. This resulted in lower household demand. Thus, the growth in the construction market was mainly driven by the government investment and expenditures.

Domestic demand for building products still under pressure from lower purchasing power. Nonetheless, the business managed to maintain its leadership status in the building product business through High Value Added (HVA) products & services to better accommodate consumer needs.

Ceramics demand in domestic market improved from last year amid multiple uncertainties such as high energy cost and rising inflation rates. Thailand's reopening plan to welcome visitors resulted in high purchasing power in some major cities.

The Business focused on maintaining its market leadership by creating value for customers, enhancing product quality, and driving new product and service development. Besides building good relationship with customers, the Business has implemented cost reduction program to enhance competitiveness. In addition, The Business also improved and expanded distribution network nationwide to increase points of purchase to facilitate customers' accessibility to our products.

### **- Regional Market and Competition**

The ASEAN market has also experienced high energy cost as a result of Russia-Ukraine war, global economic slowdown from interest rates hikes and the gradual economic recovery after COVID-19 pandemic. However governments of many countries attempted to stimulate economic growth through construction projects. Indonesia, for example, has planned to build several new

airports. Vietnam and the Philippines have expedited infrastructure investment such as logistics systems, roads, rails, etc. For Cambodia, although China's foreign investment had not flown back into Cambodia, and the tourism sector had seen no marked recovery, the government implemented significant relaxation of COVID-19 measures to spur foreign investment and continued to expand its deep water port. For Myanmar seemed to be hit the hardest compared to other ASEAN countries as, weakened Myanmar Kyat, and political instability made the country experiences shrinking economy and delay in the construction projects.

The Cement and Building Materials Business has actively transformed its business in ASEAN to response to the energy cost crisis, economic slowdown, and changing consumer behavior. It focuses on developing High Value Added (HVA) products and solutions and expanding distribution channels through Active Omni-Channel retail that integrates online and offline nationwide. The Business prioritized maintaining competitive cost position and conducted business in line with sustainable development approach.

### 3. Products and Services Procurement

#### (A) Product Procurement Feature

Type	Number of Sellers	Procurement Method	Local / Foreign	Remark
<b>Main Raw Materials</b>				
Limestone	-	-	100 / 0	Own supply sources and self-operated
Shale	-	Long-term contracts with external contractors	100 / 0	Own supply sources. Long-term contracts with contractors
Sand	~ 3	Occasional purchase with external suppliers	100 / 0	Own supply sources kept as reserve. Currently buy from external suppliers
Clay	~ 3	Long-term contracts with external contractors	100 / 0	Own supply sources. Currently have long-term contracts with contractors
Copper Slag	2	1-year contract with external suppliers	0 / 100	Buy from external suppliers
Gypsum	~ 5	Occasional purchase with external suppliers and partly operate from own sources	100 / 0	Currently buy from external suppliers and partly operate from own sources
Kraft Paper	6	Yearly contracts with external suppliers and occasional purchase from SCG affiliates (SKIC)	10 / 90	Currently buy from international vendors and partly from SCG affiliates
<b>Fuel</b>				
Lignite	~ 2	Long-term contracts with suppliers	50 / 50	Self-operate from its supply sources and buy from external suppliers
Petroleum Coke	1	Occasional purchase	0 / 100	Buy from external suppliers
Coal	~ 1	Long-term contracts with suppliers and occasional purchase	0 / 100	Buy from external suppliers
Bunker Oil	2	Occasional purchase	100 / 0	Buy from external suppliers
Biomass	22	Occasional purchase	100 / 0	Buy from external suppliers
China clay	3	Standards set by the factory	100 / 0	Local supplier
Ball clay	4	Standards set by the factory	100 / 0	Local supplier
Tank trim set	2	Specified product standards	0 / 100	Oversea supplier
Seat & cover	10	Specified product standards	0 / 100	Oversea supplier
Brass ingot	3	Compare the price	80 / 20	Local / Oversea supplier
Zinc ingot	3	Compare the price	100 / 0	Local supplier

For other materials, the Business has long-term contracts with many raw material producers both domestic and foreign. The Business will not rely on any single supplier to prevent shortage of raw materials.

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#### B) Environmental Protection

##### **Sustainable Development in Business Operations**

The Cement and Building Materials Business realizes the important of circular economy and has implemented it in business operations with focus on 3 directions:

1. Develop green products & solutions that provide benefits or meet the customer' desire more directly under the brand "SCG Green Choice".

2. Drive the circular economy system in the construction business throughout the value chain through a network of cooperation with the Circular Economy in Construction Industry (CECI).

3. Up-cycle or recycle waste into raw materials (Waste to Value).

- Develop green products & solutions that provide benefits or meet the needs of customers more directly. The Cement and Building Materials Business has certified more products and services under the more SCG Green Choice label and develop new products to meet the needs of customer in 3 areas: energy saving and global warming (Climate Resilience), natural resources efficiency and extending service life (Circularity), and promoting good hygiene (Well-Being). In 2022, the number of SCG Green Choice products increased from 92 products to 140 products.

- The Circular Economy in Construction Industry (CECI): CECI has expanded to include 28 organizations, encompassing the whole value chain and extended the circular economy concept in the construction industry to all sectors as well as educational institutions through organizing National Engineering conference. Other joint initiatives include the use of leftover lightweight bricks from the construction site of one Bangkok project to use as sound barriers at the tunnel wall of One Bangkok's entrance. The leftover lightweight bricks of over 200 tons were recycled into sand substitute, water treatment substances, and use as sound barriers materials covering 1,850 sq.m. Additionally, the King Bridge Tower was, a prototype project of CECI that involved collaborative efforts from

the design process, procurement, and construction, using BIM as a design tool to reduce resource use, waste at site, and saving construction time. For its part, SCG serves as consultant on building Model Circular Economy (CE), and implementing CE in the project. The project has currently completed the design process and entered the construction phase. A total of 20 CE solutions under joint consideration for use in the King Bridge Tower were compiled. SCG solution used in the project is Modular Toilet from CPAC which helps reduce concrete waste by 388 tons.

- Create value from waste by transforming it into products (Waste to Value). The Business has partnered with internal and external agencies to add value to waste and reduce natural resource consumption by managing waste in alignment with the circular economy principles.

- Use waste from fiber-cement roofs amounting to 2,400 tons/year as substitute materials for crushed stones for the manufacture of orchid planting bases, resulting in 30% lighter weight and 20% more strength without increasing production cost.

- Use sediment from ceramic tile production, totaling 1,200 tons/year to produce Ratchaburi water jars, enabling the jars to boast a different pattern from using natural materials. This crates artistic uniqueness and adds value to the products.

- Transform 200 tons of lightweight brick waste per year into filters in an ornamental fish tank to replace lava rocks and plastic media. The lightweight brick is 7 times more porous than ordinary materials and has properties of pH buffer that helps pH in the fish tank stay stable, making it ideal for ornamental fish culture.

- The Company apply the Circular Economy into business continuously. The waste management efforts resulted in

- 99.3% of waste being reused/recycled
- 0.7% burned as energy
- 0% waste to landfill

#### **4. Undelivered Projects or High Valued Purchase Agreements**

None

## (SCGC) Chemicals Business

### Production Process

Our olefins plants use naphtha as the main feedstock for our crackers. Our petrochemical production process consists of four key stages.

#### Stage 1. Feedstock

A variety of feedstock, including naphtha which is produced from an oil refinery and ethane and propane which are products of a gas separation plant are used for our crackers. We use naphtha as the main feedstock for our production, which we import from the Middle East and also procure from domestic suppliers. We plan and closely monitor price movements of feedstock to optimize feedstock intake and our products' commercial value. Our olefins plants have been designed to allow flexibility to utilize other feedstock, such as LPG, raffinate and condensate, when prices of such feedstock are more competitive compared to naphtha. For example, our plants in ROC and MOC are designed to use up to 25.0% and 35.0% of gas feedstock, respectively. Our proximity to key market hubs and our close relationship with suppliers and partners allow us to achieve competitive pricing of feedstock and built-in synergies for our feedstock sourcing. See "Raw Materials".

#### Stage 2. Upstream Petrochemical Products

After feedstock is fed to a naphtha cracker, products are categorized into two chains by their molecular structure:

1) Olefins chain, which includes ethylene, propylene, and mixed C4; and

2) Aromatics chain, which includes benzene, toluene, and xylene.

These products are used as raw materials to produce next stage petrochemical products, including intermediate petrochemical products such as EDC, VCM and styrene monomer and downstream petrochemical products such as PE, PP and PVC.

#### Stage 3. Intermediate Petrochemical Products

One or several upstream petrochemical products, which can be a combination of products from the olefins chain and aromatics chain are used as raw materials for the production in this stage. The main downstream petrochemical products, such as Vinyl Chloride and Styrene Monomer, are used as raw materials to produce downstream petrochemical products.

#### Stage 4. Downstream Petrochemical Products

Upstream and intermediate petrochemical products are used to produce downstream petrochemical products, which are raw materials for the production of finished products, and feedstock or solvents in other downstream industries. Downstream petrochemical products comprise:

1) Polymer resins. Polymer resins are our main products. They are used to produce downstream products in many industries, such as packaging, automobiles, construction, medical devices and consumer products. The main products include, PE, PP, PVC. The vinyl chain utilizes a process called fabrication that converts PVC to produce finished products, such as construction pipes, water pipes, agricultural pipes, electrical wire and signal cable conduits, rain gutters and window and door profiles.

2) Synthetic rubbers or elastomers. These products include, inter alia, Styrene butadiene rubber (SBR) and butadiene rubber (BR) which are raw materials for various industries, such as automobile tires, automobile parts, consumer products and nitrile butadiene latex (NBL) which is used to produce medical rubber gloves, and industrial and household rubber gloves.

The business possesses New Product Development process both in terms of High Value Added (HVA) products & New Application Development. We work together with customers from both the converter and the brand owner to get the products that meet their needs. The success from this process will become a new product group that will generate revenue for the company in the future.



เม็ดพอลิโอลีฟินส์ (Polyolefins)

Products/Service	Product Features	End Products
<b>1. Olefins</b>		
1.1 Olefins	Upstream product for petrochemicals product. Olefins, including ethylene and propylene, are main feedstock for polyolefins, polyvinyl chloride and polystyrene. Olefins' by-products are mixed C4, benzene, toluene, which are feedstock for SCGC associates companies.	Main feedstock for SCGC downstream business
1.2 Olefins By-products	By-products from Steam Cracking process that uses naphtha as feedstock	
1.2.1 Mixed C4	A primary feedstock for producing butadiene and B1 which are used as feedstock for MTBE, and further refined to produce nitrile latex	Butadiene Rubber – BR, Styrene Butadiene Rubber – SBR, Acrylonitrile Butadiene Styrene – ABS, etc.
1.2.2 Benzene	Used to produce other polymer resins	Polystyrene – PS, Polycarbonate – PC, SBR, ABS, Styrene Acrylonitrile – SAN, Phenol, Epoxy, etc.
1.2.3 Toluene	Used as a solvent and for the production of other aromatics substances of higher value.	Paraxylene, benzene and other compounds such as polyurethanes (PU)

Products/Service	Product Features	End Products
1.2.4 Mixed Xylene	<p>Categorized into three main types:</p> <ol style="list-style-type: none"> <li>1) P-xylene, which is used to produce polyethylene terephthalate (PET) resins and polyester fibers;</li> <li>2) O-xylene, which is used to produce plasticizer to increase the plasticity of PVC; and</li> <li>3) M-xylene, which is used as a solvent</li> </ol>	Polyethylene terephthalate (PET) resins and polyester fibers, plasticizer plasticizer and solvent
1.2.5 Pygas	A by-product from the thermal cracking process. Pygas contains a mixture of hydrocarbons with 5 to 9 carbon atoms, and a high aromatics content.	Pygas can be further extracted for aromatics products, such as benzene, toluene, mixed xylene and pyrolysis gasoline.
<b>2. Polyolefin and Related Products</b>		
2.1 High Density Polyethylene - HDPE	High stiffness, high strength, in rigid form, good flow-ability, easy formation, and high resistance to chemicals	Pipes, wires and cables, rigid packaging (such as milk bottles, shampoo, bottles, cosmetics bottles, lubricant containers, bottle crates, fruit crates, trash bins and shopping bags)
2.2 Medium Density Polyethylene - MDPE	Good drop and shock resistance, high dart impact strength, stable formation, and low temperature resistance	Rotational molding, coolers boxes, water tanks, water treatment tanks, playground equipment
2.3 Linear Low Density Polyethylene - LLDPE	High stiffness, high tensile strength, puncture resistance and high clarity	Industrial and agricultural films, plastic rice bags
2.4 Low Density Polyethylene - LDPE	Clarity, good adhesion strength, high stiffness and high shrinkage	Flexible packaging (coating), aseptic packaging
2.5 Polypropylene - PP	High impact resistance and high toughness	Automotive, electrical appliances, rigid packaging and automotive parts including battery, film, injection and yarn, electronic appliances and furniture, etc.
2.6 Polyethylene Compound	Polymer resins that are blended with other additives to improve its properties, such as pressure resistance and UV resistance	High pressure pipes, large-sized pipes for water work systems and gas pipe systems, mining pipes and pontoons

Products/Service	Product Features	End Products
<b>3. Polyvinyl Chloride (PVC) and Related Products</b>		
3.1 Polyvinyl Chloride (PVC)	PVC is classified as Thermo-Plastic which can be melted or subjected to pressure many times without destroying the original structure. It can be shaped many times, but must be mixed with other additives to form a product with various properties according to the user needs	Various finished products made from PVC
3.2 PVC Compound	Weather resistant, flame retardant, light weight, and rust-free material. Low, medium to high impact resistance, oil resistance, good heat stability and high transparency and scratch resistance and low migration resistance	Cable jackets, pipes and fittings, window and door profiles and other general uses, medical uses, rigid packaging, bottles, wires, automotive parts, cables and gaskets
3.3 Finished Products	Good stiffness, toughness and heat stability, rigidity, UV resistance, high impact strength and heat resistance	A wide variety of applications including pipes and fittings, door and window profiles and rain gutters
<b>4. Service</b>		
4.1 Post-consumer Recycled Resin (PCR)	Plastic resins are produced using high quality mechanical recycling method. The plastic waste is sorted and cleaned before recycling.	A wide range of plastic products such as bottles, garbage bags, merchandise bags.
4.1 Jetty & Tank Terminal	We provide storage services for various petrochemical gases and liquids such as naphtha, olefins, benzene, toluene, and mixed xylene, and pyrolysis gasoline as well as transportation services for raw materials and products between pipelines and terminals using our own jetties and tanks.	
4.3 Services and Solutions	The services and solutions include coating for industrial furnaces, industrial inspection robots, digital asset solutions, technology licensing, and floating solar farms.	

## 2. Market and Competition

### (1) Policy and Market Features of Main Products and Services

- Policy and Market Features

Polyolefin and PVC are commodity products with a fairly volatile price cycle.

#### 1.1) Competitive Strategy

- High Value Added Products

The business has planned and developed high value added products in order to improve product quality and respond to customer needs. In this regard, the business has continually invested in the enhancement of research and development capability and efficiency. Currently, i2P (Idea to Product) Center in Rayong province allowed customers to visit, both in virtual tour and on-site and understand the business's product and service innovation. The i2P Center received excellent responses from both domestic and foreign customers, resulting in more than 100 ideas of collaboration in product development. In addition, the business has emphasized to develop and increase the portion in durable product applications which also serve circular economy concept.

For 2022, sales of High Value Added (HVA) products & services accounts for 36% of total sales from subsidiaries.

- 1. High Value Added products:

- Food and Beverage business: Polymer resins produced from SMXTM technology for high impact-resistant packaging, lightweight bottle caps, high quality PCR resins for recycled packaging, mono-material packaging that increases recycling efficiency, polymer for flexible packaging, retort pouches, etc.

- Building and Infrastructure and Formulation business

- o Building sector: Insulation for power cable and telecommunication cable, water tank from rotational molding, PVC pipe and fitting, plastic doors and windows

- o Infrastructure: Large HDPE pipe for water work system, mining and natural gas industry, insulation for power cable and fiber optic cable

- o Others: Polymer resins for medical equipment, kayaks and farming as well as SMXTM technology – enabled polymer for intermediate bulk containers with high strength and chemical resistance.

- Automotive business: Interior and exterior automotive parts and battery case

- Electrical Appliances business: Parts for refrigerator and washing machine

#### 2 High Value Added Services:

- Industrial Furnace Coating service: Coating in high temperature industrial applications such as fired heaters and furnaces in refinery, petrochemical and steel industries.

- Robotics Inspection service: Carburization Inspection Robot (CiBot™), Tank Inspection Robot and Aerial Visual Inspection Robot

- Technology Licensing: License of HDPE production process, license of functional material CIERRA™

- SCGC Floating Solar Solutions

The business aims to further increase sales portion of High Value Added products to reduce impact of business volatility in the down cycle while enhancing overall competitiveness of the business.

### 1.2) Cooperation with customers: service, further new products development, and supply chain management

Based on our belief that “service is the heart of selling”, the Company has developed customer relationship management (CRM) which is designed to gather and analyze customers' requirements to accurately and timely respond to those needs. Customer complaints are recorded and solved systematically and sustainably using our CRM system.

Moreover, the business provides technical advice on plastics conversions, engage in collaboration with customers to co-create values from development of products and services that better satisfy customers' latent needs, develop and expand network of business, host seminars or business panels to provide both business and technical information to increase customer's competency for their sustainable growth. The business also emphasizes accuracy of the delivery.

It also engages in continuous improvement to enhance the service efficiency in order to match the customers' business operations which vary by segments.

### **1.3) Price and Cost**

The company focuses on value creation for customers, business partners, and stakeholders, including technology development and innovation creation. As both domestic and export prices of polyolefin and PVC resins move in-line with the global market prices, the business aims to create premium by offering high quality products, services, and innovations in response to customers' need in order to be competitive in the market.

In terms of cost management, the business also places importance to maintaining competitive cost position. As petrochemical industry requires high investment, the business has to constantly expand the plant capacities and improve productivity to achieve economy of scale with lowest investment cost per ton. The business's upstream and downstream integration also provides significant competitiveness. The Business expands Integrated Business Excellence (IBE) system which helps reduce loss in production time which brought about higher plant productivity, cost reduction, improved product lines management and ability to set product prices to serve customer needs.

The company also utilizes Total Productivity Management (TPM), which emphasizes equipment maintenance, production efficiency and cost reduction. By following TPM concept, the business was awarded with Advanced Special Award for its achievement in production efficiency enhancement, energy conservation, accident and environmental impact reduction, as well as in development of the employees' capabilities.

The company also employs digital technology, and advanced information technology, in business processes and operations and in e-Business platform, such as e-Procurement, Warehouse Management, Advanced Process Control, Advanced Planning and Scheduling, Ready Plastic, (CRM) Customer Relationship Management, and e-DP (Electronic Delivery Paper), B2P (Blockchain for Procure-to-Pay), and Digital Commerce Platform (DCP) to achieve best-in-class efficiency and customer satisfaction. With RPA (Robotic Process Automation), the company is able to improve efficiency

by automating repetitive manual tasks using robotic software. Moreover, the company has developed Smart Online Fault Analysis (SmartOFA) which can estimate risk and also send out alerts before potential problems occur. This helps reduce maintenance cost and reduce opportunity loss from machinery breakdown.

### **1.4) Product Quality Management**

One of the business's main policies is to produce safe and high quality products without any effects on the environment and communities. The business has adopted Total Quality Management (TQM), which emphasizes customer and quality. Therefore, it integrated Risk Management Policy and ISO system with TQM and TPM to come under one quality management, resulting in being certified by the various international quality systems, namely ISO 9001, ISO 13485, ISO 14001, ISO 16949, OHSAS and TIS 18001. The company also applied ISO 17025, resulting in product assurance in both quality and safety throughout the process, such as procurement, production, storage, and logistics. Moreover, the business has supported research and development to constantly improve and create its product with quality and safety to truly meet customers' needs in various product applications.

### **1.5) Management**

The company focuses on the development of a value chain management system in order to be able to manage operations quickly and accurately according to market volatility. Every month, the business will prepare a plan to move forward and planning work that is linked throughout the value chain covering both production and sales, demand and supply of goods and raw materials, including new products under development to increase the time to adjust according market situations and customer needs for the most effective planning. There is also a measurement of the results of such plans to bring information to improve future planning.

The company places high importance on cultural transformation to shape continuous improvement mindset of the employees. The business also selects high potential employees to work full-time on improvement projects.

The company elevates strategic workforce planning, starting from assessing the needs and

readiness of human resources in terms of numbers, capability, and traits that are vital to business operations, readying them for business development both today and tomorrow. The company also aligns enterprise's goals to those of the employees, using the new Performance Management System (PMS) and creates organizational culture that promotes common understanding. Added to this is the development of a better performance evaluation between supervisors and subordinates, as well as the development of necessary skills for executives, enabling them to be role models for employees to work collaboratively in an efficient manner.

The company enhances the efficiency of Enterprise Resource Planning (ERP) system through the integration of all departments' systems to quickly response to the customers. The system consists of various functions, such as order forecast, sales and logistics planning, and inventory management.

Furthermore, the company invites world-class consultants whose expertise lies in supply chain management to co-develop and continuously improve its supply chain management with the emphasis on visibility of supply chain as a whole. In addition, the company also extends Business Continuity Management (BCM) system to all of its subsidiaries for ongoing customer responsiveness in case of emergency.

### **(2) Customer Features and Target Groups**

The company has rearranged target customers into groups of businesses, in order to directly response to customer's need, which can be classified as building and infrastructure business, automotive business, electrical appliances business, food and beverages business, and generalpurpose business.

The v customers are mostly small and fragmented so the business aims to diversify the customer base into diverse segment and region to reduce the risk from depending on a limited number of customers. However, the company has also collaborated with global leading players in order to be leader in technology for best responding to end users' needs in advance.

### **(3) Channel of Distribution**

In 2022, the company domestic and export

sales of polyolefin are accounted for 46% and 54%, respectively. Domestic and export sales of PVC are 39% and 61%, respectively. The business has expanded the distribution channel by setting up e-market place, namely ReadyPlastic, e-Commerce platform for non-prime product trading, to cover recycled product. The main distribution channels for polyolefins and PVC resins consist of direct sales to customers and sales through distributors. which accounted for 75%, 25% and 93% and 7% of total sales volume respectively.

- **Domestic**

Domestic customers can be categorized in 2 groups; customers who convert and sell in domestic market represent 93% of the total domestic sales, whereas those who convert and export (re-export customers) represent 7%. For sales of PVC are for customers who convert and sell in domestic market only.

- **Export**

The company mainly exports to the Asia-Pacific region. Products are distributed directly to end-users or local distributors so that customer needs are satisfied efficiently. The proportion for the export market is 30% in East Asia, 33% in Southeast Asia, 8% in South Asia, and 29% in other regions and the preotion for the PVC export is 23% to Southeast Asia, 50% to South Asia and the remaining 27%. The company exports this year around 1.14 million tons of polyolefin 0.90 million tons and PVC 0.24 million tons, respectively. By diversifying its export destinations to 120 countries, the company is able to avoid risks from political or economic change in a particular country.

In addition, by having global based customers, the company is able to manage export products quantities for profit optimization as prices may differ depending on market conditions of each country.

### **3. Products or Services Procurement**

#### **(A) Product Procurement Feature**

The company has 2 olefins plants, 9 polyolefin plants located in Map Ta Phut Industrial Estate, Rayong Province, and 14 PVC plants located in Thailand and regional countries. Nameplate capacities are displayed below:

<b>Company</b>	<b>Manufacture /Product / Service</b>	<b>Capacity (Ton / Year)</b>	<b>Year First Operated</b>	<b>% Shareholding</b>
<b>Thailand</b>		6,406,000		
1. Rayong Olefins	Ethylene	900,000	1999	68
	Propylene	450,000		
2. Map Ta Phut Olefins		1,200,000	2010	67
	Propylene	850,000		
3. Thai Polyethylene		140,000	1989	100
	HDPE 2	170,000	1997	
	HDPE 3	220,000	2001	
	HDPE 4	450,000	2010	
	LLDPE	140,000	1990	
	LDPE	150,000	1995	
	PP 1	140,000	1993	
	PP 2	180,000	1997	
	PP 3	540,000	2010	
4. SCG ICO POLYMERS	MDPE คอมพาร์นด์	85,000	2013	87
5. Thai Plastics and Chemicals	PVC Resin	530,000	1971	100
6. Nawaplastic Industries (Saraburi)	PVC Pipe and Fittings Profile	204,000 21,000	1970	100
7. TPC Paste Resin	PVC Paste Resin	36,000	1993	100
<b>Vietnam</b>		3,229,000		
8. Binh Minh Plastics Joint Stock Company (BMP)	Plastic Pipe and Fittings	150,000	1977	54
9. TPC Vina Plastic and Chemicals Corporation	PVC Resin	200,000	1995	70
10. Viet-Thai Plastchem	PVC Compound	17,000	1994	72

บริษัท	โรงงาน/ผลิตภัณฑ์/บริการ	กำลังการผลิต <sup>¹</sup> (ตันต่อปี)	เปิดดำเนินการ (พ.ศ.)	สัดส่วนการถือหุ้น ของบริษัทฯ (ร้อยละ)
11. Chemtech	XPLE	12,000	2005	100
12. Long Son Petrochemicals	Ethylene Propylene HDPE LLDPE PP Butadiene	950,000 400,000 500,000 500,000 400,000 100,000	Under construction. To be commercialize by mid-2023	100
<b>Indonesia</b>		141,000		
13. PT. TPC Indo Plastic & Chemicals	PVC Resin	120,000	1996	100
14. Berjaya Newaplastic Indonesia	PVC Pipe and Fittings	21,000	2019	51
<b>Cambodia</b>		17,400		
15. Nawaplastic (Cambodia)	PVC Pipe and Fittings	17,400	2016	60
<b>Myanmar</b>		16,000		
16. Grand Nawaplastic Myanmar	PVC Pipe and Fittings	16,000	2016	80
<b>Service</b>				
17. Map Ta Phut Tank Terminal	Jetty and Tank Terminal	- <sup>²</sup>	1998	82
18. Rayong Pipeline	Pipe Transportation	-	1998	92
19. Rayong Engineering and Plant Services	Engineering and Plant Service	-	2001	100
<b>Recycle Business</b>				
20. Sirplaste-Sociedade Industrial de Recuperados de Plastico, S.A.	Recycle plastic Manufacture	36,000	1974	70
21. KRAS	Procuring plastic waste Procuring paper waste	160,000 120,000	1951	60
22. REKS	Plastic recycling plant	9,000	2019	45

**Remarks:**

<sup>¹</sup> The figures above are capacities of the key products and display only capacities of subsidiaries excluding VCM.

<sup>²</sup> The four piers have deadweight tonnages of 100,000 tons, 80,000 tons 20,000 tons, and 10,000 tons, respectively.

In 2022, the olefins plant had a capacity utilization rate of 90 percent, the polyolefins plant had a capacity utilization rate of 76 %, and the polyvinyl granules plant had a capacity utilization rate of 76 %. PVC had a capacity utilization rate of 91% of the total production capacity of each product.

Long Son Petrochemicals (LSP) project is the first fully integrated petrochemical complex in Vietnam. This petrochemical complex is expected to provide business competitiveness, as it will fully integrate our upstream petrochemical plants with downstream units, and offer economies of scale and flexibility in choosing feedstock between propane gas and naphtha to manage costs. The combined production capacity for ethylene and propylene is expected to reach approximately 1.35 million tons per year. The total production capacity for downstream polyolefin is expected to be close to that of its olefins plants. LSP has invested in its supporting facilities, which include a storage tank farm for feedstock, finished products, by-products and intermediate products and a port facility with hydrocarbon jetties and pipelines for transporting feedstock.

Moreover, LSP is located approximately 100 kilometers from Ho Chi Minh City, which is the main marketplace and economic center of the country, and is close to the Long Son Industrial Zone provides opportunities for LSP to collaborate with potentiating industrial clusters in the future. LSP has direct access to deep seashore and national highways, and is located near to a large international container port, facilitating the import of raw materials and export of our polymer products.

The budgeted total capital expenditures of the LSP project is approximately U.S.\$ 5.4 billion. We commenced engineering, procurement and construction (EPC) activities in the third quarter of 2018. The LSP petrochemical complex targets to start full commercial operations by mid 2023.

#### **(B) Raw Material Procurement**

##### **1) Olefins Production**

The key raw material in olefins production is Naphtha, which is procured from domestic oil refineries. In addition, the business has designed its plants to be able to use other alternative feedstocks

such as LPG, raffinate and condensate if the cost of production is lower, the more competitive. In 2022, the product accounts for approximately 28 % of total demand. The remaining 72 % is mostly imported from Middle Eastern countries. The company has entered into raw material procurement contracts (long-term) with main raw material suppliers both domestically and internationally.

##### **2) Polyolefins Production**

The key raw material in polyolefin production is olefins. The company has olefins purchasing contracts with olefins producers in SCGC's subsidiaries of 1,865,000 tons per year, while the rest of the olefins production is sold to joint ventures and external customers who are the business olefins plant shareholders. Moreover, the business is also able to procure more olefins from PTT Global Chemical PLC. (PTTGC) or import in case of olefins shortages.

##### **3) PVC Production**

The key raw material in PVC production is Vinyl Chloride Monomer (VCM). The company can produce VCM to fulfill all demand from its domestic PVC production. For its production facilities in Indonesia and Vietnam, the business obtains VCM from Thailand production base and additional overseas imports. As for EDC (EDC), all VCM production is imported.

##### **- Environmental Impact**

SCGC operates business with policies that support sustainable development by placing importance on the environment and communities to create the harmonious living between industry, the environment, and communities. SCGC is the first company in Thailand to achieve Eco Factory certification on 100% of its production facilities in 2015. Besides, in 2022, RIL Industrial Estate has been certified as eco industrial estate at "Eco-World Class" level with the highest score, from Industrial Estate Authority of Thailand (IEAT) for 4 consecutive years. The business has also engaged several sectors to develop Eco Community, Eco School, and Eco Temple, with a final aim to become Eco Industrial Town, in accordance with the government's policies to develop environmental friendly industries and build awareness of resource optimization, waste management and safety in community. Moreover, the business has also extended its internal waste sorting model to surrounding communities linking residences,

temples, schools, and waste banks under the campaign of “Zero-waste Community”, creating collaboration among stakeholders. The business has also developed an application named “KoomKah” for waste bank management.

SCGC has collaborated with various organizations and network of partners to undertake marine protection missions, as well as global cooperation with The Ocean Cleanup, Alliance to End Plastic Waste (AEPW), and Ellen MacArthur Foundation to work together to sustainably solve waste problem, especially in the ocean and move forward to tackle marine debris problem with “SCGC – DMCR Litter Trap from HDPE-Bone”, a new innovation upgraded from the first model by using a special-grade plastic, resulting in higher efficiency of waste collection, UV resistance, and service life. Moreover, the litter trap is recyclable, in line with circular economy concept.

SCGC has also educated youths in sorting

and collecting plastic waste from the origin through Upcycling Milk Pooches “project by washing and drying the school milk bags, and then collecting the bags as LLDPE plastic that can be sold and reused as a material to produce “Recycled Chair” that is well-designed and durable.

#### 4. Undelivered Projects on High Valued Purchase Agreements

None

### SCG Packaging

SCG Packaging PLC. and its subsidiaries is a leading comprehensive packaging solution provider in ASEAN. We provide innovative products and variety of services while committing to Circular Economy principles. There are three main businesses: 1) Integrated Packaging Business, 2) Pulp and Paper Products, and 3) Recycle and others.

### Key Information

<b>Capacity</b>	<b>Integrated Packaging Businesses</b>		
• Fiber packaging	1,380,000	tons per year	
• Packaging paper	4,600,000	tons per year	
• Flexible packaging	978,000,000	square meter per year	
• Rigid packaging	143,000	tons per year	
• Medical supplies and labware	250,000,000	pieces per year	
<b>Pulp and Paper Businesses</b>			
• Pulp	556,000	tons per year	
• Printing & writing paper	490,900	tons per year	
• Foodservice Packaging	9,430	million pieces per year	
<b>Recycle Business and others</b>			
• Packaging materials recycling	1,200,000	tons per year	
<b>Main Products</b>	<b>Integrated Packaging Business</b>		
	• Fiber Packaging		
	• Packaging Paper		
	• Consumer and Performance Packaging		
	• Rigid Packaging		
	• Flexible Packaging		
	• Medical Supplies and Labware		

## Key Information

<p><b>Main Products</b></p> <ul style="list-style-type: none"> <li>Pulp and Paper Businesses           <ul style="list-style-type: none"> <li>• Pulp and Paper Products</li> <li>• Foodservice Packaging</li> <li>• Plantation and Bio-based Solutions</li> </ul> </li> <li>Recycle Business and Others           <ul style="list-style-type: none"> <li>• Recovered paper</li> <li>• Recovered plastic</li> <li>• Other business such as investments</li> </ul> </li> </ul> <hr/> <p><b>Brands</b></p> <ul style="list-style-type: none"> <li>• Packaging and supplies for mailing and shipping solutions: Doozy</li> <li>• Life style products, furniture, and household products: Doozy by SCGP, Plaxury, DUY TAN member of SCGP, MATSU, Talopa, Oneplas</li> <li>• Medical Supplies and Labware: Deltalab member of SCGP</li> <li>• Supplements: HOLIS</li> <li>• Personal hygiene products: ALMIND</li> <li>• oodservice packaging: Fest by SCGP, Go-rPET, edenware</li> <li>• Printing and writing paper: Idea by SCGP, Supreme by SCGP, Green Read by SCGP, Spring, Ultimate, Delight</li> <li>• Fertilizer, Eucalyptus plants, and agriculture equipment: Ku Din</li> <li>• packaging: Green Carton</li> </ul> <hr/> <p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• The leading comprehensive packaging solutions provider in Southeast Asia.</li> <li>• Established a long-standing partnership with customers. Being recognized by multinational companies (“MNCs”) and other blue chip companies in the region.</li> <li>• Strong capabilities in packaging design and R&amp;D which allow us to offer innovative products and solutions to respond to the diverse needs of customers.</li> <li>• Vertical Integration business model enables us to strengthen operational efficiencies, cost competitiveness, security of supplies and optimized resource allocation.</li> <li>• A leading proponent of sustainability through Circular Economy principles, with emphasis on Environmental, Social, and Governance (ESG)</li> </ul> <hr/> <p><b>Major Business Policies</b></p> <ul style="list-style-type: none"> <li>• Strengthen customers’ brands and their supply chain efficiency through innovating renewable products and services.</li> <li>• Continuously expanding the business both domestically and internationally. Enhance the diversity of its product offering and customer base to capture macroeconomics growth and the increase in consumer expenditures in the region; and</li> <li>• Proactively committing to pursue sustainable development</li> </ul> <hr/> <p><b>Business Development Policies</b></p> <ul style="list-style-type: none"> <li>• Strive for quality growth through Merger and Partnership (M&amp;P), and Organic Expansion</li> <li>• Commit to be leader in integrated packaging solutions and become top-of-mind for customers through innovative products and services development as well as designing of solutions to meet megatrends such as e-Commerce</li> <li>• Conduct business following Sustainable Development in accordance with the ESG (Environmental, Social, Governance) aspect.</li> <li>• Adopt technology and human resources development to achieve continually operational excellence.</li> </ul>
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### 1. Product or Service Features

- Packaging Business is the leading integrated packaging solutions provider in Thailand and Southeast Asia with vertical integration business model starting from pulp production to manufacturing of printing and writing paper, packaging paper, and fiber packaging. We also manufacture packaging for horizontal diversification industries. This allows us to effectively allocate resources and control production cost, promote a strong supply chain, as well as efficiently control the quality and innovations since the first step of the production which can add value to the products. On top of the above mentioned products, SCGP also produces flexible packaging, rigid packaging, foodservice packaging, and medical supplies and labware. The business consists of three major businesses as follows:

#### • Integrated Packaging Business

The key products are packaging paper, industrial bags, shopping bags, paper core, processed and finished products, gypsum liner, coated duplexboard, and wide varieties of fiber packaging, logistics packaging, folding carton, event and exhibition display, lifestyle product, consumer and performance packaging, flexible packaging, rigid packaging, medical supplier and labware, and total packaging design solutions.

#### • Pulp and Paper Business

The key products are foodservice packaging, pulp and paper products. The pulp produced is the an essential raw material for various types of paper such as printing & writing paper which printing houses use to print magazine, booklets, textbooks, and copy paper; specialty industrial paper such as paper for label, release liner, furniture products, medical & hygiene paper; and paper to produce various foodservice products such as box, plate, cutlery, bowl, cup, etc. Which produce from natural pulp and polymer.

#### • Recycle Business and others

Procure and distribute, recovered paper, and recovered plastic in Europe and the United States of America. The investment has increased capabilities in recycling of packaging materials. Furthermore, we have directly attained raw materials from their sources along with expanded SCGP procurement network which strengthen all levels of packaging businesses from raw material sources, upstream and, downstream production, through to the integrated packaging solutions.

## 2. Market and Competition

### (A) Marketing of Main Products and Services - Policy and Market Features

#### 1) Marketing Strategy

SCGP strive to become integrated packaging solutions provider with a variety of products to fully meet the packaging demands of various manufacturers for instance fiber packaging, logistics packaging, folding carton, event & exhibition display, and lifestyle products. The production capacities have developed and broadened to cover flexographic pre-printing, offset printing, and digital printing to cater the diverse demands for packaging such as consumer and performance packaging, flexible packaging rigid packaging, medical supplies and labware.

SCGP has set up a network of recycling centers in Thailand, Vietnam, the Philippines, and Indonesia. Moreover, SCGP expanded to international recycled packaging through merger and partnership with the Netherlands Peute Recycling B.V. (Peute) and the US Jordan Trading Inc. (Jordan). The ability to gather and manage Packaging materials recycling effectively in these countries adds to the cost advantage and stabilizes the business supply chain.

For the packaging design service, SCGP continues to develop designer teams to work proactively. They have knowledge and ability to perform integrated designs services in product logo, product shelf, display booth, printing media, and packaging. SCGP have network of production sites across Thailand and Southeast Asia, which can ensure customers' confidence that excellence goods and services will be delivered consistently and will not interrupt their production lines especially during Covid-19 pandemic.

In addition, to fully meet customer's needs, SCGP focuses on developing products and services quality led by "innovation" development which is SCGP's key strategy to escalate competitiveness. This includes "High Strength" paper which is a thinner packaging paper with the same strength to allow customer to saving their production cost and reducing the use of resources.

Furthermore, SCGP also focuses on developing quality and environmentally-friendly products. Our products are awarded with many environment certifications such as "Green Label", a national certification awarded to products that have good quality and comparatively create lower environmental footprint than other products having same functions. "SCG Green Choice", SCG in house certification award to innovative products and services that are environmentally friendly. For example, packaging paper grade KA, KE, KH, KT, KS, KC, TA, TI, TR, TS, CA, CS, CSP, ES.

On top of that, SCGP promotes production and sales of woods, pulp, paper, and packaging that are certified by FSCTM Certification (a standard for administering products related to forestry throughout production line). This certification certifies that SCGP products are made from raw materials and processes that meet FSCTM standards on the entire process from procurement of raw materials, production processes, sales, and product delivery to ensure that there is no contamination of uncertified raw materials on the entire production lines. The SCGP FSCTM products that are certified are FSCTM 100%, FSCTM Controlled wood, FSCTM Recycled 100%, and FSCTM Mix. Thus the consumers can rest assure that SCGP products are environmentally friendly and remain fully committed to social responsibilities.

For the Fibrous Business, with regard to printing & writing paper, the business has increased imports of coated paper in response to various consumer needs and to expand customer base in copy paper in both domestic and export. For domestic market, there have been marketing promotion activities consistently. For export market, customer portfolios are adjusted in accordance with Covid-19 situations by focusing on countries with recovering demands, targeting Asia and North America.

SCGP's foodservice products are hygienic and safe food packaging that can be directly contacted with the food in line with "Food Direct Contact" standards. Its development derives from attention to health and safety of consumers. The demand has been steadily growing from both chain restaurants and food delivery

businesses along with global environmental awareness. SCGP commits in developing high quality products that meet consumers' needs through selection of high quality raw material, packaging structure designs, and using production process certified by international standards such as GMP and BRC. SCGP's foodservice packaging products aims to be a new alternatives packaging to ensure meeting all of consumers' needs. Currently, Fest® food packaging comprises of four main categories which are "Fest Choice", "Fest Bio", "Fest Daily", and "Fest Chill" targeting on domestic and ASEAN markets.

Additionally, SCGP has a production base in Vietnam (Go-Pak) to cater the needs in United Kingdom and North America market by offering over 250 kinds of food packaging such as plates, cutlery, cups, etc., made from paper, polymers, and other biodegradable materials. Go-Pak sells products from its own food packaging production capacity and from a global sourcing network. Its customer bases are in food service sector, retailers and wholesalers in restaurants-related business, fast food, off-site catering service providers. For foodservice packaging production base in Malaysia, Interpress Printers Sendirian Berhad (IPSB), is the producer and distributor of food packaging to famous restaurant chains both domestically and internationally. IPSB focuses on food packaging that can print messages as per the needs of big international fast food chain. Its customers include big fast food brands all over Asia such as Japan, Singapore, and Thailand.

## **2) Customer Features, Distributions, and Channel of Distribution**

### **Integrated Packaging Business**

#### **Fiber-based packaging**

Channel: SCGP production facilities are located in different areas that are close to customers' factories. The proximity of factories to customers is one of the success factors, SCGP has strategies which can assist customers and allow for (1) procure and distribute the products quickly and consistently, (2) reduce cost and delivering time from production site to customers, and (3) prompt communication and access to the services. In additions, SCGP established a dedicate team specifically to support multinational companies (MNCs)

customers. In order to respond to customers' needs with highest efficiency, the dedicate team is responsible to gather customers' needs for further development and to offer integrated packaging products and services solution. Owing to the production sites all over Thailand, Vietnam, and Indonesia, SCGP can rapidly response to the multinational customers in all regions.

### **Packaging Paper**

Channel: In Thailand, SCGP sells packaging paper to box plants only through direct sales. On the export side, 49% (based on sales volume) of packaging paper through direct sales and the other 51% (based on sales volume) through agents. As packaging paper is a business-to-business (B2B) commodity, our marketing policies includes offering products with reliable quality, on time delivering, and giving discounts for certain sales volume, special projects, or new customers.

### **Performance and Polymer Packaging**

Channel : Main distribution channels for flexible packaging and rigid packaging products are direct sales in Thailand and Vietnam including exporting to the United States, Europe, Australia, Japan, countries in ASEAN, etc., which are accounted for 85% of PPP sales (based on sales volume). Agents and traders are accounted for 15% of PPP sales (based on sales volume). Whereas distribution channels of medical supplies and labware products are both direct sales and through agents in Europe, South America, and Asia.

### **Fibrous Business**

#### **Pulp and Paper**

Channel: (1) Graphic paper is sold directly to the printing house about 57% of total sales. The rest is sold through agents. (2) Copy paper is sold through cash and carry merchandisers, retailers, and wholesalers about 93% of total sales. The remaining 7% is sold directly through both online and offline. (3) Main distribution channel for pulp is direct sales to customers including subsidiaries of SCGP and other domestic companies. The dissolving pulp is exported through agents accounted

for 90% of total sales. The main market is China.

### **Foodservice Packaging**

Channel: Foodservice packaging under the brand “Fest®” and “Edenware” are mostly sold domestically in bulk to cash and carry, retailers, and wholesalers at about 85% of the total sales. The rest is sold through online and offline to restaurant chains in Thailand. Foodservice packaging products are sold internationally through agents.

As foodservice packaging, manufactured and supplied by Go-Pak, the main distribution channel are food services businesses, retailers and wholesalers in the UK and North America. The company expects to utilize Go-Pak capacities to expand our market and customer base in the food packaging especially customers in food service business, retailers and wholesalers in restaurant related businesses, fast food chains, and catering services. Having solid relationship, food packaging products manufactured by IPSB are sold directly to large chain restaurants and fast food companies.

### **Full Service of Eucalyptus Wood Business**

Channel: Sells to both domestic and international customers. Main export product is eucalyptus wood chip which is exported to Japan and China. The domestic sales consist of eucalyptus seedlings selling though distribution points and agents, eucalyptus logs selling through pulp and timber manufacturers, biomass pellets selling directly to “biomass power plants”, and fertilizers and agricultural equipment selling through appointed agents all over the country as well as modern trade and Doozy online.

### **- Industry, Competition, and Trends**

#### **1) Integrated Packaging Business**

In 2022, the demand for corrugated containers has slightly declined compared to previous year. The energy and commodities price increased leads to higher cost of livings, resulted in lower of consumer purchasing power. On the export side, there's a declining growth from shrinking demands of trade partners in line with global economy and world trade, especially our major export markets such as Europe and the United States, whereas, China has imposed strict measures to control Covid-19. However, the exports of agricultural products

food, frozen food, ready-to-eat food show robust growth. The exports of automotive, motorcycles, electrical appliances, and electronics parts have also slowed down in the second half of the year due to supply disruption of semi-conductors and other raw materials.

In ASEAN market, the demands for corrugated packaging in Indonesia in 2022 decreased 5.5% from previous year due to declining in domestic consumption from high inflation. In addition, exports of clothing and automotive to Europe and the United States have decreased from the economic slowdown in those countries.

Nonetheless, the demands for corrugated packaging in Vietnam grew 4% in 2022 from the economic recovery from year 2021 affected by Covid-19 pandemic. In 2021 the government imposed strict lockdown measures to control the pandemic, domestic consumption was negatively affected as well as production capacity especially the export sector and logistics in many industries. In 2022, the government relaxed Covid-19 control restrictions; the impact of inflation was not severe; and positive factor from relocations of foreign companies create demands for corrugated packaging especially in consumer goods sector.

Meanwhile, demands for corrugated packaging in the Philippines remain the same as previous year. Despite the recovery from Covid-19 in 2021 increased domestic consumption, negative factors from declining of consumption power from high inflation like other countries.

The international conflicts and economic slowdown in our major trade partners are likely to continue. This poses could be both opportunities and challenges to SCGP.

#### **2) Fibrous Business**

##### **Pulp and Paper**

In 2022, global demand for bleached chemical pulp increased 0.6% from 2021. This was supported by the United States and Europe which was recovering from Covid-19 pandemic and led to an increased demand for pulp from paper and packaging manufacturers. Demand from tissue paper manufacturers is growing steadily.

For dissolving pulp, demand remain stable from previous year. Demand from rayon fiber manufacturers in China continued to be pressured from not yet fully recovered economy. Moreover, the pulp industry is affected by the shortage of containers causing supply shortages and, consequently, increasing in pulp price. However, the supply shortages had improved towards the end of the year.

The overview of paper industry in Thailand in 2022, demand dropped 4% compared to the previous year, due to gradual recovery of economic activities after relaxation of Covid-19 restrictions and re-opening the country had stimulated the printing businesses. Nonetheless, adopting electronic media in several businesses in response to the changing in consumer lifestyle, the use of printing paper kept on decreasing. The imports of printing paper in 2022 dropped 47% due to higher printing paper price in global market in accordance with cost of raw materials and energy.

### **Foodservice Packaging**

Demand for foodservice packaging in 2022 improved from 2021 in Asia, Europe, and the United States mainly from relaxation of Covid-19 measures. The tourism industry and restaurants are recovering, While demand for environmentally friendly foodservice packaging continues to grow especially in Europe and the United States. Large fast food chains impose a policy to use environmentally friendly packaging. Consumer behaviors have also changed during Covid-19 causing constant rise in online food delivery and take away. However, foodservice packaging businesses around the world faced with higher cost especially transportation cost from containers shortages and higher energy price.

## **3. Product and Service Procurement**

### **(A) Product Procurement Features**

#### **- Integrated Packaging Business**

#### **Fiber Packaging**

Raw Material Type: Packaging paper is the main raw material for fiber packaging

Source: Packaging paper from Siam Kraft Industry Co., Ltd., a subsidiary of SCGP.

Obstacles: Raw materials management is efficient. Supply is adequate and of desired quality. Pricing is in accordance with market price to support cost fairness

and competitiveness.

#### **Packaging Paper**

Raw Material Type: Recovered paper (treated into recycled pulp and produced as packaging paper), starch, and virgin pulp.

Source:

- Recovered paper from the company's 81 recycling centers throughout ASEAN and imports from quality sources in EU, the United States, Japan, and Australia.
- Starch from local sources.
- Virgin pulp from wood chips from the company's eucalyptus plantations, local contract farmer network, and imports. All of the imported pulp shall be certified by FSC.

Obstacle: With the scale of business and long experience in operating recycling centers, the company has strengthened local networks in several areas as well as create good relationship with recovered paper traders. This secures us stable raw material sources and stable cost. These advantages help mitigate risk of price volatility and shortages of recovered paper in the global market from several external factors such as government's restrictions on import-export of recovered paper.

#### **Consumer and Performance Packaging**

Raw Material Type: Polymer, resin, film polymer, and other raw materials to produce medical supplies and labware

Source: Polymer and resin such as Linear - Low Density Polyethylene (LLDPE), Low - Density Polyethylene (LDPE), High Density Poly Ethylene (HDPE), Polypropylene (PP), and Polyethylene terephthalate (PET) are sourced from reputable regional and international suppliers. SCGP has manufactured some of LLDPE and the rest from reputable regional and international suppliers.

Obstacles: Some of the pulp needs to be imported with approximately 30 – 45 days lead-time.

#### **- Fibrous Business**

Raw Material Type: wood chips (to be processed into pulp), chemicals, starch, and water

Source: Wood chips from SCGP's plantation and contract farmer networks all over Thailand are accounted for 40% of the company's supplies. The

remaining are sourced from other farmers in Thailand.

**Obstacles:** Some of the pulp needs to be imported with approximately 30 – 45 days lead-time.

### (B) Environmental Impact

Global warming and climate change have increased their seriousness that affected the environment in forms of natural disasters such as drought, flood from sea level rise, natural ecosystem that several plant and animal species are endangered of extinction leading to loss of biodiversity. SCGP has committed to reduce 20% of greenhouse gas emissions by 2030 in comparison to base year 2020 for both Thailand and international operations, and aims to net zero by 2050. This is part of the effort to keep global temperature rising below 1.5OC under Paris Agreement. Moreover, SCGP aims to reduce water consumption by 35% by 2025 compared to base year 2014. Our efforts and executions are in line with international practices to achieve the target. SCGP has reduced industrial waste, increased the proportion of consumer used paper for recycling, and increased proportions of recyclable plastic packaging. Our goal is to have 100% of all packaging be recyclable, reuse, or disposable by year 2025.

There are 3 main priorities in reducing environmental impact which are energy management and climate change, water management, and industrial waste management with the following details:

#### Energy Management and Climate Change

SCGP has committed to reduce 20% of greenhouse gas emissions by 2030 in comparison to base year 2020 for both Thailand and international operations. Currently, SCGP has reduced greenhouse gas emission by 12.7% by implement following activities:

- Improved efficiency, changed work processes and equipment, reducing energy consumption by 125,328 gigajoule per year and greenhouse gas emission by 12,596 tons of CO<sub>2</sub> equivalents per year.

- Increased biomass fuel consumption, reducing greenhouse gas emission by 365,192 tons of CO<sub>2</sub> equivalents per year. The use of biofuel at PT Fajar Surya Wisesa Tbk in Indonesia reduce greenhouse gas emission by 36,000 tons of CO<sub>2</sub> per year.

- Expanded the Solar Roof installation up to 10.13 megawatts making the total installation of 21.9 which help reduce greenhouse gas emission by 9,532 tons of CO<sub>2</sub> per year.

- Adopted “Natural Climate Solution: NCS” by planting and conserving the forest to increase CO<sub>2</sub> absorption area. With Nature Restoration and Conservation Project, 1,128,675 trees have been planted both inside and outside factory areas in many provinces. Siam Forestry Co., Ltd. pioneered in planting in Sustainable Forest Restoration in The Conservation Area of Kampaengphet Plantation and registered in the T-VER project for 684.4 rais. The baseline CO<sub>2</sub> absorption is 14,315 tons of CO<sub>2</sub> equivalents. Siam Kraft Industry Co., Ltd. (Wangsala Complex), Siam Kraft Industry Co., Ltd. (Ban Pong Complex), Phoenix Pulp and Paper Plc. Ltd, and Siam Forestry Co., Ltd with total area of 7,138 rais are in the process of registration to T-VER project in 2023.

- SCGP established Internal Carbon Pricing (ICP) during 2022 – 2024 with values not exceeding 25 USD per tons of carbon in order to support the environmental projects. Currently, there are 5 projects receiving the ICP supports amount to 159 Million Baht. We expect to reduce greenhouse gas emission by 7,550 tons of CO<sub>2</sub> equivalent per year.

- Constantly monitor and evaluate business risks and establish preventive measures for accommodate different situations under the Risk Management Committee and Climate Change & Energy Committee approved by the Chief Executive Officer to disclose information in accordance with the Task Force on

Climate-Related Financial Disclosures (TCFD) guideline.

### **Water Management**

SCGP has targeted to reduce 35% of water withdrawal by 2025 compare with business as usual of 2014 in accordance with 3R principles (Reduce, Reuse, Recycle). The goal is to maximize the efficiency of water consumption. Currently, SCGP reduce external water withdrawal by 27.6% compared with business as usual of 2014. While increased water recirculation by 16.3% for external water sources. Following activities have been implemented:

- SCGP has been increasing water utilization efficiency by analyzing the entire water cycle from the beginning to the end of the production process, and exploring means to improve water usage through technology upgrades, machinery improvements, and installation of new equipment to enhance water efficiency in the production process.
- SCGP installed water treatment using advanced and highly efficient biological wastewater treatment system to ensure that the quality of water meets the defined standards. In addition, SCGP have implemented a real-time water quality tracking system, allowing to monitor online.
  - SCGP conducted comprehensive water management by utilizing WRI's AQUEDUCT, a water risk assessment to monitor water stress level, as well as other indicators such as water quantity and quality, laws and regulations, and community conflicts. It outlined water situation plans and predicted water levels in external sources as well as assessed Business Continuity Management (BCM) for Business Continuity Plan (BCP). It also follows water situations and planned water resources management with the government sector, locals, and industries.

### **Industrial Waste Management**

SCGP continues to manage industrial waste in accordance with to 3R principles (Reduce, Reuse, Recycle) and Circular Economy principles. To achieve

this, the company focuses on reducing amount of waste generated at the source and adhering to the government and global standards for hazardous and non-hazardous waste management. Furthermore, SCGP is dedicated to ongoing research and development efforts aimed at finding innovative ways to recycle waste and convert it into value-added products. In Thailand, SCGP reduced waste sent to landfills to zero ton (no landfill disposal) and recycled waste into products with energy recovered a rate of 99.99%.

### **4. Undelivered Projects on High Valued Purchase Agreements**

None

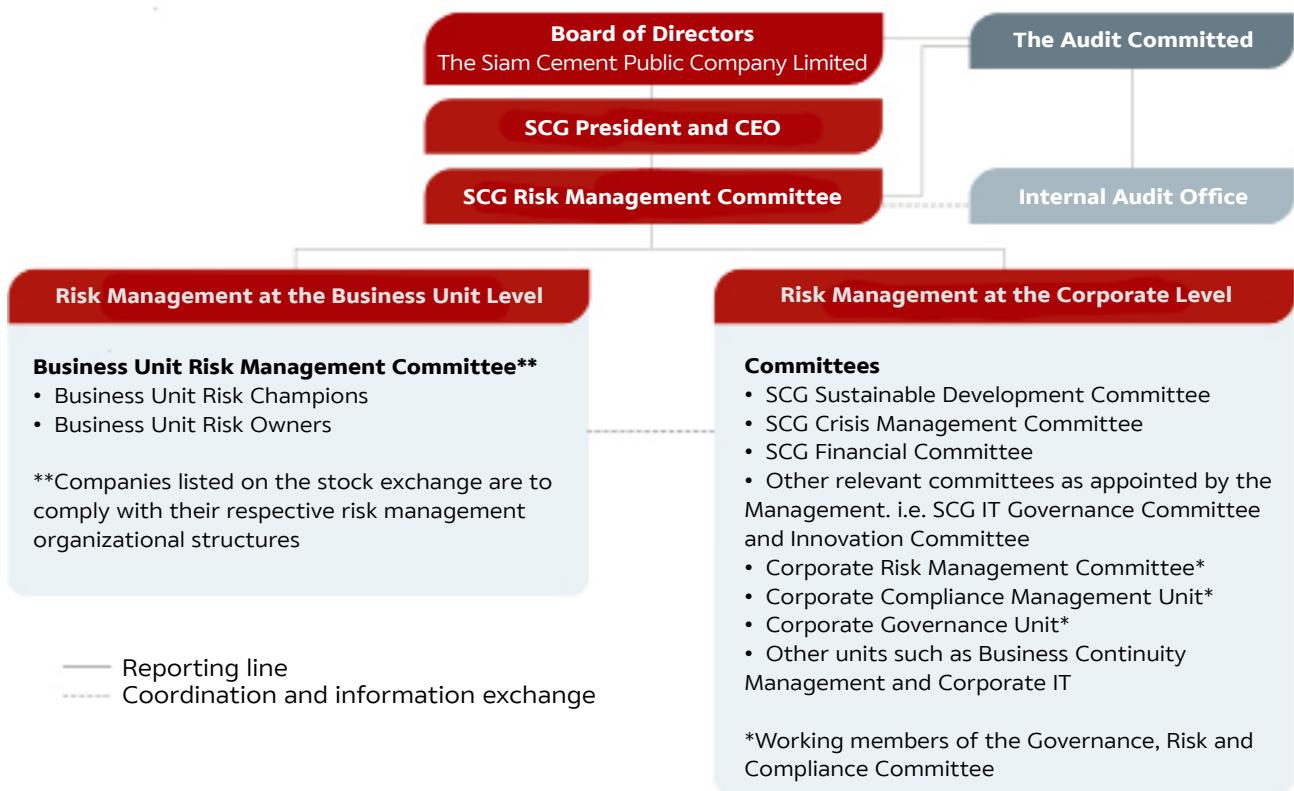
# 08

## Risk Management

SCG has given the utmost priority to risk management in every process across the organization significantly enabling SCG to accomplish its business goals, particularly amid the uncertainty and the rapidly-changing environment and circumstances. SCG strives to support and propel the organization to be agile in all realms and ready to take on any challenge in search of business opportunities that address the changing needs of customers whilst minimizing the negative risk impacts on the organization. SCG commits to growing business alongside achieving sustainability, emphasizing the Environmental, Social, and Governance (ESG) framework in line with the ESG 4 Plus Trust through

Transparency strategy which focuses on Set Net Zero – Go Green – Reduce Inequality – Embrace Collaboration – Plus Fairness and Transparency. The commitment has increased confidence among stakeholders and investors and created added value sustainably. Also, SCG continues to raise risk management awareness throughout the organization and further develop the SCG risk management framework to include ESG to better align with the corporate strategy and international standards. The topic of Risk Universe, for instance, has been added to span climate-related risks and human rights-related risks. To that end, the Human Rights and Stakeholders Engagement working team has set forth human

### Enterprise Risk Management Organizational Structure



rights due diligence process guidelines to ensure systematic and effective risk assessment.

### **SCG Enterprise Risk Management Framework**

SCG has implemented its Enterprise Risk Management (ERM) framework in alignment with international standards. The framework consists of:

#### **1. Risk Management Strategy Establishment**

SCG has established explicit objectives and risk appetite in managing risks to ensure consistent risk management practice across the organization.

#### **2. Risk Management Structure and Responsibilities**

The organizational structure of SCG's risk management is presented in the Enterprise Risk Management Organizational Structure figure.

#### **The Board of Directors and the Audit Committee**

The Board of Directors is responsible for overseeing risk management. The Audit Committee, on behalf of the Board of Directors, establishes risk management policies and oversees the risk management process and practice of SCG. The Audit Committee also evaluates the risk management system to ensure efficiency and effectiveness of material risk identification, assessment, and management. Added to this is entrusting the Management with the responsibility for the risk management of SCG and reporting the outcomes to the Audit Committee and the Board of Directors, respectively, on a regular basis.

#### **Internal Audit Office**

The Internal Audit Office is responsible for conducting an audit of the first line (operating units) and the second line (management level e.g., risk management, compliance and other supporting functions) to provide assurance on the efficiency and effectiveness of risk management. It also reports the outcomes to the Audit Committee, provides consultation, and communicates the Audit Committee's opinions and recommendations to the first and second lines for improvement.

#### **SCG Risk Management Committee**

Throughout 2022, SCG continued to promote the importance of enterprise risk management. In doing so, the Company has set forth systematic risk management in

alignment with international standards and integrated it into the organization's business operations. The efforts allow the Company to identify potential risks or business opportunities that may arise in a proper and timely manner, reduce risks to an acceptable level or identify opportunities to add value to the organization as a means to fulfill the established goals, meet the expectations of stakeholders, and promote sustainable operations in accordance with good corporate governance principles. In 2022, SCG was ranked the world's No. 1 of the Dow Jones Sustainability Indices (DJSI) in the construction materials industry with a perfect score of 100 for the part of risk and crisis management.

SCG Risk Management Committee consists of the SCG President and CEO, SCG Executive Vice President, and SCG Top Executives, which include top executives of the Chemicals Business and the Cement and Building Materials Business, for a total of 15 committee members. The SCG President and CEO serves as the Committee Chairman. The Committee held a total of 5 meetings per year with all members in attendance. SCG Risk Management Committee has the following core roles and responsibilities:

1. Determine risk management structure and assign accountabilities for risk management
2. Consider and approve risk management framework and process in alignment with the operating strategies and environment of the Company to reduce risks to an acceptable level or minimize risks from happening in the future
3. Review the SCG risk profile and monitor enterprise risk management to ensure it is in line with the Company's risk control guidelines and strategies as well as propose the material risks of the Company's core functions and core businesses which have been overseen, reviewed, and monitored by the Committee to the Audit Committee for review prior to proposing to the Board of Directors
4. Report the SCG risk profile and risk management to the Audit Committee on a quarterly basis In 2022, SCG Risk Management Committee met to keep track of and opined on such issues as SCG risk assessment results, plans and progress in management of such risks, strategic planning of

companies that fall in performance warning criteria, and analysis of the economic outlook and risks of strategic countries in ASEAN on a quarterly basis. The Committee also acknowledged and opined on SCG material medium-term risks and action plan 2023 for Governance, Risk, Compliance (GRC). Also, the meeting reviewed SCG Risk Universe and assessment criteria on health and safety related to human rights risks and approved the wording in the SCG Code of Conduct to suit the contexts in Indonesia, Cambodia, and Laos.

### **3. Risk Management Policy**

SCG has implemented the risk management framework in alignment with international standards and integrated it into business operations. This allows SCG to identify risks or business opportunities in an appropriate and timely manner, and to reduce risks to an acceptable level, identify opportunities to add value to the organization to achieve the established goals, meet the expectations of stakeholders, promote sustainable business operations, and comply with good corporate governance principles.

### **4. Risk Management Process**

SCG ERM Framework is applied in three primary areas: strategic risk management, investment project risk management, and operational risk management. The risk management process comprises the four following steps:

1. Risk or business opportunity identification
2. Risk assessment and prioritization
3. Risk response and mitigation measures
4. Risk monitoring and reporting

In each step of the risk management process, SCG has implemented tools to help control the risks consistent with the organization. For instance, risk appetite has been defined to include financial risks and non-financial risks such as confidence in corporate image, compliance with laws and regulations, etc. For risk assessment and prioritization, a risk map is created in the form of a 5x5 risk matrix that has likelihood on one axis and impact on the other. The risks are classified into the categories of low, medium, and high to prioritize the risks that need to be reduced to an acceptable level, for example, reducing a high level risk to a medium or low level risk through a mitigation plan. Furthermore, SCG has applied sensitivity analysis and scenario analysis by

predicting potential outcomes of the desired strategy, based on the Task Force on the Climate-related Financial Disclosures (TCFD) to enable the organization to realize the severity of the impact and prepare to deal with possible incidents, both positive and negative, that may arise. Apart from that, SCG has employed technology in the risk management process through Risk Assessment System (RAS), which helps facilitate and expedite the risk management process as well as enable timely adjustment to reflect the changing situation. This allows the Company to identify and assess material risks (risk profile), prepare risk response and mitigation plan, define key risk indicators, and monitor progress in risk management. The efforts empower all involved parties in the organization to keep track of risk management promptly and continually, adjust risk management measures timely and appropriately in response to the fast-changing risks triggered by the increasingly volatile and uncertain environment, and create a database for incorporating other technologies in performing future risk analysis. SCG has set forth that risk reporting to Business Unit Risk Management Committee, as well as SCG Risk Management Committee, Audit Committee, and Board of Directors is respectively carried out on a quarterly basis.

Moreover, to prepare for possible crises that could disrupt SCG business operation, SCG has established Business Continuity Management Governance Structure to prepare a business continuity management manual in alignment with international standards such as ISO 22301 and prescribed that companies under SCG implement a business continuity management system. They are required to analyze their business activities and material resources or assets together with the possible impacts from the business disruption, assess and prepare a risk management plan, a crisis management manual, an emergency response plan, and business continuity plan. SCG has also stipulated that executives at all levels and involved employees regularly practice, maintain, and revise the plans and manual so they can be implemented effectively during crises. On top of this, SCG has adopted digital technology to develop an early warning system to ensure effective and efficient situation assessment, risk assessment, and communication to involved persons.

### **5. Risk Culture**

SCG is committed to enhancing a strong risk culture throughout the organization by having top executives

communicate the significance of risk management, act as role models in managing risks, and establish practical guidelines on effective risk management implementation. Common risk language, risk appetite, risk assessment criteria, and the roles and responsibilities of each risk owner have also been defined and established. Moreover, SCG has encouraged each company to include risk management as part of the agenda in key meetings. Apart from that, a risk management course is integrated as a component of training and development programs for directors, top executives, and SCG employees. The Company also encourages experience sharing across departments and companies to improve risk management practices through lessons learned. In addition, digital learning materials were developed to create risk awareness and increase coverage for SCG employees from the commencement of employment. This runs concurrent with organizing workshops to learn or review the meaning and significance of risk management to ascertain whether the employees are capable of analyzing and assessing risks in the functions as well as impacts on the Company overall.

SCG has also placed importance on business management in line with the Integrated GRC approach through various communication efforts. Examples include embedding questions about the Integrated GRC concept in Ethics e-Testing, preparing media and activities to promote understanding for employees to participate in all year round, setting up the GRC Helpline where employees can inquire about Integrated GRC-related issues, developing SCG GRC e-Rulebook, which is a handbook containing comprehensive information about the Integrated GRC concept, such as SCG GRC Expected Behaviors, which provide concrete guidelines and actions to integrate GRC into employees' work. Additionally, MD GRC Guidebook (a manual that gathers best practice, case study, and material issues of critical functions such as laws and regulations, accounting, finance internal controls, and business continuity management) has also been developed with the objective to enable executives and management to perform their tasks efficiently and effectively, add business management perspectives, and reduce mistakes to ensure achievement of business sustainability. SCG is relentless in improving GRC tools to support the Company's ESG 4 Plus Trust through Transparency strategy.

## **Key Risks, Business Opportunities, and Risk Management Strategies**

In 2022, SCG identified and assessed the organization's key risks based on the risk management framework and consistent with sustainable development aspects in the areas of environmental, social, and governance risks as well as the ESG 4 Plus strategy. Details are as follows:

### **Strategic Risks**

#### **1. Risks from Management of Strategies to Align with Changing Consumer Behavior and Business Landscapes**

People normally make lifestyle changes according to the changing environment. For example, the changes brought on by increasing smoke or air pollutants or the spread of COVID-19 have prompted people to take greater care of their health. Global warming that has posed harm to life has urged all sectors to help reduce greenhouse gas emissions. Also, inequality is a key issue of concern that calls for tangible solutions. By the same token, changing consumer behavior directly impacts how consumers buy products and services. It is, therefore, imperative that the business adjust its strategy direction and seek a new business landscape by changing the way they do business, and developing innovative products and services to deliver new consumer experiences that are timely and can satisfy the needs of existing and new groups of customers alike. This can enable the business to survive and grow sustainably. SCG's operating strategies are as follows:

**Chemicals Business:** Drives development of High Value Added (HVA) products in the constantly-growing industry in response to the world's megatrends in packaging, automotive, infrastructure, health, and energy solutions. To that end, the Business focuses on research and development as a key driver with multiple operational approaches. Chief among them is the development of homegrown technology such as environmentally-friendly plastic resins (Green Polymer) in line with the circular economy concept. Produced using SMX™ technology that reduces resource consumption, the resin can minimize workpiece thickness while returning the same strength. Added to this are the innovative barrier coating technology for mono-material packaging and high quality polypropylene (PP) resin for use in the automotive industry. The Chemicals Business also engages in vertical collaboration with trading partners to jointly create innovations, and elevate the organization's innovation creation processes

to be faster and more flexible to the circumstances. The efforts also extend to enhancing capabilities in knowledge, investment in machines and equipment to increase research and development efficiency, production, and product testing via Ideas to Products i2P (Center). In addition to innovation management, the Chemicals Business has joined forces with business partners such as Braskem, a world-class leader in bioplastic in Brazil, to conduct a feasibility study of a joint investment in a bio-polyethylene production facility in Thailand to address sustainability in tune with the ESG approach and demand in the global market. This runs parallel to building research collaborations with world-class researchers and institutions such as the University of Oxford in the U.K. as well as Princeton University and Massachusetts Institute of Technology in the U.S.

**Cement and Building Materials Business:** Reduces costs through the use of alternative energy such as solar energy and turning waste heat into electricity (waste heat generator). In response to customer trends such as health and well-being, the Business introduces a variety of innovations, for example, the SCG Bi-Ionization Air Purifier that eliminates up to 99% of bacteria and viruses, and reduces PM 2.5. For the digital technology trend, this is met with Trinity, an IoT ecosystem platform that connects various home devices on one platform. To meet the eco and sustainability trends, a range of products including Solar Roof System, SCG Active AIRflow™ system, and SCG Active AIR Quality have been offered as products using alternative energy and saving energy. At the other end, the Business has augmented its distribution channel for products and services in the form of the Active Omni-Channel that will enable the business to connect to customers both online and offline as well as other related platforms such as designing, searching and hiring handymen to accommodate the needs of both online and offline customers, and deliver a seamless customer experience. Aside from this, the Business has developed an end-to-end customer database, using one ID through the “SCG ID” that links users’ information to distribution channels of SCG and business partners all in one place such as SCG Home online, SCG Family, and COTTO Life among others.

## 2. Risks from Rapidly-changing Technology

Today’s business sector has employed a broad array of technologies in operations from the upstream business in

production to the downstream business in the service sector and distribution of products to consumers. Changes brought on by digital technology and deep-tech have driven new business formats, platforms, and innovations that may impact SCG’s business engagement in conventional manufacturing and service. As such, SCG has adjusted by incorporating digital technology and deep-tech into its business operations to avert loss in business competitiveness as well as possible decline in operating income and profits. To that end, SCG has undertaken the following strategic initiatives:

- Digital Council and Deep Tech Council with SCG President and CEO serving as the Chairman are tasked with providing guidelines in operation and considering investment projects in digital technology and deep-tech that SCG businesses can build on.
- The Innovation Committee consisting of SCG President and CEO as the Chairman together with Presidents and innovation representatives from each business meet to share information about innovation investments and look for opportunities to collaborate in innovations between the business units. The Committee also keeps updated with global technological development trends and tracks progress in SCG’s innovation investment projects.
- AddVentures is SCG’s venture capital responsible for seeking new business opportunities, especially a start-up involved in a technology-based business, and has the potential to form a synergistic cooperation with SCG. Examples include start-ups engaged with digital technology in e-Commerce, market platforms, and logistics. The start-ups also in focus are those involved in carbon reduction deep technology in line with SCG’s target to reach Net Zero by 2050. To accomplish its goal, SCG has invested in funds with carbon neutral objective or a combination of renewable energy and heat battery technology that converts electricity produced from solar or wind energy into high-temperature heat with low carbon emissions, allowing SCG industries to make continual use of clean energy while reducing fossil fuel consumption.
- The Company has prioritized seeking and making investment in innovations that enhance efficiency / reduce cost in operations, create growth in a new business format, address consumers’ changing needs, and reduce business risks. To illustrate, hyper-automation technology can be adopted to reduce time and resource use in working and

enhance efficiency or smart manufacturing technology can help optimize yields, and so on.

- Technology has been employed to accelerate organizational changes by setting up a data center whereby the systematically stored data can be used to create business value. Efforts have also been taken to build a community to promote a data-driven culture. For instance, the Cash-on-hand Visibility project features an automatic system to collect financial information, investments, and loans of over 200 companies under SCG, enabling the executives and involved parties to access the constantly-updated financial information through the dashboard. Added to this is the carrying out of credit scoring of CBM's credit account customers to determine the customers' credit risks to reduce bad debt risks.

### **Operational Risks**

#### **3. Health and Safety Risks**

SCG has stressed the importance of the health and safety of personnel in the organization and those related to the Company, encompassing business partners, suppliers, customers, and stakeholders. Given that SCG's business operations involve production, service provision, and transportation that accommodate the needs of large businesses down to the end-users, and the operations have expanded both domestically and overseas, it is imperative that SCG have taken the following efforts to handle the impacts on health and safety:

- Implemented the SCG safety Framework and Safety Performance Assessment Program (SPAP) that were reviewed in 2021 in all companies under SCG both at home and overseas, and elevated them to move toward solid implementation with understanding to foster a corporate safety culture along with encouraging every company to review and elevate the commitment through the Self-Declaration approach. In addition, Safety Performance Management System (SPMS) associated with workplace, road safety, and transportation has been applied to demonstrate their commitment to fostering enterprise safety culture.
- Elevated SCG Occupational Health and Safety Standard to manage high risk work in Thailand and overseas. Digital technology has been adopted to enhance efficiency in alignment with the Company's growing business, to eliminate or reduce the direct exposure risks of staff, and to foster engagement and promote quality identification and

management of risks by employees themselves.

- Prepared Safety Management for Service Solutions Standard in response to a changing business model toward service solutions to ensure the highest safety level.

• Updated Life-Saving Rules following the decriminalization of hemp, marijuana, and kratom to include prohibition on the use of these controlled plants. The regulation is enforced upon employees and suppliers to ensure work and driving at work safety. Aside from raising safety awareness, the Company includes penalties for violating rules and regulations to instigate behavioral changes that culminate in an enterprise safety culture.

- Developed a technology-enabled health management system to utilize relevant health data in devising an effective management plan that suits each business with a strong determination to take care of and protect every employee from work-related diseases and injuries.

• Adopted the GPS-based Advanced Driving Assisting System (ADAS) and Driving Monitoring System (DMS) to monitor SCG Logistics Management drivers' behaviors. The system is also connected to the Logistic Command Center, which is operated by artificial intelligence (AI) 24 hours a day, to prevent risk factors that may cause road accidents as well as loss of life and property damage to all parties.

• Developed the Truck Driver Fatigue Management system to control truck drivers' work hours and rest hours and reduce their risk of having accidents caused by fatigue. To that effect, strict compliance with communication, control, and tracking measures is enforced to ensure drivers have a minimum 10 hours of rest before starting work the next day.

- Implemented the Goods Transportation Safety for Regional Companies and prepared Carrier Audit Checklist to assess local carriers, using a local language in each country to ease implementation and ensure maximum efficiency.

#### **4. Physical Risks from Climate Emergency**

Climate change has increasingly triggered severe and nearly unpredictable physical risks that may cause greater catastrophic impacts on business in the forms of natural disasters such as storms and severe flooding that prevent factories from keeping up with the production demand of consumers or from delivering goods to end-users. At the other end, droughts cause shortage of water for production, disrupting production and resulting in higher costs from

securing water from other sources. The situation may be compounded by wildfires, smoke, and pollution that can pose harm to employees and stakeholders. To cope with the possible impacts, SCG has taken the following mitigation measures:

- Monitors and assesses risks from extreme weather events along with formulating a contingency plan and business continuity plan, and preparing an action plan in accordance with the Task Force on Climate-related Financial Disclosures (TCFD), which include overseeing process, devising risk management strategies, and defining goals and key performance indicators.
- Collaborates with the government, business, and industrial sectors as well as plays an integral role in the planning and management of water and natural disaster-related issues, both locally and on a national level.
- Strictly complies with the water management policy through reducing water consumption (Reduce), treating and reusing wastewater (Reuse/Recycle), and replenishing water in the production process (Replenish). Added to this are collaborating with the government sector to manage water and drive forward projects dedicated to restoring water in the areas to completion as planned and putting in place a business continuity plan to ensure businesses can continue if natural disasters were to occur.
- Developed an IT system to link water-related data with the involved government agencies and an early warning system to analyze a situation and alert the relevant units to be ready for undertaking management efforts.

## **5. Risks from Natural Resources and Environmental Management**

At present, the world's scarce natural resources have been depleted at an alarming rate, some of which have degraded beyond use. It is essential that natural resources and the environment be effectively managed by implementing processes to utilize natural resources appropriately in consistence with human demand as well as concern for economic, social, and environmental stability to ensure sustainable use.

Having given top priority to sustainable development, SCG has adopted the circular economy principles that focus on maximizing resource efficiency. The circular economy concept starts with production by using resources only as

necessary and extends to consumers' use of products to their fullest value, and reuse of the resources as a means to reduce new resource consumption and minimize waste. SCG has implemented the circular economy principles in all businesses in the Group. For instance, at APEC 2022 in Thailand in which the summit and related meetings were organized as "green meetings" with the focus on maximizing resource efficiency and reducing environmental impacts, SCG supported the APEC 2022 with items made from recycled paper which could be reused at other meetings or for storing things, or given to attendees for other purposes to save resources according to the Bio - Circular - Green Economy (BCG) approach. To cope with the changing natural resources and the environmental, SCG has undertaken the following initiatives:

**Chemicals Business:** Carried out "KoomKah x Unilever: Sorting for the Better", an ongoing project to minimize plastic waste and make a sustainable impact on society and the environment at the macro level. The project is aimed at raising the awareness of waste sorting at source, reducing the waste problem in Thailand, and creating a highly efficient post-consumer plastic recycling system. Examples include collecting of high-density polyethylene (HDPE) plastic with a translucent and opaque appearance that will be cleaned, improved, and transformed into high quality post-consumer recycled resin; and multiple layer packaging, which is difficult to recycle, will be used to create fuel for use in industrial facilities. Also, Cyclonic, a wastewater treatment system, has been developed to dispose of waste and treat household wastewater through a bio-electrochemical treatment method that purifies water and returns the recycled water that is colorless and fragrance-free for reuse effectively. In addition, the Business has launched the CIERRA line of innovative materials that can replace metalized film with improved control of moisture and oxygen transfer. The materials can be used to manufacture Mono-Material Packaging solutions in which all the film layers used are made from same materials, yet with different properties, making it easy for recycling and can replace the use of multiple materials.

**Cement and Building Materials Business:** Joined hands with One Bangkok, the fully-integrated and largest property development project in Thailand, to maximize resource efficiency by creating a new formula for the production of precast panels from waste concrete, adding value to waste

material which can be reused for maximum benefits. In an attempt to minimize the construction waste at most (zero waste), waste lightweight bricks from the project were recycled and used to make sound barriers the underpass entrance of the project. Apart from applying gasifiers to add value to waste materials or byproducts, using technology in production and recycled material management, a study was conducted to process abandoned palm trees and wood dust into fuel to substitute coals in the production.

#### **6. Risks Associated with Human Resource Management for Business Growth and Change**

SCG business expansion in Thailand and overseas in Asia and other regions such as Europe, an advance into new businesses such as clean energy, a shift in business model, new work patterns, and changing external factors could lead to risks of not having adequate personnel with appropriate knowledge and skills for such changes. In response, SCG has developed the human resource management strategies as follows:

- Develops workforce planning for future manpower in terms of quantity, skills, and capabilities, based on business directions, strategies, needs as well as the current state of workforce, skills, and capabilities. Mid-career professionals with capabilities that SCG cannot timely develop are employed to enable the business operation to keep up with the changes and to enhance competitive advantage. Moreover, the Company has begun adopting a competency-based recruitment approach in some areas to make it more appropriate and competitive in the labor market.
- Continuously develops employees through reskilling and upskilling with the focus on future capability solutions that cater to the evolving needs of customers. Chief among the efforts include providing the Business Transformation Tool, updating the contents of the Flagship Programs in response to the changing business, and supporting the use of Learning Management Platform to enable employees to learn anywhere and anytime.
- Places importance on employee engagement by carrying out a corporate-wide engagement survey and using the results to implement changes to retain employees who constitute the Company's valuable assets.
- Improves job management and creates a career development plan that enables the Company to match the

right capabilities with the right jobs while employees can see unfilled or unoccupied positions in the Company more clearly, allowing for discussion with employees on their career advancement opportunities. Fair employee assessment based on hard and soft criteria is carried out to empower employees to grow together with the Company sustainably.

#### **7. Human Rights Risks**

SCG adheres to the respect of human rights and consistently implements the human rights due diligence process, in alignment with international standards, in as defined in SCG Human Rights Policy. It encompasses identifying issues and assessing human rights risks in the context of the industry and the country; setting up a prevention plan and prescribing mitigation measures and remedial measures of damages; tracking operational performance, and communicating assessment results of human rights risks through engagement of the affected stakeholders. The efforts span all business activities of SCG, new investments, merger and partnership, business partners, suppliers in the value chain, and co-partners. In 2022, the human rights risks that demanded setting forth measures for risks prevention and management as well as continual monitoring and tracking the performance were health and safety, protection of the rights of migrant workers, employment conditions, and forced labor.

In 2022, the Human Rights and Stakeholder Engagement working team was determined to elevate the operational performance by reviewing the policy, strategies, targets, and key performance indicators as well as prescribing the operational framework and approach to monitor human rights issues comprehensively. This ran concurrent with promoting knowledge and understanding, and collaborating with related agencies to drive human rights efforts and all groups of stakeholder tangibly. Also put in place were the GRC Helpline, a communication channel to provide consultation to employees, and the whistleblowing system with an efficient mechanism to consider facts and investigate the complaint. Where there is violation of human rights, appropriate remedial measures will be determined to mitigate the impact.

Details about key human rights risks assessment and management together with human rights management are disclosed under the topic of SCG Key Human Rights Risks 2022 in SCG Sustainability Report 2022.

## Financial Risks

### 8. Risks from Foreign Currency Fluctuation

In 2022, the value of the US dollar surged to the highest level in 20 years as the Federal Reserve increased interest rates at a rapid pace to halt the nation's inflation, resulting in the weakening of many other currencies including the Thai baht. However, amid signs that the global economy risked falling into recession, inflation might not have declined as expected. The different monetary policies adopted by the central bank in each country thereby instigated persistently intense volatility for the US dollar and Thai baht. SCG's approaches to manage risks from foreign currency fluctuation are as follows:

- Matches revenues and expenses in foreign currency (Natural Hedge).
- Considers using instruments to hedge against currency risks for investment projects as deemed appropriate and arranges the SCG Financial Committee monthly meeting to consider and make decisions in deploying financial instruments appropriate for the situations.

### 9. Liquidity Risks

Between 2022-2023, the global economy is expected to struggle with multiple challenges including the risky and volatile energy prices brought about by the Russia-Ukraine conflict, the economic slowdown triggered by the decision of central banks in many countries to raise interest rates in the attempt to control inflation, and China's Zero-COVID policy. This has prompted SCG to manage its liquidity prudently to ensure the Company has adequate cash flow for conducting business as usual and make investments that sustain growth. SCG's liquidity management efforts are as follows:

- Manages working capital at an optimum level through the management of inventory in response to the market demand and close tracking of credit terms.
- Carefully considers making strategic investments with the focus on projects with a quick return and consistent with the Company's growth strategy.
- Continually foster relationships with shareholders, debenture holders, and financial institutions to maintain good relationships and assure investors of the Company's sustainable growth.
- Prepare scenario planning to define financial strategies that correspond to the anticipated situations.

## Governance Risks

### 10. Compliance Risks from Changes in Rules, Laws, and Regulations

Risks of non-compliance or inadequate compliance with changes in rules, laws, and regulations may damage the Company's reputation or result in penalties, fines, or loss of business opportunities. It stands to reason SCG stresses the importance of overseeing the Company's strict compliance with laws, rules, regulations, orders, and announcements from within and outside as follows:

- Established SCG Compliance Policy and communicates to SCG employees regarding their compliance. SCG Code of Conduct has also been put in place to provide good practice guidelines on business operations based on SCG 4 Core Values for all SCG employees to uphold and guide their performance of duties appropriately. They are considered part of employees' rules and regulations.
- Closely monitors and reports changes in government policies, laws, rules, and regulations in the countries where SCG operates. Added to this is the fostering of networks with government and the private sector in Thailand and overseas to ensure that the operations remain in strict compliance with relevant laws and regulations.
- Regularly reviews the SCG Code of Conduct to align with updated laws and regulations and develops the "Ethics e-Testing," based on SCG 4 Core Values, Anti-Corruption Policy, Human Rights Policy, Compliance Policy, Anti-Trust Policy, Insider Trading Policy, Information Disclosure Policy and SCG e-Policy.
- Communicates effective risk management and control practices in accordance with the Three Lines Model to SCG employees at all levels to prevent non-compliance with laws and regulations.
- Improved e-Compliance, a program to send and receive new laws/revamped laws, which also serves as a fundamental legal database for SCG employees, enabling them to comply accordingly, accurately and timely, and minimizing non-compliance risks.

### 11. Image and Reputation Risks against Target Setting

Organizational reputation is one of the most crucial factors as it can promote a good image of products and services, build a new customer base, create confidence among the organization's stakeholders including customers,

business partners, and investors, and foster good understanding between the organization and communities where it operates both locally and overseas. During a crisis, a good reputation can enable the organization to successfully overcome any difficult situations.

In the wake of today's intense competition and constantly-changing economic, political, and social circumstances, SCG is prepared to handle any possible problems that may arise at any time. The Company's measures to manage image and reputation risks are as follows:

- Elevates business operations in accordance with the sustainable development approach to the ESG 4 Plus strategy whereby the targets are divided into short- and long-term targets which are distributed to all core businesses. Performance metrics have been put in place to track performance and set as Key Performance Indicators (KPIs) for each business unit so they all achieve the same targets.

## **12. Governance Risks from Business Expansion**

One of SCG's business growth strategies is business expansion in Thailand and overseas to seek opportunities for new business or market expansion which can bring about governance risks, such as the inadequate or inconsistent implementation of the SCG Code of Conduct and adoption of good business practices that are in line with SCG 4 Core Values by new subsidiaries. SCG's efforts to manage such risks are as follows:

- Established a policy regarding appointment of personnel to serve as directors and management of the subsidiaries to ensure they efficiently govern, manage businesses, and comply with SCG policies, goals, vision, medium-term business plans, and growth strategy.
- Established the subsidiary's Delegation of Authority and Articles of Association in alignment with SCG practices to enable directors and executives to oversee and ensure that a managing director of each subsidiary seeks consent or approval from the Board of Directors or shareholders prior to making major investments or making decisions that could have significant impact on the organization's financial status and performance.
- Incorporated Integrated GRC into every business activity to minimize risks and increase effectiveness and efficiency in governance practice.

- Requires all SCG employees to comply with the principles and guidelines prescribed in SCG Code of Conduct and take Ethics e-Testing.

## **Emerging Risk**

### **1. Risks from the Persistent Geopolitical Conflict That May Lead to Military Operations, Energy Crisis, and Deepening Polarity**

The ongoing Russia-Ukraine war as well as the economic and financial sanctions imposed on Russia by the United States and Europe have precipitated the global energy crisis with soaring and fluctuating energy prices. This resulted in SCG's escalating energy costs in 2022, and the upward trend has continued. The problem has been compounded by the rivalry between two competing superpowers: the US and China through protectionism in various forms, and other interstate conflicts that have grown more severe. These difficulties have caused uncertainty in the global economy and business operations in countries besieged by these conflicts. This could potentially impact the safety of SCG's employees and disrupt supply chain and business continuity. As such, SCG has defined the following risk management strategies:

**Chemicals Business:** The Business uses naphtha as the main feedstock in production. As naphtha is derived from the refinement of crude oil or produced from natural gas condensates, the soaring and fluctuating energy costs have direct repercussions on the Business. Also, the Business is faced with many other challenges that impact raw material costs. To illustrate, a shift in the business model of the oil refinery sector may lead to a future decline in naphtha output. The intensified environmental laws and regulations have forced businesses to streamline their production processes to be more flexible and efficient. Central to these are upgrading the facilities to allow for the use of raw materials with a wider quality range and for more flexible materials whilst seeking additional raw material sources for more procurement options. In the meantime, a broad spectrum of digital technologies have been adopted. AI, for instance, is used to aid in managing material costs in response to the market situations. Digital technologies are also employed for data analysis to enhance efficiency in production and sales, to increase energy efficiency and reduce energy management cost in production, and to

analyze cost and buying opportunity to secure quality raw materials appropriate for the market situations. Other efforts include the research and development of new technologies such as manufacturing processes for advanced recycling and the production of bio-ethylene to increase opportunities to reuse post-consumer plastics and biological materials for feedstocks in the production process, using bio-based polyethylene.

**Cement and Building Materials Business:** To cope with the soaring energy prices, the Business commits to streamlining the production process to cater for the increased use of biomass from agricultural waste and RDF (Refuse Derived Fuel). It has also invested in energy-saving projects using waste heat from the manufacturing process and electricity generation from solar power initiatives at many plants to reduce electricity cost and greenhouse gas emissions.

The overall strategies to cope with changes which may occur are as follows:

- Closely monitors the situations and builds a network of geopolitical experts locally and overseas to obtain up-to-date information to timely mitigate risks and review business continuity plans.
- Conducts scenario analysis to identify and assess likelihood and impacts that could affect SCG's operations and prepare response plans accordingly.
- The Business Continuity Management (BCM) Units at the Corporate and Business Unit levels are responsible for identifying, assessing, and monitoring relevant situations as well as notifying those who might be impacted. This is to ensure they can make any timely and necessary preparations in accordance with the business continuity plans.
- Liaises with all business units to prepare and practice in Business Continuous Plan (BCP) to plan for securing other energy sources or alternative raw materials to deal with the energy crisis or disruption of supply chain in terms of transport routes via land, sea, or air.
- Manages energy cost and increases use of alternative energy through the application of efficient production technology, reduces operating waste, and reuses waste (waste to value) in accordance with the circular economy principles. Other efforts taken include increasing alternative energy usage such as biomass, solar power, and overseeing the supply chain by securing adequate raw materials at

appropriate cost.

- Makes energy futures contracts and manages financing costs at an optimum level and adaptable to any situations. The situation of energy and raw material costs determined by market mechanisms is closely monitored to enable the timely adjustment of operating strategies and minimizing impacts on customers.

## 2. Risks from Global Economic Recession Triggered by Aggressive Interest Rate Hikes, Escalating Inflation and Energy Crisis

Global inflation rates that escalated in the first half of 2022, attributable to the global economic recovery, instigated growing demand for products, services, and energy usage while the existing supply chain disruption and China's strict zero-COVID policy caused a shortage of supply and its failing to keep pace with demand. Meanwhile, the Russia-Ukraine war propelled commodity prices to rise sharply. These unfavorable contributing factors prompted the central bank in most countries to implement a tight monetary policy by increasing interest rates at a rapid pace to bring rising inflation under control to the target of each country. The growing inflationary and interest rate pressure in turn slowed the global economic growth and might push the economy of many countries toward recession, affecting demand in some of the world's large economies. Chief among them were the European market which has been hit hard by global slowdown since the end of 2022, and the situation is likely remains in 2023. Likewise, the US economy is likely heading to a sharp slowdown in H2/2023 while China's recent border reopening may push commodity prices to rise amid the high global inflation rate. China will also face uncertainty in economic recovery and its real estate crisis.

The adversities will by all means take a heavy toll on all of SCG's business units. While the Cement and Building Materials Business is impacted by the surging energy cost, the Chemicals Business is hit hard by growing raw material prices and declining demand in chemical products due to the prolonged slowdown whereas new capacities outstrip the sluggish demand. Although the situation may exert minimal impacts on the Packaging Business, it is important the Business be prepared to deal with the energy volatility. Therefore, SCG has defined the following management strategies:

- Adjusts its sales portfolio of products and services

appropriate for each specific group of customers and service areas and consistent with the changing competition in the marketplace. To reduce risks from a potential decline in the number of customer groups, SCG has sought new trading opportunities such as opening new branches of SCG Home Boonthavorn, offering home improvement products especially for bathrooms and kitchens, in Nakhon Ratchasima, Krabi, and Nakhon Si Thammarat. Added to this is the development of solutions that better address the needs of customers such as solar roof solutions that help save energy, prevent roof leakages, solve fading roof tiles, and ensure comfortable living.

- Strictly manages financial stability with emphasis on maintaining liquidity and cash flow; making prudent investing decisions in high potential and sustainable businesses; streamlining business structures such as making the processes work faster and less complicated, employing technology to increase the efficiency and effectiveness of the processes; and controlling costs appropriately.

- Expands opportunities to countries within and beyond ASEAN to replace the missing demand and increase long-term business sustainability by partnering with companies both at home and overseas to extend and strengthen the business. Take for example, the Cement and Building Materials Business has expanded the export of products for ceiling and wall application to South Korea and plans to further export to the European market. The Chemicals Business has advanced into recycling business in Europe, acquiring a 70% stake in Sirplaste in Portugal along with expanding the capacity output of high-quality plastic resin to supply products to the European and African markets. The Business also acquired a 60% stake in Recycling Holding Volendam BV (Kras), a leading waste recycling business in the Netherlands. The Packaging Business, expanded investment in medical supplies and labware, acquiring a 85% stake in Deltalab, S.L. in Spain, which exports to 125 countries across the world. To expand the packaging material recycling business in response to the eco trends, the Packaging Business acquired stakes in Peute Recycling B.V. in the Netherlands and Jordan Trading Inc. in the United States.

- Drives the development of High Value Added (HVA) products and services to increase competitiveness in the global market with the focus on developing products in response to the world's megatrends. In pursuit of developing

HVA products and services to achieve sustainability in line with the circular economy principles, the Chemicals Business innovated environmentally-friendly polymer (Green Polymer) in alignment with the concept of the circular economy. Produced using SMX™ technology that reduces resource consumption, the resin can minimize workpiece thickness while returning the same strength. Added to this are the innovative high barrier coated film for Mono-Material Packaging and high-quality polypropylene (PP) resin for use in the automotive industry. Lastly, the Business entered into a joint venture agreement with Denka Company Limited in Japan to produce and supply acetylene black, a component for the manufacture of lithium-ion batteries for electric vehicles (EVs) in response to the megatrend in EVs which has witnessed steadily growing market demand.

### **3. Risks from Transition toward Low-carbon Economy**

Each year, the impacts of global warming and climate emergency on the environment, society, and economy have become increasingly severe. All sectors have been urged to collaboratively address greenhouse gas emissions tangibly, driving the government and business sectors to set their sights on pursuing Net Zero targets for themselves. Moreover, the Company's stakeholders including investors, customers, regulatory agencies, and business partners have come to grips with sustainable business operations by driving business toward a low-carbon business model such as by using clean technology, and recycling natural resources in the value chain more efficiently. Priorities are also given to development of climate-related technologies that could replace the existing work processes and technologies used in today's business operations.

As SCG operates business in various countries, the Company is faced with challenges from additional future rules and regulations prescribed by governments to mitigate environmental issues. Examples include environmental taxation based on carbon emissions from the production process, cross border adjustment mechanism, and carbon footprint calculation criteria that may be used to set stricter industrial standards in each country, potentially raising the bar for product exports to these destinations. Other challenges include consumers' perspectives toward the industries emitting carbon that may substantially cause shifts in consumer behavior and market trends. Especially, they

may opt to buy products and services from manufacturers with low carbon, as well as plastic or packaging that are compostable, reusable, and recyclable. There are also challenges from higher operating costs during the initial stages of investments in low carbon and green technologies.

The changes nurture business opportunities for SCG to deliver innovative products and develop related technologies with more research and development investment funds from the government and international organizations. However, if the Company could not timely transform business models, the impacts from these risks will be more pronounced in the next 3-5 years, directly affecting SCG's corporate image and reputation, as well as a rise in production, financing, and operating costs from taxation and depreciation of assets that exert environmental impacts. As a result, SCG has taken various measures to manage the risks as follows:

- Set a long-term goal to reduce greenhouse gas emissions by 20% in 2030 (compared to base year 2020) for direct GHG emissions (Scope 1) and indirect GHG emissions from energy consumption (Scope 2) together with setting a Net Zero emission target for Scope 1 and Scope 2 emissions by 2050.
- Improves or modifies processes and equipments, uses technology to increase energy efficiency along with conducting research and developing technology to reduce GHG and carbon emissions such as using waste heat from the cement production process to generate electricity.
- Reduces energy sources that emit greenhouse gases and increases use of alternative energy such as biomass from agricultural waste and RDF to replace fossil fuels in the manufacturing process.
- Advanced into the integrated energy transition solutions business for residential market, factories, and industrial estates with SCG Solar Roof Solutions and SCG Cleanergy and developed the smart grid platform for electricity trading. Its customer base spans leading customers in both the government and business sectors.
- Develops products, services, and solutions in accordance with the circular economy principles, especially low-carbon products which help reduce GHG emissions across the value chain with the goal of increasing the proportion of SCG Green Choice products to 67% by 2030. Also, the Chemicals Business strives to ensure maximum resource efficiency with products under the brand of SCGC Green

Polymer with the goal to increase sales of SCGC Green Polymer products to 200,000 tons and 1,000,000 tons per year by 2025 and 2030, respectively.

- Creates national and international networks to drive and expand the development and adoption of Carbon Capture, Utilization, and Storage (CCUS) technology as well as development of hydrogen energy.
- Carries out projects related to Natural Climate Solutions (NCS), which are initiatives to limit the impacts of global warming in accordance with the international agreement to reduce carbon emissions, in collaboration with the Ministry of Natural Resources and Environment.
- Set a target to grow 3 million rais of forest, equivalent to reducing 5 million tons carbon dioxide by 2050, and build 130,000 check dams to restore natural balance.
- Coordinates and collaborates with the government agencies and communities to systematically manage waste from upstream to downstream as a means to reduce marine waste and restore the coastal ecosystem, and to promote the reuse of resources in alignment with the circular economy principles to reduce global warming issues sustainably.

#### **4. Cybersecurity Risks from Adoption of Digital Technology in Business Operations and Increased Reliance on Deep Technology**

The advancement of digital technology propelled by rapid and continuous development such as Blockchain, Quantum Computing, 5G, and Metaverse has instigated changes in people's way of life and business operations. In response, SCG has incorporated multiple technologies to enhance efficiency, effectiveness, and transparency in its internal work processes from production to delivery of products and services to customers. The goals also extend to enhancing competitiveness by driving the development of new products and services to deliver an improved experience for customers.

SCG has relied more heavily on cloud service providers in storing, processing, and managing data to enhance agility in business operations, accommodate the New Normal work pattern, and jointly develop technology ecosystems with business partners to increase the capabilities of products and services that better address customers' needs at lower costs. The Company also demands larger data storage to implement data analytic technology or AI in business development. These are some of the examples whereby

a multitude of deep technologies have been employed to create value and business opportunities. SCG is well aware of cybersecurity threats that are increasingly severe, frequent, and complicated, precipitating more cybersecurity risks and demanding the development of a cybersecurity system that spans upstream to downstream. Such challenges could result in tremendous and large-scale effects on the Company such as disrupted operations if the Company could not maintain the cybersecurity of industrial control systems that rely on digital technology. Another notable effect could be the loss of the Company's critical information such as product and service development information, trade secrets, and the privacy data of customers, business partners, and employees. These could ultimately tarnish the Company's reputation and credibility. Other potential impacts include financial damages from paying ransoms for ransomware attacks, litigation, and regulatory fines, or losing revenue or profit as a consequence of failing to maintain cybersecurity vigilance.

SCG has established the cybersecurity risk mitigation measures as follows:

- Established SCG IT Governance Committee to oversee and prescribe policy and regulation concerning the use of information and communication technology of SCG (i.e., SCG e-Policy) in alignment with the ISO 27001, and monitor compliance to ensure common practice in the organization.
- Assesses cyber risks of the computer system controlling the industrial production, service provision, and other work processes and prepares a cybersecurity risk mitigation plan that covers the key areas of SCG's operations in Thailand and overseas. Examples include implementing multi-factor authentication to manage access to the critical information of the organization, and planning installation Security Operation Center (SOC) to monitor cyber threats on core infrastructure (network devices and security devices) both on-premise and on-cloud to enable the Company to react to the threat promptly. Other efforts include separating the networks of the industrial control system and the office system.
- Continuously promotes awareness on the use of technology among employees through various trainings and other activities such as organizing Cybersecurity Awareness Month to ensure employees have knowledge and understanding on the effective use of technology and to protect business from cyber threats. The Company also conducted a self-phishing email simulation drill to test employees' awareness to enable the Company to learn about the training topics on cybersecurity that employees need better understanding of, allowing for improved communication to the target audience. A test on employee awareness and understanding about the SCG e-Policy is also organized on an annual basis.
- Appointed SCG Data Protection Officer and set up the Data Protection Office to monitor SCG business operations, provide recommendations according to related laws, establish SCG Personal Data Protection Policy, and implement data protection tools such as preparing relevant legal documents and implementing of privacy management software.
- Developed Disaster Recovery Plan to handle emergencies, enabling users to continue working through a backup site. The Cyber Incident Response Plan was also put into place and regularly drills are carried out to prevent business interruption from cyberattacks.
- Performed penetration testing where a cyber security expert attempts to find and exploit vulnerabilities in the Company's computer system to improve the weaknesses and reduce risks from cyberattacks on the system.
- The Business Continuity Management (BCM) Unit established a Cyberattack Communication Flow based on the NIST Cybersecurity Framework by the National Institute Standards and Technology to protect against an attack and limit the damage if one occurs. Several measures have been applied to assess risks according to their severity levels to formulate an action plan encompassing: identify, protect, detect, respond, and recover to minimize impacts on users and the business. The cases that occurred will then be recorded and analyzed to find preventive solutions.

# 09

## Sustainability Performance in 2022

### **Sustainability Structure and Management Approach**

SCG and its three core business units; Cement and Building Materials, SCGC (Chemicals Business), and SCGP (Packaging Business) have established a common vision and mission whereby SCG is dedicated to becoming a leader in ASEAN by driving its developing of innovative products, services and solutions that meet consumers' diverse needs. The Company is committed to grow sustainable by integrating ESG to contribute to a growth of every society and community where we operate. Through the passion of everyone in the organization, the Company has continued to deliver "betterment" to customers under our promise "Passion for Better."

To handle the challenges amid the volatile global situations, SCG has put in place short-and long-term management plans as follows:

The short-term plan encompasses risk management strategies for energy costs across value chain and also taken a close look at financial costs as well as debt, interest and cash flow management.

The Business has adapted its organization to become more resilient and to adjust more quickly in terms of its manufacturing and prices that change in accordance with the market conditions. SCGC (Chemicals Business) specifically needs business resilience in adjusting prices in accordance with the market mechanism as well as adjusting production capacity responding to market demand without shortage of supplies aiming to reduce business impacts throughout the supply chain.

The long-term plan focuses on achieving its goal and maintain business competitiveness to cope with global changes including climate change and digital transformation by integrating ESG throughout the value chain and striving toward the transition to a low-carbon society, leveraging technology and innovations to enhance efficiency and minimize production cost, fostering strong preparedness for alternative energy,

promoting resource efficiency and stability, and developing health innovations. All businesses strive to streamline its business operation along with creating value in response to changes in society and consumer behavior.

**Cement and Building Materials** continues to elevate the standards of one-stop services of construction and housing solutions along with corporate social and environmental responsibilities. Product innovations, services, solutions, and distribution channels is accelerated to enhance business competence that meets construction and housing needs of consumers in every group amid changing market situations and consumer behaviors.

**SCGC (Chemicals Business)** continues to develop "Chemicals Innovations" to drive the region's economy and industry while improving people's quality of life under Sustainable Development Goals (SDGs) and ESG (Environmental, Social and Governance) practices, striving toward Chemicals Business for Sustainability.

**SCGP (Packaging Business)** a leading regional integrated packaging solutions provider, offering a wide range of product and service innovations. The Business places great emphasis on operating the sustainable business by integrating ESG (Environmental, Social and Governance) and the principle of the Circular Economy principle in maximizing the efficient use of resources, raw materials and products and preserving the value of these resources through reuse, reduction of use and recycling. This would be a solution for limited natural resources and waste problems and also enhance the competitiveness of the Business as well as sustainable development.

In streamlining and driving the Company forward, SCG stresses the importance of human capital development by building capability competitiveness for employees at all levels, enabling them to adapt themselves in response to the rapidly-changing business landscapes.

The emphasis is on leadership skill and business competitiveness skill with the focus on speed, execution, adaptability, and telling the truth to equip employees with business competitiveness.

### **SCG's Commitment to Achieving Sustainable Development Goals**

SCG's Commitment to Achieving Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) are the international blueprint which all sectors need to help drive and take action toward achieving peace and prosperity for humanity and the world both present and in the future.

SCG is determined to create economic growth alongside conserving natural resources, and the environment, including development and increase wellbeing of the stakeholders as SCG has belief that the business sector has a key role to play in driving society towards achieving sustainable development goals.

In prioritizing SDGs, SCG has analyzed its operations throughout the value chain, taking into account the positive and negative impacts that the operations may have on people and the environment. Also taken into consideration are business driver and material sustainable development issues (materiality) by assessing the pertinence of SDGs and targets to the business activities and potential of SDGs to expedite the achievement of the goals and create maximum positive impacts on the economy, society, and the environment.

SCG has categorized sustainable development goals into 2 groups: Key Sustainable Development Goals for the Business and Sustainable Development Goals for a Better World.

Key Sustainable Development Goals for the Business consist of the following 6 goals:

#### **Goal 3: Good Health and Well-being**

Take care of good health and safety in the workplace by implementing control measures for work-related risks and instilling enterprise total safety culture to ensure healthy lives and promote well-being for all.

#### **Goal 7: Affordable and Clean Energy**

Strive to achieve the net-zero emission target by 2050 by enhancing energy efficiency through the use of best available technology, reducing reliance on fossil fuels, and increasing the use of alternative energy.

#### **Goal 8: Decent Work and Economic Growth**

Promote inclusive and sustainable business growth with the emphasis on quality employment together with fair, equitable, decent work for all.

#### **Goal 9: Industry, Innovation, and Infrastructure**

Give importance to using innovation and technology to elevate operations, increase long-term business competitiveness, and promote inclusive and sustainable industrial development.

#### **Goal 12: Responsible Consumption and Production**

Apply the circular economy principles to business operations to increase resource efficiency, reduce risks from future shortages of resources, and minimize environmental impacts.

#### **Goal 13: Climate Action**

Resolve to swiftly adapt and take actions in different dimensions to reduce greenhouse gas emissions, and foster the synergistic collaboration of all sectors to enhance the capabilities of society and the community to tackle the climate emergency and its possible impacts.

The Sustainable Development Goals for a Better World encompass the following 5 goals:

#### **Goal 10: Reduced Inequalities.**

Stress the importance of resolving inequality issues, using SCG's potential to provide greater educational opportunities, occupations, and access to healthcare services to people in society.

#### **Goal 11: Sustainable Cities and Communities**

Pledge to make cities and communities pleasant, safe, and resilient to change sustainably.

#### **Goal 15: Life on Land**

Promote sustainable use of ecosystems to protect, restore, and halt biodiversity loss.

#### **Goal 16: Peace, Justice, and Strong Institutions**

Attach significance to promoting a fair and peaceful society, a key contributing foundation for sustainable development.

#### **Goal 17: Partnerships for the Goals**

Strive to foster partnerships to drive operations in all sustainable development dimensions.

### **Driving Business toward Sustainability with ESG 4 Plus**

SCG is convinced that ESG is not merely a tool to create long-term business growth, but it is also a tool that enables the government, private, and public sectors as

“good citizens” to collaboratively tackle the crises. SCG thereby deems it the Company’s responsibility to help solve the problems within the limits of its potential. To that end, SCG pledges to operate in line with the ESG and push forward the ESG 4 Plus, Set Net Zero–Go Green–Reduce Inequality–Enhance Collaboration Plus Trust through Transparency. The goals are to accelerate results and together take “this world” toward sustainability and pass on a better world for the generations to come in a timely manner.

#### **Set Net Zero**

SCG sets its target on achieving Net Zero Greenhouse Gas Emissions by 2050 and 20% GHG reduction by 2030 from base year 2020 by increasing the proportion of low-carbon energy use such as biomass, agricultural waste, and Refuse Derived Fuel (RDF) in the cement production process, as well as solar energy. The Company also invests in deep technology research such as AI Supervisory for Energy Analytics, and carbon capture, utilization, storage (CCUS) technology along with planting trees to help absorb carbon dioxide as part of the Natural Climate Solution (NCS) project.

As member of Thai Cement Manufacturers Association (TCMA), SCG jointly announced Mission 2023 to advance toward carbon neutrality on industrial process and product use including clinker replacement measures by driving the manufacture of hydraulic cement to reduce 1,000,000 tons of carbon dioxide equivalent by 2023.

In collaboration with the Department of National Parks, Wildlife and Plant Conservation office in Lamphun, government agencies, and local communities, SCG grow community forests in Mae Ping National Park in Lamphun spanning 400 rais. The Company also carried out the campaign “Plant-Cultivate-Protect” to increase green space in Rayong and joined forces with multiple sectors and employees to grow mangrove and land forests. So far, over 230,000 trees have been planted, absorbing 2,995 tons carbon dioxide equivalent.

SCG has adopted Internal Carbon Pricing (ICP) as a tool to guide its decision-making process in investing in a project capable of reducing greenhouse gas emissions. The Company reset the carbon price from US\$18 to US\$25 per ton carbon dioxide equivalent to expedite the support for the investment projects. In 2022, a total of 16 projects were supported by ICP, amounting to 1,719 million baht and achieved a reduction of 149,446 tons carbon dioxide equivalent per year.

#### **Go Green**

SCG strives to increase sales of SCG Green Choice label products to 67% by 2030 and to make all SCGP’s packaging products to be recyclable, reusable and compostable by 2050. To that effect, SCG is committed to driving development of eco-friendly products such as the SCG Cleanergy is established to provide power production solutions using solar and wind energy sources in the country and overseas. Another establishment is CPAC Green Solution, a construction solution with reduction of energy use as well as waste reduction and recycling reuse. SCGC GREEN POLYMER™ is another eco-friendly solution for chemical products and packaging products that recyclable, reusable and compostable and reduce energy consumption in accordance with the circular economy principle.

as well as innovation eco-friendly polymer, and Circular PP, high quality post-consumer recycled resin produced using advanced recycling technology. New packaging solutions are also developed from high performance materials made from post-industrial recycled (PIR) plastic to replace virgin plastic resin.

In 2022, SCG joined hands with Supalai and SC Asset to use innovative building materials under the SCG Green Choice label in more than 100 house and condominium projects to create a sustainable low-carbon society through the use of CPAC low-carbon concrete, Q-Con lightweight bricks, SCG fascia board, and water-saving faucets and sanitary ware.

#### **Reduce Inequality**

SCG aims to reduce social inequality for 50,000 by 2030 by developing the skills and in-demand jobs for the communities and SMEs. Examples are SCG Skills Development School to train truck drivers; Q-Chang to train home improvement handymen; and the scholarships from SCG Foundation as part of the Learn to Earn project to produce nurse assistants, dental assistants, and caregivers for the elderly. Added to this are the Power of Community project to teach locals to process products and sell them online and offline, and the Siam Saison platform to provide loan support to building materials dealers and large-sized contractors. During the COVID-19 pandemic, SMEs were able to sell their products on the NocNoc.com and Prompt Plus platforms free of charge.

To support the Paper Band Weaving project, SCG donates wastepaper band strips from the paper

manufacturing process to the community to create handicrafts in alignment with the circular economy principles. The initiative generates over 1.2 million baht a year and supports the community to spend their free time fruitfully.

In another move to reduce inequality, SCG has carried out an initiative to restore water in the dry landscape on Khao Yai Da in Rayong Province from scarcity to abundance through continued efforts for over 10 years. In collaboration with the community, the government sector, and water experts, the community now has adequate water supply, a better quality of life, and increased agricultural output that generates more income for the community. SCG has also developed the skill sets for Rayong community enterprises, stimulating them to use innovations to develop products and expand distribution channels together with instilling the Sufficiency Economy Principles to enable the community to be sustainably self-independent.

#### **Enhance Collaboration**

SCG strives to foster collaboration with organizations at the national, ASEAN, and international levels to drive the ESG initiatives. The circular economy projects which are designed to bring materials and waste back to recycling process include the reBOX campaign organized in cooperation with Thailand Post and the Government Pharmaceutical Organization to recycle unused paper boxes; a joint initiative with PPP Plastic to manage plastic waste to enter the recycling process; and a collaborative effort with Unilever to transform post-consumer plastics into high quality recycled feedstock. Other initiatives are dedicated to developing and promoting products that reduce greenhouse gas emissions. For example, the Company joined forces with Global Cement and Concrete Association (GCCA) to reduce and trap CO<sub>2</sub> emissions into concrete for the cement industry (Recarbonation: CO<sub>2</sub> sink).

On the other end, the Company has carried out activities to raise awareness and encouraged all sectors to help drive ESG, for example, cooperating with the Ministry of Foreign Affairs, which hosted the Green Meeting at APEC 2022 and ASEAN Summit, to organize the ESG Symposium in Thailand, Vietnam, and Indonesia to invite all sectors in ASEAN.

SCG is relentless in fostering partnerships with communities. The Zero Waste Community project, for example, has been expanded to 96 communities in Ratchaburi, Kanchanaburi, Prachinburi, and Khon Kaen

along will 65 communities in Rayong, reducing 1 million kilograms of waste and generating 1.95 million baht for the communities. To tap school students, the Upcycling Milk pouches project has been implemented to raise young people's awareness in resource efficiency. Used milk pouch will be collected for recycling and used as feedstocks to produce new products such as chairs, flower pots, etc. To date, over 1,700 schools have participated with more than 1 million used milk pouches, weighing a total of 4.2 tons collected for recycling.

#### **Plus Trust through Transparency**

SCG is dedicated to driving its organization under good corporate governance principles and has operated with adherence to fairness, transparency, and accountability. The Company has implemented the Integrated GRC (Governance, Risk Management and Compliance) concept under the overseeing of the Board of Directors and top executives to achieve the sustainable development goals in accordance with the ESG. It also commits to the transparent disclosure of information in conformance with international ESG reporting standards to build confidence among stakeholders in SCG's business operations. All activities integrate GRC in accordance with the Three Lines Model.

SCG places emphasis on embedding SCG's Four Core Values into employees at all levels and passing down from generation to generation, eventually to become corporate culture. SCG has defined practice guidelines in compliance with SCG Code of Conduct and stimulated employees at all levels both in Thailand and overseas to be aware of GRC, understand the goals of their work, be able to assess and keep up with risks, comply with rules and regulations, and constantly apply them to work, eventually becoming desirable traits in their work and daily life. Also put in place are the annual arrangement of Ethics e-Testing and e-Policy e-Testing, the Whistleblowing System, GRC Helpline where users can consult experts on correct conduct to enhance effectiveness and efficiency in operations, and a reporting system to disclose details about complaints to both internal and external stakeholders.

SCG also encourages a good business approach by setting guidelines a concrete manner among its suppliers and conducting business together in accordance with "SCG Supplier Code of Conduct" for indicating transparency and creating sustainable value for all stakeholders throughout the value chain.

# ESG 4 Plus



## Net Zero by 2050

1

Reduce GHG Emissions 20% by 2030

Build 150,000 Check Dams by 2030

"Plant Beats Heat" Plant Trees to Absorb 5 MT CO<sub>2</sub> eq by 2030



**Investment 2,452 Million Baht**  
**Expense 988 Million Baht**

Invest in energy efficiency and renewable energy project and R&D in deep technology.



## Go Green

2



Increase Revenue from Sales of SCG Green Choice from 32% to 67% by 2030

100% Recyclable Packaging by 2025

500 MW+ Renewable Energy In Thailand and Abroad by 2023



**Investment 2,276 Million Baht**  
**Expense 2,200 Million Baht**

Dedicate to environmental innovation, expand business into circular economy business and invest in renewable energy business.



## Lean Reduce Inequality

3

Create 50,000 Jobs by 2030



Deliver 100,000 Scholarships across ASEAN



**Investment 247 Million Baht**  
**Expense 259 Million Baht**

Create jobs for communities and SMEs by developing in-demand skills.



## Enhance Collaboration

4



**Expense 31 Million Baht**

Contribute to the other organizations in national, ASEAN, and global to drive ESG towards Low Carbon Societies.

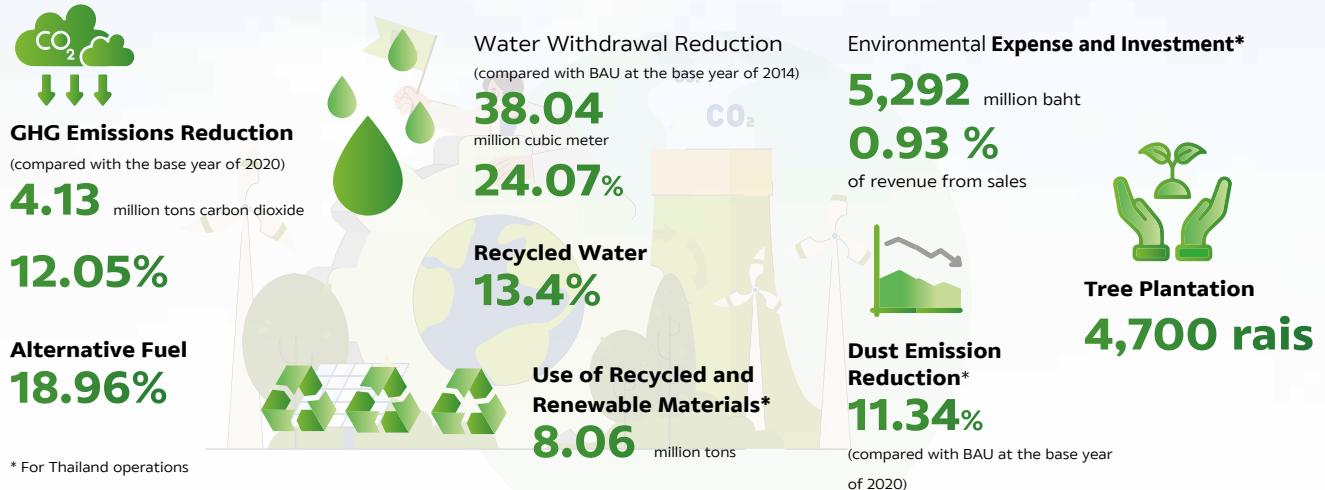
## Plus Trust through Transparency

**Investment 0.39 Million Baht** **Expense 0.65 Million Baht**

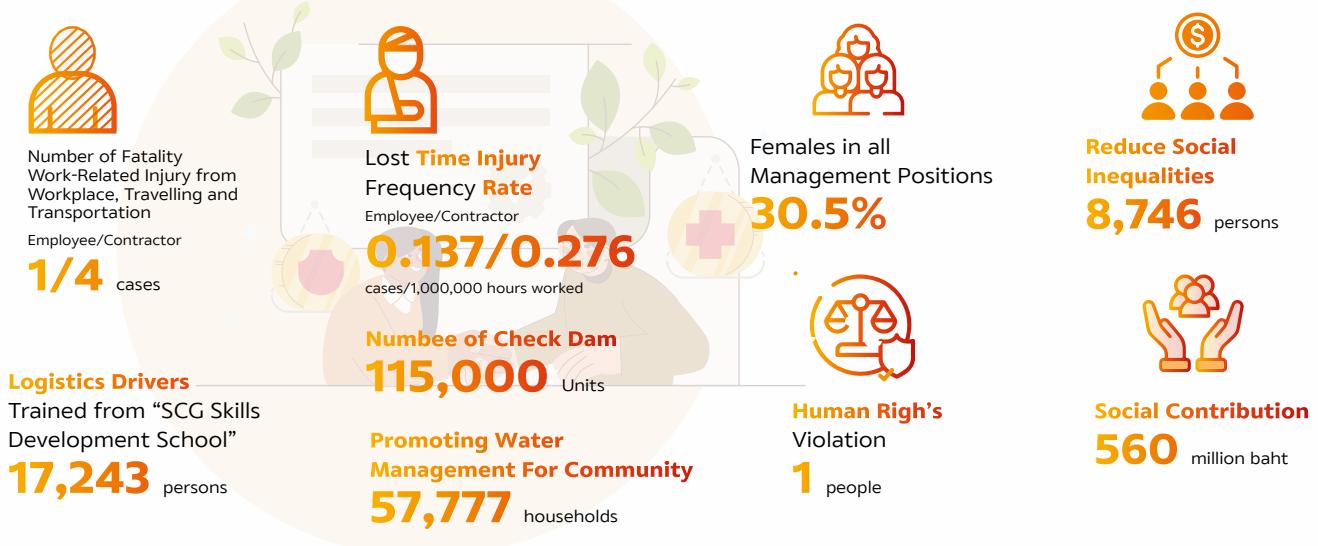
Build up ESG disclosure platform

## Sustainability Performance in 2022

### ENVIRONMENT



### SOCIAL



### GOVERNANCE & ECONOMIC



## Social Responsibility

The compounding crises occurring around the world triggered by the Russia-Ukraine conflicts have resulted in soaring energy prices, high inflation, and economic slowdown, accentuating social inequality, and causing unemployment, poverty, children being pushed out of education, and the climate emergency that has had dire consequences on people's livelihoods and quality of life. SCG has undertaken the responsibilities to mitigate the impacts, resolve social and environmental issues, stimulate the community and society to understand the problems and get ready for adjustment to survive, grow, become self-reliant, and pass on sustainable practices. The company focuses on taking care of the environment and society with adherence to transparency in tune with the ESG framework.



### **Reducing inequality for 9,000 people, uplifting quality of life, and building a strong society**

SCG is committed to creating occupations to generate household income, providing educational opportunities, and elevating health and wellness with the target to reduce inequality for 50,000 people by 2030.

In 2022, SCG developed 9,000 people to have in-demand jobs, using expertise from SCG and outside to develop people's potential to become self-reliant and take care of the society around them.

### **Creating occupations for those in the business network to grow strongly**

SCG is dedicated to the skill development of people through upskilling and reskilling to meet the market demand and create sustainable occupations with stable income. For example, Q-Chang is a platform which offers a broad array of quality handyman services, creating occupation and enhancing skills for over 1,350 teams of handymen and housekeepers nationwide under the standards with supervisions of Q-Chang. The platform

Develop abilities that suit the market need



Community power to learn and develop the product, emphasize local identity, and create sustainable income

includes numerous types of handyman services such as air-conditioning system installation, water heater installation, washing machine cleaning, roof repairs, garage roofing, housekeeping, and others, totaling 120 service types. Homeowners are assured of quality and safe services guaranteed by Q-Chang. In 2022, Q-Chang received multiple marketing campaign awards including Silver Award in the Brand Experience & Communication category and Bronze Award in the Sustainable Marketing category from Marketing Association of Thailand as well as a skill development network honorary plaque from the Ministry of Labour.

SCG Skills Development School is designed to provide truck driving skills for the unemployed and discharged soldiers with the focus on enhancing knowledge and driving skills that meet safety standards to ensure road safety for drivers and all road users. In 2022, 450 safety-conscious truck drivers were produced. CPAC Green Solution passes jobs on to a network of handymen throughout Thailand, allowing them to have steady work and continue to sharpen their skills as a result with guidance from CPAC exports. Finally, Siam Saison

helps contractors expand their opportunities to contract for building projects on a successive basis by providing them with loan support to buy construction materials and equipment. The move allows medium and small contractors to have adequate working capital and grow.

**The Power of Community project to create a role model, transfer inspiration to others, and build strong communities**

The Power of Community project is designed to enhance the potential of communities, instill knowledge and ethics, create sustainable occupations, expand the Sufficiency Economy Principles, and inspire the communities to develop and become self-reliant. To realize the goals, locals are advised to process local materials to add value and create identity, resulting in the roll-out of 850 products from 135 communities in 14 provinces, and the employment of 2,250 workers. The project increased household income by 5 times. The efforts have also extended to providing training for the disabled in Rayong and Lamphun, enabling them to earn income to take care of themselves and their families.



SCG Sharing the Dream created education opportunities with developing moral and new generation leader

SCG has also launched the Shop to Help the Community online website where customers can shop for selected merchandize from the Power of Community project. In 2022, the Power of Community project received the UN Women 2022 Thailand Women's Empowerment Principles (WEP) Awards for the category of promoting gender equality through community activities. At the APEC Thailand 2022, the stories of inspiring role models and products from the Power of Community were showcased, demonstrating success, and bringing pride to the communities. These pride and recognition further inspired them to create more products, generate sustainable income, and share inspirations with others.

#### **Providing educational opportunities as basis for sustainable development**

SCG has provided scholarships for children and youths in 6 ASEAN countries including Vietnam, Indonesia, Cambodia, Myanmar, Laos, and the Philippines through the Sharing the Dreams project in cooperation with SCG Foundation apart from offering over 100,000 scholarships in Thailand. On top of this was the Learn to Earn project which provides 1,178 scholarships for short courses that are in high demand and could be completed in



Nurse Education fund, one of the scholarship from “Learn to Earn”, supporting short-term syllabus, getting work after graduation

a short period of time such as nurse assistants and dental assistants together with programs to address in-demand jobs such as “Skill Professional Project”, and the program to develop skills for professions such as the community caregiver of patients in Amphoe Nam Phong and Amphoe Ubonratana, Khon Kaen. SCG has also teamed with UNESCO and the Fine Arts Department to develop the necessary skill-sets of craftspeople for the conservation of Thailand’s historical buildings and sites and with the Equitable Education Fund to provide 100 scholarships to students across the country. In the realm of sports, SCG has provided constant support to badminton players for over 40 years with dedication to developing the badminton talents to achieve sports excellence with sport science. Some fruits of success include Sapsiree Taerattanachai and Dechapol Puavaranukroh who ranked as the World’s No.1 mixed doubles pair.

Elevating health and wellness SCG has pledged to support vulnerable persons to gain more access to healthcare services. In the past year, SCG, in collaboration with the Crown Property Bureau, took a royal medical team to perform cataract surgery for people in the areas



Conserving environments from the mountain through the sea, creating weir for agriculture throughout the year



Sea grass planting, one of the “Plant – Beat – Heat” project encouraging young generation to plant to cool the planet

lacking medical specialists in Ubon Ratchathani, Uthai Thani, and Phetchabun. A total of 725 cataract patients could see clearly again and live a normal life. Moreover, SCG Foundation has provided other healthcare services to the disenfranchised through the surgery for clef lip and palate and heart disease along with supporting the construction of Ban Saengchan lodging under Prapokklo Hospital in Chanthaburi for cancer patients.

### **Mitigating global warming by restoring environmental balance**

Conserving environments from mountain through mighty river. To mitigate global warming by restoring natural balance, SCG has joined hands with the communities and networks to construct check dams in areas surrounding SCG plants since 2007. To date, more than 115,000 check dams were built, which can help nurture trees to grow into dense forests to help absorb carbon dioxide and reduce the impacts of global warming with the plan to increase the number of check dams to 150,000 by 2030. The Company also cooperated with Utokapat Foundation under the Royal Patronage and Hydro Informatics Institute (Public Organization) to support the communities in water management to

ease the problems of drought and flooding. The project enabled 250 communities with 47,500 households in 37 provinces to have water for agriculture all year round, become self-reliant, and generate a stable stream of income.

To restore the abundance of marine and coastal resources, SCG has developed coral larval settlement with coral-like shapes, using the eco-friendly CPAC 3D Printing Solution. The research by the Department of Marine and Coastal Resources and Faculty of Fisheries found coral began to grow on the coral larval settlements, and they also promoted marine life in the areas such as sea urchins, sea cucumbers, fish, etc. The water quality around the areas were also found to meet the standards of the Pollution Control Department.

Furthermore, SCG has supported tree planting, a simple way to help reduce global warming, with a goal to plant trees to absorb 5 million tons of carbon dioxide in pursuit of achieving the Net Zero target by 2050. In 2022, SCG had planted a total of 1.2 million trees, creating an additional carbon sink of 108,033 ton carbon dioxide equivalent across 10 years. This ran concurrent with encouraging younger generations to join the Seagrass Planting trip in Trang Province to help reduce the global



Supporting waste separation in society to use resources with the best value.



Upcycling Milk Pouches project  
to raise awareness of Using resources with the best value by gathering milk pouches for recycling.

temperatures as seagrass is known to have 4 times higher carbon dioxide absorbing capacity than trees on land, and the Planting 100,000 Trees in Bangkok project between 2022-2025. In 2022, 17,000 were already planted.

#### **Joining forces with the communities to drive the Waste-free Community project to transition toward the Low-carbon Community model**

SCG strives to promote resource efficiency and encourage the communities to manage waste and generate household income. The Ban Pong Model in Ratchaburi Province, for example, managed to reduce waste by 70% and generate over 1 million baht a year from waste. Similarly, the Waste-free Community project in Rayong had recycled more than 240 tons of waste in the community, equivalent to a greenhouse emission

reduction of 480,000 kg of carbon dioxide. To raise young people's awareness in resource efficiency, Upcycling Milk Pouches project initiative is designed to encourage students to collect used milk bags for recycling and use as raw materials to produce new durable plastic products such as chairs, flower pots and so on.

SCG has expanded the Waste-free Community initiative to transition toward the Low-carbon Community model in collaboration with SCG's Thung Song cement plants at Ban Rai Nuer and Ban Wang Khari in Amphoe Thung Song, Nakhon Si Thammarat Province and at Ban Modtanoi in Amphoe Kantang, Trang Province. Aside from proper waste management and waste value creation, the efforts span planting trees to reduce greenhouse gas emissions, decreasing transportation, practicing organic farming and applying fertilizers properly, and increasing alternative



#### Encouraging ethics both internal and external

energy usage. In 2022, the initiative achieved a reduction of 25,183 kg of carbon dioxide equivalent and received certification under the Low Emission Support Scheme (LESS) from Thailand Greenhouse Gas Management Organization (Public Organization).

#### **Building confidence and transparency along with promoting code of conduct both within and outside the organization**

SCG carries out business with a commitment to building confidence and transparency. The Company strives to instill a code of conduct into executives and employees at all levels with emphasis on participatory practices through SCG Code of Conduct. It is mandatory that every employee pass the tests on SCG Code of Conduct and the Anti-corruption Policy (Ethics e-testing) and on IT Policy and Regulations (SCG e-policy e-testing) with 100% accuracy.

In the past year, SCG Supplier Code of Conduct

2022 was revised to reflect the changing situations and cover a broader range of good practices in accordance with the good corporate governance principles and ESG framework for use as standards for working together. SCG also resolves to promote the business code of conduct, providing continued support for Anti-Corruption Organization of Thailand and the organization of The Thai Chamber of Commerce Business Ethics Standard Test Award, which has continued for 19 years to drive sustainable and ethical business growth.

SCG firmly believes that resolving inequality issues demands cooperation from both within and outside the organization. It takes expertise of all sectors and coordination with multiple agencies from the government and business sectors as well as leading educational institutions to realize the goal. As a consequence, SCG has teamed with over 300 organizations to help battle climate emergency and inequality to pass on a better and more sustainable world for many generations to come.

## Environmental Accounting Report

In 2022, SCG's environmental expenses, which included expenses for environmental protection, pollution prevention and control, and minimization of environmental impacts from SCG business operations in Thailand, totaled 3,176 million baht. Pollution prevention expenses for air and water pollution and waste disposal amounted to 1,965 million baht, or 62% of total environmental expenses. Resource circulation expenses for recycling, energy production from waste heat generators, or scrap crushing for reuse, etc. totaled 960 million baht, equivalent to 30% of total environmental expenses. The remaining expenditure included environmental administration, green procurement, remediation, environmental research and development, and other environmental expenses.

For environmental investment in 2022, total investment in environmental projects in Thailand alone amounted to 2,116 million baht, up from the previous year. It comprised an investment of 1,634 million baht in Cement and Building Materials Business, 310 million baht in SCGP (Packaging Business), and 172 million baht in SCGC (Chemicals Business). Key environmental projects were as follows:

Cement and Building Materials Business: highlight projects in 2022 are solar energy systems installation at various locations, alternative fuel transport system

for calciner, automate tile curing room to reduce heat consumption and fuel use for forklift transport and pneumatic conveyer installation

SCGC (Chemicals Business) installed solar energy systems, thermo-compressor unit to capture waste steam for reuse in the production process, new design cooling tower, and waste heat recovery

SCGP (Packaging Business) installed anaerobic treatment system, turbo air compressor, vacuum cleaner centrifugal blower and coarse screening improvement and installed high efficiency electric generator.



### Environmental Accounting Report Table

Environmental Information	Year 2022 (Million Baht)
<b>1. Environmental Expense</b>	<b>3,176</b>
1.1 Pollution prevention expense	1,965
1.1.1 Water pollution prevention expense	1,158
1.1.2 Air pollution prevention expense	400
1.1.3 Waste disposal expense	370
1.1.4 Other pollution prevention expense	36
1.2 Resource circulation expense	960
1.3 Environment administrative expense	148
1.3.1 Measurement expense	108
1.3.2 Environment training expense	2
1.3.3 Environment permit/license/consultant expense	28
1.3.4 Environmental insurance premium	0
1.3.5 Other administrative expense	8
1.4 Remediation expense	17
1.5 Environmental research and development expense	70
1.6 Green procurement expense	76
1.7 Other environmental expense	10
<b>2. Environmental Investment</b>	<b>2,116</b>

# 10

## Management's Discussion and Analysis (MD&A)

### 1. Operating Results and Financial Status of The Siam Cement Public Company Limited and Its Subsidiaries

#### 1.1 Business Overview

SCG's revenue from sales increased from Packaging and Cement and Building Materials businesses, while profit for the year dropped mainly from Chemicals business.

In 2022, SCG's revenue from sales registered at 569,609 Million Baht an increase of 7% from the previous year from Packaging and Cement and Building Materials businesses. EBITDA dropped 33% from the previous year to 61,912 Million Baht. Profit for the year registered at 21,382 Million Baht, a decrease of 55% from the previous year mainly from Chemicals business. Profit excluding key items would have been 23,270 Million Baht, declining 50% from the previous year.

Share of profit of joint ventures and associates accounted for using equity method amounted to 10,703 Million Baht, a decrease of 6,840 Million Baht from the previous year with details as follows:

- Chemicals associates: Share of profit amounted to 4,928 Million Baht, decreased 6,649 Million Baht from the previous year.
- Other associates: Share of profit amounted to 5,775 Million Baht, decreased 191 Million Baht from the previous year.

Total dividends received in 2022 was 17,819 Million Baht, an increase of 50% from the previous year or 5,940 Million Baht, details as follows: a) 13,256 Million Baht from "Associated" companies (20%-50% stake), and b) 4,563 Million Baht from "Other" companies (less than 20% stake).

Continued solid financials, with cash and cash under management amounted to 95,402 Million Baht as at December 31, 2022, while amounted 68,323 Million Baht as at December 31, 2021, despite the CAPEX and Investments of 52,188 Million Baht.

### 1.2 Operating Results of Strategic Business Segments

#### Cement and Building Materials Business

In 2022, revenue from sales registered at 204,594 Million Baht, increased 12% from the previous year. EBITDA registered at 17,540 Million Baht, decreased 7% from the previous year. Profit for the year registered at 3,789 Million Baht or decreased 11% from the previous year. Excluding the asset impairment and key items, core EBITDA would register at 18,714 Million Baht, or decrease 18% from the previous year and core profit for the year would have been 4,670 Million Baht, or decrease 41% from the previous year.

In 2022, the business was affected by the rising energy cost from the Russia-Ukraine conflict. As a result, the selling price of Cement and Building Materials needed to be adjusted accordingly however the household's purchasing power was still slowing down. Therefore, Cement-Building Materials business has adapted to cope with the changes through cost reduction from using alternative fuel and renewable energy in production, continuing the high value-added products & service solutions development with innovative technology in response to customer needs and increasing the distribution channels. The business is also focusing on Green House Gas emission reduction in domestic cement production to elevate the sustainable business operations.

#### SCGC (Chemicals Business)

In 2022, revenue from sales was 236,587 Million Baht, decreased 1% from the previous year, as a result of lower sales volume from operating rates adjustment due to the global weak demand, as well as the turnaround of olefins plant. EBITDA decreased 57% from the previous year to 17,745 Million Baht and EBITDA from operations was 6,705 Million Baht or decreased 81% due to lower chemicals spread from higher feedstock cost. Profit for the year was 5,901 Million Baht, decreased 80% from the

previous year due to lower spreads and equity income from associates.

SCGC has adjusted its strategies to cope with the downturn in the petrochemical cycle, the fluctuating feedstock costs as well as the deteriorated demand from the global economic slowdown. It has progressed to develop SCGC GREEN POLYMER™ innovation in accordance with the Circular Economy concept and has also expanded into the recycling business in Europe. Moreover, the business has optimized the production plan and adopted the digital technology to analyze and forecast the sales and production along with the feedstock cost management in order to increase production efficiency, cost reduction and profit maximization. The business also focused on cost control and reprioritized the CAPEX plan to strengthen the financial position. SCGC continues to maintain its leadership in ASEAN through the commercial start up of Vietnam's first fully integrated petrochemicals complex (LSP project) in the mid of year 2023 as well as creating new business growth opportunities to enhance SCGC's competency in the future.

### **SCGP (Packaging Business)**

In 2022, revenue from sales registered at 146,068 Million Baht, increased 18% from the previous year. EBITDA registered at 19,413 Million Baht, decreased 8% from the previous year. Profit for the year registered at 5,801 Million Baht, decreased 30% from the previous year.

SCGP has been operating business cautiously from the impact of China's lockdown measures while striving to grow its business through the cooperation with business partners by synergizing each other's capabilities for the better sales efficiency, customer base expansion and new market entry to support diverse and comprehensive needs. Moreover, SCGP has been developing packaging solutions and innovation as well as improving production process with the competent personnel. SCGP also takes into account the ESG pathway to achieve net zero emission by 2050 for the better customers and consumers comfort, health, and a livable society, and a sustainable environment.

### **1.3 Financial Status**

#### **Assets**

Continued solid financials, with cash and cash under management of 95,402 Million Baht.

Total assets of SCG as at December 31, 2022 was 906,490 Million Baht, with an increase of 5% from the previous year. Key components of total assets were property, plant and equipment at 47%, current assets at 28%, investments at 16% and other non-current assets at 9%. Ranking of asset values by business segments are SCGC (Chemicals Business), Cement and Building Materials Business, and SCGP (Packaging Business), respectively.

Current assets: amounted to 250,050 Million Baht as at December 31, 2022, with an increase of 7% from the previous year, comprising largely of inventories, trade and other current receivables, cash and cash equivalents, and investments in short-term debt instruments. At December 31, 2022, SCG's working capital was 105,288 Million Baht with inventory turnover period was 75 days.

Cash and cash under management: amounted to 95,402 Million Baht as at December 31, 2022, an increase of 27,079 Million Baht from the previous year, despite the CAPEX and Investments of 52,188 Million Baht during the year.

Investments in joint ventures and associates: amounted to 118,974 Million Baht as at December 31, 2022, an increase of 104 Million Baht from the previous year with the following reasons:

- Increased from share of net profit of investments using equity method amounted to 10,703 Million Baht, attributed to earnings from the chemicals business.
- Decreased from dividends received amounted to 13,256 Million Baht mainly from the chemicals associates' dividend income.

Property, plant and equipment: amounted to 425,052 Million Baht as at December 31, 2022, an increase of 14,344 Million Baht from the previous year due to the project constructions and CAPEX and Investments during the year.

#### **Liabilities and Shareholders' Equity**

Total liabilities as at December 31, 2022 amounted to 454,066 Million Baht an increase of 10% from the previous year due to an increase of Long-term borrowings for CAPEX and Investments. During the year, SCG had issued new debentures totaling 85,000 Million Baht and replace the matured debentures amounted to 40,000 Million Baht. Finance costs in 2022 were 7,523 Million Baht, an increase of 765 Million Baht from the previous year. This corresponded to the average cost of interest in 2022

which was 3.0%, slightly higher than 2021 which was 2.7%.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2022 increased 34,053 Million Baht from the previous year to 268,844 Million Baht. EBITDA generation of 61,912 Million Baht while significant cash outflow during 2022 amounted to 91,805 Million Baht, comprising CAPEX and Investments of 52,188 Million Baht, dividend payments of 22,055 Million Baht, interest payment of 9,459 Million Baht and corporate tax of 8,103 Million Baht.

At the end of year 2022, SCG had significant commitments and contingent liabilities included commitments for purchase of raw material contracts,

construction and installation of machinery and implementation project, information technology services, rental and service agreements, currency forward contracts, currency swap contracts, raw material and energy hedging contracts and interest rate swap contracts that had been disclosed in note 26 Financial instruments and note 27 Commitments and contingent liabilities of the Financial Report 2022.

Shareholders' equity as at December 31, 2022 amounted to 452,424 Million Baht, comprising Equity attributable to owners of the Company of 374,255 Million Baht, book value 311.9 Baht per share, and Non-controlling interests of 78,169 Million Baht.

#### **1.4 Taxes to Government and Local Government Authorities**

		Country						
Unit : Million Baht	Year	Thailand	Vietnam	Indonesia	Cambodia	The Philippines	Consolidated	
<b>Revenue from sales *</b>	2021	417,118	46,134	43,608	7,729	5,995	530,112	
	<b>2022</b>	<b>433,813</b>	<b>55,454</b>	<b>45,037</b>	<b>8,756</b>	<b>6,564</b>	<b>569,609</b>	
<b>Profit (loss) before tax **</b>	2021	42,230	3,344	1,135	1,759	720	46,093	
	<b>2022</b>	<b>10,367</b>	<b>2,721</b>	<b>(535)</b>	<b>1,400</b>	<b>305</b>	<b>11,672</b>	
<b>Reported Taxes</b>	2021	7,152	542	748	202	193	8,900	
	<b>2022</b>	<b>3,345</b>	<b>674</b>	<b>140</b>	<b>328</b>	<b>77</b>	<b>4,650</b>	
<b>Effective Tax Rate (%) ***</b>	2021	17%	16%	66%	11%	27%	19%	
	<b>2022</b>	<b>32%</b>	<b>25%</b>	<b>N/A</b>	<b>23%</b>	<b>25%</b>	<b>40%</b>	
<b>Headline CIT Tax Rate (%)</b>		20%	20%	22%	20%	25%	N/A	
<b>Cash Taxes Paid</b>	2021	7,707	819	820	164	167	9,834	
	<b>2022</b>	<b>6,440</b>	<b>637</b>	<b>479</b>	<b>216</b>	<b>147</b>	<b>8,103</b>	
<b>Cash Tax Rate (%)</b>	2021	18%	24%	72%	9%	23%	21%	
	<b>2022</b>	<b>62%</b>	<b>23%</b>	<b>N/A</b>	<b>15%</b>	<b>48%</b>	<b>69%</b>	
<b>Additional information : Total liability of taxes to government and local government authorities</b>								
<b>Corporate Income Tax</b>	2021	6,303	631	632	195	186	8,034	
	<b>2022</b>	<b>4,498</b>	<b>819</b>	<b>253</b>	<b>316</b>	<b>89</b>	<b>6,072</b>	
<b>Property Tax</b>	2021	21	1	7	0.02	31	63	
	<b>2022</b>	<b>198</b>	<b>1</b>	<b>6</b>	<b>0.05</b>	<b>29</b>	<b>246</b>	
<b>Specific Business Tax</b>	2021	3	0.01	5	0.1	26	33	
	<b>2022</b>	<b>7</b>	<b>0.38</b>	<b>6</b>	<b>0.1</b>	<b>30</b>	<b>49</b>	
<b>Other Taxes</b>	2021	24	191	76	0.5	4	299	
	<b>2022</b>	<b>24</b>	<b>239</b>	<b>48</b>	<b>0.6</b>	<b>4</b>	<b>318</b>	
<b>Total Taxes</b>	2021	6,350	823	720	196	247	8,430	
	<b>2022</b>	<b>4,727</b>	<b>1,059</b>	<b>312</b>	<b>317</b>	<b>153</b>	<b>6,685</b>	

\* Revenue from sales base on countries in which SCG operates

\*\* Represent profit before share of profit of joint ventures and associates and income tax expense

\*\*\* Calculated from reported taxes divided by profit before tax

In 2022, SCG recognized income tax expenses amounted to 4,650 Million Baht in consolidated financial statement and the calculated effective tax rate was 40%. The higher tax rate comparing to the corporation income tax rate in each country was mainly from some companies had loss for this year and was not recorded deferred tax asset. Total tax paid to government and local government authorities for the year 2022 amounted to 6,072 Million Baht.

## **1.5 Financial Ratios**

SCG's financial ratios remain solid.

In 2022, current ratio registered 1.9 times increased from 1.4 times in the previous year, net debt to EBITDA ratio registered 4.3 times, increased from 2.6 times in the previous year while net debt to EBITDA ratio (excluding projects under construction) registered 1.9 times, increased from 1.1 times in the previous year and net debt to equity ratio registered at 0.6 times, increased from 0.5 times in the previous year.

SCG's gross profit margin was 13.7%, a decrease of 6.9% from the previous year and net profit margin was 3.6%, a decrease of 4.9% from the previous year mainly from lower chemicals spreads and higher energy cost. SCG's return on equity was 5.8%, a decrease of 7.9% from the previous year and return on total assets was 2.4%, a decrease of 3.5% from the previous year. SCG's return on fixed assets was 12.2%, a decrease of 7.4% from the previous year. However, without construction in progress, SCG's return on fixed assets would be 19.5%, a decrease of 9.6% from the previous year.

From the financial position and performance of 2022, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2022 dividend payment of 8.0 Baht per share, representing a dividend payout ratio of 45% of consolidated profit for the year. SCG has already paid an interim dividend of 6.0 Baht per share on August 26, 2022. The final dividend will be paid at the amount of 2.0 Baht per share on April 25, 2023.

## **1.6 The Ability of Asset Management**

The credit term granted by SCG was 15-90 days. As at December 31, 2022, the trade receivable amounting to 55,185 Million Baht was net allowance for expected credit loss amounting to 1,829 Million Baht. The outstanding overdue amounts of accounts receivable have credit guarantees amounting to 3,233 Million Baht as disclosed in note 7 Trade receivables of the Financial Report 2022.

In 2022, SCG has no significant deteriorated or obsolete inventories as disclosed in note 8 Inventories of the Financial Report 2022.

## **1.7 Liquidity and Adequacy of Capital**

At the end of year 2022, SCG had cash and cash equivalents amounted 57,530 Million Baht, an increase of 21,537 Million Baht from previous year. As a consequence of cash flows provided by operating activities amounted to 29,719 Million Baht. Meanwhile, cash flows used in investing activities amounted to 32,947 Million Baht mainly from the CAPEX and investment activities while proceeds from sale of Investment and dividend received. Moreover, cash flows provided by financing activities was 24,399 Million Baht mainly from proceeds from issuance of debentures and long-term borrowings, while cash used in dividends paid to shareholder and interest and other finance costs paid.

Regarding the liquidity ratios, SCG registered a current ratio of 1.9 times while cash flow liquidity was 0.2 times. SCG's cash cycle was 33 days (average collection period + inventory turnover period - average payment period). The cash flows and liquidity ratios ensured that SCG possessed adequate liquidity for business operation, ability of making payment, compliance with the loan conditions, as well as obtaining additional source of funds, and accompanying with overdraft lines with several banks amounting to approximately 8,974 Million Baht and long-term undrawn credit facilities totaling equivalent to 26,473 Million Baht as disclosed in note 16 Interest-bearing liabilities of the Financial Report 2022.

## **1.8 CAPEX & Investments**

In 2022, CAPEX & Investments amounted to 52,188 Million Baht, of which 48% from Chemicals Business, 27% was from Packaging Business, 18% from Cement and Building Materials Business, and 7% from others. The spending was mainly from fully integrated petrochemicals complex (LSP project). The expected for year 2023, CAPEX plan would be around 40,000-50,000 Million Baht.

## **1.9 R&D Spending and Innovation Development**

In 2022, SCG invested 5,704 Million Baht in R&D of technology and innovation, representing 1.0% of total revenue from sales. We aim to develop comprehensive innovation that creates significant business impact, including product and service innovation, process innovation, and business model innovation.

SCG put emphasis on developing innovation strategy and portfolio that align with both short-term and long-term business strategies and developed a

technology roadmap for planning long-term technology development. Furthermore, to increase the speed of technology development and commercialization, SCG solidified collaboration with top universities, research institutes, and leading ecosystems both in Thailand and other countries with the concept of Open Innovation; for example, MOU with Tsinghua University Science Park (TUSpark) in China through TUSpark WHA in Thailand, MOU with Thailand-Nordic countries Innovation Unit (TNIU), and collaboration with Trade and Economic Affairs of Finland Embassy in Bangkok, which altogether will nourish opportunities for SCG to co-create breakthrough solutions and enable SCG to access world-class technologies and innovations.

Moreover, SCG has recently established a Corporate Venture Capital (CVC) under the name AddVentures to invest in venture capital funds and potential startups domestically and globally in order to enhance competitive advantages through digital technology and deep technology. In 2022, the company had no new investment in digital technology but invested in 3 startups in deep technology which are relevant to SCG's business strategy. Also, the company engaged in more than 52 commercial partnership projects to adopt new innovations and digital technologies to strengthen its core businesses and create new business models.

Recent examples of SCG innovation include, SCGC (Chemicals Business) continued to develop its innovative green polymer, 'SCGC GREEN POLYMER™', which has been well embraced by the global market, as indicated by the 5-fold increase in sales of 140,000 tons over the past year. In addition, it has expanded into a fully integrated plastic recycling business by acquiring Kras / Recycling Holding Volendam B.V. the Netherlands' leading waste management company. The acquisition will expand the business's capability in the storage, sorting, and manufacturing of Post-Consumer Recycled Resin (PCR) for the household and industrial sectors. SCGC GREEN POLYMER™ has been certified to international standards by a number of leading global organizations, including EuCertPlast from Europe, which verifies that raw material sources for the production of PCR are actually from plastic waste, thereby reducing waste problems; and Recyclass for the development of film coating that improves recycling efficiency for plastic packaging, making SCGC the first in ASEAN to receive this certification.

Cement and Building Materials Business accelerated its smart living business, particularly energy-saving solutions, which are in high demand on the market in light of the rising cost of electricity. More than 40% growth was observed in 2022. Examples include the "SCG Air Scrubber", a global energy-saving innovation for large buildings, convention centers, and shopping malls. The system is highly efficient with an energy savings capability of 20-30%. It has been installed in seven large buildings, including the Terminal 21 Pattaya Branch and the Kloud by Kbank Siam Square. As a result of the project's positive reception, further investment projects will be implemented to expand the product line to suit a wider range of customer needs. In addition, "SCG Built-in Solar Tile", an innovative solar panel has been introduced for modern dwellings with a design to fit flat with the roof and lower electricity costs by 60%.

SCGP (Packaging Business), devised innovation development strategies to add packaging solutions and establish an investment budget and research and development expenditures totaling 800 Million Baht for 2023 and developed innovative "Nanocellulose fibers" made from agricultural waste used as raw materials in the production of packaging paper and foodservice packaging. SCGP is also ready to expand into the health and composite industries, as well as develop its tissue culture expertise into growing high-value crops and herbs. In addition, it intends to transform waste materials from the production process into renewable energy. The company is in the process of developing "Torrefaction Technology" to increase the efficiency of Biomass utilization and decrease greenhouse gas emissions, further boosting its ESG operations.

SCG focuses on the whole process of intellectual property management (IP management) and incorporates it as a part of business strategy, starting from IP Creation from the early stage of R&D, access to technology licensing of business partners and startups, IP Protection for infringement risk management, to IP Commercialization that will increase the business value of IP utilization. At the end of 2022, SCG has 833 active registered patents, which include 408 invention patents, 135 petty patents, and 290 product design patents.

Continuous investment in R&D and Innovation is the key to increasing SCG's competitive advantages. SCG has raised the bar and made it tougher for its products and

services to be classified as High-Value Added Products & Services (HVA) in response to the fast-changing market. Products and services that qualify as HVA under the new definition will have higher profitability. In 2022, SCG had revenue from sales of High-Value Added (HVA) products and services that amounted to 195,520 Million Baht, representing 34% of total revenue from sales as a result of this reclassification.

## **2. Sustainability**

SCG strives to lead change by implementing ESG 4 plus which composed of Net Zero, Go Green, Reduce Inequality and Enhance Collaboration while harnessing good governance and building trust through Transparency. This key strategy will make SCG's business and its ecosystem resilient as well as positions the company to capture future business opportunities.

### **2.1 Net Zero**

In 2022, SCG's absolute GHG emissions (scope 1+2) was 30.2 million ton CO<sub>2</sub>. Compared to 34.2 million ton CO<sub>2</sub> in 2020 base year, accumulated GHG emissions reduction puts SCG on track to achieve our 2030.

With the backdrop of geopolitical conflict between Russia and Ukraine which has led to an increase in energy cost, we achieved using wider range of alternative fuel such as biomass and Refuse-Derived Fuel (RDF). As a result, in 2022, SCG has reached alternative energy utilization at 34% by cement operations in Thailand and 18% by all businesses.

In terms of nature climate solution, SCG has raised its target for terrestrial forest and mangrove forestation to 3 million rai through a variety of initiatives across Thailand and ASEAN under the campaign "Plook Duay Rak Pitak Loak" (Planting with love to protect our earth). The campaign aims to engage, provide training and enable communities to protect natural resources, continue to build check dams, and engage in rehabilitation and forestation activities.

### **2.2 Go Green**

In 2022, revenue from sales of SCG Green Choice products increased to 289,692 Million Baht, accounting for 51% of total revenue from sales. One of the key highlight products is SCG Hybrid Cement, which could reduce 252,000 tons of GHG in 2022. SCG has created

"SCG Green Choice" eco label to offer options to eco-conscious consumers, giving them the assurance that these certified items have lower impact on the environment while also providing better quality of living. SCG has set a target for the sales of SCG Green Choice products to reach 2/3 of total Revenue from Sales by 2030.

### **2.3 Reduce Inequality**

As part of our drive to "Reduce Inequality", up to 9,000 workers were supported in terms of job creation, skills enhancement, and capabilities development to match market's demand in 2022. SCG aims to empower communities and create jobs for 50,000 workers by 2030. Examples of projects that SCG has implemented include the short course scholarships for careers in demand, SCG Skills Development to strengthen driving skills for truck drivers; Q-Chang, the online platform for housing service and solution to promote housing maintenance jobs; SCG's Power of Community project to provide training and knowledge to empower communities for self-development and sustainable income, and so forth.

### **2.4 Enhance Collaboration**

SCG joined hands with external partners including academic departments, research institutes, startups, as well as public and private sectors to accelerate green innovations for low carbon transition. There are highlighted collaborative innovation activities in 2022; for example,

- Collaborating with the Ministry of Foreign Affairs to host Green Meeting at the APEC 2022 and the ASEAN Summit, which was a preparation for the ESG Symposium in Thailand, Vietnam, and Indonesia – a move to invite stakeholders in ASEAN to drive ESG together

- Joining hands with the Thai Cement Manufacturers Association (TCMA) to make a global commitment by announcing "Thailand Net Zero Cement and Concrete Roadmap 2050" at Global Cement and Concrete Association (GCCA) CEO-gathering 2022 event, held on 8 – 9 June 2022 in Atlanta, Georgia, the United States, which was the first detailed Net Zero pathway of harder-to-abate sectors, e.g. aviation, circular cars, heavy-duty road transport, shipping, aluminum, chemicals, cement and concrete, and iron and steel

- Contributing to COP27 by collaborating with Thai Cement Manufacturers Association (TCMA) and Thailand Concreate Producer Association (TCA) to present the first net zero roadmap in Cement and Concreate industry
- Collaborating with the Hydro Informatics Institute to develop innovation and apply knowledge on community water management technology and information system for flood and drought management
- Working with the Department of Land Development to establish the project “Study and research on the application of porous materials in improving soil for agriculture” to help farmers increase productivity, reduce cost, and increase income

## 2.5 Good Governance

In accordance with SCG's commitment to sustainability best practice, the company has embedded ESG in its governance and business practices. In 2022, SCG was endorsed for 19<sup>th</sup> consecutive year by Dow Jones Sustainability Indices (DJSI) as a global sustainable company in the category of DJSI World and DJSI Emerging Markets. In addition, the company was ranked the 1<sup>st</sup> position in Construction Materials Industry.



SCG showcases innovation, supporting eco-friendliness at APEC 2022, Thailand.

### 3. Significant Financial Information

<b>Assets</b>	<b>The Siam Cement Public Company Limited and its Subsidiaries</b> <b>Consolidated statement of financial position</b> <b>As at 31 December 2022, 2021 and 2020</b>					
	<b>Million Baht</b>					
	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
<b><i>Current assets</i></b>						
Cash and cash equivalents	57,530	6.3	35,993	4.2	64,399	8.6
Investments in short-term debt instruments	32,329	3.6	31,617	3.7	38,582	5.2
Trade and other current receivables	74,459	8.2	78,951	9.2	54,842	7.3
Short-term loans	161	0.0	200	0.0	110	0.0
Inventories	83,162	9.2	83,121	9.6	54,654	7.3
Other current assets	2,374	0.3	1,760	0.2	1,410	0.2
Non-current assets classified as held for sale	35	0.0	1,374	0.2	20	0.0
<b>Total current assets</b>	<b>250,050</b>	<b>27.6</b>	<b>233,016</b>	<b>27.1</b>	<b>214,017</b>	<b>28.6</b>
<b><i>Non-current assets</i></b>						
Investments in debt instruments	6,372	0.7	1,080	0.1	4,626	0.6
Investments in equity instruments	16,569	1.8	17,628	2.1	12,807	1.7
Investments in joint ventures and associates	118,974	13.1	118,870	13.8	97,375	13.0
Other non-current receivables	2,216	0.2	2,196	0.3	1,907	0.3
Long-term loans	142	0.0	105	0.0	82	0.0
Investment property	2,295	0.3	2,124	0.2	2,119	0.3
Property, plant and equipment	425,052	46.9	410,708	47.7	363,425	48.5
Goodwill	47,368	5.2	46,737	5.4	34,031	4.5
Other intangible assets	22,693	2.5	19,652	2.3	11,007	1.5
Deferred tax assets	5,206	0.6	4,525	0.5	5,001	0.7
Other non-current assets	9,553	1.1	4,460	0.5	2,984	0.4
<b>Total non-current assets</b>	<b>656,440</b>	<b>72.4</b>	<b>628,085</b>	<b>72.9</b>	<b>535,364</b>	<b>71.4</b>
<b>Total assets</b>	<b>906,490</b>	<b>100.0</b>	<b>861,101</b>	<b>100.0</b>	<b>749,381</b>	<b>100.0</b>

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated statement of financial position**

**As at 31 December 2022, 2021 and 2020**

**Million Baht**

<b>Liabilities and shareholders' equity</b>	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
<b><i>Current liabilities</i></b>						
Bank overdrafts and short-term borrowings						
from financial institutions	36,252	4.0	39,262	4.6	21,510	2.9
Trade and other current payables	59,783	6.6	75,026	8.7	65,273	8.7
Current portion of long-term borrowings	4,508	0.5	4,618	0.5	16,649	2.2
Current portion of lease liabilities	2,343	0.3	2,255	0.3	2,326	0.3
Current portion of debentures	24,915	2.7	39,932	4.6	49,933	6.6
Short-term borrowings	383	0.0	324	0.0	510	0.1
Corporate income tax payable	2,197	0.2	2,758	0.3	3,927	0.5
Other current liabilities	1,936	0.2	4,212	0.5	1,293	0.2
<b>Total current liabilities</b>	<b>132,317</b>	<b>14.5</b>	<b>168,387</b>	<b>19.5</b>	<b>161,421</b>	<b>21.5</b>
<b><i>Non-current liabilities</i></b>						
Long-term borrowings	94,607	10.4	76,164	8.8	35,880	4.8
Lease liabilities	11,184	1.2	10,432	1.2	9,883	1.3
Debentures	190,054	21.1	130,127	15.1	124,673	16.6
Deferred tax liabilities	8,765	1.0	8,327	1.0	5,610	0.7
Non-current provisions for employee benefits	13,262	1.5	14,541	1.7	14,688	2.1
Other non-current liabilities	3,877	0.4	3,115	0.4	1,100	0.1
<b>Total non-current liabilities</b>	<b>321,749</b>	<b>35.6</b>	<b>242,706</b>	<b>28.2</b>	<b>191,834</b>	<b>25.6</b>
<b>Total liabilities</b>	<b>454,066</b>	<b>50.1</b>	<b>411,093</b>	<b>47.7</b>	<b>353,255</b>	<b>47.1</b>
<b><i>Shareholders' equity</i></b>						
Share capital						
Authorized share capital	<b>1,600</b>		<b>1,600</b>		<b>1,600</b>	
Issued and paid share capital	1,200	0.1	1,200	0.2	1,200	0.2
Other surpluses	3,179	0.4	3,467	0.4	4,252	0.6
Retained earnings						
Appropriated						
Legal reserve	160	0.0	160	0.0	160	0.0
General reserve	10,516	1.2	10,516	1.2	10,516	1.4
Unappropriated	352,820	38.9	348,558	40.5	321,097	42.8
Other components of shareholders' equity	6,380	0.7	1,790	0.2	(16,253)	(2.2)
<b>Total equity attributable to</b>						
<b>owners of the Company</b>	<b>374,255</b>	<b>41.3</b>	<b>365,691</b>	<b>42.5</b>	<b>320,972</b>	<b>42.8</b>
Non-controlling interests	78,169	8.6	84,317	9.8	75,154	10.1
<b>Total shareholders' equity</b>	<b>452,424</b>	<b>49.9</b>	<b>450,008</b>	<b>52.3</b>	<b>396,126</b>	<b>52.9</b>
<b>Total liabilities and shareholders' equity</b>	<b>906,490</b>	<b>100.0</b>	<b>861,101</b>	<b>100.0</b>	<b>749,381</b>	<b>100.0</b>

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated income statement**

**For the year ended 31 December 2022, 2021 and 2020**

	<b>Million Baht</b>					
	<b>2022</b>	<b>%</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>
Revenue from sales	569,609	100.0	530,112	100.0	399,939	100.0
Cost of sales	(491,339)	(86.3)	(421,000)	(79.4)	(309,947)	(77.5)
<b>Gross profit</b>	<b>78,270</b>	<b>13.7</b>	<b>109,112</b>	<b>20.6</b>	<b>89,992</b>	<b>22.5</b>
Other income	12,683	2.3	10,594	2.0	7,278	1.8
<b>Profit before expenses</b>	<b>90,953</b>	<b>16.0</b>	<b>119,706</b>	<b>22.6</b>	<b>97,270</b>	<b>24.3</b>
Distribution costs	(36,213)	(6.4)	(32,313)	(6.1)	(24,091)	(6.0)
Administrative expenses	(33,560)	(5.9)	(30,484)	(5.7)	(28,724)	(7.2)
Other expenses	(1,985)	(0.3)	(4,058)	(0.8)	(3,720)	(0.9)
<b>Total expenses</b>	<b>(71,758)</b>	<b>(12.6)</b>	<b>(66,855)</b>	<b>(12.6)</b>	<b>(56,535)</b>	<b>(14.1)</b>
<b>Profit from operations</b>	<b>19,195</b>	<b>3.4</b>	<b>52,851</b>	<b>10.0</b>	<b>40,735</b>	<b>10.2</b>
Finance costs	(7,523)	(1.3)	(6,758)	(1.3)	(7,082)	(1.8)
Share of profit of joint ventures and associates						
accounted for using equity method	10,703	1.8	17,543	3.3	9,456	2.4
<b>Profit before income tax</b>	<b>22,375</b>	<b>3.9</b>	<b>63,636</b>	<b>12.0</b>	<b>43,109</b>	<b>10.8</b>
Tax expense	(4,650)	(0.8)	(8,900)	(1.7)	(5,809)	(1.5)
<b>Profit for the year</b>	<b>17,725</b>	<b>3.1</b>	<b>54,736</b>	<b>10.3</b>	<b>37,300</b>	<b>9.3</b>
Profit (loss) attributable to						
<b>Owners of the Company</b>	<b>21,382</b>	<b>3.7</b>	<b>47,174</b>	<b>8.9</b>	<b>34,144</b>	<b>8.5</b>
Non-controlling interests	(3,657)	(0.6)	7,562	1.4	3,156	0.8
	<b>17,725</b>	<b>3.1</b>	<b>54,736</b>	<b>10.3</b>	<b>37,300</b>	<b>9.3</b>
<b>Basic earnings per share (in Baht)</b>						
<b>Attributable to owners of the Company</b>	<b>17.82</b>		<b>39.31</b>		<b>28.45</b>	

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated statement of comprehensive income**

**For the year ended 31 December 2022, 2021 and 2020**

	<b>Million Baht</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Profit for the year</b>	17,725	54,736	37,300
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating financial statements	(1,007)	17,272	(833)
Gain (loss) on cash flow hedges	4,248	(131)	-
Gain (loss) on measurement of financial assets	(4)	(64)	46
Share of other comprehensive income of joint ventures and associates accounted for using equity method	1,496	2,370	(184)
Income tax relating to items that will be reclassified subsequently to profit or loss	4	10	(6)
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>4,737</b>	<b>19,457</b>	<b>(977)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on investments in equity instruments measured at fair value	(389)	1,645	66
Gain (loss) on remeasurements of defined benefit plans	1,459	880	(204)
Share of other comprehensive income of joint ventures and associates accounted for using equity method	(205)	147	44
Income tax relating to items that will not be reclassified subsequently to profit or loss	(213)	(495)	20
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>652</b>	<b>2,177</b>	<b>(74)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>5,389</b>	<b>21,634</b>	<b>(1,051)</b>
<b>Total comprehensive income for the year</b>	<b>23,114</b>	<b>76,370</b>	<b>36,249</b>
Total comprehensive income attributable to			
<b>Owners of the Company</b>	<b>28,051</b>	<b>65,902</b>	<b>33,097</b>
Non-controlling interests	(4,937)	10,468	3,152
	<u>23,114</u>	<u>76,370</u>	<u>36,249</u>

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated statement of cash flows**

**For the year ended 31 December 2022, 2021 and 2020**

	<b>Million Baht</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><i>Cash flows from operating activities</i></b>			
Profit for the year	17,725	54,736	37,300
<b><i>Adjustments for</i></b>			
Tax expense	4,650	8,900	5,809
Depreciation and amortization	29,461	28,835	27,377
Loss on inventories devaluation	1,013	759	167
Non-current provisions for employee benefit expense	1,077	1,260	1,312
Loss (gain) on foreign currency exchange	378	(117)	423
Share of profit of joint ventures and associates accounted for using equity method	(10,703)	(17,543)	(9,456)
Dividend income	(4,563)	(1,697)	(670)
Interest income	(1,224)	(1,047)	(1,117)
Finance costs	7,523	6,757	7,129
Loss on impairment of assets	654	3,933	3,054
Gain on fair value adjustment and others	(287)	(3,240)	(542)
<b><i>Cash flows generated from operations</i></b>			
<b>before changes in operating assets and liabilities</b>	<b>45,704</b>	<b>81,536</b>	<b>70,786</b>
<b><i>Decrease (increase) in operating assets</i></b>			
Trade and other current receivables	5,778	(21,111)	4,995
Inventories	(1,389)	(24,793)	693
Other assets	(62)	(1,207)	345
<b>Net decrease (increase) in operating assets</b>	<b>4,327</b>	<b>(47,111)</b>	<b>6,033</b>

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated statement of cash flows**

**For the year ended 31 December 2022, 2021 and 2020**

	<b>Million Baht</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables	(12,434)	14,815	(57)
Non-current provisions for employee benefits	(918)	(888)	(1,008)
Other liabilities	1,143	282	(245)
<b>Net increase (decrease) in operating liabilities</b>	<b>(12,209)</b>	<b>14,209</b>	<b>(1,310)</b>
<b>Net cash flows generated from operations</b>	<b>37,822</b>	<b>48,634</b>	<b>75,509</b>
Income tax paid	(8,103)	(9,834)	(5,094)
<b>Net cash flows provided by operating activities</b>	<b>29,719</b>	<b>38,800</b>	<b>70,415</b>
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of subsidiaries	-	-	766
Acquisition of subsidiaries, net of cash acquired	(9,570)	(14,477)	(2,946)
Proceeds from sale of interests in joint ventures and associates	1,707	13	286
Acquisition of interests in joint ventures and associates	(1,681)	(13,186)	(239)
Proceeds from sale of equity and debt instruments of other entities	29,362	79,234	56,059
Acquisition of equity and debt instruments of other entities	(33,528)	(68,504)	(81,036)
Proceeds from sale of property, plant and equipment	765	286	462
Acquisition of property, plant and equipment	(38,065)	(58,007)	(51,357)
Acquisition of intangible assets	(1,866)	(2,471)	(1,602)
Proceeds from repayment of loans (payments for loans), net	(1)	(132)	48
Dividends received	18,836	10,796	7,349
Interest received	1,094	1,049	1,025
<b>Net cash flows used in investing activities</b>	<b>(32,947)</b>	<b>(65,399)</b>	<b>(71,185)</b>

**The Siam Cement Public Company Limited and its Subsidiaries**

**Consolidated statement of cash flows**

**For the year ended 31 December 2022, 2021 and 2020**

	<b>in million Baht</b>		
	<b>2022</b>	<b>2021</b>	<b>2020</b>
<b>Cash flows from financing activities</b>			
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control	850	1,153	43,107
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control	(37)	(2,371)	(1,416)
<b>Proceeds from (payments of) borrowings</b>			
Proceeds from (payments of) bank overdrafts and			
short-term borrowings, net	(2,467)	14,276	2,476
Proceeds from long-term borrowings	21,420	40,823	27,063
Payments of long-term borrowings	(5,852)	(17,804)	(7,041)
Payments of lease liabilities	(2,961)	(2,985)	(2,625)
Proceeds from issuance of debentures	84,949	45,401	49,850
Redemption of debentures	(39,988)	(49,917)	(49,881)
<b>Net increase in borrowings</b>	<b>55,101</b>	<b>29,794</b>	<b>19,842</b>
<b>Dividends paid</b>			
Dividends paid to owners of the Company	(19,199)	(20,398)	(14,998)
Dividends paid to non-controlling interests	(2,856)	(3,514)	(1,411)
<b>Total dividends paid</b>	<b>(22,055)</b>	<b>(23,912)</b>	<b>(16,409)</b>
Interest and other finance costs paid	(9,460)	(7,902)	(7,653)
<b>Net cash flows provided by (used in) financing activities</b>	<b>24,399</b>	<b>(3,238)</b>	<b>37,471</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>21,171</b>	<b>(29,837)</b>	<b>36,701</b>
Effect of exchange rate changes on cash and cash equivalents	366	1,431	71
Cash and cash equivalents at beginning of the year	35,993	64,399	27,627
<b>Cash and cash equivalents at end of the year</b>	<b>57,530</b>	<b>35,993</b>	<b>64,399</b>

**Financial Ratios of The Siam Cement Public Company Limited and its Subsidiaries**

	<b>Consolidated Financial Statements</b>			
	<b>2022</b>	<b>2021</b>	<b>2020</b>	
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	1.9	1.4	1.3
Quick Ratio	(Times)	1.1	0.8	0.9
Cash Flow Liquidity	(Times)	0.2	0.2	0.5
Accounts Receivable Turnover	(Times)	9.5	10.0	9.2
Collection Period	(Days)	39	36	40
Inventory Turnover	(Times)	16.1	16.5	14.8
Inventory Turnover Period	(Days)	23	22	25
Accounts Payable Turnover	(Times)	12.8	11.6	10.7
Payment Period	(Days)	29	31	34
Cash Cycle	(Days)	33	27	31
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	13.7	20.6	22.5
Net Profit Margin*	(%)	3.6	8.5	8.2
Return on Equity	(%)	5.8	13.7	11.4
<b>Efficiency Ratio</b>				
Return on Total Assets	(%)	2.4	5.9	4.9
Return on Fixed Assets	(%)	12.2	19.6	17.9
Assets Turnover	(Times)	0.7	0.7	0.6
<b>Financial Policy Ratio</b>				
Debt to Equity Ratio	(Times)	1.0	0.9	0.9
Net Debt to Equity	(Times)	0.6	0.5	0.4
Interest Coverage Ratio	(Times)	8.2	13.6	10.5
Cash Flow Adequacy	(Times)	0.9	1.1	0.8
Interest bearing debt to EBITDA	(Times)	5.9	3.3	3.5
Net debt to EBITDA**	(Times)	4.3	2.6	2.1
Dividend Payout Ratio	(%)	44.9	47.1	49.2

Note:

\* Net Profit Margin = Profit for the year attributable to owners of the Company / Total revenue

\*\* Net debt to EBITDA = Total debt (interest-bearing), less cash and cash under management / EBITDA

# 11

## List of subsidiaries, joint ventures, associates and other companies of which their operations are significant

Name	Principal Business / Products	Location (Head Office /Factory)
<b>Cement and Building Materials Business</b>		
<b>Subsidiaries</b>		
1 SCG Cement Co., Ltd.	Holding company / Production and distribution of electricity / Research and management service	Bangkok
2 The Concrete Products and Aggregate Co., Ltd.	Holding company / Management service	Bangkok
3 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement, dry mortar and ready mixed concrete	Saraburi
4 The Siam Cement (Ta Luang) Co., Ltd.	Cement, dry mortar, white cement and ready mixed concrete	Saraburi
5 The Siam Cement (Thung Song) Co., Ltd.	Cement, dry mortar and ready mixed concrete	Nakhon Si Thammarat
6 The Siam Cement (Lampang) Co., Ltd.	Cement, dry mortar and ready mixed concrete	Lampang
7 Khammouane Cement Co., Ltd.	Cement	Lao PDR
8 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
9 Eco Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
10 SCI Eco Services Co., Ltd.	Industrial waste disposal	Bangkok / Saraburi / Nakhon Si Thammarat
11 Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
12 Silathai Sanguan (2540) Co., Ltd.	Aggregates	Khon Kaen
13 Silasanon Co., Ltd.	Aggregates	Saraburi
14 PT SCG Pipe and Precast Indonesia	Concrete products	Indonesia
15 PT Semen Lebak	Cement	Indonesia
16 PT SCG Readymix Indonesia	Ready-mixed concrete	Indonesia
17 PT CPAC Surabaya	Ready-mixed concrete	Indonesia
18 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam
19 SCG Cement-Building Materials Vietnam Limited Liability Company	Cement distribution	Vietnam
20 Vietnam Construction Materials Joint Stock Company	Cement	Vietnam
21 Song Gianh Cement Joint Stock Company	Cement	Vietnam
22 Mien Trung Cement One Member Company Limited	Cement	Vietnam
23 Danang Cement One Member Company Limited	Cement	Vietnam
24 Phu Yen Cosevco Cement Company Limited	Cement	Vietnam

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam

The capital contribution is as stipulated in the investment certificate of the invested company

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding *</b> <b>(Percent)</b>
66-2586-3060-1	66-2586-3072	Ordinary shares	178	7,132	100
66-2555-5000	66-2555-5003	Ordinary shares	104	10,416	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100
0-3628-8900	0-3633-4710	Ordinary shares	6	575	100
0-3621-8400					
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100
(856) 51-628-000	-	Ordinary shares	32	11,188	100
		Preferred shares	0.06	21	
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100
66-3628-9103	66-3628-1212	Ordinary shares	0.5	50	100
66-2962-7295-7	66-2962-7298	Ordinary shares	2	187	100
66-2022-7888	66-2022-7889	Ordinary shares	8	800	100
66-4335-8031	66-4335-8033	Ordinary shares	1	54	100
66-2555-5000	66-2555-5003	Ordinary shares	3	280	100
(6221) 799-3068	(6221) 799-2208	Ordinary shares	15	466	100
(6221) 798-3751	(6221) 791-80919	Ordinary shares	0.04	1,193	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	12	365	100
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100
(84) 28-3974-4380-3	(84) 28-3974-1888	**	-	196	100
(84) 93-3558-096	-	**	-	47	100
(84) 52-6262-666	(84) 52-6268-666	Ordinary shares	363	5,505	100
(84) 232-3535-098	(84) 232-3535-071	Ordinary shares	226	3,284	100
(84) 511-2227-803	(84) 511-3784-139	**	-	23	100
(84) 511-3481-302	(84) 511-3481-302	**	-	15	100
(84) 57-3790-178	(84) 57-3790-236	**	-	15	100

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
25 CPAC Construction Solution Co., Ltd.	Construction solution	Bangkok
26 SCG Building Materials Co., Ltd.	Holding company	Bangkok
27 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok
28 MRC Roofing Co., Ltd.	Holding company	Bangkok
29 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
30 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	The Philippines
31 Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
32 The Siam Fibre-Cement Co., Ltd.	Holding company	Bangkok
33 Siam Fibre Cement Group Co., Ltd.	Fiber cement products / roofing ceiling wall floor and decorative materials	Saraburi / Lampang / Nakhon Si Thammarat
34 SCG Landscape Co., Ltd.	Concrete paving block, fence and wall tiles	Bangkok / Saraburi / Chon Buri / Khon Kaen / Nakhon Si Thammarat / Lamphun
35 Siam Fiberglass Co., Ltd.	Insulation and glass wools / Translucent Roof Sheet	Saraburi
36 SCG Roofing Co., Ltd.	Concrete and Ceramic roof tiles	Nakhon Pathom / Saraburi / Lamphun / Khon Kaen / Nakhon Si Thammarat / Chon Buri
37 SCG Concrete Roof (Vietnam) Co., Ltd.	Concrete roof tiles	Vietnam
38 SCG Concrete Roof (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
39 SCG Cement-Building Materials Philippines, Inc.	Concrete products	The Philippines
40 PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
41 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok / Nakhon Ratchasima
42 SCG Cement-Building Materials Company Limited	Holding company	Bangkok
43 SCG Distribution Co., Ltd.	Holding company / Domestic distribution	Bangkok
44 SCG International Corporation Co., Ltd.	International trading	Bangkok
45 SCG International Australia Pty. Ltd.	International trading	Australia
46 SCG International China (Guangzhou) Co., Ltd.	International trading	China
47 SCG International Hong Kong Limited	International trading	Hong Kong
48 SCG International (Philippines) Corporation	International trading	The Philippines
49 SCG International USA Inc.	International trading	USA
50 PT SCG International Indonesia	International trading	Indonesia
51 SCG International Laos Co., Ltd.	International trading	Lao PDR
52 SCG Marketing Philippines Inc.	International trading	The Philippines
53 SCG International (Malaysia) Sdn. Bhd.	International trading	Malaysia
54 SCG International (Cambodia) Co., Ltd.	International trading	Cambodia

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam / China

The capital contribution is as stipulated in the investment certificate of the invested company

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
66-2555-5595	-	Ordinary shares	4	19	100
66-2586-3333	66-2586-2761	Ordinary shares	79	7,909	100
66-2586-3333	66-2586-2761	Ordinary shares	7	148	100
66-2586-3333	66-2555-0001	Ordinary shares	0.007	0.7	100
66-2586-3333	66-2587-2118	Ordinary shares	60	6,037	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	174	192	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	7	143	100
66-2586-3333	66-2586-2761	Ordinary shares	110	11,000	100
66-5433-7301-5	66-5433-7300	Ordinary shares	22	2,230	100
66-2586-6822	66-2586-6800	Ordinary shares	3	290	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	205	100
66-2586-3333	-	Ordinary shares	14	1,430	100
(84) 274-3767-581-4	(84) 274-3767-686	**	-	235	100
(855) 23-454-3888	-	Ordinary shares	0.1	43	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	14	136	100
(6226) 7861-0362	(6226) 7861-0360	Ordinary shares	4	1,253	100
66-2973-5040-54	0-4433-5583	Ordinary shares	2	200	100
66-2586-3333	66-2586-2961	Ordinary shares	976	24,392	100
66-2586-3333	66-2586-5454	Ordinary shares	275	16,452	100
66-2586-2222	66-2586-2251	Ordinary shares	4	400	100
(61) 2-9439-1441	-	Ordinary shares	0.2	5	100
(86) 20-8365-2559	-	**	-	113	100
(852) 3466-6535	(852) 3743-6807	Ordinary shares	45	220	100
(632) 7369-6505	-	Ordinary shares	0.5	38	100
(1) 310-323-2194-106	(1) 310-324-9528	Ordinary shares	0.1	36	100
(62) 21-576-4167	(62) 21-576-2594	Ordinary shares	8	8	100
(856) 21-454-596-7	-	Ordinary shares	0.1	58	100
(632) 501-8634	(632) 501-8635	Ordinary shares	2	133	100
(632) 501-8630					
(60) 3-5632-0168	(60) 3-5632-0158	Ordinary shares	2	14	100
(855) 23-990-401-5	-	Ordinary shares	0.0001	1	100

<b>Name</b>		<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
55	SCG International Middle East DMCC	International trading	The United Arab Emirates
56	SCG International Middle East Trading L.L.C	International trading	The United Arab Emirates
57	SCG International Vietnam Co., Ltd.	Logistics service, international trading and domestic distribution	Vietnam
58	SCG International India Private Limited	International trading	India
59	SCG International Bangladesh Company Limited  (Formerly: Smart Build Bangladesh Co., Ltd.)	Dealer	Bangladesh
60	SCG Express Co., Ltd.	Logistics service	Bangkok
61	Oitolabs Technologies Private Limited	Information Technology service	India
62	SCG Building and Living Care Consulting Co., Ltd.	Consulting and building design	Bangkok
63	Nexter Living Co., Ltd.	Elder Safety Product	Bangkok
64	Myanmar CBM Services Co., Ltd.	Business services	Myanmar
65	Nexter Digital and Solution Co., Ltd.  (Formerly: Nexter Digital Co., Ltd.)	Business services	Bangkok
66	BetterBe Marketplace Co., Ltd.	Business services	Bangkok
67	Nexter Ventures Co., Ltd.	Holding company	Bangkok
68	SCG Living and Housing Solution Co., Ltd.	Living and housing solutions	Bangkok
69	SCG Experience Co., Ltd.	Exhibition center, services and consultation	Bangkok
70	PT Renos Marketplace Indonesia	Marketplace	Indonesia
71	SCG Retail Holding Co., Ltd.	Holding company	Bangkok
72	Prime Group Joint Stock Company	Holding company	Vietnam
73	Prime Trading, Import and Export One Member Limited Liability Company	Marketing and sales of floor and wall ceramic tiles	Vietnam
74	SCG Home Vietnam Co., Ltd.  (Formerly: Prime International Import - Export and Service Trading Company Limited)	Home decoration and related product store	Vietnam
75	Prime - Ngoi Viet Joint Stock Company	Clay roof tiles	Vietnam
76	Prime Pho Yen Joint Stock Company	Floor ceramic tiles	Vietnam
77	Prime - Yen Binh Joint Stock Company	Wall ceramic tiles	Vietnam
78	Prime - Tien Phong Joint Stock Company	Floor and wall ceramic tiles	Vietnam
79	Prime - Vinh Phuc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
80	Prime - Truong Xuan Joint Stock Company	Water heater and mechanical	Vietnam
81	Buu Long Industry and Investment Joint Stock Company	White cement, tile grout, tile fix, skim coat	Vietnam
82	Siam Sanitary Ware Co., Ltd.	Holding company	Bangkok
83	Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Bangkok / Saraburi
84	Siam Sanitary Ware Industry (Nongkao) Co., Ltd.	Sanitary ware	Bangkok / Saraburi
85	PT Semen Jawa	Cement	Indonesia
86	SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
87	SCG Logistics Lao Co., Ltd.	Logistics service	Lao PDR
88	SCG Logistics Management (Cambodia) Co., Ltd.	Logistics service	Cambodia

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam

The capital contribution is as stipulated in the investment certificate of the invested company

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding *</b> <b>(Percent)</b>
(971) 4-552-0293	(971) 4-552-0294	Ordinary shares	0.001	11	100
(971) 50-450-0270	-	Ordinary shares	5	51	100
(84) 83-526-9001	(84) 83-526-9009	**	-	64	100
(91) 12-4400-6413	-	Ordinary shares	2	95	100
(880) 1787-659249	-	Ordinary shares	0.06	24	100
66-2239-8999	66-2168-3230	Ordinary shares	1	1,463	100
(91) 80-6743-1100	-	Ordinary shares	4	17	100
66-2586-4444	-	Ordinary shares	0.3	25	100
66-2030-1000	66-2586-2250	Ordinary shares	2	231	100
(951) 966-2014	(951) 966-2014	Ordinary shares	0.02	66	100
66-2586-6950	-	Ordinary shares	37	187	100
66-2586-4111	66-2586-4017	Ordinary shares	78	1,953	100
66-2586-3333	66-2586-5625	Ordinary shares	4	361	100
66-2586-3333	-	Ordinary shares	3	332	100
66-2101-9922	66-2101-9920	Ordinary shares	5	500	100
(6221) 8051-1688	-	Ordinary shares	481	110	100
66-2586-3333	-	Ordinary shares	25	2,535	100
(84) 211-3888-987	-	Ordinary shares	101	1,413	100
(84) 211-3888-987	-	**	-	420	100
(84) 211-3888-386	-	**	-	6	100
(84) 211-3597-696	-	Ordinary shares	25	350	100
(84) 280-3866-632	-	Ordinary shares	15	210	100
(84) 211-3866-152	-	Ordinary shares	13	182	100
(84) 211-3888-174	-	Ordinary shares	12	168	100
(84) 211-3866-637	-	Ordinary shares	25	350	100
(84) 211-3726-552	-	Ordinary shares	6	84	99
(84) 251-3965-475	(84) 251-3965-478	Ordinary shares	4	56	99
66-2973-5040-54	66-2551-3512	Ordinary shares	1	60	99
66-2973-5040-54	66-3626-3522	Ordinary shares	2	200	99
66-2973-5040-54	66-3637-3664	Ordinary shares	2	160	99
(6221) 350-9491	(6221) 350-9704	Ordinary shares	348	11,352	98
66-2586-3333	66-2586-2158	Ordinary shares	36	3,567	98
(856) 20-9149-4545	-	Ordinary shares	0.1	13	98
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.03	11	98

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
89 SCG Logistics Philippines, Inc.	Logistics service	The Philippines
90 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
91 Mawlamyine Cement Limited	Cement	Myanmar
92 Prime Dai An Joint Stock Company	Exploration and processing materials	Vietnam
93 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia
94 Unify Smart Tech Joint Stock Company	Information Technology service	Vietnam
95 Kampot Cement Co., Ltd.	Cement	Cambodia
96 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia
97 PT Keramika Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia
98 PT Kokoh Inti Arebama Tbk.	Building materials distribution	Indonesia
99 PT Karya Makmur Kreasi Prima	Ceramics retail shops	Indonesia
100 Prime Dai Viet Joint Stock Company	Floor and wall ceramic tiles	Vietnam
101 Prime Thien Phuc Joint Stock Company	Exploration and processing materials	Vietnam
102 Prime Phong Dien Joint Stock Company	Manufacture of materials	Vietnam
103 Prime Dai Loc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
104 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
105 SCG Ceramics Public Company Limited	Floor and wall ceramic tiles and Industrial Estate	Bangkok
106 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
107 Saraburirat Co., Ltd.	Concrete paving tiles, terrazo tiles, wall tiles	Saraburi
108 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	The Philippines
109 SUSUNN Smart Solution Co., Ltd.	Engineering Solution Provider	Saraburi
110 SCG Myanmar Concrete and Aggregate Co., Ltd.	Ready-mixed concrete and related products	Myanmar
111 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia
112 SCG Home Retail Co., Ltd.	Franchise - retail business	Bangkok
113 SCG Builk One Philippines, Inc.	Provide digital platform service for the construction business	The Philippines
114 Green Conservation Solution Co., Ltd.	Municipal solid waste management service and use refuse derived fuel as alternative energy	Bangkok
115 Prime Hao Phu Joint Stock Company	Exploration and processing materials	Vietnam
116 SCGT Automobile Co., Ltd.	Dealer	Bangkok
117 Quality Construction Products Public Company Limited	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Phra Nakhon Si Ayutthaya
118 Q-Con Eastern Co., Ltd.	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Rayong

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect (Percent)</b>
09-989-675-994	-	Ordinary shares	1	7	98
66-3672-4377	66-3672-4378	Ordinary shares	0.05	5	98
(959) 796-093-056	-	Ordinary shares	0.8	12,814	96
(959) 978-757-519					
(84) 211-6535-659	-	Ordinary shares	3	35	95
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,768	1,614	94
(84) 90-5559-562	-	Ordinary shares	1	7	93
(855) 23-996-839	-	Ordinary shares	13	4,275	92
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	92
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,603	92
(6221) 797-1190	(6221) 797-1090	Ordinary shares	981	350	91
(6221) 797-1190	(6221) 797-1090	Ordinary shares	10	23	91
(84) 211-3845-238	-	Ordinary shares	13	182	90
(84) 234-3626-282	-	Ordinary shares	5	70	90
(84) 234-3625-966	-	Ordinary shares	3	35	90
(84) 235-3509-999	-	Ordinary shares	30	414	90
(855) 12-222-102	-	Ordinary shares	0.002	128	90
66-2586-3333	66-2587-2118	Ordinary shares	5,963	5,963	83
66-3637-6300	66-3637-6319	Ordinary shares	0.01	800	83
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83
(632) 717-6901	(6343) 778-2934	Ordinary shares	600	558	83
66-3637-6100	-	Ordinary shares	1	100	83
(959) 783-914-137	-	Ordinary shares	0.06	207	80
(959) 783-914-139					
(6221) 5397-091	(6221) 5397-094	Ordinary shares	0.01	87	80
66-2657-1116	-	Ordinary shares	8	815	77
(632) 501-8634	(632) 501-8635	Ordinary shares	2	16	76
66-2586-3333	66-2586-2979	Ordinary shares	2	185	74
(84) 27-383-2270	-	Ordinary shares	3	35	70
66-2586-1402	66-2586-2203	Ordinary shares	15	146	67
66-3525-9131-4	66-3525-9130	Ordinary shares	400	400	61
66-3865-0512-5	66-3895-6469	Ordinary shares	59	590	61

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
119 Rudy Technology Co., Ltd.	Business services	Bangkok
120 SCG-PSA Holdings Co., Ltd.	Holding company	Bangkok
121 Prime Dai Quang Joint Stock Company	Packaging	Vietnam
122 Zifisense Asia Co., Ltd.	Import and distribution	Bangkok
123 Panel World Co., Ltd.	Cement-bonded particleboard	Samut Sakhon
124 SCG-Shwe Me Logistics (Myanmar) Co., Ltd.	Logistics service	Myanmar
125 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
126 Jumbo Barges (Cambodia) Co., Ltd.	Transportation by lighter	Cambodia
127 SCG-Sekisui Sales Co., Ltd.	Construction and interior service	Bangkok
128 SCG-Boonthavorn Holding Co., Ltd.	Holding company	Bangkok
129 Mingalar Motor Co., Ltd.	Dealer	Myanmar
130 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
131 PT Siam-Indo Concrete Products	Fiber cement roof tiles	Indonesia
132 Thai Connectivity Terminal Co., Ltd.	Shipping port	Samut Prakan
133 Bangkok Interfreight Forwarding Co., Ltd.	Logistics service	Samut Prakan
134 SCG Ceramics – Ly Heng Chhay (Cambodia) Co., Ltd.	Retail store (Ceramic tiles and ware)	Cambodia
135 PT Pion Quarry Nusantara	Aggregates	Indonesia
136 Home Center Quang Ninh Joint Stock Company	Retail store	Vietnam
137 PT SCG Barito Logistics	Logistics service	Indonesia
138 PT Tambang Semen Sukabumi	Limestone quarry	Indonesia
139 Kampot Land Co., Ltd.	Land investment	Cambodia
140 SCG-Boonthavorn (Cambodia) Co., Ltd.	Home decoration and related product store	Cambodia

#### **Joint Ventures, Associates and Other Companies**

141 Global House International Company Limited ***	Holding company	Bangkok
142 BIMobject (Thailand) Co., Ltd. ***	Digital platform	Bangkok
143 CPAC SB&M Lifetime Solution Co., Ltd. ***	Repairing and maintenance product and service	Bangkok
144 Siam Smart Data Co., Ltd. ***	Holding company	Bangkok
145 SCG Nichirei Logistics Co., Ltd. ***	Cold Chain	Bangkok
146 Sekisui-SCG Industry Co., Ltd.	Modular housing components	Saraburi
147 China ASEAN Supply Chain Management Co., Ltd.	Logistics service	China
148 Siam Cement Big Bloc Construction Technologies Private Limited	Autoclaved aerated concrete blocks	India
149 Survey Marine Services Co., Ltd.	Land rental	Bangkok
150 Green Siam Resources Corporation	Baling business	The Philippines
151 Mariwasa Holdings, Inc.	Holding company	The Philippines
152 CMPI Holdings, Inc.	Holding company	The Philippines
153 Siam Saison Co., Ltd.	Financial service	Bangkok

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
66-97140-1669	-	Ordinary shares	1	12	61
66-2586-4173	66-2586-6904	Ordinary shares	3	256	59
(84) 235-3761-666	-	Ordinary shares	2	28	56
0-2030-1000	-	Ordinary shares	0.2	6	56
66-3447-3067-70	66-3447-3063	Ordinary shares	2	245	55
(959) 43-083-164	-	Ordinary shares	2	58	54
66-2872-3014-5	66-2872-3016	Ordinary shares	5	457	54
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.001	0.2	54
66-2586-1323	66-2586-4364	Ordinary shares	8	825	51
66-2693-1108-6010	-	Ordinary shares	8	601	51
(95) 1-751-4940-41	-	Ordinary shares	0.01	166	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50
66-2754-4501-9	66-2754-4513	Ordinary shares	1	63	50
66-2754-4501-9	66-2754-4513	Ordinary shares	0.02	2	50
(855) 92-222-037	-	Ordinary shares	0.01	19	50
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.01	16	49
(84) 203-6520-959	-	Ordinary shares	0.6	8	49
(6221) 530-7970	(6221) 530-7971	Ordinary shares	4	103	48
(6221) 350-9491	(6221) 350-9704	Ordinary shares	62	164	48
(855) 12-442-737	-	Ordinary shares	0.001	0.2	45
(855) 99-888-956	-	Ordinary shares	12	381	41
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66-2586-3333	66-2586-5454	Ordinary shares	35	3,283	66
66-63270-4665	-	Ordinary shares	0.1	5	51
66-81750-6874					
66-2555-5595	-	Ordinary shares	0.4	35	51
66-2586-3021	66-2586-2391	Ordinary shares	0.2	211	51
66-2706-1710	-	Ordinary shares	8	770	50
66-3637-3478	66-3637-3480	Ordinary shares	23	2,325	49
(86) 771-508-6999-30281	-	Ordinary shares	25	116	48
(91) 26-1246-3261	(91) 26-1246-3264	Ordinary shares	0.1	0.4	48
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40
(632) 717-6901	(6343) 778-2934	Ordinary shares	248	235	40
(632) 813-1666	(632) 813-1704	Ordinary shares	48	55	40
66-2586-3021	66-2586-2391	Ordinary shares	0.3	300	36

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
154 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
155 Siam Validus Capital Company Limited	Crowdfunding platform	Bangkok
156 PT Catur Sentosa Adiprana Tbk	Retailer and distributor of construction materials	Indonesia
157 PT Catur Mitra Sejati Sentosa	Modern retail business	Indonesia
158 PT Catur Sentosa Berhasil	Modern retail business	Indonesia
159 PT Catur Sentosa Anugerah	Distribution	Indonesia
160 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
161 The Siam Gypsum Industry Co., Ltd.	Holding company	Bangkok
162 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Saraburi
163 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Songkhla
164 PT M Class Industry	Clay roof tiles	Indonesia
165 PT Caturaditya Sentosa	Distribution	Indonesia
166 PT Catur Logamindo Sentosa	Distribution	Indonesia
167 Global House (Cambodia) Company Limited	Building materials and home improvement products distribution	Cambodia
168 PT Catur Hasil Sentosa	Modern retail business	Indonesia
169 PT Caturadiluhur Sentosa	Distribution	Indonesia
170 PT Eleganza Tile Indonesia	Distribution	Indonesia
171 PT Kusuma Kemindo Sentosa	Distribution	Indonesia
172 Asia Cement Public Company Limited	Cement	Bangkok
173 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
174 Finfloor S.p.A.	Holding company	Italy
<b>SCGC (Chemicals Business)</b>		
<b>Subsidiaries</b>		
175 SCG Chemicals Public Company Limited (Formerly: SCG Chemicals Co., Ltd.)	Holding company	Bangkok
176 Thai Polyethylene Co., Ltd.	Polyethylene and polypropylene	Rayong
177 SCG Chemicals Trading Singapore Pte. Ltd.	International trading	Singapore
178 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
179 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
180 Repco Maintenance Co., Ltd.	Engineering and plant service	Rayong
181 REPCO NEX (Vietnam) Company Limited	Engineering and plant service	Vietnam
182 RIL 1996 Co., Ltd.	Industrial Estate	Rayong
183 Texplore Co., Ltd.	Chemical technology services	Bangkok

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\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam / China

The capital contribution is as stipulated in the investment certificate of the invested company

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
66-4351-9597	66-4351-1492	Ordinary shares	4,802	4,802	33
662-026-6574	-	Ordinary shares	13	127	33
(6221) 566-8801	(6221) 566-9445	Ordinary shares	4,458	1,030	31
(6221) 5420-4999	(6221) 5421-7375	Ordinary shares	8,000	1,617	31
	(6221) 5421-7383				
(6221) 580-0757	(6221) 580-0758	Ordinary shares	130	300	31
(6221) 619-7255	(6221) 619-0009	Ordinary shares	0.1	185	31
(86) 553-839-9877	(86) 553-839-9888	**	-	816	30
66-2555-0055	66-2555-0001-6	Ordinary shares	2	150	29
66-3621-8200	66-3621-8201	Ordinary shares	5	470	29
66-7420-0400	66-7420-0401	Ordinary shares	1	120	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28
(6221) 4682-6456-58	(6221) 4682-6455	Ordinary shares	0.003	7	28
(6227) 445-2010	(6227) 445-2011	Ordinary shares	0.002	3	22
(855) 23-232-232	(855) 23-232-231	Ordinary shares	0.002	521	18
(6272) 132-057	(6272) 132-058	Ordinary shares	0.001	2	17
(6271) 1564-5723-29	(6271) 1564-5730	Ordinary shares	0.01	23	16
(6221) 566-6360	(6221) 568-2081	Ordinary shares	0.03	58	16
(6221) 565-3736	(6221) 566-9443	Ordinary shares	1,500	37	13
(6221) 5694-2213	(6221) 560-2025				
66-2641-5600	-	Ordinary shares	778	3,892	10
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	10
(39) 05-3684-0111	(39) 05-3684-0322	Ordinary shares	11	429	5
66-2586-1111	66-2586-5561	Ordinary shares	11,445	114,453	100
66-3868-3393-7	66-3868-3398	Ordinary shares	52	5,190	100
(65) 6221-5368	(65) 6221-5346	Ordinary shares	1	23	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.05	5	100
66-3868-2632-3	66-3868-2633	Ordinary shares	0.01	1	100
66-3893-7000	66-3803-5380	Ordinary shares	2	215	100
66-2586-3333	-	**	-	11	100
66-3893-7010	66-3803-5575	Ordinary shares	11	1,100	100
66-2586-4779	66-2586-5453	Ordinary shares	0.01	1	100

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
184 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
185 Long Son Petrochemicals Co., Ltd.	Integrated petrochemical company	Vietnam
186 WTE Company Limited	Holding company	Bangkok
187 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
188 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
189 Hexagon International, Inc.	Holding company	USA
190 SENFI Norway AS	Holding company	Norway
191 Norner AS	Research and development	Norway
192 Norner Research AS	Research Institute	Norway
193 SCGN AS	Technology service and licensing	Norway
194 SMH Co., Ltd.	Research and development and technology service	Bangkok
195 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
196 PT TPC Indo Plastic and Chemicals	PVC	Indonesia
197 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
198 Nawaplastic Industries Co., Ltd.	PVC pipe and fittings	Bangkok
199 Nawa Intertech Co., Ltd.	Molding products	Rayong
200 Chemtech Co., Ltd.	Plastic compound	Vietnam
201 Total Plant Service Co., Ltd.	Holding company	Rayong
202 Xplore S.R.L.	Research and development	Italy
203 SENFI UK Limited	Research and development	The United Kingdom
204 SENFI Swiss GmbH	Marketing service	Switzerland
205 SENFI Ventures Company Limited	Holding company	Bangkok
206 Rayong Pipeline Co., Ltd.	Rights of pipe rack use	Rayong
207 SCG ICO Polymers Company Limited	Rotomolding compound	Bangkok
208 Map Ta Phut Tank Terminal Co., Ltd.	Tank and terminal service	Rayong
209 Grand Nawaplastic Myanmar Co., Ltd.	PVC pipe and fittings	Myanmar
210 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
211 TPC Vina Plastic and Chemical Corporation Ltd.	PVC	Vietnam
212 Sirplaste - Sociedade Industrial de Recuperados de Plástico, S.A.	Plastic recycling	Portugal
213 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
214 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
215 Nawaplastic (Cambodia) Co., Ltd.	PVC pipe and fittings	Cambodia
216 Circular Plas Company Limited	Plastic recycling	Rayong
217 Recycling Holding Volendam B.V.	Plastic recycling	The Netherlands
218 Kras Investments B.V.	Plastic recycling	The Netherlands
219 Krasgroup Vastgoed B.V.	Plastic recycling	The Netherlands
220 Kras Belgium B.V.	Plastic recycling	Belgium

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam / Italy

The capital contribution is as stipulated in the investment certificate of the invested company

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
66-2586-5435	-	Ordinary shares	798	79,813	100
(84) 283-911-8660	-	**	-	82,374	100
66-2586-3333	-	Ordinary shares	0.8	84	100
(65) 6221-5368	-	Ordinary shares	38	804	100
(65) 6297-9661	-	Ordinary shares	112	2,349	100
66-2586-4444	-	Ordinary shares	2	67	100
(47) 3557-8000	(47) 3557-8124	Ordinary shares	0.01	3	100
(47) 3557-8001	(47) 3557-8125	Ordinary shares	0.001	0.1	100
(47) 3557-8002	(47) 3557-8126	Ordinary shares	0.001	0.1	100
(47) 3557-8003	(47) 3557-8127	Ordinary shares	0.001	0.1	100
66-2586-4859	66-2586-6277	Ordinary shares	2	170	100
66-2586-4235	66-2827-7273	Ordinary shares	875	875	100
(6231) 395-2945	(6231) 395-2944	Ordinary shares	0.03	1,020	100
66-2827-7272	66-2827-7273	Ordinary shares	3	333	100
66-2555-0888	66-2586-2929	Ordinary shares	4	400	100
66-3889-2190-9	66-3889-2200	Ordinary shares	0.4	40	100
(84) 650-3784-992	(84) 650-3784-993	**	-	103	100
66-2827-7272	66-2827-7273	Ordinary shares	12	1,180	100
(39) 08-1674-051	-	**	-	1	100
66-2586-4444	-	Ordinary shares	1	43	100
66-2586-4444	-	Ordinary shares	0.0003	1	100
66-2586-3333	-	Ordinary shares	5	450	100
66-3893-7065	66-3803-5381	Ordinary shares	4	400	92
66-2586-2649	66-2586-5561	Ordinary shares	4	380	87
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82
(959) 863-3988	-	Ordinary shares	1	273	80
(84) 650-3710-993	(84) 650-3740-065	**	-	75	72
(84) 83-8234-730	(84) 83-8234-725	**	-	1,013	70
(351) 244-870-070	(351) 244-870-071	Ordinary shares	0.8	147	70
66-3868-5040-8	66-3868-5036	Ordinary shares	108	10,820	68
66-3893-7000	-	Ordinary shares	225	22,520	67
(855) 23-882-072	(855) 23-885-172	Ordinary shares	1	179	60
66-2586-3333	-	Ordinary shares	2	190	60
(31) 29-936-3827	-	Ordinary shares	0.0006	2	60
(31) 29-936-3827	-	Ordinary shares	0.0001	0.004	60
(31) 29-936-3827	-	Ordinary shares	0.0009	3	60
(31) 29-936-3827	-	Ordinary shares	0.002	0.7	60
(32) 34-820-841					

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
221 Kras Asia Ltd.	Plastic recycling	Hong Kong
222 Kras Gemert B.V.	Plastic recycling	The Netherlands
223 Kras Hoek van Holland B.V.	Plastic recycling	The Netherlands
224 Kras Polymers B.V.	Plastic recycling	The Netherlands
225 Kras Recycling B.V.	Plastic recycling	The Netherlands
226 PT Nusantara Polymer Solutions	Trading	Indonesia
227 Binh Minh Plastics Joint Stock Company	PVC pipe and fittings	Vietnam
228 North Binh Minh Plastics Limited Company	PVC pipe and fittings	Vietnam
229 PT Berjaya Nawaplastic Indonesia	PVC pipe and fittings	Indonesia
230 Kation Power Co., Ltd.	Plant service	Bangkok
231 Flowlab & Service Co., Ltd.	Calibration service	Rayong
232 REKS L.L.C.	Plastic recycling	Kosovo
<b>Associates and Other Companies</b>		
233 SCG Plastics (China) Co., Limited ***	Trading	Hong Kong
234 SCG Plastics (Shanghai) Co., Ltd. ***	Trading	China
235 Bangkok Synthetics Co., Ltd. ***	Raw materials for synthetic rubber	Bangkok
236 BST Elastomers Co., Ltd. ***	Synthetic rubber	Bangkok
237 A.J. Plast (Vietnam) Company Limited	Packaging film	Vietnam
238 Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
239 Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
240 Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
241 Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
242 Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
243 PT Siam Maspion Terminal ***	Tank and terminal service	Indonesia
244 Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
245 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
246 Thai MFC Co., Ltd.	Melamine compound	Rayong
247 Siam Tohcello Co., Ltd.	Packaging film	Rayong
248 PT Trans-Pacific Polyethylene Indonesia	Polyethylene	Indonesia
249 PT Trans-Pacific Polyethylindo	Polyethylene	Indonesia
250 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
251 PT Chandra Asri Petrochemical Tbk.	Integrated petrochemical company	Indonesia
252 Chandra Asri Trading Company Pte. Ltd.	Trading	Singapore
253 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
254 Da Nang Plastic Joint Stock Company	PVC pipe	Vietnam

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\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
(852) 35-807-365	-	Ordinary shares	0.01	0.05	60
(31) 29-936-3827	-	Ordinary shares	0.008	22	60
(31) 49-236-3666					
(31) 29-936-3827	-	Ordinary shares	0.0009	3	60
(31) 17-424-2788					
(31) 29-936-3827	-	Ordinary shares	0.0001	0.004	60
(31) 29-936-3827	-	Ordinary shares	0.001	1	60
(6221) 535-5678	(6221) 536-79185	Ordinary shares	1	23	55
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	82	1,123	54
(84) 321-3967-868	(84) 321-3967-869	**	-	213	54
(6221) 2956-6526-28	(6221) 2956-6529	Ordinary shares	0.1	151	51
66-2539-7268	66-2539-7431	Ordinary shares	2	20	51
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51
(383) 4817-0170	-	Ordinary shares	3,701	137	45
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	60
(86) 216-888-6091	(86) 216-888-6092	**	-	25	60
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	54
66-2679-5120	66-2679-5119	Ordinary shares	21	525	54
66-2586-3333	-	**	-	719	50
66-3867-3000	66-3868-3991	Ordinary shares	48	1,189	50
66-3867-3000	66-3868-3991	Ordinary shares	59	5,789	50
66-3867-3000	66-3868-3991	Ordinary shares	45	4,366	50
66-3867-3000	66-3868-3991	Ordinary shares	10	995	50
66-3891-3133	66-3869-3134	Ordinary shares	14	1,325	50
(6231) 395-2945-8	(6231) 353-3218	Ordinary shares	0.01	327	50
66-3891-1700	66-3868-4855	Ordinary shares	56	5,590	47
66-3868-4241	66-3868-4255	Ordinary shares	1	64	46
66-3868-3760	66-3891-4250	Ordinary shares	2	200	45
66-3301-0525	66-3301-0506	Ordinary shares	1	406	45
(6221) 574-5880	-	Ordinary shares	0.2	472	39
(6221) 574-5880	-	Ordinary shares	0.1	337	39
66-2501-1054	66-2501-1198	Ordinary shares	1	120	35
(6221) 530-7950	(6221) 530-8930	Ordinary shares	21,628	62,157	31
(6221) 530-7950	-	Ordinary shares	5	152	31
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	15	596	20
(84) 36-3714-460	(84) 36-3714-561	Ordinary shares	2	31	16

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
255 Binh Minh Viet Trading Investment Real Estate Joint Stock Company	Real estate business	Vietnam
256 Circular Plastics Holding B.V.	Plastic recycling	The Netherlands
257 Circular Plastics Alliance B.V.	Plastic recycling	The Netherlands
258 Circular Plastics B.V.	Plastic recycling	The Netherlands
<b>SCGP (Packaging Business)</b>		
<b>Subsidiaries</b>		
259 SCG Packaging Public Company Limited	Holding company	Bangkok
260 Jordan Trading Inc.	Packaging Materials Recycling	USA
261 Siam Kraft Industry Co., Ltd.	Packaging paper	Bangkok
262 Vexcel Pack Co., Ltd. (Formerly: Visy Packaging (Thailand) Limited)	Rigid packaging	Rayong
263 Precision Print Co., Ltd.	Fiber-based packaging	Samut Sakhon
264 Invenique Co., Ltd.	Asset and intellectual property management service	Bangkok
265 SCGP Excellence Training Center Co., Ltd.	Training and seminar	Bangkok
266 SCG Paper Energy Co., Ltd.	Energy and utilities	Bangkok
267 SCGP Solutions Co., Ltd.	Holding company	Bangkok
268 SCGP Solutions (Singapore) Pte. Ltd.	Holding company	Singapore
269 Go-Pak UK Limited	Foodservice packaging	The United Kingdom
270 Go-Pak Vietnam Limited	Foodservice packaging	Vietnam
271 Go-Pak Paper Products Vietnam Co., Ltd.	Foodservice packaging	Vietnam
272 Peute Recycling B.V.	Holding company	The Netherlands
273 Peute Papierrecycling B.V.	Packaging Materials Recycling	The Netherlands
274 Peute Plasticrecycling B.V.	Packaging Materials Recycling	The Netherlands
275 Peute Recycling International B.V.	Holding company	The Netherlands
276 Peute UK Limited	Packaging Materials Recycling	The United Kingdom
277 Peute Portugal, Unipessoal Lda	Packaging Materials Recycling	Portugal
278 Peute Recycling Spain S.L.	Packaging Materials Recycling	Spain
279 SCGP Rigid Plastics Co., Ltd.	Holding company	Bangkok
280 SCGP Rigid Packaging Solutions Pte. Ltd.	Holding company	Singapore
281 International Healthcare Packaging Co., Ltd.	Holding company	Bangkok
282 SKIC International Co., Ltd.	Holding company	Bangkok
283 Thai Cane Paper Public Company Limited	Packaging paper	Kanchanaburi
284 Deltalab Global, S.L.	Holding company	Spain
285 Deltalab, S.L.	Medical Supplies and Labware	Spain
286 Keylab, S.L.U.	Medical Supplies and Labware	Spain
287 Nirco, S.L.	Medical Supplies and Labware	Spain

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<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding *</b> <b>(Percent)</b>
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	21	288	14
(31) 29-738-0300	-	Ordinary shares	0.3	0.09	12
(31) 29-738-0300	-	Ordinary shares	0.002	0.07	12
(31) 29-738-0300	-	Ordinary shares	0.001	0.04	12
66-2586-3333	66-2586-2164	Ordinary shares	4,293	4,293	72
(845) 338-5379	-	Ordinary shares	0.0001	18	75
66-2586-3333	66-2586-2164	Ordinary shares	35	3,450	72
66-3895-8200	66-3895-0078	Ordinary shares	5	497	72
66-2105-4477	66-3445-2339	Ordinary shares	3	33	72
66-2586-3333	66-2586-2164	Ordinary shares	2	207	72
66-2586-3876	66-2586-4507	Ordinary shares	1	49	72
66-2586-3333	66-2586-2164	Ordinary shares	9	890	72
66-2586-3333	66-2586-2164	Ordinary shares	2	170	72
66-2586-3333	66-2586-2164	Ordinary shares	1,284	30,141	72
(44) 14-5428-5400	(44) 14-5428-5401	Ordinary shares	8	318	72
(84) 274-3815-148	(84) 274-3815-150	**	-	14	72
(84) 274-3866-368	-	**	-	11	72
(31) 78-621-4488	-	Ordinary shares	0.0002	1	72
(31) 78-621-4488	-	Ordinary shares	0.00004	1	72
(31) 78-621-4488	-	Ordinary shares	0.02	1	72
(31) 78-621-4488	-	Ordinary shares	0.02	1	72
(31) 78-621-4488	-	Ordinary shares	0.03	1	72
(31) 78-621-4488	-	Ordinary shares	0.000001	2	72
(34) 952-567-009	-	Ordinary shares	0.003	0.1	72
66-2586-3333	66-2586-2164	Ordinary shares	62	4,403	72
66-2586-3333	66-2586-2164	Ordinary shares	361	8,900	72
66-2586-3333	66-2586-2164	Ordinary shares	34	3,361	72
66-2586-3333	66-2586-2164	Ordinary shares	0.001	0.1	72
66-3461-5800	66-3461-5899	Ordinary shares	358	3,583	71
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	5	200	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	4	141	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.05	2	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.2	40	61

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
288 Envases Farmaceuticos, S.A.	Medical Supplies and Labware	Spain
289 Equilabo Scientific, S.L.U.	Medical Supplies and Labware	Spain
290 Sanilabo, S.L.U.	Medical Supplies and Labware	Spain
291 United Pulp and Paper Co., Inc.	Packaging paper	The Philippines
292 Thai Containers Group Co., Ltd.	Fiber-based packaging	Bangkok / Ratchaburi / Samut Prakan / Pathum Thani
293 Thai Containers Khonkaen Co., Ltd.	Fiber-based packaging	Khon Kaen
294 Thai Containers Rayong Co., Ltd.	Fiber-based packaging	Rayong
295 Vina Kraft Paper Co., Ltd.	Packaging paper	Vietnam
296 New Asia Industries Co., Ltd.	Fiber-based packaging	Vietnam
297 Alcamax Packaging (Vietnam) Co., Ltd.	Fiber-based packaging	Vietnam
298 AP Packaging (Hanoi) Co., Ltd.	Fiber-based packaging	Vietnam
299 Packamex (Vietnam) Co., Ltd.	Fiber-based packaging	Vietnam
300 Orient Containers Co., Ltd.	Fiber-based packaging	Samut Sakhon
301 PT Indoris Printingdo	Fiber-based packaging	Indonesia
302 PT Indocorr Packaging Cikarang	Fiber-based packaging	Indonesia
303 Duy Tan Plastics Manufacturing Corporation Joint Stock Company	Rigid packaging	Vietnam
304 Duy Tan Long An Co., Ltd.	Rigid packaging	Vietnam
305 Duy Tan Precision Mold Co., Ltd.	Rigid packaging	Vietnam
306 Duy Tan Binh Duong Plastics Co., Ltd.	Rigid packaging	Vietnam
307 Mata Plastic Co., Ltd.	Rigid packaging	Vietnam
308 Phoenix Pulp & Paper Public Company Limited	Foodservice packaging / Pulp and paper products	Bangkok
309 Thai Paper Co., Ltd.	Foodservice packaging / Pulp and paper products	Bangkok
310 The Siam Forestry Co., Ltd.	Forestry products	Bangkok
311 Panas Nimit Co., Ltd.	Forestry products	Bangkok
312 Thai Panason Co., Ltd.	Forestry products	Bangkok
313 Thai Panadorn Co., Ltd.	Forestry products	Bangkok
314 Thai Panaram Co., Ltd.	Forestry products	Bangkok
315 Suanpa Rungsaris Co., Ltd.	Forestry products	Bangkok
316 Siam Panawes Co., Ltd.	Forestry products	Bangkok
317 Thai Panaboon Co., Ltd.	Forestry products	Bangkok
318 Thai Wanabhum Co., Ltd.	Forestry products	Bangkok
319 TCG Solutions Pte. Ltd.	Holding company	Singapore
320 Interpress Printers Sendirian Berhad	Foodservice packaging	Malaysia

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<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.01	2	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.0003	1	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.006	0.2	61
(632) 870-0100	(632) 870-0409	Ordinary shares	200	1,462	54
		Preferred shares	1,108	4,105	
66-2586-5991	66-2586-4723	Ordinary shares	33	3,344	50
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	50
66-2586-3333	66-2586-2164	Ordinary shares	1	650	50
(848) 268-0240-2	(848) 268-0239	**	-	8,126	50
(84) 83-7294-160	(84) 83-7293-028	**	-	345	50
(84) 650-3743-031	(84) 65-0378-2816	**	-	607	50
(84) 32-0375-3862	(84) 32-0375-2868	**	-	248	50
(84) 83-7291-030	(84) 83-7291-031	**	-	220	50
66-3488-3422-4	66-3488-3421	Ordinary shares	26	260	50
(6221) 596-0772-3	(6221) 596-0774	Ordinary shares	0.02	55	50
	(6221) 596-3076				
(6221) 893-6868	(6221) 893-6565	Ordinary shares	0.5	308	50
(84) 28-3876-2222	(84) 28-3876-2225	Ordinary shares	170	2,433	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	1,073	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	186	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	118	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	14	50
66-2586-3333	66-2586-2164	Ordinary shares	236	2,365	50
		Preferred shares	10	98	
66-2586-3333	66-2586-2164	Ordinary shares	78	7,770	50
66-2586-3333	66-2586-2164	Ordinary shares	2	184	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	50
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	50
66-2586-3333	66-2586-2164	Ordinary shares	175	4,047	50
(60) 35-542-1716	(60) 35-542-1703	Ordinary shares	47	384	49
		Preferred shares	28	225	

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
321 PT Primacorr Mandiri	Fiber-based packaging	Indonesia
322 Bien Hoa Packaging Joint Stock Company	Fiber-based packaging	Vietnam
323 PT Fajar Surya Wisesa Tbk.	Packaging paper	Indonesia
324 PT Dayasa Aria Prima	Packaging paper	Indonesia
325 PT Indonesia Dirtajaya Aneka Industri Box	Fiber-based packaging	Indonesia
326 PT Bahana Buana Box	Fiber-based packaging	Indonesia
327 PT Rapipack Asritama	Fiber-based packaging	Indonesia
328 Tin Thanh Packing Joint Stock Company	Flexible packaging	Vietnam
329 Prepack Thailand Co., Ltd.	Flexible packaging	Samut Sakhon
		Samut Songkhram / Rayong
330 TC Flexible Packaging Co., Ltd.	Holding company	Bangkok
331 SCGP-T Plastics Co., Ltd.	Holding company	Bangkok
332 Tawana Container Co., Ltd.	Fiber-based packaging	Samut Prakan
333 Conimex Co., Ltd.	Rigid packaging	Samut Prakan
<b>Associates</b>		
334 Siam Toppan Packaging Co., Ltd.	Fiber-based packaging	Samut Prakan
335 ReUse SAS	Packaging Materials Recycling	France
336 P&S Holdings Corporation	Holding company	The Philippines
337 Siam Nippon Industrial Paper Co., Ltd.	Specialty paper	Bangkok
338 Packworks Co., Ltd.	Fiber-based packaging	Bangkok
339 Sahagreen Forest Co., Ltd.	Energy and utilities	Kamphaeng Phet
<b>Others</b>		
<b>Subsidiaries</b>		
340 Cementhai Holding Co., Ltd.	Holding company	Bangkok
341 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
342 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
343 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
344 SCG Legal Counsel Limited	Legal consultant	Bangkok
345 CTO Management Co., Ltd.	Marketable securities investment	Bangkok
346 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
347 SCG Cleanergy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
	Energy consultant service	
348 Megatric Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
349 Jieng Cleanergy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
350 T-Volt Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok

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<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
(6221) 596-2345	(6221) 596-2000	Ordinary shares	0.1	294	49
(84) 251-3836-121	(84) 251-3832-939	Ordinary shares	13	165	48
(6221) 344-1316	(6221) 345-7643	Ordinary shares	2,478	2,713	40
(6221) 344-1316	(6221) 345-7643	Ordinary shares	2,012	4,574	40
(6231) 395-1910	(6231) 3951-906	Ordinary shares	9	207	38
(6229) 1686-234	(6229) 1690-243	Ordinary shares	3	71	38
(6221) 8973-115	(6221) 8973-116	Ordinary shares	7	150	38
(84) 72-3779-747	(84) 72-3779-750	Ordinary shares	17	254	38
66-3444-0600-5	66-3444-0606-7	Ordinary shares	3	322	38
		Preferred shares	1	90	
66-2586-5991	66-2586-4723	Ordinary shares	21	2,108	38
66-2586-3333	66-2586-2164	Ordinary shares	4	386	37
66-2324-0781	66-2324-0079	Ordinary shares	3	300	36
66-2738-0305	66-2326-6275	Ordinary shares	4	420	28
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66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	35
(33) 47-509-5181	(33) 47-571-2713	Ordinary shares	0.01	4	32
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	29
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	23
66-2114-3638	-	Ordinary shares	0.02	2	21
66-5585-8033	66-5585-8031	Ordinary shares	19	190	13
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66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100
66-2586-2104	66-2586-2008	Ordinary shares	22	2,248	100
66-2586-3333	66-2586-2398	Ordinary shares	0.5	5	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100
66-2586-3333	66-2587-2157	Ordinary shares	25	380	100
(65) 6411-9374	-	Ordinary shares	0.3	34	100
66-2586-3333	66-2587-2157	Ordinary shares	121	1,513	100
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66-2586-3333	66-2587-2157	Ordinary shares	0.05	0.1	100
66-2586-3333	66-2587-2157	Ordinary shares	0.05	0.1	100
66-2586-3333	66-2587-2157	Ordinary shares	0.05	0.1	100
<hr/>					

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
351 NP Watt Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
352 CN Watt Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
353 BNN Energy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
354 SCG Learning Excellence Co., Ltd.	Training service	Bangkok
355 SCG HR Solutions Co., Ltd.	Consulting in business and human resource management and training service	Bangkok
356 SCG Vietnam Co., Ltd.	Management consulting service	Vietnam
357 PT SCG Indonesia	Management consulting service	Indonesia
358 Bangsue Industry Co., Ltd.	Provide products and services on new online platform and others	Bangkok
359 Add Ventures Capital Co., Ltd.	Venture capital	Bangkok
360 Add Ventures Capital International Co., Ltd.	Overseas venture capital	Bangkok
361 A.I. Technology Co., Ltd.	Industrial materials and machine	Pathum Thani
362 A.I. Tech Inter Private Limited	Holding company	Singapore
363 Cleanergy ABP Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
364 Siam GNE Solar Energy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok

#### **Joint Ventures, Associates and Other Companies**

365 Chaiyaphum Green Energy Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
366 Kaset Inno Co., Ltd. ***	Agricultural sevice and solution	Pathum Thani
367 CMT Energy Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
368 CLP Power Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
369 Voltsync Solution Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
370 Power C.E. Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
371 SG Solar Co., Ltd. ***	Manufacturing and sales the electricity from renewable energy	Bangkok
372 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathum Thani
373 Kubota Cambodia Co., Ltd.	Agricultural machinery	Cambodia

\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

\*\* No issuance of share for the Limited Liability Company incorporated in Vietnam.

The capital contribution is as stipulated in the investment certificate of the invested company.

\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
66-2586-3333	66-2587-2157	Ordinary shares	55	138	100
66-2586-3333	66-2587-2157	Ordinary shares	0.05	0.1	100
66-2586-3333	66-2587-2157	Ordinary shares	0.05	0.1	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100
66-2586-3333	-	Ordinary shares	0.05	5	100
(84) 83-526-9011-13	-	**	-	16	100
(6221) 576-1646	-	Ordinary shares	0.1	26	100
66-2586-3333	-	Ordinary shares	4	303	100
66-2586-3333	-	Ordinary shares	12	305	100
66-2586-3333	-	Ordinary shares	21	2,118	100
66-2159-8600	66-2979-4531	Ordinary shares	0.5	50	51
(65) 8448-2780	(65) 6324-8205	Ordinary shares	0.01	2	51
66-2710-3400	66-2379-4257	Ordinary shares	2	55	51
66-2586-5684	66-2586-6284	Ordinary shares	0.3	32	50
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66-2586-3333	66-2587-2157	Ordinary shares	90	225	70
66-2909-0300	-	Ordinary shares	1	70	61
66-2586-3333	66-2587-2157	Ordinary shares	17	43	60
66-2586-3333	66-2587-2157	Ordinary shares	12	29	60
66-2586-3333	66-2587-2157	Ordinary shares	70	175	60
66-2586-3333	66-2587-2157	Ordinary shares	74	184	60
66-2080-4499	66-2080-4455	Ordinary shares	2	17	50
66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40
(855) 23-971-133	-	Ordinary shares	0.001	38	40

<b>Name</b>	<b>Principal Business / Products</b>	<b>Location (Head Office /Factory)</b>
374 Kubota Lao Sole Co., Ltd.	Agricultural machinery	Laos
375 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
376 Siam Kubota Leasing Co., Ltd.	Leasing	Pathum Thani
377 Kubota Leasing (Cambodia) Plc.	Leasing	Cambodia
378 Thai Engineering Products Co., Ltd.	Automotive parts	Pathum Thani
379 IT One Co., Ltd.	Technical services	Bangkok
380 Lysando AG	Research and development	Liechtenstein
381 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakan
382 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
383 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
384 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
385 Siam AT Industry Co., Ltd.	Automotive parts	Chon Buri
386 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chon Buri
387 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chon Buri

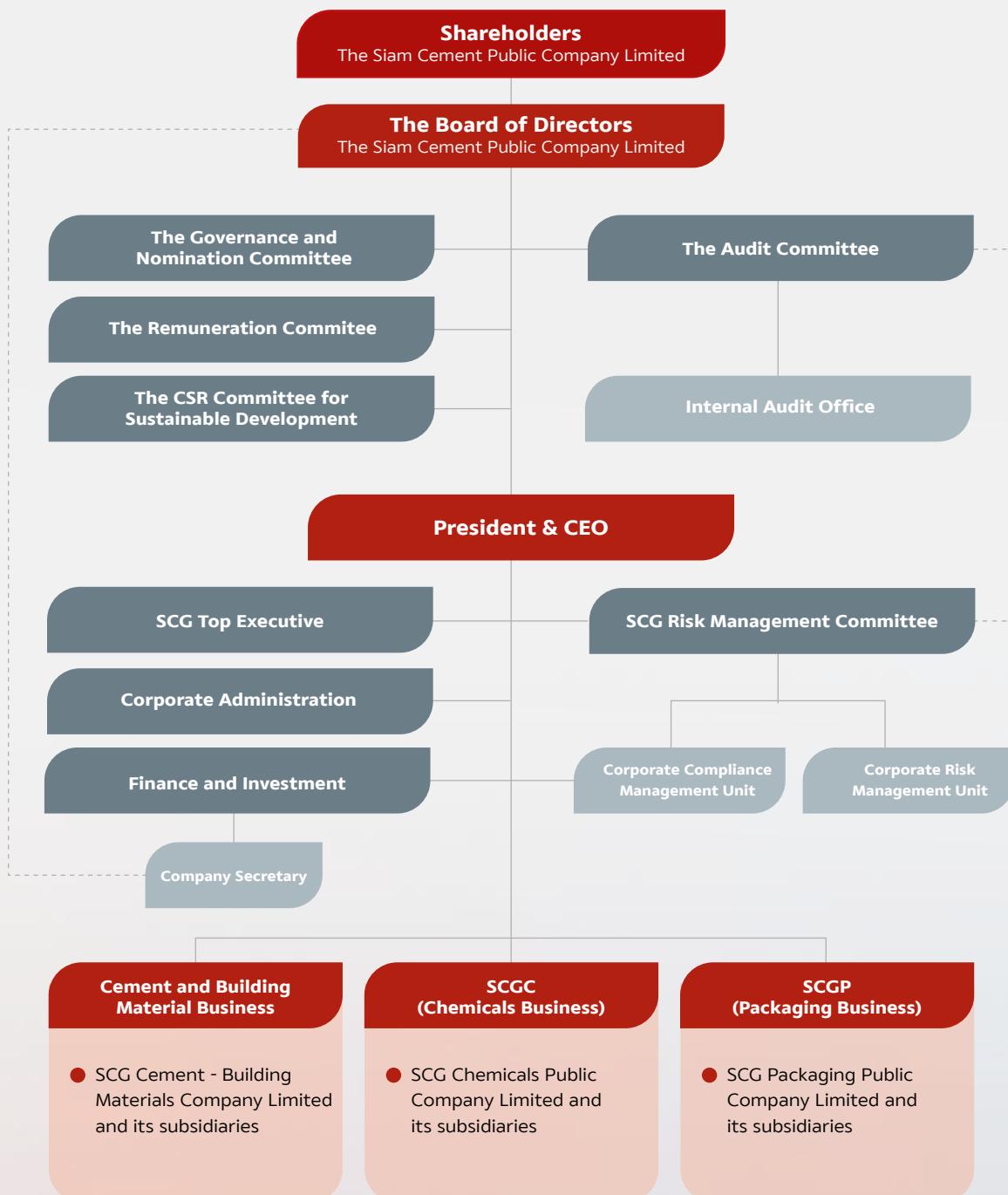
\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

<b>Telephone</b>	<b>Facsimile</b>	<b>Type of Shares</b>	<b>Number of Paid-up Shares (Million Shares)</b>	<b>Issued and Paid-up Shares (Million Baht)</b>	<b>Total Direct / Indirect Holding * (Percent)</b>
(856) 21-454-944	-	Ordinary shares	0.3	30	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	40
66-2909-0300	66-2909-1697	Ordinary shares	80	2,000	40
(855) 23-901-475	-	Ordinary shares	0.2	598	40
66-2529-3518-22	66-2529-1677	Ordinary shares	1	85	30
66-2271-5111	66-2271-5112	Ordinary shares	0.8	80	20
(423) 262-5753	(423) 262-5752	Ordinary shares	1	43	18
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10
66-3628-8300	66-3628-8309	Ordinary shares	3	308	10
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	5
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	5
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	5
66-3821-3451-5	66-3874-3310	Ordinary shares	29	2,850	4



# 12

## CORPORATE GOVERNANCE STRUCTURE



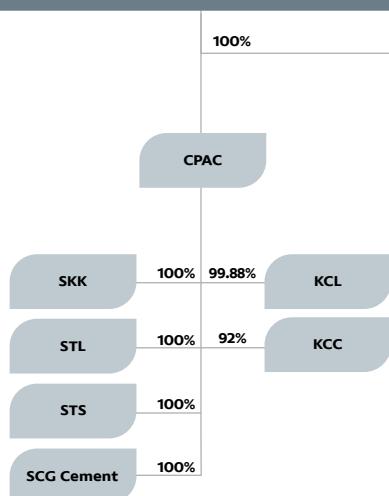
## Cement and Building Materials Business, New Investment, and Investment Business

As of December 31, 2022

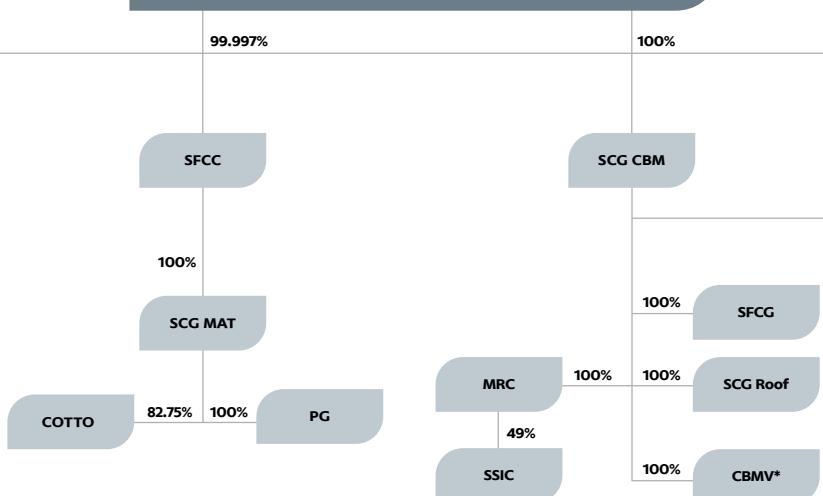
The Siam Cement

Cement and Building

### Cement and Green Solution Business



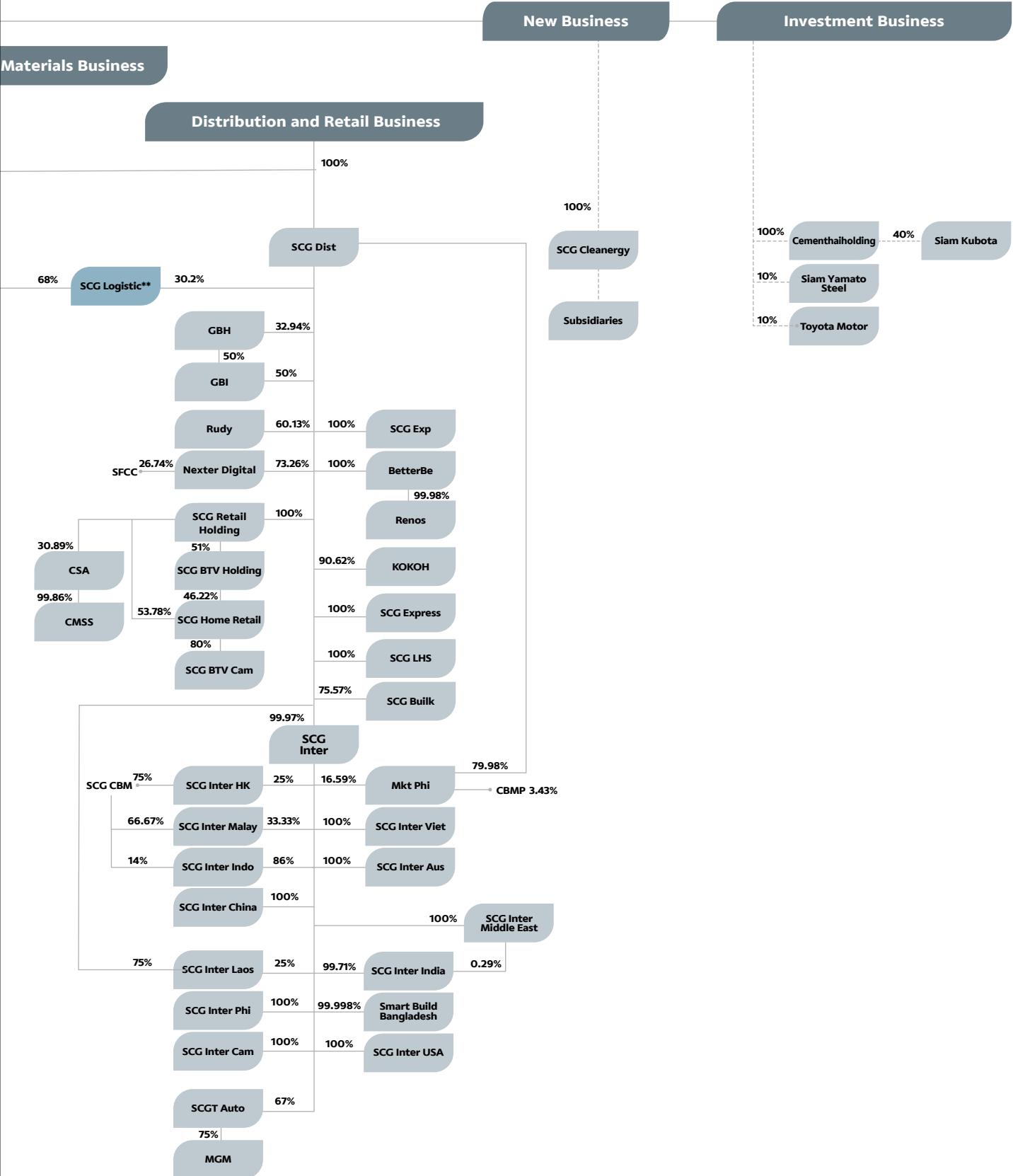
### Living Solution Business



\* The management structure is under Distribution and Retail Business

\*\* In the process of merging with JWD Infologistics Public Company Limited

## Public Company Limited



## The Siam Cement Public Company limited

Abb.Internal	Company Name
SCG Cement	SCG Cement Co., Ltd.
CPAC	The Concrete Products and Aggregate Co., Ltd.
SKK	The Siam Cement (Kaeng Khoi) Co., Ltd.
STL	The Siam Cement (Ta Luang) Co., Ltd.
STS	The Siam Cement (Thung Song) Co., Ltd.
SLP	The Siam Cement (Lampang) Co., Ltd.
KCL	Khammouane Cement Co., Ltd.
SRIC	The Siam Refractory Industry Co., Ltd
SJW	PT Semen Jawa
MCL	Mawlamyine Cement Limited
KCC	Kampot Cement Co., Ltd.
SCG MAT	SCG Building Materials Co., Ltd.
SFCC	The Siam Fibre-Cement Co., Ltd.
PG	Prime Group Joint Stock Company
KIA	PT Keramika Indonesia Assosiasi, Tbk.
COTTO	SCG Ceramics Public Company Limited
MSC	Mariwasa-Siam Ceramics, Inc.
SCG Dist	SCG Distribution Co., Ltd.
Nexter Digital	Nexter Digital Co., Ltd.
BetterBe	BetterBe Marketplace Co., Ltd.
SCG LHS	SCG Living and Housing Solution Co., Ltd.
SCG Exp	SCG Experience Co., Ltd.
SCG Retail Holding	SCG Retail Holding Co., Ltd.
SCG Logistic	SCG Logistics Management Co., Ltd.
KOKOH	PT Kokoh Inti Arebama Tbk.
SCG Builk	SCG Builk One Philippines, Inc.
SCG Home Retail	SCG Home Retail Co., Ltd.
Rudy	Rudy Technology Co., Ltd.
SCG BTV Cam	SCG-Boonthavorn (Cambodia) Co., Ltd.
SCG BTV Holding	SCG-Boonthavorn Holding Co., Ltd.
Renos	PT Renos Marketplace Indonesia
GBH	Siam Global House Public Company Limited
GBI	Global House International Company Limited
CSA	PT Catur Sentosa Adiprana Tbk
CMSS	PT Catur Mitra Sejati Sentosa
SCG Inter	SCG International Corporation Co., Ltd.
SCG Inter Aus	SCG International Australia Pty. Ltd.
SCG Inter China	SCG International China (Guangzhou) Co., Ltd.
SCG Inter HK	SCG International Hong Kong Limited
SCG Inter Phi	SCG International (Philippines) Corporation Co., Ltd.
SCG Inter USA	SCG International USA Inc.
SCG Inter Indo	PT SCG International Indonesia

<b>Abb.Internal</b>	<b>Company Name</b>
SCG Inter Laos	SCG International Laos Co., Ltd.
Mkt Phi	SCG Marketing Philippines Inc.
SCG Inter Malay	SCG International Malaysia Sdn. Bhd.
SCG Inter Cam	SCG International (Cambodia) Co., Ltd.
SCG Inter Middle East	SCG International Middle East Dmcc
SCG Inter Viet	SCG International Vietnam Co., Ltd.
SCG Inter India	SCG International India Private Limited
SCGT Auto	SCGT Automobile Co., Ltd.
Smart Build Bangladesh	Smart Build Bangladesh Co., Ltd.
MGM	Mingalar Motor Co., Ltd.
CBMV	SCG Cement-Building Materials Vietnam Limited Liability Company
MRC	MRC Roofing Co., Ltd.
SFCG	Siam Fibre Cement Group Co., Ltd.
SCG Roof	SCG Roofing Co., Ltd.
SCG CBM	SCG Cement-Building Materials Company Limited
Q-CON	Quality Construction Products PCL
SSIC	Sekisui-SCG Industry Co., Ltd.

**Remarks**

The disclosure of the shareholding structure of The Siam Cement Public Company Limited (“the Company”) and the companies in the group (totally referred to “SCG”) are composed of 2 parts of the information (i) the companies with Significance are disclosed in the form of shareholding structure, and the other companies and details of the company are disclosed in the form of general information; details in Section 11: List of Subsidiaries, Joint Ventures, Associated Companies and other companies with operating businesses.

1). 3 core business groups of SCG: Cement and Building Materials Business, Packaging Business and Chemicals Business which are managed by a centered company. In addition, the consideration of core business is considered from all companies in which SCG holds shares totally more than 75% of the Company’s total assets.

2). The disclosure of the shareholding structure of companies in each core business group reveals only subsidiaries in which SCG owns more than 50% of shares, which are subsidiaries that operate main businesses under the centered company of each business group. The scale of significant subsidiaries are considered from subsidiaries with combined assets more than 75% of the total assets in which the centered subsidiaries for each business group.

3). The details of shareholding structure disclosure of Cement-Building Materials Business are as follows:

3.1 SCG Cement-Building Materials Co., Ltd. (SCG CBM) is the centered company of Cement and Building Materials Business which is responsible for managing subsidiaries and associated companies. The Company holds shares in companies in the group through SCG CBM, CPAC, SFCC and SCG Dist.

3.2 Subsidiaries other than 2). disclose only subsidiaries whose assets are more than 1% of the total assets of the Cement and Building Materials Business.

3.3 Associated companies are disclosed only for their main business and significant scale such as paid-up capital exceeding 1,000 million baht

4). New Business means SCG Cleanergy Company Limited which is composed of 11 companies in its group. Details are shown in List of subsidiaries and associates of each business unit of SCC in chapter 11.

5). Investment Business means Cementhai Holding Company Limited which is a subsidiary that manages its joint venture, associates and other significant companies.

\* Disclosure of the shareholding structure in this chapter means to show the details of shareholding structure of SCC's group of company as at December 31, 2022 and to be compliance with the Notification of the Capital Market Supervisory Board Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares and the Notification of the Securities and Exchange Commission re: The Consideration of the size of the company in relation to the Granting of Permission for a Business by holding shares in other companies (holding company) for Offering of Newly Issued Shares.

**SCGC (Chemicals Business)** As of December 31, 2022

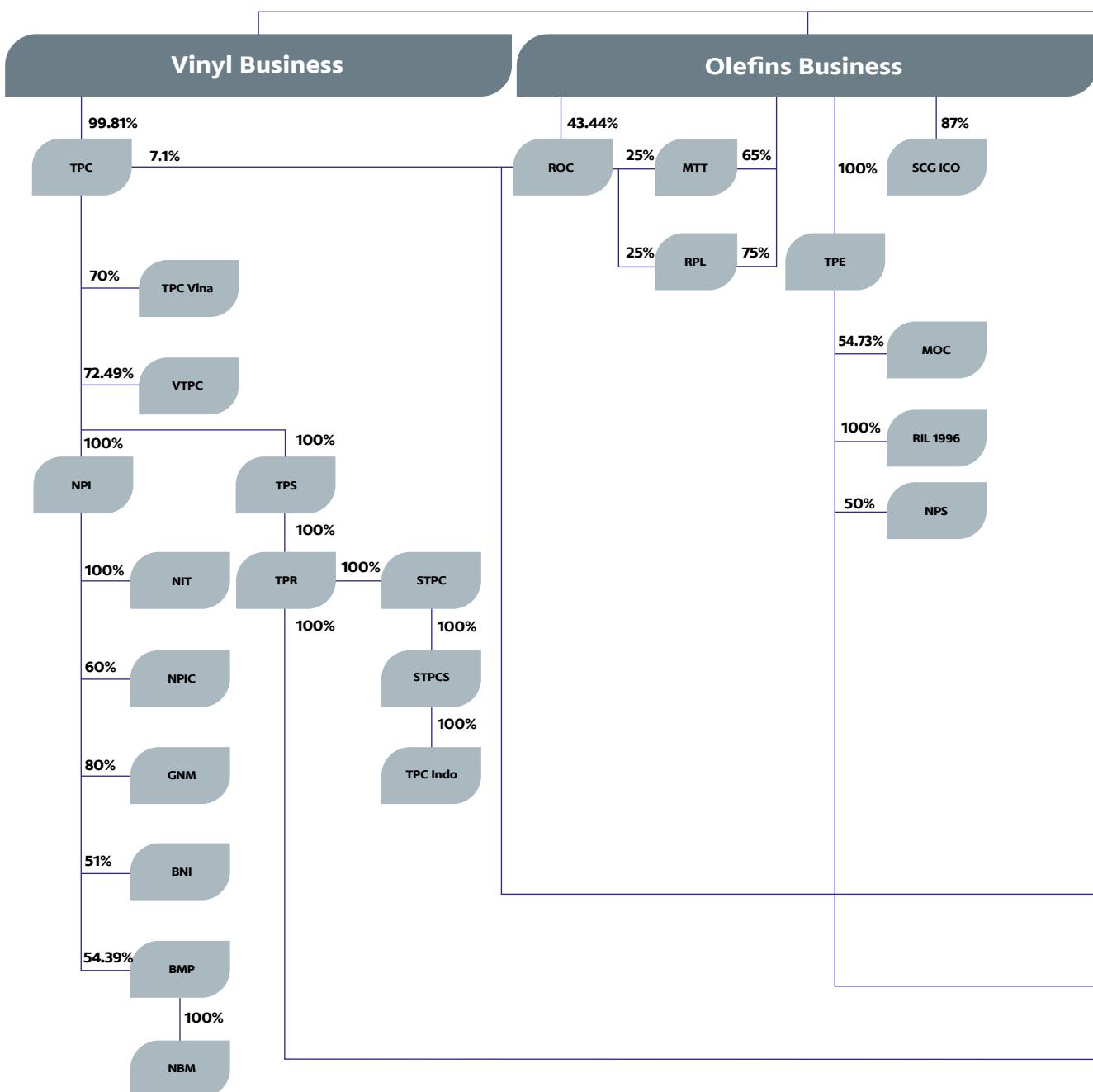
**SCG Chemicals P**


Abb.Internal	Company Name	Abb.Internal	Company Name
BMP	Binh Minh Plastics Joint Stock Company	KRAS INVESTMENT	KRAS INVESTMENT B.V.
BNI	PT Berjaya Nawaplastic Indonesia	KRAS ASIA	KRAS ASIA LTD.
Chemtech	Chemtech Co., Ltd.	LSP	Long Son Petrochemicals Co., Ltd.
CirPlas	Circular Plas Co., Ltd.	MOC	MAP TA PHUT OLEFINS COMPANY LIMITED
CO2	CO2 Technologies AS	MTT	MAP TA PHUT TANK TERMINAL COMPANY LIMITED
FLOWLAB	Flowlab and Service Co., Ltd.	NBM	North Binh Minh Plastics Limited Company
GNM	Grand Nawaplastic Myanmar Co., Ltd.	NIT	Nawa Intertech Company Limited
HEXAGON	Hexagon International, Inc.	Norner	AS Norner AS
HTEXplore	HTEXplore S.R.L.	Norner Research	Norner Research AS
KRAS RHV	RECYCLING HOLDING VOLENDAM B.V.	Norner Verdandi	Norner Verdandi AS
KRAS VESTGOED	KRASGROUP VASTGOED B.V.	NPI	Nawaplastic Industry Co., Ltd.
KRAS BELGIUM	KRAS BELGIUM B.V.	NPIC	Nawaplastic (Cambodia) Co., Ltd.
KRAS GEMERT	KRAS GEMERT B.V.	NPS	PT Nusantara Polymer Solutions
KRAS HVH	KRAS HOEK VAN HOLLAND B.V.	PROTECH	Protech Outsourcing Company Limited
KRAS POLYMERS	KRAS POLYMERS B.V.	REKS	REKS LLC
KRAS RECYCLING	KRAS RECYCLING B.V.	REPCO	RAYONG ENGINEERING AND PLANT SERVICE CO., LTD.

## Public Company Limited

### Others Business

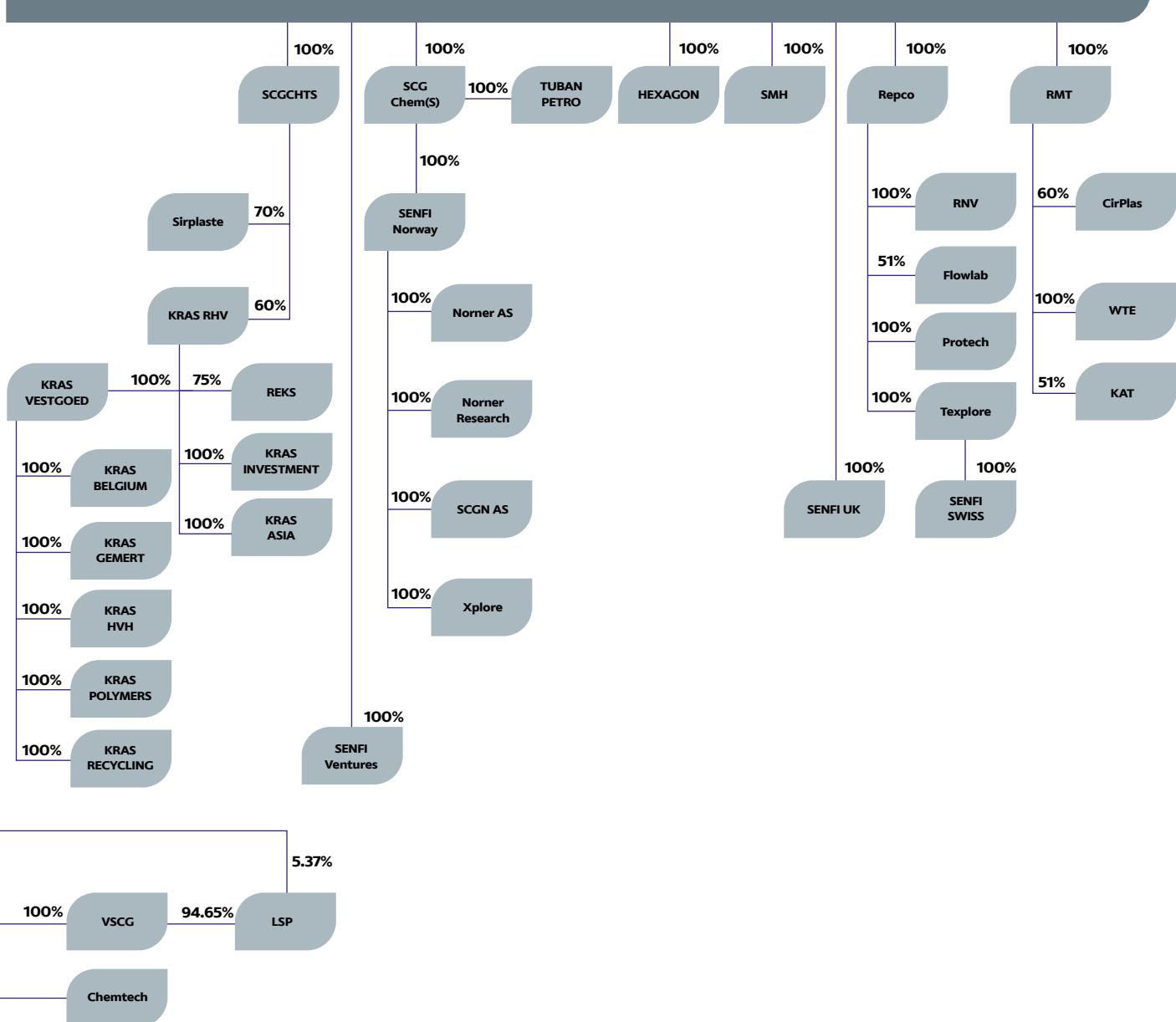
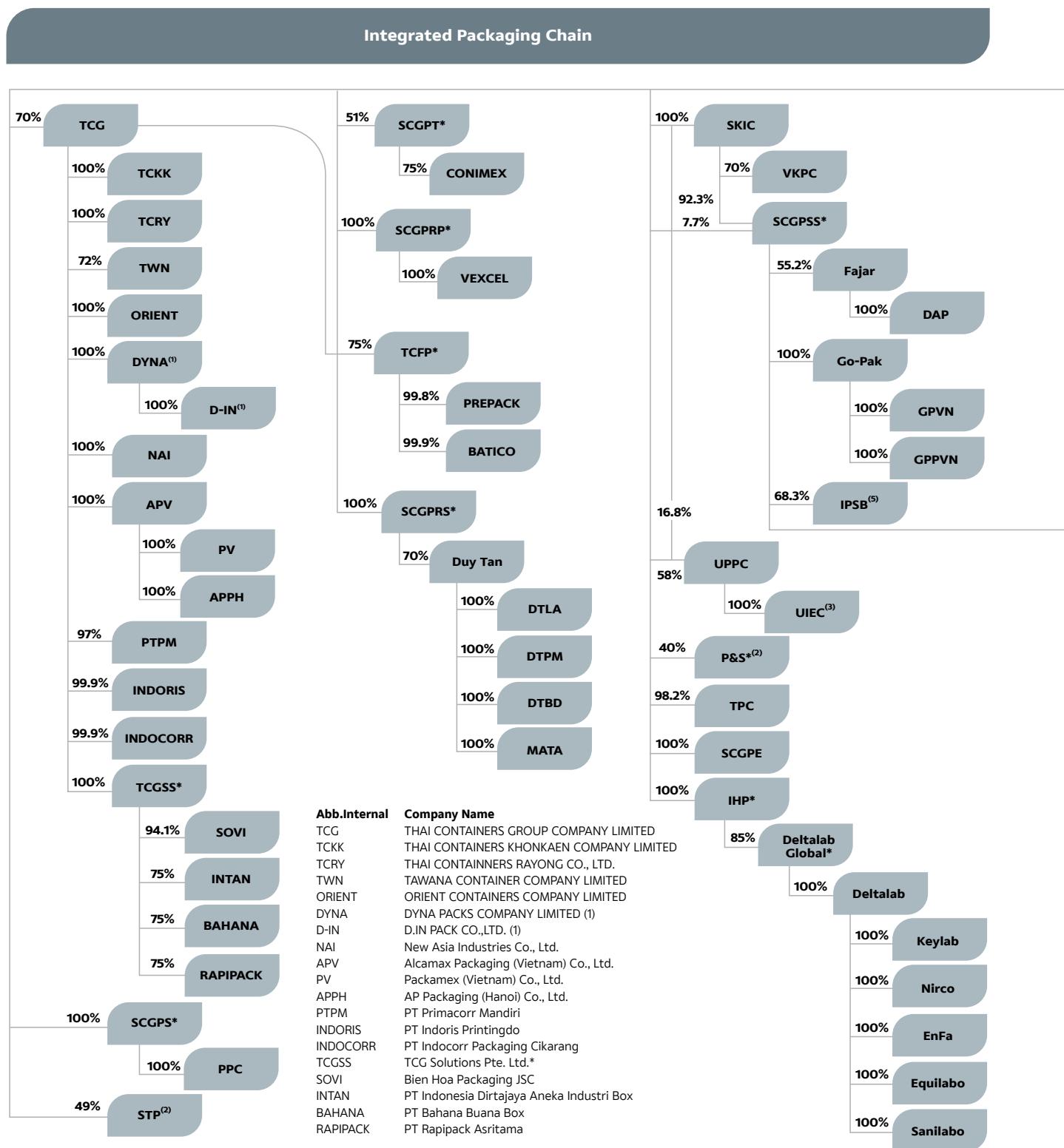


Abb.Internal	Company Name	Abb.Internal	Company Name
RIL 1996	RIL 1996 COMPANY LIMITED	SENFI Venture	SENFI Ventures Company Limited
RMT	REPCO MAINTENANCE CO., LTD.	SMH	SMH COMPANY LIMITED
RNV	REPCO NEX (Vietnam) Company Limited	STPC	SIAM TPC COMPANY LIMITED
ROC	RAYONG OLEFINS COMPANY LIMITED	STPCS	Siam TPC (Singapore) Pte. Ltd.
RPL	RAYONG PIPELINE CO., LTD.	TEXPLORE	TEXPLORE COMPANY LIMITED
SCG Chem (S)	SCG Chemicals (Singapore) Pte. Ltd.	TPC	THAIPLASTIC AND CHEMICALS PUBLIC COMPANY LIMITED
SCG ICO	SCG ICO POLYMERS COMPANY LIMITED	TPC - Indo	PT TPC Indo Plastic & Chemicals
SCG Perform	SCG PERFORMANCE CHEMICALS CO.,LTD.	TPC Vina	TPC Vina Plastic and Chemicals Corporation Ltd.
SCG Plast	SCG PLASTICS COMPAMY LIMITED	TPE	THAI POLYETHYLENE COMPANY LIMITED
SCGCHTS	SCG Chemicals Trading Singapore Pte. Ltd.	TPR	TPC PASTE RESIN COMPANY LIMITED
SCGN	SCGN AS	TPS	TOTALPLANT SERVICE CO., LTD.
SENFI Norway	SENFI Norway	TUBAN PETRO	Tuban Petrochemicals Pte. Ltd.
SENFI SWISS	SENFI Swiss GmbH	VSCG	VINA SCG CHEMICALS COMPANY LIMITED
SENFI UK	SENFI UK Limited	VTPC	Viet-Thai Plastchem Co., Ltd.
Sirplaste	SIRPLASTE - SOCIEDADE INDUSTRIAL DE RECUPERADOS DE PLÁSTICO S.A.	WTE	WTE COMPANY LIMITED

**SCGP (Packaging Business)** As of December 31, 2022.

SCG Packaging Public

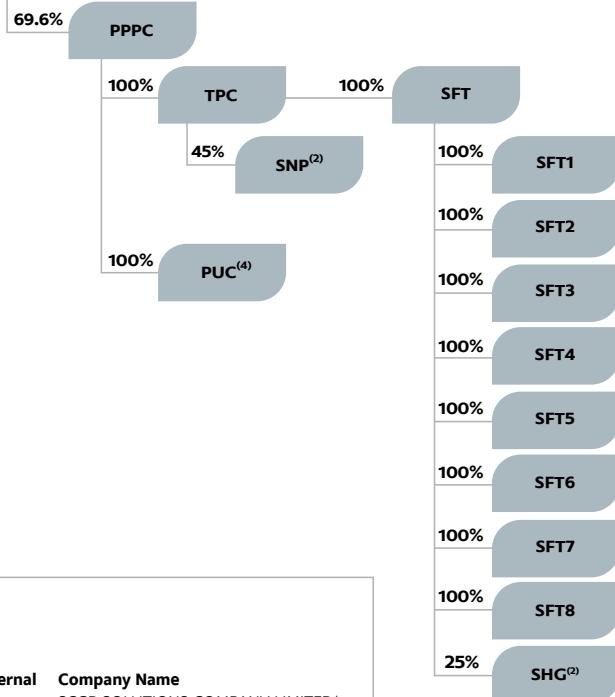


**Remarks:** \*Holding Company

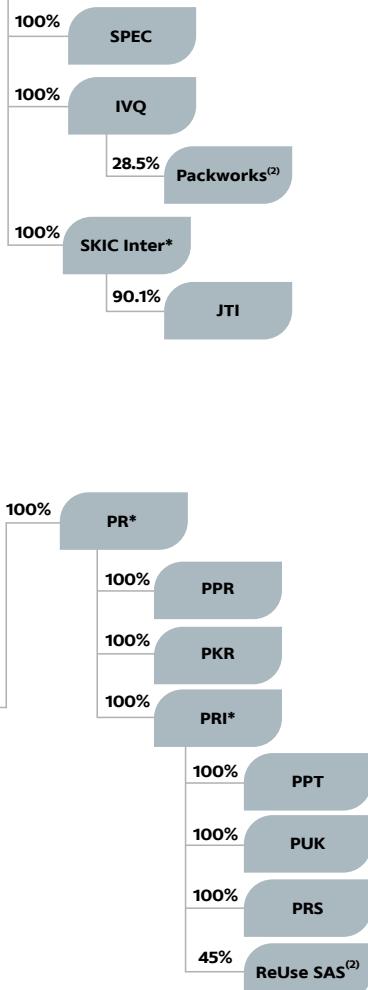
- (1) DYNA and D-IN transferred the entire business to ORIENT on November 1, 2020 and registered the dissolution of the company with the Department of Business Development, Ministry of Commerce on December 22, 2020. It is currently in the process of liquidation.
- (2) Associated company.
- (3) UIEC registered the termination of its business on April 24, 1997.
- (4) PUC transferred the entire business to PPC on October 1, 2021 and registered the dissolution of the company with the Department of Business Development, Ministry of Commerce on December 20, 2021. It is currently in the process of liquidation.
- (5) SCGPSS has 68.3% of IPSB's total voting rights as some of the shares that SCGPSS holds in IPSB are net preferred shares with no voting rights.

## Company Limited

### Fibrous Chain



### Recycling Business and Others



# 13

## Securities and Shareholders

### The Company's Securities

- Registered Capital: 1,600 million Baht.
- Issued and fully paid share capital: 1,200 million Baht, comprising 1,200 million ordinary shares.
- Ordinary shares at 1 Baht par value per share (At the Annual General Meeting of Shareholders held on March 26, 2003, the shareholders unanimously approved to change the par value of ordinary shares of the Company from 10 Baht per share to 1 Baht per share. The Company registered the change with the Ministry of Commerce on April 17, 2003.)
- The Company does not issue other types of shares, except from ordinary shares.

### Shareholders

1) First 10 major shareholders (as of December 31, 2022)

No.	Shareholders	No. of ordinary shares	% of total shares
1	HIS MAJESTY KING MAHA VAJIRALONGKORN PHRA VAJIRAKLAOCHAOYUHUA	403,647,840	33.64
2	THAI NVDR CO., LTD.	106,074,572	8.84
3	SOCIAL SECURITY OFFICE	52,364,810	4.36
4	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	30,239,064	2.52
5	STATE STREET EUROPE LIMITED	25,761,946	2.15
6	RANDERY BARAH MAKAN CO., LTD.	15,205,600	1.27
7	SCG FOUNDATION	13,347,300	1.11
8	THE BANK OF NEW YORK MELLON	12,398,246	1.03
9	MR. SAK NANA	7,702,400	0.64
10	SIAM CEMENT GENERAL MANAGER FOUNDATION	7,647,800	0.63

#### Remark:

Thai NVDR Co., Ltd. (Thai NVDR) is a subsidiary owned by the Stock Exchange of Thailand (SET) and regarded as listed securities in the Stock Exchange of Thailand, ET who is responsible for issuing and selling Non-Voting Depository Receipts (NVDRs) to investors, and investing the money gained from selling the NVDRs in the SET. The service is offered to all, irrespective of the number of securities held or the holder's nationality. NVDR holders receive the same full financial benefits as they would receive had they invested directly in shares but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on [www.set.or.th](http://www.set.or.th)

As of August 11, 2022, the major NVDR holders were:

No.	NVDR holders	No. of ordinary shares	% of total shares
1	STATE STREET EUROPE LIMITED	18,457,298	1.54
2	STATE STREET BANK AND TRUST COMPANY	16,041,120	1.45
3	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	14,886,262	1.24

2) The majority of shareholders (As of December 31, 2022)

No.	Shareholders	No. of ordinary shares	% of total shares
1	HIS MAJESTY KING MAHA VAJIRALONGKORNPHRA VAJIRAKLAOCHAOYUHUA	403,647,840	33.64
2	CPB EQUITY CO., LTD.	980,200	0.08

**Remark:** Among major shareholders, the company does not have any shareholding agreement.

3) Minority Shareholders (As of February 10, 2022)

The total number of Minority Shareholders (Free float) is 57,316 equivalent to 66.22%.

4) The Company has imposed limitations on the number of shares which can be held by the foreigners (Foreign Limit) at 25% of the fully paid-up capital. As of December 31, 2022, the Company declared that 11.71 % of the fully paid-up capital shares are held by the foreigners.

### Issuance of Other Securities

The Siam Cement Public Company Limited issued 8 series\* of debentures valuing 135,000 million Baht as follows:

Lots of Debentures	Total Issue Amount (million Baht)	Outstanding Debenture (million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
2/2560	10,000	10,000	August 30, 2024	2.97	A+
1/2561	30,000	30,000	April 1, 2022	3.00	A+
2/2561	10,000	10,000	October 1, 2022	3.10	A+
1/2562	15,000	15,000	April 1, 2023	3.10	A+
2/2562	10,000	10,000	November 1, 2023	3.00	A+
1/2563	25,000	25,000	April 1, 2024	2.80	A+
2/2563	25,000	25,000	November 1, 2024	2.80	A+
1/2564	15,000	15,000	January 1, 2025	2.65	A+
2/2564	25,000	25,000	October 1, 2025	2.65	A+
Total	165,000	165,000			

Remark: \* All debentures were rated as credible from Fitch Ratings (Thailand) Limited.

### Information on the utilization of proceeds from debenture offering

In 2022, the Company issued the debenture No. 1/2022. The objectives of proceeds utilization were as follows:

Lots of debentures	Objectives of proceeds utilization	Approximate amount utilized	Approximate period of proceeds utilization	Details
1/2022	Repayment of loans or debts incurred by the issuance of debentures	15,000 million Baht	October 1, 2022	The issuer will use the proceeds from this debenture issuance to redeem its maturing debenture.

### Dividend Policy

The Company has a dividend payout policy to the shareholders at 40% - 50% of the consolidated net profit. However, when reviewing the dividend payout for any potential changes for the respective period, the Company may take into account all irregular situations, and uncontrollable factors, accordingly.

In 2022, the consolidated net profit amounted to 21,382 Million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of

shareholders on March 29, 2023, the Board of Directors resolved to declare the annual dividends at 8.00 Baht per share or equal to 45% of net profit as per consolidated financial statements.

For dividend policy of mostly subsidiaries which are 100% owned by the Company, the Company takes into consideration their operating results, financial structure, financial position and investment plan, with no policy of transferring the interests.

### Detail of Dividend Distribution in the Past 5 Years

Year	Interim Dividends (Baht/share)	Final Dividends (Baht/share)	Annual Dividends (Baht/share)	Dividend Payout Ratio on Net Profit* (%)
2561	8.50	9.50	18.00	48
2562	7.00	7.00**	14.00	52***
2563	5.50	8.50	14.00	49
2564	8.50	10.00	18.50	47
2565	6.00	2.00	8.00****	45

#### Remarks:

- \* Net profit represents profit for the year attributable to owners of the Company.
- \*\* On March 18, 2020, the Board of Directors resolved to approve the 2nd interim dividend payment from the Company's profit as of December 31, 2019 at the rate of 7.00 Baht. The dividend was paid on April 17, 2020.
- \*\*\* Proportion of dividends is 49% on Profit before recognition of severance pay adjustment from the Labor Protection ACT B.E. 2562.
- \*\*\*\* The Board of directors resolved to propose the Annual General Meeting of shareholders on March 29, 2023, to approve the dividend distribution for the year 2022 at 8.00 Baht per share.

# 14

## Corporate Governance Policy

### Corporate Governance Policy

SCG conducts business in line with an ESG approach with responsibility, transparency, and fairness, adhering to the long practiced business principles defined in the SCG Code of Conduct on the basis of sustainable and balanced benefits, with the Board of Directors serving as role models in compliance with SCG's principles of corporate governance and Code of Conduct.

SCG strives to become a role model in corporate governance and has incorporated this resolution in SCG's Vision with the conviction that SCG's corporate governance ensures fairness, transparency, and long-term economic value for shareholders while inspiring confidence in all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

The Governance and Nomination Committee is entrusted with the duty of overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates compliance with the corporate governance policy as well as reviews related guidelines to ensure their alignment with business operations and corporate governance practices at national and international levels on a yearly basis. Moreover, corporate governance is specified as one of the main items on the agenda at the Board of Directors Meeting.

### Overviews of SCG's Corporate Governance Policy and Practices

SCG firmly upholds and complies with the principles of corporate governance both locally and internationally. Examples include the Principle of Good Corporate Governance for Listed Companies of the Securities and Exchange Commission (SEC) and the Stock Exchange of

Thailand (SET), as well as the Corporate Governance Report of Thai Listed Companies (CGR) of Thai Institute of Directors (IOD). Added to this are the internationally-recognized benchmarks, such as ASEAN Corporate Governance Scorecard (ACGS) and DJSI Sustainability Assessment. The Governance and Nomination Committee is charged with considering and proposing to the Board of Directors the establishment and implementation of the policy and guidelines for their approval. For issues that have yet been established as policies or implemented, the Management is to report to the Governance and Nomination Committee for review on an annual basis.

The Board of Directors has compiled knowledge and practices in management passed down from generation to generation and proven to be in alignment with the corporate governance principles, and they have been codified into SCG's corporate governance guidelines, first published in 2003 and last updated in 2022. The booklet is now also published on the Company's website ([www.scg.com](http://www.scg.com)).



In 2022, the Company was rated on corporate governance practices by various agencies and achieved awards as follows:



Rated "Excellent" in the Corporate Governance Report of Thai Listed Companies (CGR) 2022, carried out by the Thai Institute of Directors Association (IOD).



Scored a full score of 100 in the evaluation of the quality of Annual General Meeting of Shareholders for the year 2021 (AGM checklist) of listed companies by the Thai Investors Association.



Won an ASEAN Asset Class PLCs Award for the second consecutive year in the 2021 ASEAN CG Scorecard, an initiative of the ASEAN Capital Markets Forum (ACMF) supported by the Asian Development Bank (ADB) recognizing ASEAN listed companies with commendable corporate governance practices



Listed in Thailand Sustainability Investment (THIS) for the eighth consecutive year in 2022 from the Stock Exchange of Thailand



Received the following awards at SET Awards 2022, hosted by the Stock Exchange of Thailand:

- Sustainability Awards of Honor, offered to the listed companies with outstanding sustainability practices, for the fifth consecutive year.
- Outstanding Investor Relations Awards



Won the Thailand Corporate Excellence Awards 2022, hosted by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University for having received the highest votes from top executives in the following categories:

- Leadership Excellence
  - Innovation Excellence
  - Human Resource Management Excellence, for the 20th consecutive year
  - Sustainable Development Excellence by SCG Cement-Building Materials Co., Ltd.
- SCG also earned distinguished awards in the following categories:
- Sustainable Development Excellence, jointly with SCG Cement-Building Materials Co., Ltd.
  - Innovation Excellence
  - Financial Management Excellence
  - Product / Service Excellence by SCG Cement-Building Materials Co., Ltd.
  - SMEs Excellence Awards, jointly with CNI Engineering Supply Co., Ltd., for supporting sustainable growth of SMEs



Received Human Rights Award 2022 in the private sector category for the third consecutive year by the Rights and Liberties Protection Department of the Thai Ministry of Justice.



Recognized as a leading company in the Low Carbon and Sustainable Business Index for the fourth consecutive year by the Thailand Greenhouse Gas Management Organization (Public Organization)



For exemplary practice embracing the Women's Empowerment Principles (WEPS) in Asia-Pacific

Won a gender-inclusive workplace award at UN Women 2022 Thailand Women's Empowerment Principles (WEPS) Awards, hosted by UN Women to recognize organizations with excellent practices in accordance with Women's Empowerment Principles (WEPS), support gender equality in the business sector and enhance the participation of business leaders in accordance with the principles of corporate governance and social responsibility, which enable organizations to grow sustainably and stably and reduce economic and social inequalities.

## **Policies and Guidelines for the Board of Directors Shareholders and Stakeholders**

SCG has established policies and guidelines for the Board of Directors, shareholders, and stakeholders in line with the eight principles of good corporate governance for listed companies recommended by the Securities and Exchange Commission (SEC) as follows:

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

The Board of Directors understands and recognizes its role and responsibilities in establishing SCG's business strategies and policies with accountability, prudence, and integrity in the best interest of the Company on the basis of social and environmental responsibility as follows:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

- Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
- Performing its duties with faithfulness and honesty (Duty of Loyalty).
- Performing its duties in compliance with laws, objectives, Company's Articles of Association, the resolution of the board of directors, and resolutions of shareholders' meetings (Duty of Obedience).
- Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing SCG's visions, missions, and business strategies, subject to annual revision and approval, to create value to SCG, customers, stakeholders, and society as a whole in a sustainable manner.

3. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care, prudence, and integrity to preserve the best interests of the Company with fairness to all stakeholders.

4. Overseeing and developing SCG's corporate governance to keep it consistent with international standards to provide guidelines for business operations while ensuring compliance and serving as a role model in complying with the principles of good corporate governance and SCG Code of Conduct.

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

The Board of Directors is responsible for reviewing major operating plans, budgets, business goals, and

business policies and enhancing the capabilities of SCG to reach a globally competitive level. It is also in charge of controlling the Management Team's administration to ensure consistency with such plans, budgets, business goals, and business policies and advance the best interest of the Company, its subsidiaries, and shareholders. The Management is tasked with the formulation of strategies and operating plans in accordance with SCG's objectives and targets, taking into account environmental factors, opportunities, and risk appetite. It is also responsible for reviewing SCG's medium-term objectives, goals, and strategies in the next 3-5 years and establishing the materiality assessment process.

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

#### **• Defining and reviewing the structure of the Board of Directors**

The Board of Directors has defined and reviewed the structure of the Board of Directors, the number of directors, the proportion of independent director as well as Board diversity and director qualifications, including knowledge, expertise, experience, and specialization to ensure alignment with SCG's business operations; as well as appointed sub-committees to assist and support the board's discharge of duties.

#### **• Nomination and Appointment of Directors Guidelines for Director Nomination**

The Governance and Nomination Committee is responsible for nominating qualified candidates for directorship and independent directorship to create a director pool and is tasked with reviewing the list of qualified candidates proposed by shareholders and Directors as well as those in the Director Pool of the Thai Institute of Directors Association (IOD) who possess knowledge and expertise in the areas desired by SCG in accordance with the Board Skills Matrix, which is reviewed annually to maintain alignment with SCG's business strategies and practices.

In 2022, on the suggestion of the Governance and Nomination Committee, the Board of Directors revised the Board Skill Matrix, stipulating the core qualifications and the diversity of skills and experiences of the Board. With regard to nomination, greater emphasis was placed on the board diversity, particularly on the proportion of female directors and independent directors as well as expertise and experience on ESG.

#### **Policy on Director Qualifications and Nomination**

On the suggestion of the Governance and Nomination

Committee, the Board of Directors has formulated a Policy on Director Qualifications and Nomination to ensure alignment with the Corporate Governance Code for Listed Companies of SEC as well as other practices according to stakeholders' expectations, such as the guidelines of the Thai Institute of Directors (IOD), the criteria of the Dow Jones Sustainability Indices (DJSI) and other rating agencies. The policy also takes into account the diversity of the Board's composition, as well as the qualification, knowledge, and expertise of the directors required by the Board Skills Matrix and in line with SCG's business strategies. The policy and the guidelines are annually reviewed and updated as appropriate. The current policy is detailed below.

### **1. Principle**

In accordance with SCG Corporate Governance Principle, director nomination and selection is of paramount importance as the Board of Directors plays a critical role in formulating strategies and business directions for the sustainable growth of SCG. As such, the Board of Directors has deemed it appropriate to establish a Policy on Director Qualifications and Nomination.

### **2. Policy on Director Qualifications and Nomination**

The Board of Directors must be composed of Directors who have all qualifications and possess none of the prohibited characteristics prescribed by the law and the Company's Article of Association, and should consist of a diverse range of skills, experiences, knowledge, and expertise beneficial to the Company, without any discrimination on the grounds of gender, age, ethnicity, nationality, religion, country of origin, cultural background and tradition, to enable the Company to achieve its objectives and business goals and promote a management system guided by SCG Corporate Governance Principle, which brings about fairness and transparency as well as the ability to generate returns and added values in the long term to shareholders and inspires trust in all stakeholders, all of which will lead SCG towards sustainable growth.

### **3. Director nomination**

The Board of Directors has entrusted the Governance and Nomination Committee with the task of nominating qualified candidates for directorship to replace Directors retiring by rotation or under other circumstances to the Board of Directors and/or the meeting of shareholders for appointment. The Governance and Nomination Committee selects candidates from a pool of qualified

individuals with expertise from various disciplines who possess leadership, a breath of vision, integrity and ethics, clear and unblemished career records, as well as the ability to express opinion independently, without any discrimination on the grounds of nationality, ethnicity, gender, and cultural background.

In 2022, in the nomination of qualified candidates to replace directors due to retire by rotation in 2023, the Governance and Nomination Committee selected qualified candidates without discrimination based on gender, age, ethnicity, nationality, country of origin, skin color, religion, cultural background, or customs. The resulting list of qualified candidates from diverse backgrounds consisted of both those nominated by the Company's directors and those from IOD's Director Pool, consistent with the Company's policy on director qualifications and nomination.

In addition, the following key components were also taken in the nomination of directors.

#### **3.1 Required qualifications of individual directors**

The Governance and Nomination Committee should consider and prescribe a set of qualifications of individual candidates for directorship, such as:

- Integrity and accountability
- Ability to make informed judgments
- Maturity, firmness, and the ability to listen well and express independent opinions
- Commitment to principles and professionalism
- Other qualifications as the Governance and Nomination Committee deems vital

#### **3.2 Required knowledge and expertise of the Board of Directors**

The Governance and Nomination Committee should prescribe a set of knowledge and expertise requirements for the Board of Directors and formulate a Board Skill Matrix to help inform the selection and nomination of qualified candidates. These requirements should encompass knowledge and areas of expertise that will enhance the ability of the Board of Directors to formulate strategies and policies as well as ensure their effective implementation, such as:

- Accounting and finance
- Organization and human resource management
- Risk management
- Crisis management
- Industry knowledge
- International marketing
- Vision and strategic planning
- Knowledge and specializations in the areas that

the Governance and Nomination Committee believes will become critical in the next 3-5 years, such as e-commerce, research and development, and merger and acquisition, technological skills, cybersecurity, data management, retail business, supply chain, health and safety, and experiences in regional and international organization management

### **3.3 Diversity of the Board of Directors**

In addition to the two aforementioned factors, the Governance and Selection Committee may consider prescribing other qualification requirements relevant to the diversity of the Board of Directors, such as gender, age, ethnicity, nationality, religion, country of origin, cultural background and tradition.

### **4. Nomination of Directors for Re-election**

If the Governance and Nomination Committee nominates current directors to re-election for another term, their performance should be considered.

#### **Independent Directors**

The company recognizes that independent directors play a vital role in good corporate governance as they not only ensure that the Company's operations are in the best interest of the Company and shareholders but also reflect proper checks and balances. To this end, the company has established qualifications for its independent directors, which are more stringent than the requirements of the Office of Securities and Exchange Commission. The qualification requirements are reviewed by the Board of Directors annually to ensure suitability and alignment with good corporate governance practices.

The Company mandates that at least half of the total number of directors be independent directors. Currently, the Board of Directors consists of eight independent directors as follows: Mr. Chumpol NaLamlieng, Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin, Mrs. Parnsiree Amatayakul, Mr. Thapana Sirivadhanabhakdi, Mr. Suphachai Clearavanont, Mrs. Nuntawan Sakuntanaga, and Ms. Jareeporn Jarukornsakul, thus accounting for over half of the Board of Directors.

#### **Qualifications of Independent Directors of SCC**

(As per the Charter of the Board of Directors, revised July 26, 2019)

**SCC's qualifications for independent directors are as follows:**

1. Shall not hold shares exceeding 0.5% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related

persons of such independent director.

2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.

3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.

4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.

7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.

8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.

9. Shall be able to attend meetings of the Board of Directors and make independent judgment.

10. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.

11. Shall be able to look after the interests of all shareholders equally.

12. Shall be able to prevent conflicts of interest.

13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.

After being appointed as an independent director with all qualification items 1-13 specified above, such independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person which may have a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

In case that the appointed independent director is the person who has or used to have a business relationship, or provision of professional services at a value exceeding the specified amount under item 4 or 6, the Company shall be granted an exemption from such prohibition of having or having had a business relationship or provision of professional services at such excessive value, provided that the Company has obtained an opinion of the Board of Directors indicating that after a consideration in accordance with Section 89/7 of the Securities and Exchange Act, the appointment of such person does not affect the performance of duties and the giving of independent opinions, and that the relevant information is disclosed in the notice of shareholders' meeting under the agenda of the appointment of an independent director.

In 2022, all the eight independent directors neither had involvement in any business nor provided any professional service whose value exceeded the specification in the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares. However, Mr. Thapana Sirivadhanabhakdi, Mr. Suphachai Clearavanont, and Ms. Jareeporn Jarukornsakul had business relations with SCG worth in excess of 20 Million Baht.

Mr. Thapana Sirivadhanabhakdi and Ms. Jareeporn Jarukornsakul held directorship in companies that may be deemed to have the same nature of business as and to be in competition with the Company, of which the meeting of shareholders had to be informed prior to the appointment. However, such competition was deemed insignificant to the business of SCG and its subsidiaries in accordance with the qualifications of independent directors.

Upon reviewing the candidate's qualifications for directorship and independent directorship in relation to the Public Limited Companies Act and the Securities and Exchange Act, the Board of Directors was of the view that the business relations would not affect the

independent directors' ability to fulfill their duties nor their independence of opinion. Therefore, the qualification requirements for independent directorship regarding restrictions related to the candidate's previous or existing business relations were relaxed by the power of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (Amended). The qualification requirements for Mr. Thapana Sirivadhanabhakdi was informed to and relaxed by the Annual General Meeting of Shareholders on June 8, 2020 and for Ms. Jareeporn Jarukornsakul by the Annual General Meeting of Shareholders on March 30, 2022.

#### **Nomination and Selection Process of New Directors**

As leaders of the organization, directors have crucial roles, duties, and responsibilities. To ensure that the nomination and selection of directors follows clearly defined steps and is characterized by systematicity, transparency, and alignment with the Company's policy on director qualifications and nomination as well as SCG Corporate Governance Principle so as to obtain candidates who with qualifications, expertise, skills, and experiences in accordance with the Company's strategies, the Board of Directors, on the suggestion of the Governance and Nomination Committee, has formulated the nomination and selection process of new directors in writing, consisting of four major steps: planning, nomination, selection, and election. The timeframe of each step has also been defined.

#### **Rules and Procedures for the Election of Directors**

1. Prior to the Annual General Meeting of Shareholders, the Governance and Nomination Committee proposes to the Board the names of persons to replace directors to be retired by rotation. The nominees will then be listed for consideration for election during the Meeting. All shareholders have an equal right to propose other candidates. Authority to select directors rests with shareholders.

2. A shareholder shall have one vote for each share they hold or represent.

3. At the election of Directors, the shareholders shall vote for each individual candidate nominated for Directors, but not exceeding the number of Directors required for that election. The vote shall not be distributed.

4. The candidates shall be ranked in descending order from the highest number of votes received to the

lowest, and shall be appointed as directors in that order until all of the director positions are filled. If the votes cast for the candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the chairman of the Meeting shall cast the deciding vote.

- **Performance Assessment and Knowledge Enhancement**

#### **1. Board Performance Assessment**

SCG has stipulated a performance assessment and a review of the performance results of the Board of Directors and Sub-committees at least once a year on a yearly basis. The assessment is divided into two types, namely the performance assessment of the Board of Directors as a whole and the self-assessment. On top of this is the performance appraisal of the Chairman of the Board of Directors. The Board of Directors then analyzes and summarizes the results of the assessment to formulate measures to further enhance the efficiency of the Board of Directors.

#### **Performance Assessment Process**

As for the performance assessment of the Board of Directors as a whole and self-assessment, the Governance and Nomination Committee is tasked with reviewing the performance assessment forms for the Board of Directors and the Sub-committees, the performance assessment form of the Chairman, and information need questionnaires used to enhance the knowledge and performance of the directors; and proposing these forms to the Board of Directors for review.

The Corporate Secretary Office distributes the assessment forms to each director for assessing the performance of the Board of Directors and the sub-committees in which they serve. Afterwards, the Corporate Secretary Office summarizes and presents the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment, which is subsequently submitted to the sub-committees.

In 2022, the Board of Directors resolved to revise the performance assessment forms for the Board of Directors and sub-committees as recommended by the Governance and Nominations Committee to amplify the outcome of the performance assessments as per the suggestions of an external consultant. To this end, the questions were grouped and made more concise, the assessment scale was divided into "Suitable" and "Needs Improvement" and the questions were revised so as to elicit more opinions and perspectives from the

directors.

### **Results of Board Performance Assessment of 2022**

#### Board of Directors

##### 1. Assessment of the board as a whole

The major assessment topics consisted of 1) board structure, qualifications, and composition; 2) roles and responsibilities, such as business oversight in accordance with SCG Corporate Governance Principle, oversight of internal control, promotion of innovation development, promotion of policies on social and environmental responsibilities, and personnel development and succession planning; 3) board meeting attendance

##### 2. Self-assessment

The major assessment topics consisted of knowledge and expertise, and contribution as the director.

The board performance for the year 2022 was rated in both the assessment of the board as a whole and self-assessment as “suitable.”

#### Sub-committees

The four sub-committees are namely the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development. The following performance assessments are prescribed for each sub-committee:

##### 1. Assessment of a sub-committee as a whole

The major assessment topics consisted of 1) the structure, qualifications, and composition of the sub-committee; 2) the roles and responsibilities according to the charter of the sub-committee; and 3) meetings of the sub-committee

##### 2. Self-assessment

The major assessment topics consisted of knowledge and expertise, and contribution as a member of the sub-committee.

The performance of the four sub-committees for the year 2022 was rated in both the assessment of the board as a whole and self-assessment as “suitable.”

The Board of Directors also offered their opinions and recommendations to promote and enhance the efficiency of the board as a whole, including the enrichment of governance knowledge in accordance with ESG principles, regular updates on the business of SCG's subsidiaries, and review of employee development plans. The assessment results would be utilized to inform director development plans.

### **Performance Assessment of the Board by Independent External Consultants**

In addition to the annual performance assessment of the Board of Directors both as a whole and self-assessment, the Board of Directors has also introduced a policy subjecting itself to a performance assessment by independent external consultants every three years to develop guidances for enhanced efficiency and to ensure compliance with the Corporate Governance Code stipulated by the Securities and Exchange Commission (SEC) B.E. 2560 and DJSI's governance assessment guidelines. The policy was first implemented in 2015.

In 2020, the Board of Directors, at the suggestion of the Governance and Nomination Committee, selected Aon Solutions (Thailand) Co., Ltd. as its independent external consultant (“the consultant”) to perform the annual board performance assessment for 2021 in order to evaluate its structure, roles and responsibilities and ensure that the performance of the Board of Directors was in accordance with international corporate governance standards and widely accepted best practices. The opinions and recommendations of the consultant would then be used to improve the operational plans of the Board of Directors in various areas. The next assessment is scheduled for 2024.

### **2. Assessment of the President & CEO and SCG Top Executives**

The Board of Directors and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the President & CEO and top executives of SCG and propose such amount to the Board taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.

2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The capability to develop the business unit and improve operational efficiency for each business unit each year.

In addition, a survey on manager-level employees' opinions regarding the President & CEO and the top executives is included in the Remuneration Committee's consideration.

### **3. Development of Directors and Top Executives**

SEC's Corporate Governance Code for Listed Companies 2017 includes a guideline stating that the Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the company's operations, and relevant laws as well as encourage all directors to enrich their skills and knowledge on a regular basis. In addition, SCG's Charter of the Board of Directors stipulates that it is the Board's duty to regularly develop its knowledge and competency through training sessions or courses relevant to their directorial duties or seminars that enhance their knowledge.

The Board of Directors approved the formulation of a systematic director training and development plans in writing. In addition, training records would also be kept to inform the knowledge and competency development for each director.

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company's Directors. As a consequence, the Company has held many dialogs, allowing for an exchange of experience and views among the directors, top executives and outside experts since 2011.

In 2022, the Governance and Nomination Committee organized a total of five seminars in order to enrich directors and top executives' knowledge and understanding of the external context. Featuring invited experts across various fields from both Thailand and overseas, the seminars organized were as follows:

- Seminar 1: Metaverse Sharing, held January 26, 2022
- Seminar 2: Inflation Trends and Economic Impacts, held February 23, 2022
- Seminar 3: Perspectives on the U.S. Economic and Political Situation and Its Impact on Thai Economy, held June 29, 2022

- Seminar 4: Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth, held September 28, 2022

- Seminar 5: Vietnam's Economy and Politics, held October 26, 2022

The objectives were to enhance the knowledge of SCG's directors and executives and keep them regularly informed of the current state of the global economy. During the sessions, the participants exchanged ideas and were given beneficial suggestions from the speakers that they could use to compare with and develop SCG's current business plans.

In addition, SCG encourages all members of the Board and the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the Board of Directors and top executives of different organizations. The courses that they are encouraged to attend include both those hosted by the SCG Human Capital Institute and those organized by governmental regulating bodies or independent organizations.

## **Development Activities and Training Attended by Each Director in 2022**

Name	Development and Consulting
1. Air Chief Marshal Satitpong Sukvimal	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> </ul>
2. Mr. Chumpol NaLamlieng	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> </ul>
3. Mr. Kasem Watanachai	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended The Next Chapter Exposition</li> </ul>
4. Lieutenant Colonel Somchai Kanchanamanee	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> </ul>
5. Police Colonel Thumnithi Wanichthanom	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Future of Packaging beyond 2022 and Industry Impacts from Geopolitical Scenarios</li> </ul>
6. Mr. Kan Trakulhoon	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the seminar on Future of Packaging beyond 2022 and Industry Impacts from Geopolitical Scenarios</li> <li>- Attended the seminar on Visions of Future Societies</li> <li>- Attended the Next Chapter Exposition</li> </ul>

Name	Development and Consulting
7. Mr. Prasarn Trairatvorakul	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the seminar on Future of Packaging beyond 2022 and Industry Impacts from Geopolitical Scenarios</li> <li>- Attended the seminar on Visions of Future Societies</li> <li>- Attended the Next Chapter Exposition</li> </ul>
8. Mr. Pasu Decharin	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the Next Chapter Exposition</li> </ul>
9. Mrs. Parnsiree Amatayakul	<ul style="list-style-type: none"> <li>- Shared her vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thai Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the Next Chapter Exposition</li> </ul>
10. Mr. Cholanat Yanaranop	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the Next Chapter Exposition</li> </ul>

Name	Development and Consulting
11. Mr. Thapana Sirivadhanabhakdi	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended Sustainability Forum 2023 by Bangkok Biz News</li> </ul>
12. Mr. Suphachai Clearavanont	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended Sustainability Forum 2023 by Bangkok Biz News</li> <li>- Shared his vision in Thailand 4.0 The Future and Beyond</li> </ul>
13. Mrs. Nuntawan Sakuntanaga	<ul style="list-style-type: none"> <li>- Shared her vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the Next Chapter Exposition</li> </ul>
14. Ms. Jareeporn Jarukornsakul	<ul style="list-style-type: none"> <li>- Shared her vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Shared her vision on the topic "Transforming Thailand and Moving Forward Together" at the 2022 annual conference of the Office of the National Economic and Social Development Council</li> <li>- Shared her vision at Thailand Economic Outlook 2023 on the topic of Power of Women</li> <li>- Shared her vision on the topic "Transport United for Happy Journey"</li> <li>- Was a speaker at the Secret Sauce Strategy Forum 2022 CODE RED Strategy</li> </ul>
15. Mr. Roongrote Rangsiyopash	<ul style="list-style-type: none"> <li>- Shared his vision and provided consultation on the medium-term plans (MTPs) of every business of SCG</li> <li>- Attended the seminar on Metaverse Sharing</li> <li>- Attended the seminar on Inflation</li> <li>- Attended the seminar on Perspectives on the U.S. Economic and Political Situation and Its Impact on Thailand's Economy</li> <li>- Attended the seminar on Perspectives on China's Geopolitics, International Relations, and Trends of Economic Growth</li> <li>- Attended the seminar on Vietnam's Economy and Politics</li> <li>- Attended the Next Chapter Exposition</li> <li>- Shared his vision on corporate management on the TV program Thod Soot on PPTVHD36</li> </ul>

The attendance of the directors in courses offered by the Thai Institute of Directors (IOD), their experience, expertise, positions, and education relevant to SCG's core businesses, and their experience in the material industry according to the Global Industry Classification Standard (GICS Level 1 Sector Classification) are shown in the individual profile of each director on the Company's website ([www.scg.com](http://www.scg.com))

To support the Board's responsibilities, SCG has assigned the Secretary to the Board and Company Secretary to work in coordination with the Board and the top executives. In addition, the Corporate Secretary Office is responsible for serving as a coordinator for the legal matters, relevant standard practices, and activities of the Board to ensure implementation of the Board's resolutions.

#### **SCG Director Induction**

SCG established a Director Induction Program for new directors to facilitate their prompt performance of duties. The corporate secretary was commissioned to coordinate the work in the three following areas based on the Orientation Program:

1) To compile necessary information for directors to ensure their compliance with laws, rules, and regulations related to directors.

2) To provide important information essential for the directors' performance of duty, such as the Memorandum of Association and the Articles of Association, a summary of operating results, a summary of SCG corporate governance principles, and other relevant handbooks, for use as quick references.

3) To arrange for a meeting with the Chairman and directors and the executives or head of each function to stay informed and make queries about SCG's business in depth.

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

To ensure that a proper mechanism is in place for the nomination and development of Top Executives and executive officers, the duties of the Board of Directors are as follows:

- Reviewing top executive development plans and the succession plan for the President & CEO while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.

- Encouraging the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the executives of different organizations.

#### **Nomination and Succession Plan for Top Executive Positions at SCG**

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of our top executives are professionals who perform their duties independently from the major shareholder and other shareholders. The succession plan for the President & CEO and top executives is carried out by the Remuneration Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified employees will undergo a high potential assessment and pursue development courses following an individual career development plan. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff members are ready to fill any positions that become vacant.

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

To promote innovation that creates value for its shareholders together with benefits for its related party and the environment, in support of sustainable growth of the company, the duties of the Board of Directors are as follows:

- Overseeing to ascertain shareholders' involvement in the decision making of SCG's important matters, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders, establishing a clear process and channels for receiving and handling complaints from informants or stakeholders effectively and ensuring an opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

- Overseeing and monitoring IT management and the implementation of the IT security system.

3. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring of each business unit's and SCG's overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of SCG's employees.

- **Role of Stakeholders**

SCG has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to SCG Corporate Governance Guidelines, SCG Sustainable Development Guidelines, SCG Code of Conduct, and other relevant policies, as well as protection of such rights and stringent equitable treatment.

The Board of Directors formally wrote the Stakeholder Engagement Policy in 2010 to serve as clear guidelines for employees on business conduct, create long-term added values for shareholders. Subsequently, in 2011, the Board of Directors approved the formulation of engagement policy and guidelines for each stakeholder group in a formal written form, which serve as a clear guidance for employees on engaging each stakeholder group.

The Board of Directors has approved the review and revision of the engagement policy and guidelines for each stakeholder group to ensure more comprehensive policy, strategies, guidelines, and management procedures. In addition to reducing risks that may cause damage to the corporate image and reputation, the efforts also help enhance the brand and competitive advantages, adding value to the Company by demonstrating its commitment to stakeholders. The revised policy and guidelines are published on the SCG websites.

Stakeholder engagement guidelines are summarized below:

### **1) Shareholders**

SCG attaches great significance to the shareholders, who are business owners. As a result, the Board of Directors, which represents the shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and SCG business philosophy to ensure

maximum benefits and long-term value for shareholders.

SCG respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company, such as the rights to attend the Annual General Meeting of Shareholders, request extraordinary general meetings of shareholders, propose agenda items in advance, elect directors, receive fair remunerations, and voice opinions on the Company's business conduct through independent directors. All of which will be compiled and presented to the Board of Directors for review.

In addition to these aforementioned fundamental rights, SCG also carried out other measures to promote and facilitate the exercise of the rights of shareholders. The rights that shareholders are entitled to are disclosed under "Principle 7: Ensure Disclosure and Financial Integrity and Principle 8 : Ensure Engagement and Communication with Shareholders" of the Annual Registration Statement/the Annual Report.

### **Fostering Good Relations with Shareholders**

#### **• SCC Shareholder Activities**

SCG recognizes the importance of fostering good relations with shareholders. As a result, since 2010, the Company has continuously hosted a range of activities that are beneficial to society, culture, and the environment as well as opened up opportunities for shareholders to visit the sites of the Company's core business units. To this effect, the Company sent out invitation letters, with reply forms included, to shareholders via post to provide an opportunity for shareholders to declare their intention to participate in activities. Shareholders have expressed their interest and signed up for these activities. For each activity, the Company randomly chooses eligible candidates and announces the list of chosen participants on the SCG website as well as notifies them via phone to confirm their participation for each site visit to a core business.

In 2021, as COVID-19 cases continued to rise, various preventive measures were imposed on agencies and organizations across all sectors, especially for activities involving a large gathering of people and posed high risks, for which appropriate measures had to be put in place. Concerned for the health and safety of the shareholders and acting in compliance with the government's guidelines, SCG decided not to hold any activities that year.

However, in 2022, as the COVID-19 pandemic began

to decline, SCG resumed its activities for shareholders, including a site visit to SCG Chemicals Public Company Limited (SCGC) to view its ESG activities and a joint activity with community enterprises at the RIL Industrial Estate in Rayong on November 3, 2022. The activities were organized to inform shareholders who had expressed their wish to participate in SCG's activities in the years 2021-2022 of SCG's sustainable practices, which were in line with an ESG approach and the principles of circular economy, both with regard to production and to its collaboration with communities surrounding its plants, such as in waste management. The activities also gave the participants an opportunity to get in touch with local community enterprises.

#### • **SCG Debenture Club Activities and Privileges**

Since 2000, SCG has consistently demonstrated its commitment to debenture holders through a vast array of activities and privileges. A summary of the activities carried out in 2022 is given below:

- An online seminar “Digital Assets: An Alternative of the Future” in February and an online seminar “Cyber Awareness” in August, both held as on-site events with physical distancing measures in place, attended by 400 participants.

- SCG Smiling Workshops: a total of 400 educational “Kid Learn” velvet boards were donated to the Foundation for the Deaf under the Royal patronage of H.M. the Queen in May, and a total of 100 educational picture boards for the supporting of mathematics and English language leaning were given to kindergarten and primary school students through the Rajaprajanugroh Foundation under Royal Patronage in October.

- A flower pot-painting workshop entitled “Paint for Plants” in March and a workshop “Herbarium – Flower

of the Memory” in September, each attended by 100 participants.

- The SCG Debenture Club for Schools Project: SCG and its debenture holders raised over 2.45 million baht to purchase school supplies for primary schools in Nakhon Phanom, namely Ban Kok Sawang School, Ban Don Daeng School, and Ban Phon School in November

- Four domestic trips: A trip “In the Embrace of Nature” to Ratchaburi in February; a trip “SRT Prestige: Train Ride to the East” to Sa Kaeo in May; a trip “The Magical Gateway to the South” to Chum Phon in September; and a trip “Path of Culture and Faith” to Nakhon Phanom and Sakon Nakhon in December, each held for two groups of 20 participants.

- Annual concert 2022: Magical Endless Love Concert by SCG Debenture Club in July at Royal Paragon Hall, Siam Paragon; two live performances, with online streaming were held, featuring a wide array of artists, including Jae Danupol, Duek Dam Bam Boy Band, Rudklao, Tata Young, Ben Chalatit, Tor Saksit, Mariam, and the special guest Nadech Kugimiya.

- First launched Young Generation (YG) 2022 in Singapore in September to foster good relations between SCG and heirs of its debenture holders.

- Gala dinner 2022: The top 100 debenture investors, along with their followers, were invited to join an exclusive dinner party with SCG executives in the theme of Destiny Night The Musical in September

- Exclusive privilege: Three outbound trips between September and December, comprising Slovenia, Japan, and Cambodia.

- Executive Privilege: A domestic trip to Phuket in November

SCG Debenture Club members are also eligible for exclusive discounts from business partners, such as Tops, Au Bon Pain, Samitivej Hospital, Bumrungrad International



**Magical Endless Love Concert by SCG Debenture Club**



**SCG Shareholder Activities: Chemicals Business Site Visit**



Hospital, Bangchak Petrol Stations, and B2S. More discounts on products and services by SCG and its leading business partners can be found on the SCG Debenture Club mobile application and web application. These activities and privileges bear testament to the significance that SCG has consistently attached to its debenture holders and society at large.

## 2) Employees

### 1. Human Rights Respect and Protection

SCG has always adhered to a code of business ethics and demonstrated responsibility towards society, employees, and other stakeholders through corporate governance practices. It also strives to operate its businesses within an ethical framework that is consistently developed to ensure suitability and complies with the laws of every country where it operates as well as relevant international standards, such as the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNG), and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. In 2022, SCG's human rights practices continued to be recognized by both international and national assessors, such as DJSI, and won a Human Rights Award from the Ministry

of Justice for a third consecutive year. Key activities in 2022 can be summarized as follows.

- o Revising the Human Rights Policy and the Diversity and Inclusion Policy to ensure currency and alignment with current social issues and context, and appointing the Human Rights and Stake Holder Engagement Committee to drive and advance the implementation
- o Appointing the Diversity Committee to drive diversity and inclusion management in the organization and integrate the potential of diversity to bring about the sustainable development of the organization
- o Compiling and issuing the Human Rights Framework and Human Rights Due Diligence Process Guideline for use as guidance by all businesses across SCG's business value chain
- o Informing and educating employees about human rights and conducting an empathizing project where insights were obtained from various employee groups, such as female employees, Muslims, and members of the LGBTQ community, to improve the content of human rights communications and care of new employees to address a fuller range of needs
- o Developing tools and processes for human rights protection for SCG's business value chain and joint ventures

## 2. Employee Care

### 2.1 Remuneration Management

SCG places great emphasis on remuneration management in order to attract talents and high-potential recruits as well as boost the morale of the staff so as to retain capable employees and drive them to successfully fulfill their duties, which in turn motivates them to further develop their capabilities and preparedness and enables them to see opportunities for career advancement. The Company has also put in place a job value assessment process for the jobs at different levels in the organization and established a suitable remuneration structure that is competitive with other companies in the same industry or located in the vicinity as well as a performance assessment system that is guided by fairness and equitability within the organization and takes into account communication between employees, their superiors, and the Company of relevant expectations, action plans, and the organization's shared goals. Remuneration is offered in the following forms: salaries, position-dependent work-related allowances, bonuses, variable pays, and other benefits.

SCG's remuneration management takes into consideration not only its annual performance, such as sales generation, net profit, and EBITDA, but also its long-term performance, such as business expansion plans, profit growth rates, market shares, and performance in operational efficiency improvement and sustainable development, in order to ensure the Company's sustainable growth.

### 2.2 Employee Benefits Management

SCG has prescribed a benefit management policy and relevant guidelines in its human resources management regulations, protocols, and guidelines to provide support and assistance related to healthcare and wellbeing for employees, facilitate their performance of duties, and elevate their quality of life as appropriate for employees at each level. The policy and guidelines are regularly reviewed to ensure compatibility with changes.

During COVID-19 outbreaks, SCG provided ergonomic office equipment and furniture, such as desks and chairs, to ensure that its employees could work offsite efficiently, as well as internet allowances to reduce financial burdens on them. In addition, SCG has introduced Bubble & Seal and local community isolation in its manufacturing plants and ATK test kits as well as provided vaccination facilitation, a tele-med program for convenient consultation with doctors via phones, and boxes of essential items for self-care at home. As the

COVID-19 situation improved, SCG revised its policy and guideline for returning to work, established flexible work arrangements, and redesigned the workplace to include co-working spaces and collaborative zones to suit the situation. In addition, SCG reviewed employee benefits and welfare and, in response to rising costs of living and inflation, provided a special one-time cost-of-living allowance to all employees up to the first line managers, with other forms of assistance to be considered as appropriate. Furthermore, the Company prioritizes the promotion of preventive healthcare through, for instance, gym facilities, health activities for employee clubs, educational workshops on health, vaccine provision, annual health checkups, and physical fitness tests. All of these initiatives contribute to the better health of SCG employees, as reflected in the steady decrease in medical expenses compared to the previous years (-5% in 2020 and -12% in 2021). As for mental wellness, SCG launched the Caring Check System, through which employees can make inquiries as well as disclose and exchange information about their mental health, as well as the Doctor Anywhere System, which offers online consultation with psychiatrists and psychologists. In addition, psychiatrists are provided and available for appointment at the Healthcare Center.

### 2.3 Long-term Employee Care

SCG puts a premium on career advancement management and keeping employees informed of their career path, which is a crucial factor in building their motivation and bond with the organization. Career advancement plans are regularly developed by employees and their supervisors.

Long-term benefits for employees include provident funds, financial management courses, healthcare, retirement preparedness programs, and retired employee clubs, all of which ensure that employees have a good quality of work life and have retirement plans that guarantee their financial stability and health.

### 2.4 Other Developments in Human Resources Management

#### 2.4.1 Employee Development

Although the COVID-19 outbreaks subsided in 2022, SCG has remained committed to human resources development and adjusted the learning programs and modes to suit the situation at all times, including flagship programs intended for employees at each level and development programs designed for each professional career path and on-site role so as to enable employees to perform their duties amid fierce competition in the

market and meet rapidly-shifting consumer needs. These include Product Strategist Development, which incorporates actual projects into the lessons, makes reference to theories introduced by guest instructors, and features coaching sessions where the coach provides advice and tracks the progress of the project until product development strategies and sales plans are fully formed; Business Development Concept (BCD), which incorporates ESG into the lessons to raise awareness of the significance of sustainable growth; and Data Analytics, where employees who are handling actual projects get to learn through workshops, receive consultation from coaches on the Clinic Day, and present their work so that they can exchange knowledge among themselves.

To maximize benefits for learners, SCG has also organized live learning sessions, where gurus from various fields from external organizations share their knowledge and experience as well as success and failure cases. Topics of these sessions include Boosting Business Growth with Big-Data and AI-powered Solutions, and Driving the Country with the BCG Economic Vision. Three sessions are held on average per month through the Learning Management System (LMS), which has been newly improved for more flexible usage.

In addition, individual development plans are developed for every employees, with their supervisor and the human resources department supporting their learning through various methods, such as coaching, mentoring, on-the-job training, job shadowing, special projects, digital learning, and live learning, conducted by internal and external instructors. The purpose is to ensure that all employees can contribute to the continuous, smooth, and effective business operations of SCG.

In 2022, the average number of training days for each employee stood at 19.35 days. The expense for both internal and external employee learning and development amounted to 782.79 million baht.

#### 2.4.2 Human Resources Management in Accordance with Business Strategies

SCG places great significance on its employees, in accordance with one of its core values “Belief in the Value of the Individual.” To this end, the Company established human resources management strategies that suited the situation and the business strategies for the year as detailed below.

1) HR Organization Redesign: In response to business restructuring, SCG has improved the overall HR

management structure by consolidating the HR management of the Cement-Building Materials Business and SCG’s corporate function to elevate employee care and services and optimize cost management.

2) HR Operational Excellence: SCG continues the digital transformation of its HR management, such as RPA, BOT, AI, to enhance operational efficiency and reduce costs. In 2022, a total of 17 sub-projects were completed, such as robotic payroll reporting and RPA tax submission.

3) Share-services Enhancement: SCG continues to improve central HR services systems, such as the payroll system and the eligibility checking and welfare disbursement system for the Cement-Building Materials Business and SCG’s corporate function. Thanks to the introduction of digital technology, SCG was able to boost service capability by 145% and reduce costs by 0.18 million baht per month. Plans have been made to extend the central management system to the Chemicals and Packaging Businesses as well as to customers outside of SCG in the future.

4) Employee Experience & Well-being: SCG strives to improve employee care to ensure positive experience and well-being throughout their duration of employment and foster engagement with the organization. The Company has also reviewed its policy for returning to work in the post-COVID period, established flexible work arrangements, redesigned the workplace environment, and initiated projects to foster employee participation and engagement.

5) Best Practice Sharing: To ensure consistency with the ESG principle, especially in the social dimension, SCG provides HR services as well as HR consultation services to business partners and customers, which help to improve HR knowledge in society. In 2022, SCG served and consulted over 70 partner organizations.

#### 2.4.3 HR Digitization

SCG has continued to digitize its HR management system, in line with the concept of a digital workplace, by providing equipment and tools that enable remote work while also placing emphasis on interactions between personnel to maintain the level of engagement with the Company. Key activities are as follows:

1) “Employee Connect”: The application features functionalities for personal data management, leave and OT requests, welfare and benefit management, as well as HR Q&A Bot and communication channels for other information. New features have been added as called for the situation, such as daily workplace status reporting.



2) HR Operations: Robotic Process Automation (RPA) is implemented to reduce process time and redundant tasks and support remote work through features such as e-signature, virtual meeting tools, summary reports, reimbursement records, as well as the power app, which is used to track the status of operational activities.

3) PowerBI Dashboard: The dashboard is utilized in the analysis of HR KPIs and employee data, such as manpower management, resignation, daily operation reimbursement, performance monitoring, pay per productivity, and cost per transaction.

4) Recruitment: SCG has introduced digital tools to recruitment, such as in online candidate assessment. Digital analytics tools, such as Google Analytic and Bitly, are also utilized to analyze applicant selection activities and the applicant database. SCG has also joined hands with LinkedIn to manage its applicant database and enhance the effectiveness of the recruitment process.

### **3) Customers**

SCG is committed to continuously creating innovations to offer products and services that meet true needs of its customers in terms of both quality and fair prices. SCG products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable growth through excellence strategies in operating and human value marketing to ensure customer confidence and highest satisfaction. To this end, SCG has established a unit responsible for customer relations management in every business in order to offer suggestions on the Company's products and services, provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, SCG has put in place a management

system to foster good customer relations, the main factor of which is the voice of customers. As such, customer satisfaction in each business group is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers, and customer insights discovered in the process are then further developed into new innovations. In response to the COVID-19 pandemic, online channels have also been added to cater to the needs of consumers today. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers. Based on the 2022 customer satisfaction survey through the SCG Contact Center, the result of overall customer satisfaction survey of SCG was 100%

### **4) Suppliers/Business Partners**

SCG adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, SCG Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts.

As for its business partners, SCG has a policy of taking good care of its business partners regarding the environment, work safety, and remunerations through provision of knowledge, counsel, and motivation in order to bring about development in the environmental management system through a supplier safety certification system and consideration of appropriate

and fair remunerations. In addition, the Company is resolved to develop the capabilities and knowledge of its business partners both within and outside their lines of work to enable them to work more efficiently. At the same time, SCG also encourages its business partners to enhance their knowledge to achieve highest efficiency in their work.

The Board of Directors approved the implementation of SCG Procurement and Vendor Selection Policies and Guidelines, in which the policy regarding the selection and screening, the required qualifications, and the application of SCG suppliers/business partners, as well as the procedures involved in carrying out business with SCG are clearly prescribed and also established SCG Supplier Code of Conduct, in which suppliers are defined as any suppliers, contractors, and/or service providers for SCG, to ensure an accurate understanding among SCG suppliers.

This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct businesses with a person or a juristic person who violates the law or demonstrates corrupt behaviors. The policy is published on the Company's website.

### **5) Joint Venture Partners**

SCG respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate business plans; determine an appropriate and transparent allocation of interest; and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

### **6) Creditors**

The Board of Directors takes into account equality for all concerned parties and honesty in carrying out its business. The Board is also committed to creating confidence and ensuring fair treatment to creditors. Policies and guidelines regarding the treatment of creditors are as follows:

1. The Company enters all types of agreement with each creditor in compliance with the law in a fair, and transparent way, without taking advantage of the parties to the agreement.
2. Any fraudulent method or concealment of material facts or information that may damage the

creditors are prohibited.

3. The Company strictly complies with any agreed terms and conditions with all types of creditor accurately and straightforwardly.

4. The Company will pay loans plus interests to all types of creditors at the full amount when due.

To maintain the creditors' confidence, the Company stresses the importance of managing its finances to create an appropriate financial structure. The Company also strives to constantly keep the creditors abreast of the Company's business status and maintain sustainable relations with the creditors.

### **7) Community**

SCG believes that a strong community and society is the foundation of the country's prosperity. As such, SCG strives to advance its business alongside social development to elevate the quality of life and reduce disparity in communities as well as support activities that help solve problems and make contribution in line with the needs of the communities that SCG operates in, both in Thailand and overseas. In addition, the CSR Committee for Sustainable Development is tasked with formulating policies, directing projects, promoting the participation of employees, affiliated organizations, government agencies, and communities in carrying out activities in the hope of achieving harmonious and sustainable co-existence between industries and communities.

Further information on SCG's community, environmental, and social responsibilities can be found in Form 56-1 One Report under "Key Activities on Sustainable Development in 2022"

### **8) Governmental Agencies**

SCG has clearly defined guidelines for engaging in transactions with government agencies in the SCG Code of Conduct and SCG Anti-corruption Policy. Furthermore, SCG ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

### **9) Media**

SCG attaches significance to the timely, accurate, and transparent disclosure of information to the media, so they can communicate the information to the public

with accuracy and in a timely fashion. To create continuous media engagement, a number of activities catering to the interests of the media have been held such as press conferences, CSR activities. The Company is also committed to fostering good relations with the media through opinion exchange sessions to further development and provision of support for their academic activities based on the media code of conduct.

#### **10) Competitors**

SCG's policy is to treat competitors fairly under an honest competition framework. The Company is committed to carrying out business fairly in compliance with the law and SCG Code of Conduct and with concern for trade ethics and transparency. The Company also refuses to gain an unfair advantage over its competitors through unlawful activities, seek confidential information through unethical or inappropriate means, engage in any action that violates competitors' intellectual properties rights, or destroy competitors' reputations with defamatory and untruthful statements. In addition, the Company supports and promotes free trade, avoiding any acts that monopolize the market, and impede or limit fair competition.

#### **11) Civil Society Sector, Scholars, and Thought Leaders**

SCG conducts business with concerns for social responsibility and all stakeholders. In addition to full, accurate, transparent, verifiable disclosure of information, the Company recognizes the importance of comments and suggestions from the civil society sector, which reflect issues that the Company can improve to create values and benefit for the society. Since 2010, the Sustainable Development Committee has held opinion panels comprising esteemed figures from the public and private sectors, as well as independent entities. These panels focus on the care and the creation of value for the society and communities as well as strive to include the industry and the entire SCG supply chain in order to create a shared business practice for sustainability.

- **Contact Information for Stakeholders**

SCG has opened up channels through which stakeholders can offer suggestions, which will then be compiled, screened, and reported to the Company's top executives and the Board of Directors, as follows:

- **Company Secretary**

Tel: 0-2586-6098

E-mail: [corporatesecretary@scg.com](mailto:corporatesecretary@scg.com)

- **Investor Relations**

Tel: 0-2586-4299

E-mail: [invest@scg.com](mailto:invest@scg.com)

In addition, the Company has also provided channels through which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, namely SCG Whistleblowing System via SCG intranet Portal (for employees) and [www.scg.com](http://www.scg.com) (for other stakeholders) for further actions to be taken. The procedures are as follows:

- Employees or stakeholders file reports via the designated channels. The information provided is considered confidential and revealed only as necessary. The Company has also put in place informant/complaint lodger protection measures, and the investigation does not require the revelation of the informant's identity or the information source. In addition, informants can demand appropriate protection measures or the Company might implement extra protection measures without having received any demand informants if the issue can potentially cause damage or dangers.

- The Internal Audit Office receives complaints, verifies the validity, and conducts a preliminary investigation with meticulousness to reach a conclusion within 30-60 days. Progress reports are also made to the informants if their identities are identified.

- In the event that a violation is proven, an investigation committee will be formed to pass judgment and determine the punishment. Then, the corruption or complaint will be reported to the Audit Committee and the Board of Directors.

Should stakeholders desire to contact the Board of Directors directly without going through the management in order to report cases of rights violation, corruption, non-compliance with laws or ethical practices which might be related to an executive, they can file reports to the independent directors via [ind\\_dir@scg.com](mailto:ind_dir@scg.com).

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

To ensure that the Company and subsidiaries has effective and appropriate risk management and internal control systems and comply with applicable law and standards. The duties of the Board of Directors are as follows:

1. Specifying and overseeing risk management policies to ensure effective risk management systems and internal control together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

2. Establishing the Audit Committee to review compliance with policies, rules, laws, regulations, and requirements of regulatory agencies, promote the development of the financial reporting and accounting system to meet international standards, and review internal control, internal auditing, and risk management systems to ensure their prudence, suitability, currency, and efficiency. The Audit Committee can act and exercise independent judgement in the interest of the Company.

3. Establishing the Risk Management Committee, responsible for defining the risk management structure, policy, strategies, and frameworks, monitoring risk assessment performance, approving risk management plans to ensure that SCG has suitable risk management, and reporting to the Risk Management Committee.

4. Encouraging staff at all levels to be aware of ethics and morality and comply with SCG's principles of corporate governance, Code of Conduct and the Anti-corruption policy while overseeing the proper internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

5. Monitoring and managing any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as overseeing to prevent misuse of SCG's assets and the entering into inappropriate transactions with persons connected with SCG.

6. Establishing an internal audit unit that can operate efficiently and independently to oversee and audit the efficiency of SCG's risk management system and internal control as well as report to the Audit Committee for consideration.

To be certain that SCG had a risk management system and internal control that would enable it to achieve its objectives effectively and ensure compliance with relevant rules and standards, the Board of Directors approved a Risk Management Policy to clearly establish in writing a framework for SCG's risk management procedure in line with SCG's good corporate governance principles and international practices.

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

The duties of the Board of Directors are as follows:

1. Overseeing and monitoring the Company's liquidity and debt service coverage together with emergency plans and mechanisms in case of problems arising.

2. Overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, and timely and are in compliance with the relevant regulations and guidelines.

- **Disclosure and Transparency**

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information shall be complete, sufficient, transparent, reliable and up-to-date.

SCG has established a Disclosure Policy in writing to provide guidelines for all employees since 2008 and has revised it to ensure alignment with the current laws and best practices of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). In addition, SCG has developed a Disclosure Guideline for material information. These efforts not only enable SCG employees and relevant units to disclose information correctly but also assure shareholders, investors, and all stakeholders that SCG is committed to the accurate and transparent disclosure of information in compliance with the laws and in an equitable manner. Details of the policy and guidelines are published on SCG websites for all stakeholders and the public.

Furthermore, the Disclosure Checklist was developed, revised and disseminated to relevant units for use in self-assessment of their standards to work efficiently and in compliance with the Disclosure Policy, which would further promote the sustainability of SCG's disclosure practices.

SCG is committed to strictly obeying the law, regulations, and obligations mandated by the Securities and Exchange Commission (SEC), the SET, and relevant government bodies. Regular amendment takes place to ensure accurate information disclosure and to guarantee SCG's transparency in conducting business. For example, the Company:

- Compiling reports as required by laws related to directors and chief executives and submit such reports to the Securities and Exchange Commission and the relevant regulatory agencies.

- Establishing a policy that requires the Company's directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries according to the criteria and reporting

procedures prescribed by the Company.

- Establishing a policy requiring all the directors to disclose/report their securities trading to the Board of Director's meeting and prescribing the directors and executives to report their holdings of the Company's debentures and ordinary shares in the Company's subsidiaries, as well as the ordinary shareholdings of their spouses, partners in a de facto relationship, and minor children, to the Board of Directors every quarter. They are also required to report the number of shares they hold at the beginning of the year and at year-end together with the number of those traded during the year in the Company's Form 56-1 One Report.
- Preparing a report on the Board's responsibility for financial statements and presenting it along with the Audit Committee's report in Form 56-1 One Report.
- Publishing Notice of Annual General Meeting of Shareholders and Form 56-1 One Report within 120 days after each financial year-end.
- Publishing the minutes of the latest and previous Annual General Meeting of Shareholders on the Company's website.
- Disclosing the roles and responsibilities of the Board of Directors and Sub-committee, the number of meetings held, and the number of meetings each individual director and Sub-committee member attended.
- Disclosing the date of the director's appointment in the Company's Form 56-1 One Report.
- Disclosing the Board member nomination process and the Board's performance assessment.
- Disclosing the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.
- Disclosing details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).
- Disclosing detailed information on the operations and investment structure of subsidiaries, associates, joint ventures and other companies.
- Disclosing the audit fee and other fees in the Company's Form 56-1 One Report.
- Disclosing the Company's Memorandum of Association and Articles of Association on the Company's website.
- Disclosing policy on environmental and social responsibility and related performance.
- Disclosing corporate governance policies and related performance.

- Revealing significant investment projects and relevant impacts of the projects via the SET link of the Stock Exchange of Thailand and SCG website to ensure that shareholders, investors, the press, and related parties are kept informed of information accurately, extensively, and transparently.

#### • **SCG's Information Distribution Channels**

SCG places great importance upon transparency and full disclosure of significant financial, operational, and other relevant information, so that it is accurate, complete, and timely. In addition to fulfilling legal and SET reporting requirements, SCG has established its own broad infrastructure of dissemination channels to reach interested parties. These communications channels include:

- The Investor Relations Department, which is responsible for direct communication with both local and international investors.
- Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.
- Analyst conference to announce quarterly operating results to investors and analysts.
- Activities to disseminate policy and operational guidelines to employees.
- Activities to meet both local and international investors and other stakeholders.
- Knowledge sharing with others on a certain topic in national and international forums.
- Company visits and plant tours ,in a format suitable for the circumstances for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.
- Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.
- Periodical media, such as Form 56-1 One Report, sustainability reports, debenture holder, magazines, customer journals, and dealer journals.
- Electronic channels for communications with employees, such as SCG Intranet Portal, e-mail and social media.
- Website: "www.scg.com" and social media.

#### • **Investor Relations Department**

SCG's Investor Relations Department communicates with institutional investors, retail investors, shareholders,

analysts and relevant government bodies on an equal and fair basis. In 2022, SCG organized various activities in order that the President & CEO, Executive Vice President, and Vice Presidents could meet investors, institutional investors, and analysts on a regular basis and present the operating results, financial statements and position, management discussion and analysis, and industry trends to them. The investor relations activities conducted are summarized below:

- 4 analyst conferences and press conferences, held on a quarterly basis
- Domestic roadshows and virtual conferences for the President & CEO, Executive Vice President, and Vice Presidents to meet with domestic institutional investors to offer relevant explanations, communicate with them, and create an accurate understanding regarding SCG's business approach and general information. A total of 25 such events, comprising 65 conferences, were held.
- 37 non-deal roadshows and conferences, comprising 88 meetings, were held in person and virtually to meet with domestic and international investors.
- Joining the Opportunity Day, hosted by the Stock Exchange of Thailand.
- One-on-one meetings, group meetings, and conference call, which allowed investors to inquire about the business conduct and strategies of the Company. Investors' inquiries are also directly responded to via e-mail and telephone on a regular basis.

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

The Board of Directors is responsible for ensuring shareholder participation in key decisions of SCG, respect for shareholder rights, and fair and transparent treatment of majority and minority shareholders as well as all stakeholders. The Board of Directors is also tasked with overseeing the establishment of processes and channels for whistleblowing and effective complaint handling, through which all stakeholders may contact/report potential issues directly to the Board of Directors.

SCG's policy is to provide support to every shareholder, including institutional investors, to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders Meetings, the right to propose in advance

the Meeting agenda, the right to nominate a person to be a director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors to fix of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage shareholders to exercise their rights as follows:

- SCG provides essential, clear, and up-to-date information for shareholders regarding the Company's business. The Company will notify shareholders of the information through SCG's website and the Stock Exchange of Thailand.

To ensure that all shareholders receive clear and sufficient detailed information, allowing them to have adequate time to study the information before attending the Shareholders' Meeting, SCG has clearly notified shareholders of the venue, date, time, and proposed agenda items, both in Thai and English, approximately two months prior to the meeting.

For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the Meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on SCG's website more than 30 days before the Meeting. Such documents are submitted to shareholders not less than 21 days prior to the Meeting.

- For the convenience of shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a proxy, using one of the proxy forms attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow shareholders to exercise their voting rights as they wish. Also attached is a profile of independent directors proposed by the Company to serve as proxies for shareholders.

For institutional or foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange the documents and evidence required prior to attending the Meeting well in advance to facilitate registration on the date of the

Meeting.

- The 2018 Annual General Meeting of Shareholders resolved to amend Clause 19 of the Articles of Association, enabling a shareholder or shareholders holding shares amounting to no less than 10 percent of the total number of shares sold, to submit a request directing the Board of Directors to call an extraordinary general meeting of shareholders to comply with the Public Limited Companies Act.

- The Company provides opportunities for the shareholders to submit questions related to items on the agenda or other information prior to the Meeting to the email address [corporatesecretary@scg.com](mailto:corporatesecretary@scg.com) or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:

Address: 19th Floor, SCG 100th year Building  
1 Siam Cement Road, Bangsue, Bangkok 10800  
Tel: 66-2586-6456  
Fax: 66-2586-3007  
E-mail: [corporatesecretary@scg.com](mailto:corporatesecretary@scg.com)

- In 2022, the 2022 Annual General Meeting of Shareholders was held on March 30, 2022, with a total of 12 directors, or 100% of the Board of Directors, in attendance. It was held via electronic means as an e-AGM to prevent the spread of COVID-19, reduce the gathering of people, and offer convenience to shareholders residing abroad or in other provinces who could not travel to attend the Meeting in person. Inventech Systems Co., Ltd. (Thailand), a provider of electronic meeting control systems in compliance with the standard of the Electronic Transactions Development Agency, provided facilitation throughout the entire process, from the e-registration, proxy appointment, meeting attendance, and inquiry submission through the video conference system all the way to e-voting and vote counting. SCG sent instructions for e-request and for the use of the electronic conference system to shareholders along with the Notice for the AGM so that they could study the instructions prior to the Meeting. All relevant rules and regulations were observed in the proceeding of the AGM.

- The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the Meeting. The Meeting is informed

of the result as soon as the vote counting has finished.

- Shareholders arriving after the Meeting has commenced are allowed to vote on the agenda item being considered provided that a resolution is not yet made. They constitute part of the quorum starting from the agenda item for which they are in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

- The agenda of the 2022 Annual General Meeting of Shareholders was considered in the order appearing in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter. Moreover, after all agenda items were considered, the Chairman welcomed shareholders' additional queries of their interest before declaring the meeting adjourned.

- The Company disclosed the voting results and resolutions for each agenda item at the 2022 Annual General Meeting of Shareholders to the public via SET link and SCG website after the Meeting ended.

- The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the Meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2022 Annual General Meeting of Shareholders within 14 days from the date of the meeting, posted the minutes on the Company's website and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce as stipulated by the law.

- Following the Annual General Meeting of Shareholders, the Governance and Nomination Committee will consider the questions and suggestions made by shareholders and propose them to the Board of Directors to determine appropriate response measures and improve the next shareholders' meeting. For the 2022 Annual General Meeting of Shareholders, the suggestions made by the shareholders were compiled by the Management and proposed to the Governance and Nomination Committee as well as the Board of Directors for consideration. The response measures were determined as follows:

Topic	Shareholders' suggestions	Action
Annual General Meeting of Shareholders	If the COVID-19 pandemic declines in the next year, the Annual General Meeting of Shareholders should be held at the headquarters as earlier.	Taken under advisement

### SCG Code of Conduct

- **SCG Code of Conduct**

SCG is a leading company group that has been in business for over 100 years. Founded in 1913 under a Royal Decree of His Majesty King Vajiravudh (King Rama VI) of Chakri Dynasty as one of Thailand's first companies, SCG has continued its operation to this day, in the reign of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun (King Rama X) of Chakri Dynasty (hold approximately 33.6%), as a well-recognized model of good corporate governance for many other organizations.

SCG owes its current prosperity, success, and stability to its ethical business conduct and core values, which the Board of Directors, the Management, and employees at all levels have adopted in strict adherence, namely:

- Adherence to fairness
- Dedication to excellence
- Belief in the value of the individual
- Concern for social responsibility

In 1987, the Board of Directors compiled the practices which have been valued and adhered to for over 100 years in a formal written document called the "Siam Cement Group Code of Ethics", currently known as SCG Code of Conduct, to serve as guidelines that were aligned with SCG's philosophies with the Company's directors serving as role models. SCG employees must also conduct themselves as good citizens in countries where SCG operates to create value and maximize benefits for the Company. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

To ensure that SCG Code of Conduct is suitable and consistent with both national and international corporate governance principles and can be readily applied by all employees both at home and overseas, the Board of Directors has approved a regular review of the principles and practices therein as well as brought together divisions with expertise in each area of corporate governance and tasked them with improving and recommending good practices. In addition, opinions have garnered from SCG employees overseas to ensure the completeness, currency, and applicability of the current SCG Code of Conduct. In 2022, SCG published an e-book version of SCG Code of Conduct on its website and translated it into local languages for personnel in Indonesia, Vietnam, Cambodia, and Lao PDR. SCG Code of Conduct was also communicated to employees, with the goal of enabling proper application among overseas subsidiary to suit the context of each country and company.

SCG has also instituted SCG Whistleblowing System as well as GRC Helpline for providing consultancy regarding compliance with SCG Code of Conduct. The working team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about SCG Code of Conduct and operations, which is accessible on the intranet at all times.

In 2022, SCG reviewed its Whistleblowing Policy to ensure protection and fairness for employees who reported or provided information on corruption and non-compliance with laws, regulations, the Articles of Association, SCG Code of Conduct, and the Anti-corruption Policy. The objective was to ensure that appropriate responsibility assignment policies, practices, and operational requirements were in place for the efficient handling of corruption and non-compliance complaints.

SCG has also exchanged its knowledge and experience regarding SCG Code of Conduct as well as the development of SCG's guidelines for corporate



governance with interested companies and organizations both in the government and private sectors to support and raise awareness about ethical business conduct, fair treatment of stakeholders, and corporate social responsibility.

#### **Raising Good Governance, SCG Code of Conduct, and GRC (Governance, Risk, and Compliance) Principles Awareness**

The Board of Directors and top executives promote the fostering of corporate governance and SCG Code of Conduct knowledge and awareness and encourage the use of GRC principles in understanding the targets of assignments, in fostering risk awareness and conducting risk assessments, and in complying with relevant rules to ensure strict adherence among all personnel. To this end, the Company regularly organizes activities for employees at all levels through media from their first day of employment and has included it as one of the key factors in the annual employee evaluation. This is to ensure that SCG's business operations are guided by fairness and transparency, in line with the ESG 4 Plus approach. Key activities in 2022 can be summarized as follows:

- Promoting awareness and understanding of SCG Code of Conduct and GRC principles through PR and learning materials, such as by creating a website on GRC Intranet / SCG Code of Conduct Intranet, disseminating GRC VOICE e-Newsletters, SCG GRC e-Rulebbok, and MD GRC Guidebook, and providing an additional channel for employee inquiries via e-mail.
- Communicating tone at the top to employees in Thai, English, and Indonesian to advance compliance with SCG Code of Conduct, policies, and guidelines and encourage employees to recognize the importance of whistleblowing upon detecting violations.
- Creating e-learning programs on SCG Code of Conduct in Thai and English to foster awareness among employees and enabling them to apply it to their daily life.
- Developing PR materials and organizing activities building SCG Code of Conduct awareness in other languages other than Thai and English. In 2022, as a pilot initiative, SCG developed infographics and organized online seminars in Indonesian for employees in SCG's subsidiaries in Indonesia, with the goal of developing their knowledge and understanding in applying the code of conduct to their work.
- Introducing GRC Helpline, which offers

**SCG CODE OF CONDUCT**

**PESAN DARI**  
**PRESIDENT & CEO**

**SCG**

**ROONGROTE RANGSIYOPASH**  
**PRESIDENT & CEO, SCC**

SCG telah lama menganut filosofi praktik bisnis yang etis, transparan, dan bertanggung jawab secara sosial, serta menekankan pada peranannya komitmen untuk melakukan segala hal yang benar di antara para karyawannya. Dengan CEO, eksekutif, dan semua karyawan sebagai model bagi satu sama lain dan pemangku kepentingan di luar SCG, perlakuan tersebut telah diturunkan dari generasi ke generasi dan akhirnya disusun ke dalam **Kode Etik SCG**, yang mencakup ketajakan dan standar yang berkaitan dengan nilai-nilai keberlanjutan material.

Saya mendorong semua karyawan SCG untuk mempelajari, meningkatkan, dan mempraktikkan Kode Etik SCG dan menerapkannya pada setiap pekerjaan untuk memastikan bahwa perusahaan kita akan mencapai tujuannya dengan secara bersama-sama mencerminkan budaya perusahaan yang dipandu oleh etika dan praktik bisnis yang transparan, serta berupaya menciptakan nilai bagi pemangku kepentingan secara berkelanjutan.

**Download dan Pelajari  
Kode Etik SCG**

**atau temukan di [www.scpolicy.id](http://www.scpolicy.id)**

consultation on governance, risks, compliance, and other relevant topics, to encourage employees to use the system and promote their operational efficiency even when working from home.

#### **• Investor Relations Code of Conduct**

The Company has compiled this Investor Relations Code of Conduct to establish guidelines for correct and proper practices to which investor relations officers (IROs) can adhere. The Code of Conduct details fundamental principles regarding information disclosure, inside information protection, fair and equitable treatment of stakeholders, and integrity, all of which are consistent with SCG Corporate Governance Principle and form a basis on which added value can be created and on which the Company can inspire confidence in its shareholders, investors, the general public, and stakeholders.

- **SCG Supplier Code of Conduct**

SCG has drawn up SCG Supplier Code of Conduct to ensure an accurate understanding among SCG suppliers. The Code serves as guidelines for SCG suppliers in cooperating with the Company in becoming good corporate citizens and in adhering to good corporate governance, guided by the interests of society and the environment. The Code of Conduct also serves as mutual standards for business conduct and SCG suppliers are required to sign an SCG Supplier Code of Conduct acknowledgment statement before conducting business with the Company. SCG Supplier Code of Conduct was revised most recently in 2022 to cover all relevant rules and international standards and ensure consistency with ESG-driven sustainable business practices.



Please find more details in "Attachment 5 SCG Corporate Governance Principles, SCG Policies, SCG Code of Conduct, SCG Supplier Code of Conduct and Investor Relations Code of Conduct on the Company's website ([www.scg.com](http://www.scg.com))

### **Reviewing the Implementation of SEC's Corporate Governance Code**

As suggested by the Governance and Nomination Committee, the Board of Directors has considered the implementation of the 2017 Corporate Governance Code (CG Code) issued by the Securities and Exchange Commission (SEC) regarding the roles and responsibilities of the governing board. The Board of Directors has deliberately reviewed the principles set forth in the CG Code and recognized the benefits and significance of adopting the CG Code, which focuses on integrating social and environmental issues into corporate governance with the goal of creating value for sustainable development.

For principles not readily applicable to the Company's business, the Board of Directors has formulated replacement measures and recorded them as part of the Board's resolution to be reviewed on a yearly basis. In 2022, two major areas not yet on par with CG Code were as follows:

1. The chairman of the board is not an independent director.

The current Chairman of the Board was nominated by major shareholders. However, SCG had put in place replacement measures for the requirement stipulated in CG Code, namely by having eight independent

directors, which accounted for over half of the total number of directors, and by appointing one of the independent directors as the vice chairman. In addition, the Board of Directors has clearly specified the duties of the chairman so that emphasis is placed on the interests of the Company, shareholders, and stakeholders, and all directors are allowed to freely discuss matters and make recommendations in board meetings. In addition, all board members are required to assess the performance of duties of the Chairman on a yearly basis.

2. The tenure of an independent director exceeds a cumulative term of nine years.

In case that each independent director hold the position of in dependent director for more than nine consecutive years, he or she is re-elected to hold such position in excess of nine consecutive years based on the reasons and necessities as proposed by the Company. The Board of Directors deliberates on the independence of the director if the re-election is deemed appropriate.

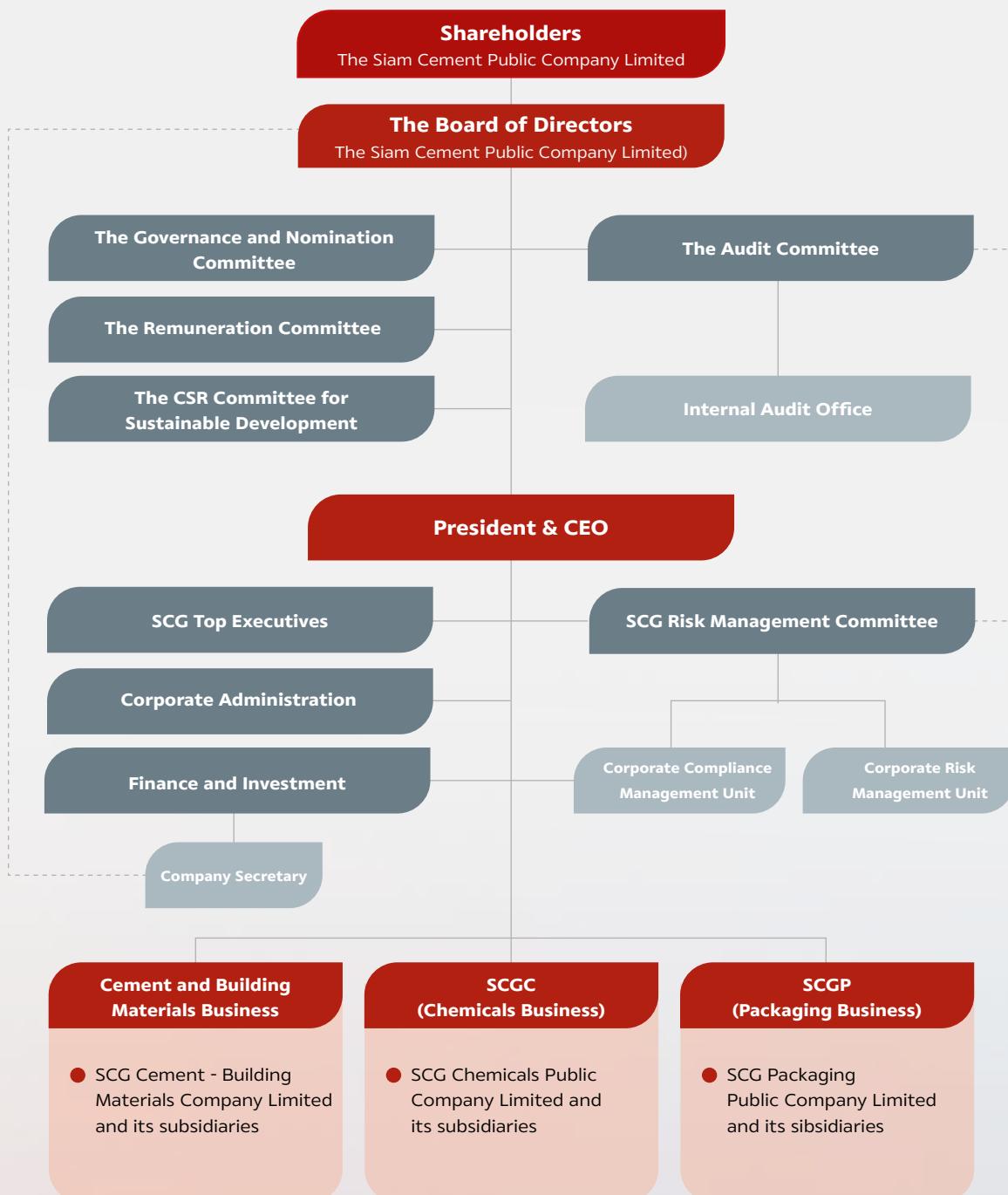
### **Major Changes and Development in Governance Policies and Guidelines in 2022**

In 2022, to ensure that SCG had a corporate governance system at all times, to improve its corporate governance efficiency, and to enhance its corporate governance standards in accordance with CG Code, SCG carried out five important activities related to the review of its corporate governance policy, guidelines, and system or the charters of the Board of Directors and the sub-committees, as detailed below.

1. Reviewing the charters and performance assessment forms of the Board of Directors and the Sub-committees
2. Reviewing the the Policy on Director Qualifications and Nomination and the Board Skills Matrix
3. Reviewing the Insider Trading Policy
4. Reviewing the Anti-corruption Policy and SCG Whistleblowing Policy
5. Reviewing the Human Rights Policy and the Diversity and Inclusion Policy

# 15

## CORPORATE GOVERNANCE STRUCTURE



----- Reporting Line

As of December 31, 2022

● Companies that operate core businesses and oversee the management of subsidiaries and affiliate companies within their business units

### The Structure of the Board of Directors

The Board of Directors comprises respected, knowledgeable and competent persons who are suitable for the Company and are responsible for drawing up corporate purposes and objectives and collaborating with the top executives in making both short-term and long-term operating strategies and policies, financial policy, risk management policy, and organizational overview, including annually reviewing the Company's important policies and plans. The Board plays a crucial role in allocating important resources to meet the objectives as well as overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

The Articles of Association of the Company prescribe that there shall be no fewer than 9 but no more than 15 directors, all of whom are appointed and removed at the Meeting of Shareholders.

### The Board of Directors

comprises 15 directors as listed below:

1. Air Chief Marshal Satitpong Sukvimal	Chairman
2. Mr. Chumpol NaLamlieng	Vice Chairman and Independent Director
3. Mr. Kasem Watanachai	Director
4. Lieutenant Colonel Somchai Kanchanamanee	Director
5. Police Colonel Thumnithi Wanichthanom	Director
6. Mr. Kan Trakulhoon	Director
7. Mr. Prasarn Trairatvorakul	Independent Director
8. Mr. Pasu Decharin	Independent Director
9. Mrs. Parnsiree Amatayakul	Independent Director
10. Mr. Cholanat Yanaranop	Director
11. Mr. Thapana Sirivadhanabhakdi	Independent Director
12. Mr. Suphachai Clearavanont	Independent Director
13. Mrs. Nuntawan Sakuntanaga	Independent Director
14. Ms. Jareeporn Jarukornsakul	Independent Director
15. Mr. Roongrote Rangsiyopash	President & CEO

### Remarks:

\* The 2022 Annual General Meeting of Shareholders on March 30, 2022 resolved to appoint a new director to replace a director retiring by rotation in 2022 and to appoint additional directors, as detailed below.

- Director No. 4 Lieutenant Colonel Somchai Kanchanamanee was appointed as director, effective March 30, 2022
- Director No. 12 Mr. Suphachai Clearavanont was appointed as director and independent director, effective March 30, 2022
- Director No. 13 Mrs. Nuntawan Sakuntanaga was appointed as director and independent director, effective March 30, 2022 to replace Mrs. Tarisa Watanagase, who retired by rotation at the 2022 Annual General Meeting of Shareholders.
- Director No. 14 Ms. Jareeporn Jarukornsakul was appointed as director and independent director, effective March 30, 2022

The fifteen members of the Board of Directors have none of the following prohibited qualifications:

1. No record of a criminal offense related to the acquisition of assets by means of dishonesty
2. No record of any transaction which may cause a conflict of interest against SCG during the year.



Director profiles appear in "Attachment 1: Information of Directors, Executives, Chief Officers in Accounting and Finance, and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com))

### Composition of the Board of Directors

The Board of Directors is composed of an executive director, which is the President & CEO, and 14 non-executive directors, who have prior experience related to the Company's main business, the industrial sector, or the management of a large organization consistent with and beneficial to SCG's targets and strategies and the directing of the Company. None of the non-executive directors were the President & CEO in the past two years.

The directors authorized to sign for and with binding effect on the Company are any two of the five directors, namely Mr. Kasem Watanachai or Mr. Chumpol NaLamlieng or Mr. Prasarn Trairatvorakul or Mr. Cholanat Yanaranop or Mr. Roongrote Rangsiyopash, jointly signing their names together.

The eight independent directors are Mr. Chumpol NaLamlieng, Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin, Mrs. Parnsiree Amatayakul, Mr. Thapana Sirivadhanabhakdi, Mr. Suphachai Chearavanont, Mrs. Nuntawan Sakuntanaga, and Ms. Jareeporn Jarukornsakul. The number of independent directors exceeds half the total number of the directors, and three independent directors are female. In addition, the eight independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which is more stringent than the qualifications stipulated by the Capital Market Supervisory Board.

The duties of these independent directors include auditing the management, providing opinions and comments, supporting policies beneficial to shareholders or opposing any inequitable or non-transparent decisions that may affect the benefits of shareholders or

stakeholders, overseeing the establishment and disclosure of policies regarding connected transaction supervision to ensure the maximum benefit of the Company and its shareholders.

In compliance with international corporate governance standards, the Company has made the diversity of the Board structure which consists of a diverse range of skills, experiences, knowledge, and expertise beneficial to the Company, without any discrimination on the grounds of gender, age, ethnicity, nationality, religion, country of origin, cultural background and tradition in order to enhance its ability to nominate individuals with qualifications for directorship in line with the Company's business.

In addition, based on the nomination of the Company's directors and IOD's Director Pool, the Governance and Nomination Committee nominated qualified candidates to replace the directors due to retire by rotation in 2023, consistent with the Company's policy on director qualification and nomination.

#### **Composition of the Board of Directors**



#### **Average Tenure**

**6 years and 1 month**



#### **Age**

**41 – 50 years old**

(1 person)



**51 – 60 years old**

(3 persons)



**61 – 70 years old**

(8 persons)



**71 years old  
and over**

(3 persons)



### Board Skills Matrix

- SCG's core businesses or core industries: 7 persons
- International Affairs: 11 persons
- Crisis Management: 10 persons
- Law: 2 persons
- Marketing 11 persons
- Accounting or Financial Literacy: 9 persons
- Finance, such as financial landscape / payment system: 10 persons

- Technology / Information Technology / Cyber security: 7 persons
- Human Capital Management: 13 persons
- Corporate Governance: 15 persons
- Environmental Management: 4 persons
- Social Management: 7 persons

### Sub-committees

No.	Name	The Audit Committee (3 members)	The Governance and Nomination Committee (4 members)	The Remuneration Committee (4 members)	The CSR Committee for Sustainable Development (9 members)*
1.	Air Chief Marshal Satitpong Sukvimon	-	-	-	Member
2.	Mr. Chumpol NaLamlieng	-	Chairman	-	-
3.	Mr. Kasem Watanachai	-	-	-	Chairman
4.	Lieutenant Colonel Somchai Kanchanamanee	-	-	-	Member
5.	Police Colonel Thumnithi Wanichthanom	-	-	-	Member
6.	Mr. Kan Trakulhoon	-	-	-	Member
7.	Mr. Prasarn Trairatvorakul	-	-	Chairman	-
8.	Mr. Pasu Decharin	Chairman	Member	-	-
9.	Mrs. Parnsiree Amatayakul	Member	-	Member	-
10.	Mr. Cholanat Yanaranop	-	-	Member	-
11.	Mr. Thapana Sirivadhanabhakdi	-	-	Member	-
12.	Mr. Suphachai Clearavanont	-	Member	-	-
13.	Mrs. Nuntawan Sakuntanaga	Member	-	-	-
14.	Ms. Jareeporn Jarukornsakul	-	Member	-	-
15.	Mr. Roongrote Rangsiyopash	-	-	-	Member

#### Remarks:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director and the provision of the Capital Market Supervisory Board are Directors Nos. 2, 7, 8, 9, 11, 12, 13, and 14.
- Independent directors that meet all the criteria of an independent director defined by DJSI Sustainability Assessment are Directors Nos. 1-14. The qualification requirements can be found on the Company's website [www.scg.com](http://www.scg.com).
- \* The CSR Committee for Sustainable Development comprises nine members, six of whom are the Company's directors and three of whom are SCG Management, namely Mr.Tanawong Areeratchakul, Mr. Yuttana Jiamtragan, and Mr. Chaovalit Ekabut.
- The structure of the Board of Directors is the One-tier Board system comprising an executive director and non-executive directors, some of whom are also independent directors.

**Report of Changes in Securities Holding of the Directors, Spouses or De facto partners, and Minors**

Name	The Siam Cement PLC						Affiliated Companies**					
	Ordinary Share (Shares)			Debentures (Units)			Ordinary Share (Shares)			Debentures (Units)		
	As of January 1, 2022	As of December 31, 2022	Increase/ (Decrease) during fiscal year	As of January 1, 2022	As of December 31, 2022	Increase/ (Decrease) during fiscal year	As of January 1, 2022	As of December 31, 2022	Increase/ (Decrease) during fiscal year	As of January 1, 2022	As of December 31, 2022	Increase/ (Decrease) during fiscal year
1. Air Chief Marshal Satitpong Sukvimon Related person(s)*	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Chumpol NaLamlieng Related person(s)*	201,000	201,000	-	-	-	-	28,329	28,329	-	-	-	-
3. Mr. Kasem Watanachai Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
4. Lieutenant Colonel Somchai Kanchanamanee Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
5. Police Colonel Thumnithi Wanichthanom Related person(s)*	-	-	-	-	-	-	-	-	-	-	-	-
6. Mr. Kan Trakulhoon Related person(s)*	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Prasarn Trairatvorakul Related person(s)*	-	-	-	45,000	45,000	-	-	-	-	15,000	15,000	-
8. Mr. Pasu Decharin Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
9. Mrs. Parnsiree Amatayakul Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Cholanat Yanaranop Related person(s) *	18,500	18,500	-	43,000	43,000	-	2,607	2,607	-	14,200	14,200	-
11. Mr. Thapana Sirivadhanabhakdi Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
12. Mr. Suphachai Clearavanont Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
13. Mrs. Nuntawan Sakuntanaga Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
14. Ms. Jareeporn Jarukornsakul Related person(s) *	-	-	-	-	-	-	-	-	-	-	-	-
15. Mr. Roongrote Rangsiyopash Related person(s) *	30,000	30,000	-	113,000	113,000	-	-	-	-	22,000	22,000	-

**Remarks:**

1. The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up capital of 1,200,000,000 Baht. (1,200,000,000 shares).
2. According to the Public Limited Companies Act, an “affiliated company” means a public limited company with a relationship to a private company, a public limited company, or companies in the following manners:
  - Any company that has the authority to control the appointment and removal of directors with full management authority or that has majority management authority
  - Holds more than 50% of issued shares.
3. \* Related person(s) are as defined by SEC’s regulation. Ordinary shares of a company held by the directors include those held by spouses, or de facto partners, and minors.
4. The Public Limited Companies Act requires divulging the ordinary shares and debentures in the company and in affiliated companies held solely by a Board member as an individual.
5. In compliance with SCG’s Insider Trading Policy, dated July 27, 2022.
6. The Siam Cement Public Company Limited debentures is 1,000 Baht per unit.
7. The number of SCG’s debentures at the book closing date of December 19, 2022.
8. \*\* Affiliated companies refer to SCG Packaging Public Company Limited and SCG Chemicals Public Company Limited. The number of debentures specified is the number at the book closing date of December 19, 2022.

**Scope of Authority of the Board of Directors****The Board of Directors has the following authority:**

(Revised as per the Charter of the Board of Directors dated October 26, 2022)

**Take Responsibility as the Leaders who Sustainably Bring Value to the Company’s Business**

1. Act in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

- 1) Perform its duties with care and prudence (Duty of Care).
- 2) Perform its duties with faithfulness and honesty (Duty of Loyalty).
- 3) Perform its duties in compliance with the laws, objectives, Company’s Articles of Association, the resolution of the Board of Directors, and resolutions of Shareholders’ Meetings (Duty of Obedience).
- 4) Disclose information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Direct SCG’s visions, missions, and business strategies, subject to annual revision and approval, to create sustainable value to SCG, customers, stakeholders, and society

3. Direct the Company’s operation in compliance with the laws, objectives, Company’s Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders’ Meetings in good faith and with care, prudence, and integrity to preserve the highest interests of the Company with fairness to all stakeholders.

4. Oversee and develop SCG’s corporate governance in alignment with international standards to provide guidelines for business operations while monitor to ensure compliance and be a role model in complying with the principles of good corporate governance and

SCG Code of Conduct.

**Define Key Objectives and Business Goals that Promote Sustainable Value Creation**

5. Review the major operating plan, budgets, business goals, and business policies and enhance the capabilities of SCG to reach a global competitive level.

**Strengthen Board Effectiveness**

6. Define and review the structure of the Board of Directors in terms of number of directors, proportion of independent directors as well as Board diversity and director qualifications, including knowledge, expertise, experience, and specializations to align with SCG’s business operations; and appoint the chairmen and members of Sub-committees to assist and support the Board’s delegation of duties.

7. Assess the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board of Directors (as a whole), that of each individual director (Self-Assessment), and that of the Chairman of the Board, as well as regularly review and monitor the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors.

8. Oversee to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-committee members are determined appropriately.

9. Devote sufficient time to perform their duties, attend all Board of Directors’ meetings and Shareholders’ Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

10. Develop their knowledge and competency related to their duties through courses or curricula related to directorial duties or seminars that enhance their knowledge.

#### **Nominate Top Executives and Encourage Development of Their Skills, and Manage the Company Personnel**

11. Review top executive development plans and the succession plan for the President & CEO while oversee to ensure the effective performance assessment of top executives on an annual basis and determine their remuneration method that is prudent, transparent, and consistant with their duties and transparent, and consistant with their duties and the Company's operating results to provide both short-term and long-term incentives. Promote Innovation and Responsible Business Conduct

12. Oversee and support the creation of innovation that brings value to SCG and provides benefits to all stakeholders. Perform social and environmental responsibility, and ensure the Management allocate and mange resources efficiently and effectively.

13. Oversee and monitor IT management and the implementation of the IT security system.

14. Oversee and monitor the implementation of the Company's strategies; oversee and monitor the performance of each business unit and overall SCG by requiring their performance reports periodically; and set policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility, and development of SCG's employees.

#### **Monitor the implementation of effective risk management and internal control systems**

15. Define risk management policies and oversee to ensure effective risk management systems, as well as review and assess the systems periodically and in the wake of a change in risk levels.

16. Encourage staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, Code of Conduct and the Anti-corruption policy while oversee the proper internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

17. Monitor and manage any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as oversee to prevent misuse of SCG's assets and the entering into

inappropriate transactions with persons connected with SCG.

#### **Ensure disclosure and financial Integrity**

18. Oversee and monitor the Company's liquidity and debt service coverage together with plans and mechanisms in case of problems arising.

19. Oversee and monitor to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, timely and in compliance with the relevant regulations and guidelines.

#### **Ensure Engagement and Communication with Shareholders**

20. Oversee to ensure shareholders are involved in SCG's important decision makings, rights of majority and minority shareholders and all stakeholders are respected and that they are treated equitably and transparently. Oversee to ensure that the process and channels for receiving and handling complaints from whistleblowers are effective and provide opportunities for all stakeholders to directly contact or file complaints to the Board of Directors about any potential issues.

In performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

#### **Scope of Authority of the Chairman of the Board of Directors**

(Revised as per the Charter of the Board of Directors dated October 26, 2022)

The Chairman of the Board of Directors has the following authority:

1. Set Board meeting agenda in consultation with the President & CEO and oversee to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provide leadership to the Board of Directors and chair meetings of the Board.

2.1 Conducts a Board meeting according to the agendas, the Company's Articles of Assosication, and applicable laws.

2.2 Allocate sufficient time and encourage each Board member to discuss and freely and independently express their opinion with due care concorning all stakeholders.

2.3 Clearly summarize the Board meeting resolutions and any action agreed upon.

2.4 Arrange a Board meeting without the presence of the executive director.

3. Chair meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

4. Support and be a role model in compliance with SCG's principles of corporate governance and SCG Code of Conduct.

5. Foster a positive working relationship between the Board of Directors and the Management and support the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.

6. Oversee to ensure the transparent disclosure of information and management in the event of conflicts of interest.

7. Oversee to ensure the Board of Directors has appropriate structure and composition.

8. Oversee the Board of Directors as a whole, Sub-committee members, and each individual director to perform their duties efficiently and effectively.

### **Authority of the Board of Directors**

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board Charter, and the Shareholders' Meeting resolutions. Such matters include defining delegation of authority, defining and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

### **Separation of the Roles of the Board of Directors and the Management**

The Company has defined clear roles and responsibilities for the Board of Directors and the Management in accordance with the Company's Delegation of Authority Manual. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies. The Management, on the other hand, shall be responsible for implementing the policies formulated

by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall be different person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review. For this agenda, the Board meeting shall be arranged without the presence of the executive director.

The Chairman shall not be a member of the Management and shall not participate in the Management of SCG's business; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between governance of the Company's overall policy, and business management. The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

### **Directors' Term of Office**

- **Term Duration**

The Company's Articles of Association stipulates the director's term of office in accordance with the Public Limited Companies Act B.E. 2535 that at the Annual General Meeting of Shareholders each year, one-third of the total directors shall retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third shall retire from the office. In choosing those directors who retire, the length of service on the board shall be considered, so that those who have served longest are most eligible to retire. The number of years in office shall be in compliance with laws on retirement by rotation. As the current Board comprises 15 members, 5 directors are due to retire by rotation each year. However, once retired, they are eligible for re-election as directors.

- **Consecutive Terms of an Independent Director**

An independent director shall be in the office at the maximum of three consecutive terms, starting from the first day of qualified independence and each term shall be due on the date of Annual General Meeting of Shareholders. The Board of Directors may nominate the retiring director for re-election if his/her independence

is deemed appropriate subsequent to consideration of the Board.

### **Policy on Directors' and Top Executives' Directorship in Organizations outside SCG**

- **Limitation of the Number of Listed Companies in which a Director May Hold Directorship**

The Board of Directors has set a limit to the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests as it helps ensure that directors have time sufficient to fulfill their duties. The Board of Directors has agreed to prescribe that each director should hold directorship in a maximum of four other listed companies apart from SCG on The Stock Exchange of Thailand. The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over four other listed companies apart from SCG on The Stock Exchange of Thailand. In addition, SCG has a guideline in case the President & CEO is appointed as the director of another company. The matter must be proposed to the Board of Directors for approval.

- **Policy and Guidelines on SCG Top Executives' Directorship in Organizations outside SCG**

The Board of Directors has established a policy allowing the President & CEO and the Company's management to hold a directorship in companies that are not SCG subsidiaries and associates or spend the Company work hours carrying out directorships for the following three external organizations:

(1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.

(2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.

(3) Private organizations that are established for trading purpose but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous to the Company.

The President & CEO shall seek approval from the Board of Directors prior holding a directorship in other companies or external organizations. As for management employees, the proposal must be submitted for approval in accordance with the Company Delegation of Authority, in which case the proposal will be reviewed with consideration to the Company's intent to ensure that

its employees demonstrate determination and effort, and dedicate their working hours to their duties at the Company to the best of their ability, as well as adhere to the Code of Conduct regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competition with the Company's business. The approval of directorships or the use of the Company's working hours on duties in external organizations/companies depends on the Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

### **Sub-committees**

The Board has established the Sub-committees, namely the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or acknowledgement. In this regard, the Company put in place its Charter of the Board of Directors and Charter of the sub-committees specifying rights and duties, which is published on the Company's website ([www.scg.com](http://www.scg.com)). Moreover, the Board of Directors is entitled to form other sub-committees to handle any specific situations as deemed appropriate.

#### **1. Audit Committee**

The Audit Committee comprises three independent directors, who possess widely recognized expertise and experience in accounting or finance fields and have sufficient knowledge and experience to review the reliability of the financial statement, risk management and internal control. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's policies, Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards. The Committee is also tasked with conducting audits and ensuring that the Company has an appropriate, modern and efficient internal control system, internal audit system, and risk management system. The Audit Committee acts and expresses opinions independently.

The Audit Committee of the Company comprises the following three members:

1. Mr. Pasu Decharin	Chairman
2. Mrs. Parnsiree Amatayakul	Member
3. Mrs. Nuntawan Sakuntanaga	Member

**Remarks:**

- Mr. Pasu Decharin was appointed Chairman of the Audit Committee on March 30, 2022, replacing Mrs. Tarisa Watanagase, who retired by rotation at the 2022 Annual General Meeting of Shareholders.
- Mrs. Nuntawan Sakuntanaga was appointed as member of the Audit Committee on March 30, 2022.

The Internal Audit Office, with Mr. Pitaya Chanboonmi as its Director, acts as an operation unit reporting directly to the Audit Committee. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee shall set up meetings with the Company's external auditor, without the presence of the management, at least once a year in order to hear their comments. In addition, the Committee may seek external consultation and professional advice from independent consultants as deemed appropriate, at the Company's expense.

In addition, SCG Risk Management Committee has been appointed to oversee risk management and report to the Audit Committee, with the Risk Management Unit supervising the operation.

**Term of Office of the Audit Committee**

The Audit Committee is subject to a three-year term. The directors shall retire from office by rotation at the Annual General Meeting of Shareholders. However, a retiring director is eligible for re-election.

If there is a vacancy on the Audit Committee due to reasons other than retirement by rotation, the Board of Directors shall appoint a qualified individual as director to fill the vacancy to ensure the Audit Committee is composed of the number of directors prescribed by the Board of Directors. The appointed individual shall hold the directorship only for the duration of the remaining term of the director he or she replaces.

**Scope of Authority of the Audit Committee**

(Revised as per the Charter of the Audit Committee dated October 26, 2022)

The duties of the Audit Committee are as follows:

**Governance, Risk Management, Operational Supervision, and Internal Control**

1. Ensuring that the Company has a system for financial reporting and disclosure of financial statements in accordance with financial reporting standards and promoting the development of financial reporting systems to be on par with international financial reporting standards.

2. Reviewing connected transactions, acquisition and disposition of assets, or transactions that may constitute conflicts of interest between the Company and its subsidiaries to ensure compliance with the laws and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. Ensuring that the Company has risk management, working, control, and supervision processes, for operations and information technology and maintaining effective communication network systems security in compliance with international standards.

4. Ensuring that the Company has an anti-corruption policy that is suitable and adequate for business operations as well as an anti-corruption system that complies with the guidelines of various regulatory agencies, such as the Thai Private Sector Collective Action Coalition Against Corruption (CAC), the Thai Institute of Directors Association (IOD), and the National Anti-Corruption Commission, beginning with fostering awareness, conducting risk management and internal control, establishing a preventative work system, reporting misconduct, and auditing, all the way to advising and following up to ensure compliance with the Anti-corruption Policy; as well as conducting a final review of the self-assessment on anti-corruption measures after it has been reviewed and assessed by the Internal Audit Office.

5. Ensuring that the Company and its subsidiaries have control and follow-up processes for compliance with securities and exchange laws, rules, regulations, and other laws relevant to the business of the Company and its subsidiaries.

6. Ensuring that the Company and its subsidiaries have internal control systems in accordance with the guidelines of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and internal audit systems that are appropriate, effective, and on par with widely accepted international practices and standards as well as conducting a final review of the "Internal Control System Sufficiency Assessment Form" after it has been reviewed and assessed by the Internal Audit Office in order to ensure that the Company and its subsidiaries have adequate internal control systems and

present it to the Board of Directors for consideration.

7. Ensuring that a policy is put in place for receiving complaints regarding fraud and misconduct that is appropriate and adequate for business operations; reviewing the results of fraud investigations and penalties; establishing internal preventative measures; and reviewing the internal processes of the Company and its subsidiaries regarding whistleblowing and receiving complaints.

8. Ensuring that the Company has a beneficial preventive work system to increase operational efficiency and effectiveness.

9. In the case that the subsidiary is a SET-listed company or the subsidiary has its own audit committee, the implementation of Clauses 1.1–1.8 in the subsidiary and any other companies within its group shall be supervised by the subsidiary's own Audit Committee.

#### **Others**

1. Selecting, recommending, appointing, or terminating independent auditors for the Company as well as proposing remuneration for and assessing the performance of the Company's auditors.

2. Arranging for the preparation of an Audit Committee Report for disclosure in the Company's annual report. The report must be signed by the Chair of the Audit Committee and contain opinions on various matters according to the regulations of the Stock Exchange of Thailand.

3. Reviewing and commenting on the performance of the Internal Audit Office, coordinating with the auditor, and arranging for a meeting with the auditor and without the involvement of management at least once a year.

4. Approving the internal audit work plan and the budget and staffing of the Internal Audit Office as well as the appointment, removal, transfer, or termination of the Director of the Internal Audit Office.

5. Evaluating the independence of the internal audit unit based on the performance of duties and various reports, including the chain of command, and ensuring that an assessment of the performance of the Internal Audit Office is undertaken according to international standards.

6. Ensuring that an assessment as well as a self-assessment of the performance of the Audit Committee as a whole is undertaken annually and reviewing the Audit Committee Charter at least once a year for submission to the Board of Directors for approval.

7. Performing any other duties as required by law

or as assigned by the Board of Directors with the approval of the Audit Committee.

The Audit Committee operates within the scope of duties and responsibilities determined by the Board of Directors.

The Board of Directors is directly responsible for the Company's operations and answers to shareholders, stakeholders, and individuals.

In performing its duties, the Audit Committee has the power to summon and compel the management, heads of departments, or employees of related companies to share their opinions, attend meetings, or hand over documents as deemed relevant and necessary as well as to seek independent opinions from any other professional advisors when deemed necessary at the expense of the Company.

#### **Responsibilities of the Audit Committee**

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate paragraph 2 of Section 281/2, Section 305, 306, 308, 309, 310, 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:

- (1) Transactions which may cause conflicts of interest.
- (2) Fraud or irregular events or material flaws in the internal control system.

(3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

#### **2. Governance and Nomination Committee**

The Governance and Nomination Committee comprises four independent directors. The Committee is responsible for proposing, revising, and supervising the

Company's corporate governance matters. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retired by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors.

The Governance and Nomination Committee of the Company comprises the following four members

1. Mr. Chumpol NaLamlieng	Chairman
2. Mr. Pasu Decharin	Member
3. Mr. Suphachai Clearavanont	Member
4. Ms. Jareeporn Jarukornsakul	Member

#### **Remark:**

Mr. Suphachai Clearavanont and Ms. Jareeporn Jarukornsakul were appointed as members of the Governance and Nomination Committee on March 30, 2022.

#### **Term of Office of the Governance and Nomination Committee**

The Governance and Nomination Committee is subject to a three-year term. The Directors shall retire from office by rotation at the Annual General Meeting of Shareholders. However, a retiring director is eligible for re-election.

#### **Scope of Authority of the Governance and Nomination Committee**

Scope of Authority of the Governance and Nomination Committee

(Revised as per the Charter of the Governance and Nomination Committee dated October 26, 2022)

The duties of the Governance and Nomination Committee are as follows:

1. Define the scope and policy of SCG's corporate governance and propose to the Board of Directors on a regular basis.
2. Make recommendations on the practice of SCG's corporate governance and give advice on corporate governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the executive committee to ensure their compliance with SCG's corporate governance policy.
4. Review the practice of corporate governance within SCG to ensure it is appropriate for the Company's

business operations and consistent with international best practices and make recommendations to the Board of Directors for further improvement and keeping it up-to-date.

5. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.

6. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.

7. Review and give advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the Sub-committees. Review the suitability of the Charter of the Board of Directors and the committees, the Governance and Nomination Committee annually.

8. Define nomination and selection procedures and guidelines in accordance with applicable regulations and laws. Nominate qualified candidates for directorship to replace a director retiring at the end of their terms, or whatever the case may be, as well as nominate directors to sub-committees, to which authority and responsibilities are directly assigned by the Board of Directors, with the diversity of the board regarding knowledge, expertise, experience, and specializations beneficial to the Company taken into consideration, and submit a list of candidates to the Board of Directors and/or Shareholders' Meeting for approval.

9. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the sub-committees appointed by the Board of Directors, including bonus and attendance fee.

10. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and sub-committees in order to propose for the approval of the Board of Directors.

11. Consider the remuneration of the Board of Directors, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

12. Develop director development plans to enhance the knowledge and skills of directors and foster their understanding of the roles and duties of directors, business, economic conditions, standards, risks, the environment, information technology, as well as laws and rules relevant to SCG's businesses; and formulate the Board Skill Matrix, taking into account the diversity of the board to suit SCG's business operations.



Development of Directors and SCG Executives

13. Recommend methods for performance assessment of the Board of Directors, Sub-committees, and the Chairman on an annual basis as well as follow up and report the assessment results to the Board of Directors, allowing them to enhance their performance of duties and improve the directors' competency.

14. Report regularly a progress and performance results to the Board of Directors after every meeting of the Corporate Governance and Nomination Committee.

15. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.

16. Promote ethics, integrity, as well as compliance with SCG Code of Conduct and good corporate governance principles.

17. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Governance and Nomination Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the committee may seek external consultation from independent

consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

### 3. Remuneration Committee

The Remuneration Committee comprises four of the Company's directors, all of whom are non-executive directors and three of whom are independent directors. The chairman of the Remuneration Committee is an independent director. The Committee is responsible for reviewing the succession plan for the Company's President & CEO and the top executives, monitoring and studying changes and trends in the remuneration of SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success as well as to retain competent and ethical employees. The Remuneration Committee of the Company comprises the following four members:

1. Mr. Prasarn Trairatvorakul	Chairman
2.. Mrs. Parnsiree Amatayakul	Member
3. Mr. Cholanat Yanaranop	Member
4. Mr. Thapana Sirivadhanabhakdi	Member



Mr.Kasem Watanachai, Chairman of the CSR Committee for Sustainable Development provided his consultation on Marjan product development at Rayong

#### **Term of Office of the Remuneration Committee**

The Remuneration Committee is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

#### **Scope of Authority of the Remuneration Committee**

(Revised as per the Charter of the Remuneration Committee dated October 26, 2022)

The Remuneration Committee is authorized to fulfill the following duties:

1. Recommend the policy on SCG Management Remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each SCG top executive. Whenever it deems appropriate, the Committee shall consider hiring of consulting firms to advise on project implementation.

2. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing the Board of Directors for approval.

3. Assess the performance of each SCG top executive on an annual basis, based on the recommendation of President & CEO, in order to determine his/her remuneration before proposing the Board of Directors

for approval.

4. Consider the salary structure, the annual budget for the salary increase and bonus of top executives including changes of wage and compensation of SCG top executives before proposing to the Board of Directors.

5. Review, study, and track regularly the changes and trends in remuneration for SCG top executives in order to propose for the approval of the Board of Directors.

6. Consider the remuneration of SCG top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

7. Recommend a succession plan of the Company's President & CEO and the top executives to the Board of Directors for consideration.

8. Report regularly a progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.

9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.

10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up-to-date.

11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration Committee is authorized to call for and order the management, heads of offices or employees concerned to give opinions, attend meetings or submit necessary documents. In addition, the Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

#### **4. CSR Committee for Sustainable Development**

The CSR Committee for Sustainable Development comprises nine members, six of whom are the Company's directors and three of whom are members of SCG Management. The Committee is responsible for establishing policies and guidelines on CSR activities for sustainable development and the integration of an ESG approach to business operations on the basis of fairness, transparency, and accountability under a development framework in line with world-class standards; proposing the setting of annual CSR budget; as well as monitoring the Committee's performance and reporting to the Board of Directors.

The CSR Committee for Sustainable Development comprises the following nine members:

1. Mr. Kasem Watanachai	Chairman
2. Air Chief Marshal Satitpong Sukvimal	Member
3. Lieutenant Colonel Somchai Kanchanamanee	Member
4. Police Colonel Thumnithi Wanichthanom	Member
5. Mr. Kan Trakulhoon	Member
6. Mr. Roongrote Rangsiyopash	Member
7. Mr. Yuttana Jiamtragan	Member
8. Mr. Chaovalit Ekabut	Member
9. Mr. Thammasak Sethaudom	Member

#### **Remark:**

Lieutenant Colonel Somchai Kanchanamanee and Mr. Thammasak Sethaudom were appointed as members of the CSR Committee for Sustainable Development on March 30, 2022.

#### **Term of Office of the CSR Committee for Sustainable Development**

The CSR Committee for Sustainable Development is subject to a three-year term. The Directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

#### **Scope of Authority of the CSR Committee for Sustainable Development**

(Revised as per the CSR for SD Committee Charter dated October 26, 2022)

The duties of the CSR for SD Committee are as follows:

1. Establish policies, strategies, goals, directions, and budget for CSR activities and propose to the Board of Directors for approval on a yearly basis.
2. Oversee operations and provide recommendations to optimize the efficiency and effectiveness of policy and plan implementation
3. Promote stakeholder engagement in SCG's CSR activities.
4. Monitor and supervise the implementation of action plans by the Board of Directors and the CSR for SD Committee in accordance with the established policies, targets, and action plans.
5. Regularly report progress and performance to the Board of Directors after every meeting of the CSR for SD Committee.
6. Conduct the performance assessment of the CSR for SD Committee and report the assessment results to the Board of Directors.
7. Review and recommend revisions of the Charter of the CSR for SD Committee to the Board of Directors for approval to ensure its appropriateness and currency.
8. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the CSR for SD Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the CSR for SD Committee may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate, at the Company's expense.

The expenses related to the performing duties of the CSR for SD Committee shall be paid by the Company.

**SCG Top Executives**

1. Mr. Roongrote Rangsiyopash	President & CEO	11. Mr. Nithi Patarachoke	President, Cement-Building Materials Business Chemicals Business
2. Mr. Thammasak Sethaudom	Executive Vice President	12. Mr. Chana Poomee	Vice President-Cement and Green Solution Business, Cement-Building Materials Business
3. Mr. Yuttana Jiamtragan	Vice President-Corporate Administration	13. Mr. Paramate Nisagornsen	Vice President-SCG Home Business, Cement-Building Materials Business
4. Mrs. Chantanida Sarigaphuti	Vice President-Finance and Investment & CFO	14. Mr. Wiroat Rattanachaisit	Vice President-Regional CBM Business, Cement-Building Materials Business and in charge of Vice President-Housing Products and Solution Business
5. Mr. Aree Chavalitcheewingul	President, Cementhai Holding Company Limited		
6. Mr. Tanawong Areeratchakul	Chief Executive Officer & President, Chemicals Business		
7. Mr. Sakchai Patiparnpreechavud	Chief Commercial Officer, Executive Vice President-Regional, Executive Vice President-Vinyl Chain, Chemicals Business		
8. Mr. Mongkol Hengrojanasophon	Chief Operations Officer, Executive Vice President-Thailand Olefins Chain, Chemicals Business		
9. Mr. Suracha Udomsak	Chief Innovation Officer, Executive Vice President-New Business, Chemicals Business		
10. Mr. Kulachet Dharachandra	Chief Financial Officer, Chemicals Business		



For more information about top executives, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance, and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com))

**Remark:**

Mrs. Chantanida Sarigaphuti was appointed Vice President-Finance and Investment & CFO, effective July 1, 2022.

The above-mentioned top executives of SCG are "Executive" according to the Notification of the Capital Market Supervisory Board No. Tor Jor 23/2551.

The fourteen members of SCG top executives have none of the following prohibited qualifications:

1. No record of a criminal offense related to the acquisition of assets by means of dishonesty
2. No record of any transaction which may cause a conflict of interest against SCG during the year.

SCG top executives are empowered with an authority to operate business under the policy, strategies and goals directed by the Board of Directors, which approves a clear and definite scope of responsibilities to ensure transparency and flexibility of operation. Their duties also encompass controlling and keeping expenses and capital expenditures within the limits approved by the Board in the annual operating plan; managing human resources in line with the prescribed policy; resolving problems or conflicts that affect the Company; and maintaining effective communication with related parties.

## SCG Top Executives

(As of January 1, 2023)

1

**Mr. Roongrote Rangsiyopash**  
President & CEO

2

**Mr. Thammasak Sethaudom**  
Executive Vice President

3

**Mr. Yuttana Jiamtragan**  
Vice President-Corporate Administration

4

**Mrs. Chantanida Sarigaphuti**  
Vice President-Finance and  
Investment & CFO

5

**Mr. Aree Chavalitcheewingul**  
President, Cementhai Holding  
Company Limited

6

**Mr. Tanawong Areeratchakul**  
Chief Executive Officer & President,  
Chemicals Business

7

**Mr. Sakchai Patiparnpreechavud**  
Chief Commercial Officer, Executive Vice  
President- Regional, Executive Vice  
President- Vinyl Chain,  
Chemicals Business

8

**Mr. Mongkol Hengrojanasophon**  
Chief Operations Officer, Executive Vice  
President-Thailand Olefins Chain,  
Chemicals Business

9

**Mr. Suracha Udomsak**  
Chief Innovation Officer, Executive  
Vice President-New Business,  
Chemicals Business

10

**Mr. Kulachet Dharachandra**  
Chief Financial Officer,  
Chemicals Business

11

**Mr. Nithi Patarachoke**  
President, Cement-Building  
Materials Business

12

**Mr. Chana Poomee**  
Vice President-Cement and  
Green Solution Business,  
Cement-Building Materials Business

13

**Mr. Paramate Nisagornsen**  
Vice President-SCG Home Business,  
Cement-Building Materials Business

14

**Mr. Wiroat Rattanachaisit**  
Vice President-Regional CBM Business,  
Cement-Building Materials Business and In  
charge of Vice President-Housing Products  
and Solution Business



List of SCG Top Executives in Major Subsidiaries of the Core Businesses (As of December 31, 2022)

Companies	Name											
Cement-Building Materials Business SCG Cement-Building Materials Company Limited	Mr. Roongrote Rangsriyopash Mr. Thammasak Sethaudom Mr. Yuttana Jiamtragan Mrs. Chantanida Sarigaphuti Mr. Aree Chavalitcheewingul Mr. Tanawong Areeratchakul Mr. Sakchai Patiparnpreechavud Mr. Mongkol Hengrojanasophon Mr. Suracha Udomsak Mr. Kulachet Dharachandrat Mr. Nithi Patarachoke Mr. Chana Poomee Mr. Paramate Niisagornsen Mr. Wirot Rattanachaisit											
SCGC (Chemicals Business) SCG Chemicals Public Company Limited												
SCGP (Packaging Business) SCG Packaging Public Company Limited												

**The Company's Chief Officers in Accounting and Finance**

- **Corporate Accounting Director**

Mr. Pichit Leelaphantmetha, Corporate Accounting Director, has been assigned to oversee SCG's accounting policies, control accounting and the preparation of financial statements, and ensure that SCG's accounting transactions are executed efficiently in relevant regulations, requirements, and criteria.

- **Corporate Finance Excellence Director**

Ms. Rawiporn Wongbuddhapitak, Corporate Finance Excellence Director, has been assigned to oversee strategic planning and corporate risks and investor relation management as well as ensure that the financial and actuarial principles and management of SCG and its subsidiaries are in compliance with SCG's financial policies.



For more information, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com))

**Report of Changes in Securities Holdings of Executives under SEC's Definitions, Spouses or De Facto Partners and Minors**

No.	Name	Ordinary Shares of the Siam Cement Public Company Limited (Shares)					
		As of January 1, 2022		As of December 31, 2022		Increase/ (Decrease) during fiscal year	
		Executive	Related person(s)*	Executive	Related person(s)*	Executive	Related person(s)*
1.	Mr. Roongrote Rangsiyopash	30,000	-	30,000	-	-	-
2.	Mr. Thammasak Sethaudom	-	-	-	-	-	-
3.	Mr. Yuttana Jiamtragan	2,000	-	2,000	-	-	-
4.	Mrs. Chantanida Sarigaphuti	-	-	-	-	-	-
5.	Mr. Aree Chavalitcheewingul	-	-	-	-	-	-
6.	Mr. Tanawong Areeratchakul	-	-	-	-	-	-
7.	Mr. Sakchai Patiparnpreechavud	-	-	-	-	-	-
8.	Mr. Mongkol Hengrojanasophon	2,000	-	2,000	-	-	-
9.	Mr. Suracha Udomsak	-	-	-	-	-	-
10.	Mr. Kulachet Dharachandra	-	-	-	-	-	-
11.	Mr. Nithi Patarachoke	4,000	15,000	4,000	15,000	-	-
12.	Mr. Chana Poomee	5,800	500	5,800	500	-	-
13.	Mr. Paramate Nisagornsen	-	-	-	-	-	-
14.	Mr. Wiroat Rattanachaisit	-	-	-	-	-	-
15.	Mr. Pichit Leelphantmetha	-	-	-	-	-	-
16.	Ms. Rawiporn Wongbuddhapitak	-	-	-	-	-	-

**Remarks:**

1. The Siam Cement Public Company Limited has a registered capital of 1,600,000,000 Baht and paid-up capital of 1,200,000,000 Baht. (1,200,000,000 shares).
2. In reference to the Notification of Capital Market Supervisory Board No. Tor Chor 72/2564, "Executives" shall mean the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.
3. SCG executives according to the Notification of Capital Market Supervisory Board comprise the above-mentioned 16 members.
4. According to relevant laws and criteria, ordinary shares of a company held by the directors and executives include those held by spouses, de facto partners, and minors.
5. No. 15 and No. 16 are the company's chief officers in accounting and finance

## **Remunerations for the Board of Directors and the Top Executives**

The Governance and Nomination Committee is assigned by the Board of Directors to consider proposing the remuneration methods and processes for members of the Board, the sub-committees as well as continually keep up with the changes and possibilities in regard to the remuneration for the Board and the top executives to propose for the Board's consideration.

- **Remunerations of the Board of Directors**

### **Policy on the Remuneration for the Board and the Sub-committees**

The appropriate remuneration for members of the Board and Sub-committees is set at rates comparable to those of leading companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also considered based on SCG's operating results, before being proposed for approval in the Shareholders' Meeting in accordance with the Articles of Association of the Company.

#### **Remuneration for the Board of Directors**

In the 11th Annual General Meeting of Shareholders held on Wednesday, March 24, 2004, a resolution passed concerning the remuneration and bonuses of directors. Monthly remuneration for all directors was set at 1,800,000 Baht, to be distributed among the directors in such manner that they themselves may consider appropriate. Regarding bonuses, permission was granted for the Board itself to determine the appropriate amount, but the amount cannot exceed 0.5% of total dividends paid to shareholders, and should be apportioned among the directors in such manner they themselves may

consider appropriate. This took effect from the day the resolution was passed by a vote of the shareholders and remained in effect until the Shareholders' Meeting determined otherwise. The bonus for directors will be considered based on the growth of profits of the Company.

In addition to monetary remuneration, the Company does not grant other privileges to the directors.

As for remuneration for the Sub-committees, the Board of Directors is entitled to set the remuneration for each Sub-committee according to Clause 40 of the Company's Articles of Association. However, to ensure transparency in tune with good corporate governance, the Board of Directors resolved that all forms of remuneration for the Directors shall be disclosed at the Annual General Meeting of Shareholders and added to the regular agenda for approval. The 2022 Annual General Meeting of Shareholders (the 29th Meeting) held on March 30, 2022, resolved to approve the retention of the remuneration of Directors and Sub-committee members, despite the number of Directors having increased to 15.

#### **Apportionment of Board Remuneration and Bonuses Monthly Remuneration**

The Board of Directors passed a resolution to pay the chairman a 1.5 portion, or 174,194 Baht per month, and the other 14 board members one portion, or 116,129 Baht per month.

#### **Directors' Bonus**

The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portions and each of the other board members bonuses of one portion of the total bonuses as approved in the Shareholders' Meeting.

### **Remuneration for the Sub-committees**

The Board of Directors passed a resolution to remunerate members of the sub-committees on the basis of a fixed fee and attendance fee, as follows:

<b>Sub-committee</b>	<b>Position</b>	<b>Annual fixed fee (Baht)</b>	<b>Meeting allowance (Baht)</b>
The Audit Committee	Chairman	180,000	45,000
	Member	120,000	30,000
The Governance and Nomination Committee / The Remuneration Committee	Chairman	150,000	37,500
	Member	100,000	25,000

**The Remuneration for the Board of Directors and the Sub-committees in 2022**  
**(January 1 - December 31, 2022)**

**Unit: Baht**

Name	The Board of Directors	The Audit Committee (3 members)	The Governance and Nomination Committee (4 members)	The Remuneration Committee (4 members)	Directors Bonus paid in 2022**	Total
1. Air Chief Marshal Satitpong Sukvimal	2,214,397.36	-	-	-	5,871,000.00	8,085,397.36
2. Mr. Chumpol NaLamlieng*	1,476,261.94	-	412,500.00	-	3,914,000.00	5,802,761.94
3. Mr. Kasem Watanachai	1,476,261.94	-	-	-	3,914,000.00	5,390,261.94
4. Lieutenant Colonel Somchai Kanchanamanee	1,048,907.10	-	-	-	688,000.00	1,736,907.10
5. Police Colonel Thumnithi Wanichthanom	1,476,261.94	-	-	-	3,914,000.00	5,390,261.94
6. Mr. Kan Trakulhoon	1,476,261.94	-	-	-	3,914,000.00	5,390,261.94
7. Mr. Prasarn Trairatvorakul*	1,476,261.94	-	-	375,000.00	3,914,000.00	5,765,261.94
8. Mr. Pasu Decharin*	1,476,261.94	465,000.00	365,000.00	-	3,914,000.00	6,220,261.94
9. Mrs. Parnsiree Amatayakul*	1,476,261.94	390,000.00	-	250,000.00	3,914,000.00	6,030,261.94
10. Mr. Cholanat Yanaranop	1,476,261.94	-	-	250,000.00	3,914,000.00	5,640,261.94
11. Mr. Thapana Sirivadhanabhakdi*	1,476,261.94	-	-	250,000.00	3,914,000.00	5,640,261.94
12. Mr. Suphachai Clearavanont*	1,048,907.10	-	150,277.78	-	688,000.00	1,887,184.88
13. Mrs. Nuntawan Sakuntanaga*	1,048,907.10	330,333.33	-	-	688,000.00	2,067,240.43
14. Ms. Jareeporn Jarukornsakul*	1,048,907.10	-	200,277.78	-	688,000.00	1,937,184.88
15. Mr. Roongrote Rangsiyopash	1,476,261.94	-	-	-	3,914,000.00	5,390,261.94
16. Mrs. Tarisa Watanagase	427,354.84	89,500.00	74,722.22	-	3,226,000.00	3,817,577.06
<b>Total</b>	<b>21,600,000.00</b>	<b>1,274,833.33</b>	<b>1,202,777.78</b>	<b>1,125,000.00</b>	<b>50,989,000.00</b>	<b>76,191,611.11</b>

**Remarks:**

\* Independent Directors

\*\* The directors' bonus paid in 2022 consisted of the bonus payment based on the final dividend of the year 2022 paid to shareholders on April 26, 2022 and the interim dividend of the year 2022 paid on August 26, 2022, as represented in the item of "Administrative expenses" on the consolidated statements of income.

- Director No. 1 is the Chairman of the Board and serves as a director in the Company's subsidiary that is its core business, namely SCG Chemicals Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Public Company Limited."
- Director No. 2 is the Chairman of the Governance and Nomination Committee and serves as the Chairman of the Board and an independent director in the Company's subsidiary that is its core business, namely SCG Chemicals Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Public Company Limited."
- Director No. 4 is a Director, effective March 30, 2022.
- Director No. 5 is a director in the Company's subsidiary that is its core business, namely SCG Packaging Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Packaging Public Company Limited."
- Director No. 7 is the Chairman of the Remuneration Committee and serves as the Chairman of the Board an independent director in the Company's subsidiary that is its core business, SCG Packaging Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Packaging Public Company Limited."
- Director No. 8 is the Chairman of the Audit Committee.
- Directors Nos. 10-12 serve as directors in the Company's subsidiary that is its core business, namely SCG Chemicals Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Public Company Limited."
- Directors Nos. 12 – 14 are Independent Directors, effective March 30, 2022.
- Director No. 16 retired from directorship on March 30, 2022.
- The CSR Committee for Sustainable Development is not entitled to remuneration.

- **Remuneration of President & CEO, and the Top Executives**

#### **Policy on Top Executive Remuneration**

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the President & CEO and top executives of SCG and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.
2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.
3. The executive's capability to develop the business units and improve operational efficiency for each business unit each year and to lead the Company in meeting the ESG performance and sustainability goals which are set both in the short and long term, both with respect to the environment, such as greenhouse gas emission reduction, energy and resource consumption reduction, water withdrawal reduction, zero waste to landfill, revenue from sales of eco value products and services, and with respect to society, such as health and safety goals.

In addition, the results of an opinion survey of management-level employees towards SCG's President & CEO and top executives were also used in the consideration of the Remuneration Committee.

#### **• Remuneration of the Top Executives**

The total remuneration for 14 executives, including the President & CEO, whose office was held during 2022, in the form of salaries, bonuses, variable pay and others amounted to 259,892,284 Baht. For 2022, the Company made contributions of 22,896,510 Baht to the provident fund for the executives as the employees of the Company.

#### **Directors and Executives of Major Subsidiaries of the Core Businesses**

(As of December 31, 2022)

##### **Cement-Building Materials Business**

###### **List of the Board of Directors of SCG Cement-Building Materials Company Limited**

1. Mr. Roongrote Rangsiyopash	Director
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2. Mr. Thammasak Sethaudom	Director
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3. Mr. Yuttana Jiamtragan	Director
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4. Mr. Chana Poomee	Director
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5. Mr. Paramate Nisagornsen	Director
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6. Mr. Wiroat Rattanachaisit	Director
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7. Mrs. Chantanida Sarigaphuti	Director
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8. Mr. Nithi Patarachoke	President
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###### **List of Executives and Positions of SCG Cement-Building Materials Company Limited**

1. Mr. Nithi Patarachoke	President
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2. Mr. Chana Poomee	Vice President-Cement and Green Solution Business
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3. Mr. Paramate Nisagornsen	Vice President-SCG Home Business
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4. Mr. Wiroat Rattanachaisit	Vice President-Reagional CBM Business and in charge of Vice President-Housing Products and Solution Business
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5. Mrs. Nattha Buranawit	Chief Financial Officer
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##### **SCGC (Chemicals Business)**

###### **List of the Board of Directors of SCG Chemicals Public Company Limited**

1. Mr. Chumpol NaLamlieng	Chairman and Independent Director
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2. Mr. Roongrote Rangsiyopash	Vice Chairman	Executive Vice
3. Air Chief Marshal Satitpong Sukvimal	Director	President- Regional, and Executive
4. Mr. Winid Silamongkol	Independent Director	Vice President-
5. Mr. Raphee Soajaritkoon	Independent Director	Vinyl Chain
6. Mr. Kitipong Urapeepatanapong	Independent Director	Chief Commercial Officer and Executive
7. Mrs. Siriluck Rotchanakitumnuai	Independent Director	Vice President-
8. Mr. Tos Chirathivat	Independent Director	Thailand Olefins Chain
9. Mr. Suphachai Clearavanont	Independent Director	Chief Innovation Officer and Executive
10. Mr. Thapana Sirivadhanabhakdi	Independent Director	Vice President - New Business
11. Mr. Cholanat Yanaranop	Director	Chief Financial Officer
12. Mr. Tanawong Areeratchakul	Director and Chief Executive Officer & President	Accounting Director

**Remark:**

Director No. 3 Air Chief Marshal Satitpong Sukvimal was appointed Director, replacing Mr. Thammasak Sethaudom, effective August 1, 2022.

#### List of Executives and Positions of SCG Chemicals Public Company Limited

1. Mr. Tanawong Areeratchakul	Chief Executive Officer & President
2. Mr. Sakchai Patiparnpreechavud	Chief Commercial Officer,

**SCGP (Packaging Business)**

#### List of the Board of Directors of SCG Packaging Public Company Limited

1. Mr. Prasarn Trairatvorakul	Chairman and Independent Director
2. Mr. Thammasak Sethaudom	Vice Chairman

3. Police Colonel Thumnithi Wanichthanom	Director	4. Mr. Karan Tejasen	Chief Operating Officer, Consumer and Performance Packaging Business
4. Mrs. Kaisri Nuengsigkapiyan	Independent Director		
5. Mr. Chalee Chantanayyingyong	Independent Director		
6. Mrs. Pongpen Ruengvirayudh	Independent Director		
7. Mr. Kitipong Urapeepatanapong	Independent Director	5. Mr. Suchai Korprasertsri	Chief Operating Officer, Fibrous Business
8. Mr. Vanus Taepaisitphongse	Independent Director		
9. Mr. Vibul Tuangsittisombat	Independent Director	6. Mr. Danaidej Ketsawan	Chief Financial Officer and in Charge of Packaging Materials Recycling Business
10. Mrs. Suphajee Suthumpun	Independent Director		
11. Mr. Thiraphong Chansiri	Director	7. Mr. Sompob Witworrasakul	Chief Regional Officer
12. Mr. Wichan Jitpukdee	Director and Chief Executive Officer	8. Mrs. Nadarat Pomtri	Accounting Director

**Remark:**

Director No. 3 Police Colonel Thumnithi Wanichthanom was appointed Director, replacing Mr. Cholanat Yanaranop, effective June 1, 2022.

#### List of Executives and Positions of SCG Packaging Public Company Limited

1. Mr. Wichan Jitpukdee	Chief Executive Officer
2. Mr. Wichan Charoenkitsupat	Chief Operating Officer, Packaging Paper Business
3. Mr. Jak jit Klomsing	Chief Operating Officer, Fiber Packaging Business



For more information, please see the profiles in "Attachment 2 Information of Directors of Major Subsidiaries of the Core Businesses" on the Company's website ([www.scg.com](http://www.scg.com))

**Remarks:**

- Executive No. 2 Mr. Wichan Charoenkitsupat was appointed Chief Operating Officer, Packaging Paper Business, replacing Mr. Sangchai Wiriyaumpaiwong, effective September 1, 2022.
- Executive No.3 Mr. Jak jit Klomsing was appointed Chief Operating Officer, Fiber Packaging Business, replacing Mr. Suchai Korprasertsri, effective September 1, 2022.
- Executive No. 5 Mr. Suchai Korprasertsri was appointed Chief Operating Officer, Fibrous Business, replacing Mr. Wichan Charoenkitsupat, effective September 1, 2022.
- Executive No. 6 Mr. Danaidej Ketsawan was additionally put in charge of Packaging Materials Recycling Business, effective September 1, 2022.

### Remunerations for the Board of Directors of Major Subsidiaries of the Core Businesses

- Remuneration for the Board of Directors of SCG Cement-Building Materials Company Limited

The top executives assigned to be directors of SCG Cement-Building Materials Company Limited shall not subject to remuneration paid for being the directors as they have already served as the top executives of SCG.

- Remuneration for the Board of Directors of SCG Chemicals Public Company Limited

(January 1 - December 31, 2022)

Unit: Baht

Name	Board of Directors	Audit and Risk Management Committee (3 members)	ESG Committee (3 members)	Remuneration Committee (3 members)	Directors Bonus paid in 2022**	Total
1. Mr. Chumpol NaLamlieng*	1,800,000.00	-	-	-	1,990,000.00	3,790,000.00
2. Mr. Roongrote Rangsiyopash	900,000.00	-	-	180,000.00	1,446,990.00	2,526,990.00
3. Air Chief Marshal Satitpong Sukvimol	500,000.00		-	-	-	500,000.00
4. Mr. Winid Silamongkol*	1,200,000.00	690,000.00	-	-	1,380,000.00	3,270,000.00
5. Mr. Raphee Soajaritkoon*	1,200,000.00	460,000.00	-	-	1,380,000.00	3,040,000.00
6. Mr. Kitipong Urapeepatanapong*	1,200,000.00		280,000.00	-	1,380,000.00	2,860,000.00
7. Mrs. Siriluck Rotchanakitumnuai*	1,200,000.00	460,000.00	-	-	550,000.00	2,210,000.00
8. Mr. Tos Chirathivat*	1,200,000.00	-	-	220,000.00	1,380,000.00	2,800,000.00
9. Mr. Suphachai Clearavanont*	1,200,000.00	-		220,000.00	1,380,000.00	2,800,000.00
10. Mr. Thapana Sirivadhanabhakdi*	1,200,000.00	-	280,000.00	-	1,380,000.00	2,860,000.00
11. Mr. Cholanat Yanaranop	1,200,000.00		390,000.00	-	1,380,000.00	2,970,000.00
12. Mr. Tanawong Areratchakul	900,000.00	-	-	-	1,380,000.00	2,280,000.00
13. Mr. Thammasak Sethaudom	400,000.00	-			1,380,000.00	1,780,000.00
<b>Total</b>	<b>14,100,000.00</b>	<b>1,610,000.00</b>	<b>950,000.00</b>	<b>620,000.00</b>	<b>13,646,990.00</b>	<b>29,626,990.00</b>

**Remarks:**

\* Independent Directors

\*\* The directors' bonus paid in 2022 consisted of the bonus payment based on the final dividend of the year 2022 paid to shareholders on April 25, 2022 and the interim dividend of the year 2022 paid on August 18, 2022.

- Director No. 1 is the Chairman of the Board of Directors.
- Director No. 2 is the Vice Chairman of the Board of Directors and the Chairman of the Remuneration Committee.
- Director No. 3 is a Director, effective August 1, 2022.
- Director No. 4 is the Chairman of the Audit and Risk Management Committee.
- Director No. 11 is the Chairman of the ESG Committee.
- Director No. 13 served as Director until August 1, 2022.

- Remuneration for the Board of Directors of SCG Packaging Public Company Limited  
(January 1 - December 31, 2022)

Unit: Baht

Name	Board of Directors	Audit Committee (3 members)	Corporate Governance and Nomination Committee (3 members)	Remuneration Committee (3 members)	Directors Bonus paid in 2022 **	Total
1. Mr. Prasarn Trairatvorakul*	1,800,000.00	-	-	-	2,293,000.00	4,093,000.00
2. Mr. Thammasak Sethaudom	1,200,000.00	-	-	178,241.76	1,529,000.00	2,907,241.76
3. Police Colonel Thumnithi Wanichthanom	700,000.00	-	-	-	71,000.00	771,000.00
4. Mrs. Kaisri Nuengsigkapian*	1,200,000.00	510,000.00	-	-	1,529,000.00	3,239,000.00
5. Mr. Chalee Chantanayyingyong*	1,200,000.00	340,000.00	-	-	1,529,000.00	3,069,000.00
6. Mrs. Pongpen Ruengvirayudh*	1,200,000.00	340,000.00	-	-	1,529,000.00	3,069,000.00
7. Mr. Kitipong Urapapepatanapong*	1,200,000.00	-	390,000.00	-	1,529,000.00	3,119,000.00
8. Mr. Vanus Taepaisitphongse*	1,200,000.00	-	-	390,000.00	1,529,000.00	3,119,000.00
9. Mr. Vibul Tuangsittisombat*	1,200,000.00	-	-	280,000.00	1,529,000.00	3,009,000.00
10. Mrs. Suphajee Suthumpun*	1,200,000.00	-	280,000.00	-	748,452.05	2,228,452.05
11. Mr. Thiraphong Chansiri	1,200,000.00	-	280,000.00	-	751,465.75	2,231,465.75
12. Mr. Wichan Jitpukdee	1,200,000.00	-	-	-	1,529,000.00	2,729,000.00
13. Mr. Cholanat Yanaranop	500,000.00	-	-	101,758.24	1,458,000.00	2,059,758.24
14. Mr. Chumpol NaLamlieng	-	-	-	-	777,534.25	777,534.25
15. Mr. Tanawong Areratchakul	-	-	-	-	777,534.25	777,534.25
<b>Total</b>	<b>15,000,000.00</b>	<b>1,190,000.00</b>	<b>950,000.00</b>	<b>950,000.00</b>	<b>19,108,986.30</b>	<b>37,198,986.30</b>

**Remarks:**

\* Independent Directors

\*\*The directors' bonus paid in 2022 consisted of the bonus payment based on the dividend of the year 2022 paid to shareholders on April 25, 2022 and the interim dividend of the year 2022 paid on August 24, 2022.

- Director No. 1 is the Chairman of the Board of Directors.
- Director No. 2 is a member of the Remuneration Committee, effective June 1, 2022.
- Director No. 3 is a Director, effective June 1, 2022.
- Director No. 4 is the Chairman of the Audit Committee.
- Director No. 7 is the Chairman of the Corporate Governance and Remuneration Committee.
- Director No. 8 is the Chairman of the Remuneration Committee.
- Director No. 13 was Director and member of the Remuneration Committee until May 31, 2022.
- Director No. 14 served as Director until September 15, 2022.
- Director No. 15 served as Director until September 15, 2022.
- The SCGP Sustainable Development Committee and the SCGP Risk Management Committee are not entitled to remuneration.

- Remuneration for the Executives of Major Subsidiaries of the Core Businesses
  1. Monetary remuneration, such as monthly salary, bonus, and variable pay
  2. Benefit-in-kind, such as provident fund contributions

Details of the remuneration for the executives of major subsidiaries of the core businesses are as follows:

Unit: Baht

Major Subsidiaries of the Core Businesses	Total monetary remuneration	Benefit-in-kind
SCG Cement-Building Materials Co., Ltd.	67,396,488	5,850,000
SCG Chemicals PCL	87,852,692	7,542,600
SCG Packaging PCL	86,023,466	7,135,002

#### Remark:

- The above-mentioned number of executives and the remuneration included those of the presidents and vice presidents of major subsidiaries of the core businesses ,which are the same information of Remuneration of the Top Executives.

## Human Resources

Siam Cement Public Company Limited operates three core businesses, namely Cement-Building Materials, Packaging, and Chemicals. 46% of the employees are affiliated with the Cement-Building Materials Business, aligning with the number of its operational facilities and the industry nature, which requires greater workforce than the other businesses, followed by 40% for the Packaging Business and 11% for the Chemicals Business.

SCG analyzes and formulates its manpower plans by taking into consideration its short-term and long-term

business directions. Given its strategy of overseas expansion, SCG's policy is to employ local people in the countries where it makes investments and promote their career advancement. As a result, SCG is seeing an increasing proportion of international employees alongside investment expansion.

At the end of 2022, the Siam Cement Public Company Limited had 1,676 employees, while the total number of SCG employees was 57,814.

Unit: Person

SCG Employees	Thai	Overseas	Total
The Siam Cement PLC	1,676	0	1,676
Cement-Building Materials Business	16,494	10,137	26,631
Packaging Business	8,978	13,843	22,821
Chemicals Business	4,979	1,537	6,516
Others	129	41	170
<b>Total</b>	<b>32,256</b>	<b>25,558</b>	<b>57,814</b>

## **Other Important Information**

- **The Secretary to the Board of Directors and the Company Secretary**

### **The Secretary to the Board of Directors**

Board appointed Mr. Worapol Jennapar as the secretary to the Board of Directors responsible for providing advice to the Board regarding the performance of duties in compliance with the law, preparing the minutes of the Board's meetings, and attending every Board's meeting. He is deemed appropriate by the Board since he is highly knowledgeable and experienced, especially in legal matters, allowing him to provide appropriate advice to the Board regarding compliance with the laws, rules, regulations and the SCG Corporate Governance Policy.

### **The Company Secretary**

The Board appointed Mrs. Pattarawan Tunsakul as the company secretary and assistant secretary to the Board of Directors responsible for organizing the meetings of the Board, Sub-committees, and shareholders. The company secretary is also in charge of preparing the minutes of the Board's meetings, the minutes of the shareholders' meetings, and annual registration statements, as well as preparing and filing documents as stipulated by law and as assigned. She is deemed appropriate by the Board since she is knowledgeable in managing corporate secretarial work, having served as the director of the corporate secretary office, which supports the corporate secretarial work involving compliance with laws, rules and regulations as well as overseeing and supervising works in regard to the SCG Corporate Governance Policy. In addition, the Company constantly encourages the company secretary to undergo training and development in the areas of law, accounting, or corporate secretarial work. In 2022, the company secretary underwent the CG for Subsidiary Company (SGP) 2/2022 training program held by Thai institute of Directors Association. The qualifications and experience of the company secretary are disclosed in the annual report

- **Head of Internal Audit**

The Company has the Internal Audit Office which is directly to the Audit Committee. The Internal Audit Office has responsible for corporate governance, risk management, compliance and internal control, building trust and providing consulting independently, effectively and efficiently. The Audit Committee meeting no.122<sup>th</sup> (5/2018) held on October 2, 2018, resolved to appoint Mr. Pitaya Chanboonmi as Internal Audit Director of Internal Audit Office effective from November 1, 2018

- **Head of Compliance and Legal**

Mr. Kitti Tangjirmaneesakda, Managing Director - SCG Legal Counsel Limited which is a subsidiary of the Company, is appointed as the Chairman of Compliance Management Committee, responsible for proposing policies, strategies and supervising the Company and its subsidiaries to comply with related rules and laws as well as creating knowledge, understanding, communication and raising awareness.



For more information, please see the profiles in "Attachment 3 Information of Head of Internal Audit and Head of Compliance and Legal" on the Company's website ([www.scg.com](http://www.scg.com)).

- **Investor Relations**

Should there be any need for additional information, shareholders can directly contact the Investor Relations Department via these channels:

Address: 1 Siam Cement Road,  
Bangsue, Bangkok, 10800  
Tel: 0-2586-4299  
Email: [invest@scg.com](mailto:invest@scg.com)



For more information, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com))

- **Audit Fees**

For the fiscal year 2022, The Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 100.80 Million Baht to KPMG in Thailand and KPMG member firms in overseas, which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

The Audit Committee has considered and reviewed the process of selecting the Company's auditor and its subsidiaries based on various factors i.e. reputation, potential, working standards, experiences and expertise, efficiency procedures and tools, familiar with company businesses including their commitment before presenting to the Board of Directors for their consideration and propose to the Annual General Meeting of Shareholders

for the appointment of the auditors and audit fees every year.

In 2017, the Audit Committee resolved to select KPMG Phoomchai Audit Ltd., (KPMG) to be the audit firm for the Company and its subsidiaries for the years 2018-2022 and fixed their audit fee for the next 5 years. When compared to the scope of services offered, workload and the audit fee rate of other listed companies in the same level of business, KPMG apparently offered appropriate audit fees and the utmost benefits to the Company.

In this regard, KPMG in Thailand and KPMG member firms in overseas and its auditors do not have any relationships or interests involving the Company, management, or major shareholders, including their related persons

#### **Audit fees for the year 2022**

1. Audit fees of the Company for the year 2022 totalling 3.52 Million Baht.

<b>Audit Fees</b>	
1. Annual audit fee for the Company's financial statements	296,000 Baht
2. Annual audit fee for consolidated financial statements, and quarterly review fee for the financial statements of the Company and consolidated financial statements	3.22 Million Baht
<b>Total audit fees of the Company</b>	<b>3.52 Million Baht</b>

2. Audit fees of the Company's subsidiaries have audited by KPMG in Thailand and KPMG member firms in overseas, the fees of which are borne by each subsidiary totalling 97.28 Million Baht as follows:

<b>Audit Fees of the Subsidiaries</b>	
1. Audit fees of the Company's subsidiaries in Thailand	
- Number of subsidiaries	149 Companies
- Amount	38.24 Million Baht
2. Audit fees of the Company's subsidiaries in overseas	
- Number of subsidiaries	103 Companies
- Amount	59.04 Million Baht
<b>Total audit fees of subsidiaries</b>	<b>97.28 Million Baht</b>

#### **Non-audit fees**

The subsidiaries paid for tax consulting, reviewing compliance with the conditions of Thai government's Board of Investment Promotion Certificate and other services amounted to 11.96 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

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## REPORT OF KEY CORPORATE GOVERNANCE PERFORMANCE

### The Board of Directors' Performance

SCG has carried out its business under the thorough supervision of the Board of Directors on the basis of ESG approach guided by fairness, transparency, and responsibility toward all stakeholder and in adherence to the long-standing principles observed and practiced since the Company's establishment. All of this is achieved under the Code of Conduct, which is constantly reviewed and adjusted according to economic and social changes on the basis of balanced and sustainable growth.

The Board of Directors has played a significant role in formulating policies and strategies which lead to the enhancement of competitiveness, corporate culture, and value creation; optimizing corporate governance to ensure the adequacy of the Company's internal controls and corporate risk management; and providing suggestions beneficial to business development, as detailed below:

- Reviewing the Charter of the Board of Directors and the Charters of the Sub-committees to improve the scope of duties and meeting attendance requirements in accordance with current regulatory criteria, performance of duties, and changes in current business operations; and reviewing the performance assessment form for the Board of Directors and all sub-committees to enable directors to express their view and opinions more readily.

- Reviewing the Policy on Director Qualifications and Nomination and the Board Skills Matrix, adding required expertise in accordance with key trends in order to ensure alignment with the 2017 Corporate Governance Code for Listed Companies (CG Code) published by the Securities and Exchange Commission (SEC), placing emphasis on board diversity during the nomination process, including the proportion of independent directors and female directors, and on enhancing knowledge, expertise, or experience in the environmental and social aspects of the business under good corporate governance (ESG).

- Reviewing the Insider Trading Policy to make improvements and add guidelines for compliance with current regulations, rules, and laws, including measures to prohibit stock trading during the blackout period.
- Reviewing the Human Rights Policy and the Diversity and Inclusion Policy for compliance with international standards and treaties to which each country is obligated to adhere.
- Reviewing the Anti-corruption Policy and the Whistleblowing Policy to ensure that SCG had suitable policies for designation of responsibility as well as guidelines and requirements in place for the efficient handling of complaints and violations.
- Organizing Ethics e-Testing to test employees on their knowledge of ethics, SCG's 4 Core Values, SCG Code of Conduct, and Anti-Corruption Policy as practiced through the years. The employees must pass the test with a score of 100%. The test aims to promote awareness of good corporate governance practices.

### Directors' Nomination, Development, and Performance Assessment

According to SCG's Principle of Corporate Governance, the nomination, development, and assessment of the Board of Directors is of paramount importance as it plays a key role in establishing business strategies and guidelines for sustainable growth. The criteria and processes for director nomination are detailed under "Nomination and Appointment of Directors and Independent Directors" and under "Development of Directors and Top Executives."

### Directors' Meetings

It is the duty of each member of the Board to consistently attend the Board's meetings to stay informed of SCG's operations and make decisions. The Board holds at least eight scheduled meetings per year, the schedules of which are arranged in advance every

year and submitted to each director at the end of the preceding year so all the directors can arrange their schedule for the meetings. In addition, special meetings might be held to consider urgent matters.

At the meetings, the Chairman and the President & CEO of the Company jointly set agenda items and determine which agenda items are related to the meetings. Every individual member of the Board is entitled to propose agenda items.

To keep up with technological advances and ensure effective management, the Board of Directors reviewed and amended the Board of Directors' Meeting Attendance Policy in 2018, under which the online meetings' attendance of each director shall be recorded and disclosed in the Annual Report and the quorum shall be considered in accordance with the law, as it was deemed that the Company would benefit greatly from the directors' attendance of the Board's meetings through electronic means. In April 2020, the Board of Directors' meeting approved e-Meeting Rules for the Board of Directors' meetings, under which the Chairman of the Board or a designated chairman shall have the power to convene an e-meeting under the emergency decree on electronic meetings or the Board of Directors' meeting where directors are allowed to attend the meeting via electronic media or channels and the quorum shall be counted in accordance with relevant rules.

It was determined by the Board that the meeting schedules for the whole year had to be set in the preceding year prior to the actual meeting dates. In 2022, the Board held eight meetings, scheduled in advance in 2021, and one special meeting, with 100% attendance by all directors. The directors attended the meetings and expressed their opinions via electronic means in accordance with the Board of Directors' Meeting Attendance Policy, relevant rules for meetings via electronic means, and e-Meeting Rules mentioned above. Each director, excluding the directors have been appointed or resigned during the year, individually attended more than 75% of all the meetings. Prior to each meeting, all members received the agenda and supporting documents not less than seven days prior to the date of the meeting, or not less than five working days if it is necessary or urgency, to allow adequate time for their preparation.

When considering matters presented to the Board,

the Chairman of the Board, as the Chairman of the meetings, presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible for one vote. A director with a vested interest in the issue under consideration or a director ineligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

SCG Executives are allowed to attend the Board's meetings to provide useful information to the Board, and to learn directly about the Board's initiatives and policies for effective implementation. However, the executives are not allowed to attend the meeting for certain agenda items which are reserved only for the Board of Directors or for non-executive directors in order to ensure independence of consideration.

In addition, the Board attaches significance to the prudent, fair, and transparent management of conflicts of interest of the concerned parties and requires that all relevant information be fully disclosed. Any director who may be deemed to have a vested interest in the matter under consideration must not be involved in the decision process.

After the meeting, the company secretary is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman or the Chairman of the meeting. Directors may make comments, corrections, or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely as confidential documents in the corporate secretary's office together with all the documents relating to the meeting agenda, which are backed up electronically to facilitate data searches.

For the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the director relevant documents, together with information about any significant developments that occurred during the month, in order to keep them informed.

In addition, the Company holds a meeting between non-executive Directors without the Management present

both after the Company's annual medium-term business plan meeting and when necessity arises in order to discuss various significant issues and problems concerning management, such as the Board member selection and

the succession plan for the executives, to allow non-executive Directors to express their opinions independently. In 2022, a non-executive meeting was held on August 15, 2022.

#### Attendance of the Board of Directors meetings for 1 January – 31 December 2022

Name	Meeting (number of meetings attended/ number of meeting invited)					
	Board of Directors' Meeting			Annual General Meeting (e-AGM)		
	1 January – 31 December 2022			30 March 2022		
	Total		In Person	Via Electronic Media	Total	
	Meeting	%			Meeting	%
1. Air Chief Marshal Satitpong Sukvimol	8/8	100	4/8	4/8	1/1	100
2. Mr. Chumpol NaLamlieng	8/8	100	8/8	0/8	1/1	100
3. Mr. Kasem Watanachai	8/8	100	7/8	1/8	1/1	100
4. Lieutenant Colonel Somchai Kanchanamanee (Appointed March 30, 2022)	6/6	100	2/6	4/6	-	-
5. Police Colonel Thumnithi Wanichthanom	8/8	100	5/8	3/8	1/1	100
6. Mr. Kan Trakulhoon	8/8	100	8/8	0/8	1/1	100
7. Mr. Prasarn Trairatvorakul	8/8	100	8/8	0/8	1/1	100
8. Mr. Pasu Decharin	8/8	100	7/8	1/8	1/1	100
9. Mrs. Parnsiree Amatayakul	8/8	100	8/8	0/8	1/1	100
10. Mr. Cholanat Yanaranop	8/8	100	7/8	1/8	1/1	100
11. Mr. Thapana Sirivadhanabhakdi	8/8	89	3/8	5/8	1/1	100
12. Mr. Suphachai Clearavanont (Appointed March 30, 2022)	6/6	100	1/6	5/6	-	-
13. Mrs. Nuntawan Sakuntanaga (Appointed March 30, 2022)	6/6	100	5/6	1/6	-	-
14. Ms. Jareeporn Jarukornsakul (Appointed March 30, 2022)	6/6	100	6/6	0/6	-	-
15. Mr. Roongrote Rangsiyopash	8/8	100	8/8	0/8	1/1	100

#### Director who retired by rotation at the 2022 Annual General Meeting of Shareholders

Mrs. Tarisa Watanagase	2/2	100	2/2	0/2	1/1	100
Total number of meetings in 2022			8			1
% Meeting Attendance			100			100

#### Remark:

\* According to the Company's policy, at least 80% of the Board of Directors should attend the Board's meetings each year and each director should attend at least 75% of the meetings for the entire year (excluding directors appointed or retired during the year). Such meetings include those held via electronic means.

**Attendance of the Sub-committees meetings for 1 January – 31 December 2022**

Name	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	The CSR Committee for Sustainable Development
	9 meetings	7 meetings	6 meetings	4 meetings
1. Air Chief Marshal Satitpong Sukvimal	-	-	-	4/4
2. Mr. Chumpol NaLamlieng	-	7/7	-	-
3. Mr. Kasem Watanachai	-	-	-	4/4
4. Lieutenant Colonel Somchai Kanchanamanee (Appointed March 30, 2022)	-	-		3/3
5. Police Colonel Thumnithi Wanichthanom	-	-	-	4/4
6. Mr. Kan Trakulhoon	-	-	-	4/4
7. Mr. Prasarn Trairatvorakul	-	-	6/6	-
8. Mr. Pasu Decharin	9/9	7/7	-	-
9. Mrs. Parnsiree Amatayakul	9/9	-	6/6	-
10. Mr. Cholanat Yanaranop	-	-	6/6	-
11. Mr. Thapana Sirivadhanabhakdi	-	-	6/6	-
12. Mr. Suphachai Clearavanont (Appointed March 30, 2022)	-	3/5	-	-
13. Mrs. Nuntawan Sakuntanaga (Appointed March 30, 2022)	8/8	-	-	-
14. Ms. Jareeporn Jarukornsakul (Appointed March 30, 2022)	-	5/5	-	-
15. Mr. Roongrote Rangsiyopash	-	-	-	3/4

**Director who retired by rotation at the 2022 Annual General Meeting of Shareholders**

Mrs. Tarisa Watanagase	1/1	2/2	-	-
% Meeting Attendance	100	90	100	96

## **Directors' Remuneration**

The Board of Directors has established the Governance and Nomination Committee to propose guidelines and methods for remuneration to be paid to the Board of Directors and the Sub-committees and consider whether the remuneration structure is appropriate for the directors' respective roles and responsibilities, and provide incentives for the board to lead the Company in meeting its objectives, both in the short and long term. The details of Directors' Remunerations are under "Remunerations for the Board of Directors and the Top Executives."

## **Oversight of the Company's Subsidiaries and Associates**

In 2019, at the suggestion of the Governance and Nomination Committee, the Board of Directors formulated the policy for the appointment of directors and executives to subsidiaries," based on the Corporate Governance Code for Listed Companies 2017 issued by The Securities and Exchange Commission (SEC), which recommends that listed companies put in place frameworks and mechanisms for the oversight of the compliance and operations of their subsidiaries or other businesses in which they have a significant investment, as appropriate for each business. The policy can be summarized as follows.

### **1. Rationale**

The appointment of directors and executives of a subsidiary to oversee and manage its operation is a key governance mechanism that ensures the subsidiary complies with SCG's policy, goals, vision, medium-term business plans, and strategic growth plans efficiently. As such, the Board of Directors approved the formulation of the policy for the appointment of directors and executives to subsidiaries.

### **2. The policy for the appointment of directors and executives to subsidiaries**

The appointment of directors and executives to a subsidiary should be carried out with due consideration to ensure that the appointed person is qualified and knowledgeable and possesses work ethics, a sense of responsibility, and leadership qualities, all of which will

enable them to manage the subsidiary efficiently, create long-term returns and added value for shareholders, inspire confidence in all stakeholders, promote proper auditing and the system of checks and balances in the subsidiary, as well as support the sustainable implementation of the company's policies.

### **3. The authority to appoint directors and executives to subsidiaries**

The Board of Directors has assigned the President & CEO of SCG and/or the President & CEO of each of SCG's core businesses to appoint and transfer the company's representative to the Board or an executive position in a subsidiary as deemed appropriate. Such an appointment or transfer shall be in compliance with relevant conceptual frameworks and the aforementioned policy and shall be reported to the Board of Directors as stipulated in the authority manual.

### **4. The roles and responsibilities of the persons appointed as directors or executives in subsidiaries**

- (1) Ensuring that the subsidiary complies with relevant laws, regulations, and Articles of Association; has a good management system; and adheres to SCG's corporate governance principle, code of conduct, anti-corruption policy, as well as other policies of the company and those that are in alignment with the policies of the company
- (2) Providing guidance to ensure that the direction of the subsidiary's strategies, policies, and business plans is consistent with that of the company and promoting the adoption of innovation and technology to enhance the competitiveness of the subsidiary
- (3) Reporting the operating results and performance of the subsidiary to the Company with accuracy, completeness, and timeliness, especially material items that may affect the financial status and the operating results of the subsidiaries as well as any transactions other than those arising in the ordinary course of business that may significantly affect the subsidiary

(4) Overseeing the business operation of the subsidiary to ensure efficiency and managing returns on investment in the subsidiary appropriately

The Company oversees the disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; disposal or acquisition of assets; or complete and accurate material transactions are in compliance with the rules and procedures stipulated by the announcement of the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

In addition to the authority manual, the Audit Committee, in fulfilling the role as a supervisor, is responsible for assessing the effectiveness of the oversight, risk management, and the internal control systems of the subsidiaries and associates with SCG's representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company's internal control systems, efficiency, and effectiveness of operations, and financial statements.

Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors a business self-audit system, which can be adjusted to suit the environment of each company, with emphasis on a holistic assessment, in order to create added values to the organizations. To this effect, the companies and the Audit Office jointly perform risk assessment, formulate the internal control system and risk warning signals, and produce risk-monitoring reports. In the presence of risk shifting, the internal control system must be modified to accommodate such a change.

In addition, as suggested by SCG Risk Management Committee, the Audit Committee has set forth compliance measures for innovation-related businesses to be applied to projects that require indicators, such as OKR (Objective & Key Result) and the Stage Gate. Under these measures, such projects are subject to quarterly review and report in accordance with the criteria submitted to the management for approval. The Corporate Risk Management unit will also be notified of such projects, so that they can be exempted from the alert criteria

imposed on businesses under regular circumstances prior to a review on relevant matters.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues, such as separation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders' Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

#### **Preventing Conflicts of Interest**

The Company recognizes the importance of the prudent, fair, and transparent management of conflicts of interests of related persons, namely the Board of Directors, SCG top executives, and employees. To this end, the Board of Directors has established conflict of interest prevent guidelines in writing and included them as a topic in SCG Code of Conduct to ensure that SCG employees are aware of and strictly follow them. In 2022, the Board of Directors continued to monitor and supervise the implementation of policies and guidelines on conflicts of interest as detailed below.

- SCG issues communications and raises awareness on conflict of interest prevention among employees at all levels through infographics distributed via SCG's intranet as well as conducts Ethics e-testing on a regular basis on this topic.
- Directors, top executives, and their related persons are required to file a report with the Company stating their interests in the management of the Company or a subsidiary when they first take the office. They must also file a report should there be any changes in their interests and at every year end. The Company Secretary




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Further information on the topic of the prevention of conflicts of interest in SCG Code of Conduct appear in "Attachment 5: SCG Corporate Governance Principles, Policies, SCG Code Of Conduct, SCG Supplier Code Of Conduct, and Investor Relations Code Of Conduct" on the Company's website: [www.scg.com](http://www.scg.com).

shall deliver a copy of such report to the Chairman and Chairman of the Audit Committee within seven days upon the receipt of the report in compliance with the Securities and Exchange Act B.E. 2535 and to use such information for monitoring and preventing any conflict of interests.

- At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.
- In case the connected transaction requires shareholders' approval, shareholders with a vested interest must abstain from voting on such agenda item as stipulated by law and the Company's regulations.

#### **Insider Information Control**

The Company has established measures to prevent misuse of insider information as well as guidelines for data recording, reporting, and storage in writing, both of which have been incorporated into SCG Code of Conduct and Regulations for Employees. The Insider Trading Policy involving the use of information that could reasonably be expected to affect the value of the Company's share was also formulated with the approval of the Board of Directors. The policy includes a measure prohibiting the directors, top executives, employees, and those responsible for related functions, as well as their spouses, partners in a de facto relationships, or minor children, from trading in the securities (securities subject to disclosure include shares, convertibles, share warrants, futures, and derivatives underlined by the share of a listed company) of SCG or other companies related to insider information (blackout period) 30 days before the public disclosure of quarterly and annual financial statements and until 24 hours after the disclosure of the information. Other measures include reporting of any changes in shareholding of the Board of Directors and top executives as stipulated by Securities and Exchange Commission (SEC) and reporting to the Board of Directors' meeting on a regular basis.

Aside from the aforementioned measures, the Company

has defined guidelines on the management of insider information that can impact the Company's share price, in which how to properly management and handle insider information to minimize the risks associated with the misuse of such information is prescribed.

In 2022, the Corporate Secretary Office communicated insider trading guidelines through the GRC Voice E-newsletter to raise awareness among employees at all levels and issued a letter to directors, executives, employees, and other related persons informing them of the blackout period, during which they are prohibited from trading the securities of SCG, listed companies under SCG, and other listed companies related to insider information. No securities trading by SCG's directors or executives were reported during the blackout period.

The policy and guidelines regarding the use of internal information are published on the Company's website ([www.scg.com](http://www.scg.com))

#### **Anti-corruption Efforts**

SCG recognizes the importance of fighting corruption and has formulated the Anti-corruption Policy, approved by the Board of Directors and the Audit Committee and subject to regular review. In 2022, the policy was revised to improve clarity and alignment with current business situation as well as to provide a guidelines for business operations and corresponds with one of SCG's 4 Core Values, "Adherence to Fairness," which refers to "integrity, transparency, accountability, and equitable treatment to all concerned parties in a respectful, sincere, friendly, and fair manner." SCG Anti-corruption Policy is published on the Company's website at [www.scg.com](http://www.scg.com).

Due to SCG's continuous pursuit of Anti-corruption Policy, the Siam Cement Public Company Limited has been recognized as a certified company by Thai Private Sector Collective Action Against Corruption (CAC). It was first certified on July 5, 2013 and has since been continuously recertified, most recently on September 30, 2021. Furthermore, SCG's subsidiaries that are listed companies have also received the status of certified companies.

In accordance with the notification of the National Anti-Corruption Commission (NACC) Re: Guidelines on

Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials, and Agents of Public International Organizations, SCG has been raising awareness among its employees of actions that might lead to corruption risks and regularly conducting risk indicator analyses and assessments of corruption risks, which are considered as one of the compliance risks. The Board of Directors has also approved the implementation of practices in compliance with the notification of NACC, as previously approved by the Audit Committee. The President & CEO communicated the significance it attaches to this matter to SCG employees through "Message from CEO," effectively setting the "Tone at the Top."

In addition, SCG has established a proactive and preventive system and prescribed risk mitigation and control measures, responsible persons, monitoring measures, as well as methods for reviewing and evaluating risk management, which serve as corruption prevention guidelines for SCG employees at all levels, with the Internal Audit Office consistently entrusted with the oversight of the assessment, providing recommendations, and monitoring of good governance practices and compliance with the SCG Code of Conduct and Anti-corruption Policy in each audit period.

In 2022, to continuously cultivate awareness and understanding among employees at all levels and bring about the actual implementation of the Company's Anti-corruption Policy in accordance with the notification of NACC, SCG carried out the following activities:

- Revised SCG Code of Conduct to improve its alignment with current operations and added examples of correct conduct. In addition, SCG produced the Code of Conduct in Indonesian, Vietnamese, Khmer, and Laotian as well as established a learning plan which was communicated to employees at all levels to ensure that they understand and can apply the code of conduct as appropriate to the context of each country.

- SCG published and communicated SCG Code of Conduct the Anti-corruption Policy, as well as applicable rules and regulations to employees at all levels through various channels, such as SCG Intranet Portal and GRC

Helpline Session.

- SCG cultivated an awareness of role, responsibility, and accountability awareness regarding risk management and internal control among employees at all levels and provided key case studies on corruption that reflected the concept of accountability in accordance with the Three Lines Model.

- SCG raised awareness of acts that could potentially lead to corruption risks, impact, and damage. In addition, an "Anti-corruption Compliance Assessment Form" was created for units involving high risks, such as project procurement, project sales, government affairs, and engineering units. The assessment form defined indicators/signs of the corruption risks as well as provided solutions for risk mitigation and control both for system and employee operations, so as to enable operators and supervisors of the unit to analyze risks involved by themselves, apply control methods correctly, and use self-assessment results to improve subsequent operation plans to enhance efficiency. In addition, appropriate internal controls and penalties according to the Company's regulations and NACC's notifications were also communicated to employees.

- SCG administered "Ethics e-testing" for the eighth consecutive year. Divided into three levels according to the roles and responsibilities of the employees' level, the e-testing tests employees on their knowledge of ethics, SCG's 4 Core Values, Code of Conduct, and Anti-corruption Policy. In 2022, the test and the proportion of the test items for high-risk professional groups were revised. All SCG employees who took the test obtained a passing score. In addition, the answers given were also analyzed, so that common misunderstandings among employees could be rectified.

- Various training courses on compliance with the Corporate Governance and the Anti-corruption Policy, such as the New Employee Orientation Course and the Business Concept Development Course, has been organized to reinforce SCG's corporate culture.

- A whistleblowing system has been established to provide channels for reporting violations of the law and non-compliance with SCG's rules, regulations, Code of Conduct,

and Anti-corruption Policy. Processes have also been put in place to investigate, track, control, and rectify reported incidents.

- SCG fostered an understanding of anti-corruption efforts through IA Letter, which was sent to all employees via e-mail, and developed a consultation system for SCG Code of Conduct and Anti-Corruption Policy, accessible via GRC Helpline banner on SCG Intranet Portal.

- SCG extended its anti-corruption efforts to its suppliers and revised its Supplier Code of Conduct to encourage all parties to collaborative practice good citizenship and make concrete commitments to community, social, and environmental governance beyond legal and regulatory requirements. SCG also encouraged key suppliers to participate in the CAC SME Certification Program by Thai Private Sector Collective Action Against Corruption.

In addition, the Internal Audit Office assesses and monitors compliance with SCG Code of Conduct and Anti-corruption Policy and reports to the Audit Committee at each meeting. In 2022, no cases of corruption were found in SCG.

### **Whistleblowing**

SCG has established the Whistleblowing Policy and regularly reviews its suitability in order to demonstrate the emphasis it places on good corporate governance and provide opportunities for employees and stakeholders to report or inform on any violations or irregularities in any area related to SCG's business operations such as corporate governance, ethical practices, corruption, financial transactions, Code of Conduct, and compliance with legal requirements, regulations, or Anti-corruption Policy, through dedicated channels provided. This is to ensure that complaints are investigated according to the process specified in the SCG Whistleblowing Policy Guidelines and reported to the Audit Committee and the Board of Directors. In addition, information on the complaint filing process and channels is clearly published on the Company's website.

To assure complainants or informants that such reporting or provision of information will not adversely impact them, SCG has established a mechanism for

protecting and relieving the distress that might occur to the informant from unjust treatment, such as abuse and threats as well as ensures confidentiality and provides protection to informants in accordance with the Whistleblowing Policy. The Internal Audit Office, which is responsible for data security, has designated a separate encrypted server to ensure all data is stored independently with restricted access only to relevant parties.

SCG has communicated to employees and stakeholders about SCG Whistleblowing System, which supports complaint filing both in Thai and English as well as in Vietnamese, Indonesian, and Khmer access at all time and accommodates both verbal reports and written reports via e-mail or post. The channels are as follows:

- For internal report submission, SCG employees can file a report to either specify their names or remain anonymous through SCG Whistleblowing System, accessible to all SCG employees via SCG Intranet Portal. The complainant can direct their complaints to any of the following:

- Trusted supervisors
- Director of the Corporate Human Resources Office
- Director of Internal Audit Office
- Company Secretary
- Any Director of the Company

They may do so either verbally or in writing via post or e-mail to the aforementioned individual, or submit an e-mail to the independent directors at [ind\\_dir@scg.com](mailto:ind_dir@scg.com).

- For external parties, complaints can be filed at SCG Whistleblowing System on [www.scg.com](http://www.scg.com). Informants are required to identify their names and can direct their complaints to any of the following:

- Corporate Secretary Office
- Internal Audit Office
- An Independent Director
- Audit Committee

or submit the complaint in the form of a formal document to any of the aforementioned parties.

Informants can keep track of their complaint investigation through a dedicated system, which is a vital mechanism for corruption control and prevention.

In 2022, a total of 51 cases involving non-compliance with laws, the Company's regulations, policies,

SCG 4 Core Values, and Code of Conduct, were filed through SCG Whistleblowing System by external parties and employees, as summarized below.

1. Total number of investigated cases: 45 cases (including 8 pending cases from 2021)

The investigated cases involving corruption or non-compliance with the corporate governance policy can be divided as follows:

- |                                       |          |
|---------------------------------------|----------|
| • Anti-corruption Policy              | None     |
| • Antitrust Policy                    | None     |
| • Human Rights                        | 1 case   |
| • Conflict of Interest                | 4 cases  |
| • Environmental Policy                | None     |
| • Other issues of SCG Code of Conduct | 6 cases  |
| • Company regulations                 | 15 cases |
2. Damages and disciplinary actions
    - Damages cost its insignificant
    - Disciplinary actions
      - Employment termination 8 employees (discharge/dismissal)
      - Others 8 employees
  3. All relevant parties conducted risk assessments based on the complaints, established or improved control points, revised practices, and formulated prevention guidelines to enhance the effectiveness of operations and compliance.

Additionally, SCG regularly assesses the risks of fraud and non-compliance with rules, regulations, and Code of Conduct by First-line operators, with the Internal Audit Office responsible for assessing the efficiency and effectiveness of risk assessment and internal controls and reporting its findings to the Audit Committee on a regular basis. In addition, SCG also consistently cultivates an organizational culture and raises awareness among its employees, with the top executives serving as role models.

### **Report of the Audit Committee ‘s Performance in 2022**

In 2022, the Audit Committee convened a total of nine meetings, all of which were attended by all members of the committee. The activities of the Audit Committee in the previous year, which have been disclosed, include the following:

1. Review of Financial Statements
2. Review of Connected Transactions, Acquisition and Disposition Transactions, and Transactions That Might Result in Conflicts of Interest
3. Review of Corporate Governance

### **Report of the Other Sub-committees’ Performance in 2022**

In 2022, the Company disclosed details of the meetings and activities of the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development. Further details can be found in “Attachment 6 Report of the Audit Committee and Reports of the Other Sub-committees” on the Company’s website ([www.scg.com](http://www.scg.com)).



Please find more details in “ Attachment 6 Report of the Audit Committee and Reports of the other Sub-committees on the Company’s website ([www.scg.com](http://www.scg.com))

# 17

## INTERNAL CONTROL AND CONNECTED TRANSACTIONS

### 1. Internal Control

#### Opinion of the Board of Directors Regarding the Company's Internal Control System

At the meeting of the Board of Directors No. 259 (8/2022) on November 30, 2022, with six independent directors in attendance, three of whom were members of the Audit Committee, the Board of Directors conducted an evaluation of the Internal Control System of the Company and its subsidiaries according to the internal control adequacy evaluation form of The Securities and Exchange Commission (SEC), which adhered to the framework of COSO 2013 (Committee of Sponsoring Organization of Treadway Commission). After reviewing all five components: Internal Control, Risk Assessment, Operational Control, Information and Communications System, and Monitoring System, the Board found no significant insufficiencies and concluded that the internal control system of the Company and its subsidiaries was adequate and appropriate; that the Company and subsidiaries had arranged for sufficient personnel to operate efficiently in accordance with laws, regulations, policies, and Code of Conduct all the way to various guidelines; and, finally, that there was an adequate operational control and monitoring system in place to protect the assets of the Company and its subsidiaries from improper or unauthorized use by Directors or Executives as well as to prevent transactions with persons who may have conflicts of interest and related parties. SCG has instilled in its management team, supervisors, and staff an awareness of the significance of good corporate governance, risk management, corporate compliance, and internal control, and has ensured sufficient personnel and utilization of the appropriate information technology systems to aid in the effective and efficient implementation of the internal control system.

In 2022, the Board of Directors promoted the development of various tools to keep up with the changing nature of risks in order to establish a proactive and preventive system for business operations and further enhance the internal control system from the previous years, as follows.

### 1. Proactive and Preventive System

SCG has expanded investments both domestically and abroad. A key factor in its success and sustainability is employee ethics and integrity. Aside from organizing training and seminars to foster ethics and integrity among employees, SCG has also developed a Proactive and Preventative System, which involves the following:

1.1 SCG Code of Conduct Handbook has been reviewed and revised to include more examples to improve clarity, coverage, and consistency with relevant policies, domestic and international good corporate governance practices, and current business operations. SCG Code of Conduct Handbook has also been made available in Indonesia, Vietnamese, Khmer, and Laotian, along with a learning plan to enable employees at all levels to better understand and apply the practices as appropriate to the context of each country.

1.2 The Ethics e-Testing and e-Policy e-Testing were annually reviewed and conducted for an eighth and sixth consecutive year, respectively, to instill knowledge and awareness in employees at all levels and ensure that they are able appropriately apply and put into practice SCG's 4 Core Values, Anti-Corruption Policy, and SCG e-Policy. In 2022, the test items were adjusted for high-risk professional groups, such as procurement, international affairs, and sales and

marketing. All SCG employees who took the test obtained a passing score. In addition, the answers given were also analyzed, so that common misunderstandings among employees could be rectified. The tests are reviewed every year to ensure they are up to date with potential risks. In addition to SCG Code of Conduct and SCG Anti-corruption Policy, the test covers the Personal Data Protection Act (PDPA), SCG's Integrated Governance, Risk Management, and Compliance (Integrated GRC) and Environment, Social and Governance (ESG) concept.

1.3 The Three Lines Model, which is an internationally accepted approach, is employed as a framework for the operations of all related parties, consisting of the Governing Body, the Management, operations employees, and the Internal Audit Office. In executing the Three Lines Model, the Management, as the First Line, plays an essential role in propelling the model towards success, from implementing the policies issued, performing risk assessment, and establishing measures for control, monitoring, and evaluation, all the way to coordinating information sharing with the Internal Audit Office. Aside from this, SCG has cultivated awareness through various methods, such as assigning the First Line at the highest level of the Company or unit the responsibility of communicating with personnel and holding workshops on the execution of policies, with the Management Team closely overseeing the First Line and Second Line and conducting two-way communication with the Governing Body.

1.4 “Case studies on fraud and non-compliance with laws, regulations, company policies and Code of Conduct” as well as emerging risks resulting from personal conduct and operations were communicated to employees through training and seminars. These included internal and external cases arising as a result of the new normal of work. The goal was to instill operational awareness and prevent such incidents from occurring to the Company.

1.5 An assessment of the internal control system, which includes operational and information technology systems, has been conducted to review its adequacy and appropriateness for SCG’s business operations. Good practices have also been recommended, while a proactive and preventive system has been established to reduce risks in business operations.

## **2. Integrated Governance, Risk, and Compliance (Integrated GRC)**

SCG has elevated its Governance, Risk, Compliance, and Control (GRC) to the international standards of Integrated GRC in order to increase effectiveness and efficiency while reducing redundancy in operations, from governance, strategy, and risk management to monitoring. In 2022, emphasis continued to be placed on data integration to enable disclosure of data vital to the operation between units via the same database, so as to foster continuity and benefit the overall operation of SCG, developing the internal control system, operational effectiveness, and decision making. The top management communicated this initiative to raise awareness among employees of the significance of applying GRC and to ultimately support the operation of personnel towards the sustainable growth of the business. SCG has also developed the GRC Helpline for use on SCG Intranet and mobile network as a channel for any personnel with inquiries, both in Thailand and overseas, to receive advice from experts on proper Governance, Risk and Compliance.

## **3. Corporate Governance and Compliance with Relevant Regulations**

SCG has consistently adhered to the Compliance Policy and guidelines, using the Compliance Management System (CMS) as an important tool for effective and efficient compliance with regulations. This begins with laying a foundation and fostering understanding and awareness among the First Line, while the Compliance units as the Second Line to support the implementation of this system by providing advice and establishing control and management measures to consistently reduce compliance risk. In addition, SCG has a system for filing and assessing new/amended laws in order to ensure proper and prompt compliance.

In 2022, in addition to the implementation of its key policies, namely the Antitrust Policy, Insider Trading Policy, and Disclosure Policy, SCG continued to take action to ensure legal compliance. To this end, handbooks were developed for important laws, such as a handbook on import and export laws and a handbook for the establishment of a control system for products



relevant to the proliferation of weapons of mass destruction (WMD). In addition, the system for filing new/amended laws was improved to accommodate other compliance tools, such as license overview.

#### **4. Anti-Corruption Efforts**

The Board of Directors approved the Anti-corruption Policy in order to define terms, responsibilities, guidelines, and requirements for proper implementation in order to prevent corruption in every activity. In 2022, the policy was revised to improve the clarity and consistency as well as to ensure adequacy for operations and was communicated to employees to ensure they could properly apply it.

Since its first certification in 2013, SCG has been recertified as member of the Thai Private Sector Collective Action Against Corruption (CAC) every three years, most recently on September 30, 2021. In addition, SCG has continued to carry out various anti-corruption initiatives, including the formulation of anti-corruption practices in compliance with ISO19600 for the Company or units (First Line) with high risk of corruption to use as

guidelines in a systematic procedure, with the advice and guidance of the supporting unit (Second Line) and with the Internal Audit Office (Third Line) assessing the efficiency and effectiveness in accordance with the Anti-corruption Policy. To instill confidence among the Management Team, the Audit Committee, and the Board of Directors. The President & CEO has communicated to the Management Team and all employees to comply with the notification of the National Anti-Corruption Commission (NACC). As the High-Level First Line, management personnel are required to perform risk assessment, establish appropriate measures, promote, communicate, and comply with the Anti-corruption Policy. The Internal Audit Office is responsible for conducting workshops on the Anti-Corruption Compliance Checklist for high-risk units in order to assess risks and establish corruption prevention measures as well as for use as guidelines for examining and assessing the effectiveness of internal control. In addition, SCG has expanded the scope of its anti-corruption operations to cover its business partners and encouraged them to participate in the CAC SME Certification by Thai Private Sector Collective Action Against Corruption.

## 5. Business Self-Audit

The Audit Committee, as the supervisor of SCG's internal control, passed a resolution to introduce business self-audit in order to instill a proactive prevention mindset against constantly evolving risks, consistent with the COSO 2013 Framework for Internal Control, which details the roles and responsibilities in implementing the Three Lines Model. The Internal Audit Office, along with supporting units and the Business Self-Audit Team (Second Line), has established operational guidelines for acting as consultants to First Line operators in assessing business risks and the sufficiency and effectiveness of the internal control system. The team also shares success cases in order to maximize operational efficiency and reduce redundancy in the development of the Proactive and Preventative System for operators, thus enabling a prompt response to the risks of today's rapidly changing business landscape.

## 6. Governance of Information Technology, Information Security, and Communication Networks

6.1 SCG has appointed an SCG IT Governance Working Group to establish policies and regulations on the use of information and communication technology (SCG e-Policy) in accordance with ISO/IEC27001 including evaluating and monitoring operations to ensure security in information technology. All SCG employees adhere to in a consistent manner. In 2022, the following additional actions were taken:

- Establishing an additional policy/standard, which was a log standard (a standard for secure logging of computer traffic data), to prevent potential IT risks arising from insecure and incomplete logging.
- Improving three processes/practices, namely 1) password standard, 2) cyberattack response guidelines, and 3) guidelines for developing applications requiring multi-factors authentication.
- Running drills for cyberattacks and data subject requesting in accordance with the organization's guidelines

6.2 SCG appointed personal data protection officers and announced SCG Privacy Policy to put in place clear and proper oversight measures and personal data management and ensure that the rights of the data

subjects are given full protection in compliance with the law.

6.3 Documents were compiled for various internal control/cybersecurity auditing guidelines, such as the auditing guidelines for personal data protection and the implementation guidelines for the ERP system, in order to ensure good internal control and compliance with e-Policy.

6.4 An assessment of the information security-related internal control was conducted with reference to ISO27001 to review its adequacy and appropriateness for SCG's business operations. Good practices were also recommended, while a Proactive and Preventive System was established to reduce risks in business operations.

6.5 The use of machine learning (ML), robotics process automation (RPA), data analytics (DA), and IA data lake was promoted in improving risk analysis efficiency and reducing fieldwork to the minimum required.

6.6 Seminars on IT security awareness and personal data protection were organized to foster awareness of cybersecurity and personal data protection.

6.7 SCG required all employees to pass the e-Policy test with the score of 100% to ensure their acknowledgment, awareness, understanding, and proper application of the Company's policies.

## 7. Development and Promotion of the Use of Data Analytics

SCG utilizes a wide variety of information technology systems to ensure prompt and timely detection of abnormalities, the Internal Audit Office has employed machine learning (ML), robotics process automation (RPA), data analytics (DA), and IA data lake in the preparation of reports, auditing, and the delivery of reports to various business units and utilized them in the form of tools for analyzing, tracking, and correcting anomalies and for establishing prevention methods, such as an Anti-corruption Monitoring Dashboard, Cyber Risk Analytics Tools, SAP Segregation of Duty Tool, and Product Quality Monitoring tools. This is in order to enable easier, faster, and more efficient analysis. In addition, auditors are encouraged to learn about digital technologies and apply various techniques to develop data analytics in Learnathon and Data Analytics Hackathon, the latter of which was held for a fourth

consecutive year, in which the attending auditors were encouraged to propose projects that applied digital technology to auditing or could be given to operators for use in monitoring and overseeing operations.

#### **8. Whistleblowing System**

The Board of Directors has approved and revised the Whistleblowing Policy for improved clarity and has consistently improved SCG Whistleblowing System to ensure employees and external stakeholders have access to the system at all times. Any suspected non-compliance with corporate governance principles, SCG Code of Conduct, rules, regulations, laws, and Anti-Corruption Policy as well as fraud committed by personnel can be reported, for employees, either verbally or via SCG Intranet Portal, and for external stakeholders via [www.scg.com](http://www.scg.com) at all times. The report can be either in Thai, English, Vietnamese, Indonesian, and Khmer. Written reports can be submitted either via post or e-mail. SCG has laid out clear procedures for the intake of reports, from confidential gathering of evidence and establishing of a fact-finding working group and investigation committee to the sanctioning and the reporting of investigation results. Furthermore, the whistleblower can follow up on the results through the system. As such, this system will further promote ethical business conduct and sustainable development. In terms of security, two-factor authentication as well as a separate server independent from other operations with restricted access only to relevant parties are used to maintain security and prevent the leakage of information to parties involved as well as ensure confidentiality and protect the whistleblower in accordance with the Whistleblowing Policy.

#### **Internal Control Monitoring**

In 2022, the Internal Audit Office conducted 254 audit projects according to the risk-based internal audit plan approved by the Audit Committee on November 10, 2021. The Internal Audit Office conducted an evaluation on the sufficiency of the internal control system and followed up on measures taken to address the issues discovered, as well as monitored the internal control process to ascertain that the Company had an

internal control system in place with which to oversee the operations of the Company and its subsidiaries in order to protect its assets from improper or unauthorized use by Directors or Executives as well as sufficient controls for transactions with persons who may have conflicts of interest and related parties. The findings were presented to the Audit Committee for consideration and approval and subsequently reported to the Board of Directors on a quarterly basis.

In 2022, no material deficiencies in the internal control system were found. The Internal Audit Office also followed up on the action taken to improve and address the minor issues discovered in the internal control system and found that the Management Team had resolved all internal control issues completely according to suggestions. Additionally, the Company's Auditor, KPMG Phoomchai Audit Company Limited, reported that it found no material flaws which had an impact on the Company's financial statements.

#### **Opinion of the Audit Committee**

The Audit Committee provided its opinions on the Company's Good Corporate Governance, Risk and, Compliance in 2022, as detailed in Attachment 6: The Audit Committee's Report.

The Audit Committee considered the qualifications of Mr. Pitaya Chanboonmi and concluded that they were appropriate and sufficient to qualify him to perform such duties, as the candidate had the appropriate qualifications, degree, operational experience, and training to supervise operations. A summary of the qualifications, degree, and operating experience of the Director of the Internal Audit Office can be found in Attachment 3.

The consideration and approval of the appointment, removal, and transfer of the Director of the Internal Audit Office must be approved by the Audit Committee.

**Details of Significant Connected Transactions Between the Group and a Company or a Person Which/Who May Have a Potential Conflict.<sup>1</sup>**

<b>Type of Transaction / Connected Companies / Relationship</b>	<b>Total Direct / Indirect Holding (%)</b>	<b>Amount (Million Baht)</b>			<b>Pricing Policy</b>
		<b>2022</b>	<b>2021</b>	<b>2020</b>	

**1. Transactions with Joint Ventures and Associates**

**1.1 Cement and Building Materials Business**

<b>Sales to the Group</b>		<b>3,065</b>	<b>3,379</b>	<b>2,923</b>	Market price applied with third party transactions
The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	2,141	2,454	2,204	
Sekisui-SCG Industry Co., Ltd.	49	411	409	369	
The Siam Gypsum Industry (Songkhla) Co., Ltd.	29	295	295	257	
Noritake SCG Plaster Co., Ltd.	10	150	155	93	
<b>Purchases from the Group</b>		<b>3,194</b>	<b>2,867</b>	<b>2,289</b>	Market price applied with third party transactions
Siam Global House Public Company Limited	33	2,224	2,023	1,666	
The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	631	676	501	
PT Catur Sentosa Adiprana Tbk	31	155	47	20	
The Siam Gypsum Industry (Songkhla) Co., Ltd.	29	130	84	57	
<b>Service income charged to the Group</b>		<b>47</b>	<b>55</b>	<b>31</b>	Market price applied with third party transactions
<b>Service expenses and others charged by the Group</b>		<b>267</b>	<b>271</b>	<b>112</b>	Market price applied with third party transactions
<b>Borrowings from the Group (as at December 31)</b>		<b>275</b>	<b>294</b>	<b>139</b>	Agreed interest rate

**1.2 SCGC (Chemicals Business)**

<b>Sales to the Group *</b>		<b>19,397</b>	<b>17,376</b>	<b>9,873</b>	Market price applied with third party transactions
Siam Polyethylene Co., Ltd.	50	7,315	7,059	4,785	* Most transactions are from selling goods to subsidiaries as follows:
Bangkok Synthetics Co., Ltd.	54	2,907	2,706	1,178	Thai Polyethylene Co., Ltd.
Chandra Asri Trading Company Pte. Ltd.	31	2,438	1,786	-	Map Ta Phut Olefins Co., Ltd.
Thai MMA Co., Ltd.	47	2,412	2,240	1,093	PT Nusantara Polymer Solutions
PT Chandra Asri Petrochemical Tbk	31	2,375	2,085	2,026	
Siam Synthetic Latex Co., Ltd.	50	1,736	1,320	736	
<b>Purchases from the Group **</b>		<b>49,703</b>	<b>46,797</b>	<b>26,363</b>	Market price applied with third party transactions
Siam Polyethylene Co., Ltd.	50	18,615	18,410	10,627	** Most transactions are from purchasing goods from subsidiaries as follows:
Siam Styrene Monomer Co., Ltd.	50	7,177	7,170	2,927	Map Ta Phut Olefins Co., Ltd.
Bangkok Synthetics Co., Ltd.	54	6,307	6,052	2,707	Rayong Olefins Co., Ltd.
Siam Synthetic Latex Co., Ltd.	50	6,042	4,992	2,943	Thai Polyethylene Co., Ltd.
Grand Siam Composites Co., Ltd.	46	5,388	4,557	2,698	
Thai MMA Co., Ltd.	47	2,559	2,411	1,315	
PT Chandra Asri Petrochemical Tbk	31	1,333	735	252	
Riken (Thailand) Co., Ltd.	35	1,317	1,419	836	
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	654	854	626	
<b>Service income charged to the Group</b>		<b>26</b>	<b>3</b>	<b>3</b>	Market price applied with third party transactions

<sup>1</sup> List the details by companies with transaction value greater than or equal to 0.03% of Net Tangible Asset (NTA)

<b>Type of Transaction / Connected Companies / Relationship</b>	<b>Total Direct / Indirect Holding (%)</b>	<b>Amount (Million Baht)</b>			<b>Pricing Policy</b>
		<b>2022</b>	<b>2021</b>	<b>2020</b>	
<b>Service expenses and others charged by the Group</b>		<b>4,423</b>	<b>2,303</b>	<b>1,990</b>	Market price applied with third party transactions
Bangkok Synthetics Co., Ltd.	54	2,257	320	201	
PT Chandra Asri Petrochemical Tbk	31	824	710	726	
Thai MMA Co., Ltd.	47	509	474	464	
Grand Siam Composites Co., Ltd.	46	333	370	208	
Siam Polyethylene Co., Ltd.	50	129	119	87	
Siam Synthetic Latex Co., Ltd.	50	123	96	80	
<b>Borrowings from the Group (as at December 31)</b>					
Da Nang Plastic Joint Stock Company	16	29	7	13	Agreed interest rate

**1.3 SCGP (Packaging Business)**

<b>Sales to the Group</b>		<b>342</b>	<b>237</b>	<b>254</b>	Market price applied with third party transactions
Siam Nippon Industrial Paper Co., Ltd.	23	227	144	173	
Siam Toppan Packaging Co., Ltd.	35	115	93	81	
<b>Purchases from the Group</b>		<b>757</b>	<b>510</b>	<b>391</b>	Market price applied with third party transactions
Siam Nippon Industrial Paper Co., Ltd.	23	507	259	152	
Siam Toppan Packaging Co., Ltd.	35	222	223	219	
<b>Service income charged to the Group</b>		<b>27</b>	<b>26</b>	<b>13</b>	Market price applied with third party transactions
<b>Service expenses and others charged by the Group</b>		<b>53</b>	<b>49</b>	<b>46</b>	Market price applied with third party transactions
<b>Guarantees by the Group (as at December 31)</b>					
Siam Nippon Industrial Paper Co., Ltd.	23	66	132	198	Contract rate

**1.4 Others**

<b>Sales to the Group</b>					
Siam Kubota Corporation Co., Ltd.	40	1,186	1,386	991	Market price applied with third party transactions
<b>Purchases from the Group</b>		<b>25</b>	<b>80</b>	<b>62</b>	Market price applied with third party transactions
<b>Service income charged to the Group</b>		<b>914</b>	<b>961</b>	<b>954</b>	Market price applied with third party transactions
IT One Co., Ltd.	20	868	939	954	
<b>Service expenses and others charged by the Group</b>		<b>1,546</b>	<b>2,376</b>	<b>1,275</b>	Market price applied with third party transactions
Siam Kubota Corporation Co., Ltd.	40	1,478	2,307	1,178	

**2. Transactions with Other Companies of Which SCC's Executives Hold Director Titles**

<b>Sales to the Group</b>		<b>2,152</b>	<b>2,252</b>	<b>1,571</b>	Market price applied with third party transactions
Siam Yamato Steel Co., Ltd.	10	2,149	2,252	1,571	
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					

<b>Type of Transaction / Connected Companies / Relationship</b>	<b>Total Direct / Indirect Holding (%)</b>	<b>Amount (Million Baht)</b>			<b>Pricing Policy</b>
		<b>2022</b>	<b>2021</b>	<b>2020</b>	
<b>Purchases from the Group</b>		<b>644</b>	<b>321</b>	<b>234</b>	Market price applied with third party transactions
Asia Cement Public Company Limited	10	385	42	48	
Mr. Chana Poomee / Director					
Siam Yamato Steel Co., Ltd.	10	143	209	106	
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					
<b>Service income charged to the Group</b>		<b>29</b>	<b>8</b>	<b>-</b>	Market price applied with third party transactions
<b>Service expenses and others charged by the Group</b>		<b>545</b>	<b>490</b>	<b>370</b>	Market price applied with third party transactions
Siam Yamato Steel Co., Ltd.	10	412	393	298	
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					

**3. Transactions with Other Companies Which Have Directors or Major Shareholders or Controlling Persons in Common** <sup>2</sup>

<b>Sales / Service income charged to the Group</b>		<b>1,238</b>	<b>642</b>	<b>982</b>	Market price applied with third party transactions
The Deves Insurance Public Company Limited	-	745	473	896	
CP ALL Public Company Limited	-	232	-	-	
Thai Wah Public Company Limited	-	98	89	-	
<b>Purchases / Service expenses and others charged by the Group</b>		<b>2,703</b>	<b>1,184</b>	<b>444</b>	Market price applied with third party transactions
Thai Oil Public Company Limited	-	1,231	78	-	
Siam Makro Public Company Limited	-	225	-	-	
Beer Thai (1991) Public Company Limited	-	207	252	218	
The Deves Insurance Public Company Limited	-	151	458	60	
Thai Union Group Public Company Limited	-	137	57	-	
Thai Beverage Energy Company Limited	-	112	2	-	
Cosmos Brewery (Thailand) Company Limited	-	100	74	66	
<b>Interest paid to the Group</b>		<b>52</b>	<b>52</b>	<b>77</b>	Agreed interest rate
<b>Interest received from the Group</b>		<b>807</b>	<b>256</b>	<b>45</b>	Agreed interest rate
Bangkok Bank Public Company Limited	-	444	120	-	
The Siam Commercial Bank Public Company Limited	-	363	136	45	
<b>Service fee and others charged to the Group</b>		<b>149</b>	<b>101</b>	<b>187</b>	Contract rate
The Siam Commercial Bank Public Company Limited	-	116	64	187	
<b>Deposits of the Group (as at December 31)</b>		<b>7,857</b>	<b>5,936</b>	<b>8,108</b>	Agreed interest rate
Bangkok Bank Public Company Limited	-	4,094	2,527	-	
The Siam Commercial Bank Public Company Limited	-	3,763	3,409	8,108	

<sup>2</sup> Conforming to the instruction manual of form 56-1 One Report preparation and disclosure these transactions since the first year of relationship

<b>Type of Transaction / Connected Companies / Relationship</b>	<b>Total Direct / Indirect Holding (%)</b>	<b>Amount (Million Baht)</b>			<b>Pricing Policy</b>
		<b>2022</b>	<b>2021</b>	<b>2020</b>	
<b>Loans to the Group (as at December 31)</b>		<b>32,117</b>	<b>21,626</b>	<b>4,198</b>	Agreed interest rate
Bangkok Bank Public Company Limited	-	18,369	10,981	-	
The Siam Commercial Bank Public Company Limited	-	13,748	10,645	4,198	
<b>Forward exchange contracts (as at December 31)</b>		<b>14,766</b>	<b>14,996</b>	<b>6,699</b>	Contract rate
The Siam Commercial Bank Public Company Limited	-	11,739	12,449	6,699	
Bangkok Bank Public Company Limited	-	3,027	2,547	-	

# 18

## LEGAL DISPUTES

### **The Case of the Theft of Company Property (Form of Ordinary Share Certificates) and Fraud to the Company's Shareholder by an ex-employee**

In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

In the fourth quarter of 2011, the Civil Court had the judgment that the ex-employee committed a tort against the Plaintiff and ordered him to return the shares or pay the shares prices with interest until the payment is fully made, together with the dividend which the Plaintiff should have received. In addition, the court also decided that the Company, as the employer, shall be jointly liable to the Plaintiff. The Company and the Plaintiff have appealed the judgment of the Civil Court to the Appeal Court.

On April 29, 2014, the Appeal Court has made a decision on the case, ordering (i) the ex-employee who committed a tort to return shares of the Company to the Plaintiff or to pay the Plaintiff the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38

per share, together with dividends and an interest until the date of payment, and (ii) the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly responsible with the ex-employee. On July 23, 2014, the Company has appealed the judgment of the Appeal Court to the Supreme Court and lodged amendment of the Plaintiff's appellate motion to the Supreme Court on September 30, 2014. Consequently, on December 22, 2015 the Supreme Court has upheld the judgment of the Appeal Court. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at December 31, 2015 of Baht 201 million (December 31, 2014: Baht 349 million).

On January 21, 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On November 21, 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse.

On March 8, 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure.

For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on December 4, 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On June 4, 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on August 6, 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On February 23, 2021, the Appeal Court affirmed the decision made by the Civil Court. Currently, Thailand Securities Depository Co., Ltd. has filed a petition to the Supreme Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on June 4, 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd on July 9, 2021. On April 19, 2022, the Supreme Court has then ordered the receipt of such petition whereas the Company lodged amendment of the appellate motion to the Supreme Court of Thailand Securities Depository Co., Ltd. on June 21, 2022. Currently, the case is under the review of the Supreme Court.

### **Operation suspension of Mawlamyine Cement Limited (MCL) in Myanmar and update of the arbitration award**

Since October 2020, Mawlamyine Cement Limited ("MCL"), a joint venture company incorporated in Myanmar between SCG Cement Co., Ltd. ("SCG Cement") and Pacific Link Cement Industry Ltd. ("PLCI"), has suspended its production due to lack of limestone, the main raw material for cement manufacturing process. The cause has occurred from the failure to amicably resolve dispute between SCG Cement and PLCI. SCG Cement, therefore, has filed the claim to an arbitration pursuant to the Joint Venture Agreement with PLCI.

SCG Cement was informed on December 21, 2022 of the arbitration decision dated December 20, 2022. Pursuant to the decision, the Arbitrators unanimously decided in favor of SCG Cement, stating that the Joint Venture Agreement executed by the parties on November 14, 2012 ("2012 Joint Venture Agreement") is valid and binding, and ordering PLCI to comply with the terms of the 2012 Joint Venture Agreement as follows, i.e. to use its best endeavours to obtain a grant of the Concession in MCL's name, to register an agreement on substantially identical terms to those of the Land Lease Agreement with the relevant authorities, and to pay SCG Cement for cost and damages in the sum of 7,969,375.06 USD with interest of 5.33% per annum. SCG Cement will file a request to further proceed for the enforcement of the arbitral award with the competent court accordingly.

With respect to the lawsuit that PLCI filed against MCL by requesting Myanmar court to wind up MCL, Myanmar court has rendered its decision on May 16, 2022, dismiss the case.

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## References

<b>Securites Registrar</b>	Thailand Securities Depository Company Limited
<b>Address</b>	14 <sup>th</sup> Floor, The Stock Exchange of Thailand Building 93 Ratchadapisek Road, Dindaeng, Bangkok, 10400
<b>Tel.</b>	66-2009-9999
<b>Fax</b>	66-2009-9991
<b>E-mail</b>	SETContactCenter@set.or.th
<b>Website</b>	<a href="http://www.set.or.th/tsd">www.set.or.th/tsd</a>
 <b>Auditor</b>	 KPMG Phoomchai Audit Ltd. Mr. Vairoj Jindamaneepitak (Certificated Public Accountant No. 3565) or Ms. Pornthip Rimdusit (Certified Public Accountant No. 5565) or Ms. Dussanee Yimsuwan (Certified Public Accountant No. 10235)
<b>Address</b>	1 Empire Tower 50 <sup>th</sup> – 51 <sup>st</sup> Floors, 1 South Sathorn Road, Yannawa, Sathorn, Bangkok, 10120
<b>Tel.</b>	66-2677-2000
<b>Fax</b>	66-2677-2222
 <b>Legal Advisor</b>	 SCG Legal Counsel Limited
<b>Address</b>	1 Siam Cement Road, Bangsue, Bangkok 10800
<b>Tel.</b>	66-2586-5777 or 66-2586-5888
<b>Fax</b>	66-2586-2976
 <b>Trustee of</b>	
<b>Debenture Holder</b>	Bank of Ayudhya Public Company Limited
<b>Address</b>	Capital Financial Markets and Payments Operations Department 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok, 10120
<b>Tel.</b>	66-2296-3582
<b>Fax</b>	66-2683-1298
<b>Website</b>	<a href="http://www.krungsri.com">http://www.krungsri.com</a>

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## Investor Information

<b>Name</b>	The Siam Cement Public Company Limited	<b>Contacts</b>
<b>Stock Code</b>	SCC (Listed on the Stock Exchange of Thailand - SET)	<b>Corporate Headquarters</b>
<b>Registration No.</b>	0107537000114	Tel. 66-2586-3333, 66-2586-4444 Fax 66-2586-2974 e-mail: info@scg.com
<b>Type of Business</b>	Holding Company	
<b>Website</b>	www.scg.com	
<b>Year of Establishment</b>	1913	<b>Corporate Secretary Office</b>
<b>First Trade Date</b>	April 30, 1975	Tel. 66-2586-6098 Fax 66-2586-3007 e-mail: corporatesecretary@scg.com
<b>Headquarter Address</b>	1 Siam Cement Road, Bangsue, Bangkok, 10800	
<b>Registered Capital</b>	1,600 Million Baht	<b>Investor Relations Department</b>
<b>Paid-up Capital</b>	1,200 Million Baht	Tel. 66-2586-4299 e-mail: invest@scg.com
	Comprised of 1,200 Million Ordinary shares	
<b>Par value</b>	1 Baht par value	<b>Enterprise Brand Management Office</b>
<b>Preferred Share</b>	None	Tel. 66-2586-3777 Fax 66-2586-2974 e-mail: ebmo@scg.com
<b>Fiscal Year</b>	January 1 - December 31 of each year	
<b>Shareholders</b>	His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua and CPB Equity Co., Ltd. hold 33.8% of shares while the remaining shares are held by other institutional and individual shareholders.	<b>Independent Directors as Minority Shareholders' Representative</b> Fax 66-2586-3007 e-mail: ind_dir@scg.com







**PASSION FOR BETTER**

**The Siam Cement Public Company Limited (Corporate Headquarter)**

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The Siam Cement Public Company Limited

**Financial Report  
2022**

Form 56-1 One Report\*



**RISE  
TO THE CHALLENGES  
FOR STABILITY AND GROWTH**

\* Annual Registration Statement/Annual Report

# 01

## Report on the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board oversees and reviews corporate governance as well as establishes and maintains a proactive

risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in its report in the Company's annual report.

The Board is confident that the internal control system and the internal audit of the Siam Cement Public Company Limited and its subsidiaries represent the financial position, results of operations, and cash flows that give a true and fair view in accordance with Thai Financial Reporting Standards.

**Air Chief Marshal**

**Satitpong Sukvimon**

Chairman

**Roongrote Rangsiyopash**

President & CEO

## 02

### **Consolidated Financial Statements of The Siam Cement Public Company Limited and Its Subsidiaries**



KPMG Phoomchai Audit Ltd.  
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 1 South Sathorn Road, Yannawa  
 Sathorn, Bangkok 10120, Thailand  
 Tel +66 2677 2000  
 Fax +66 2677 2222  
 Website [home.kpmg/th](http://home.kpmg/th)

บริษัท เคพีเค็มจี ภูมิไทย สอบบัญชี จำกัด  
 ชั้น 50 เอ็มไพร์ทาวเวอร์  
 1 ถนนสาทรใต้ แขวงยานนาวา  
 กรุงเทพฯ 10120  
 โทร +66 2677 2000  
 แฟกซ์ +66 2677 2222  
 เว็บไซต์ [home.kpmg/th](http://home.kpmg/th)

## Independent auditor's report

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

#### *Opinion*

I have audited the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated income statement, the consolidated statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2022, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements* section of my report. I am independent of the Group in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



<p>The acquisitions of business</p> <p>Refer to Notes 3 (a) and 4 to the financial statements.</p>	
<p><b>The key audit matter</b></p> <p>During 2022, the Group acquired overseas companies, comprising of companies in Packaging Business, Cement-Building Materials Business and Chemicals Business, and engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition.</p> <p>The accounting for the business acquisition is material and complex which require management to make significant judgments in identifying and determining the fair values of assets acquired and liabilities assumed from the business acquisition based on assumptions which are uncertain. Therefore, this is an area of focus in my audit.</p>	<p><b>How the matter was addressed in the audit</b></p> <p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• inquiry of management about the nature and objective for the business acquisitions, inspecting share transfer agreements and relevant minutes of meetings of management in order to understand significant terms and conditions, including the features relevant to the acquisition accounting;</li> <li>• assessing the reasonableness of the key assumptions used to determine the fair values of assets acquired and liabilities assumed from the business acquisitions with reference to the operating environment, my knowledge of the acquired businesses and industry, and other information obtained during the audit;</li> <li>• evaluating the appropriateness of identifying assets acquired and liabilities assumed from the business acquisitions by management, and the consideration transferred to the seller, examining the relevant purchase and disbursement documents, and testing the mathematical accuracy of calculation of goodwill;</li> <li>• consulting with KPMG valuation specialists when considering the appropriateness of the valuation methodology and approach;</li> <li>• evaluating the independence and professional competence of the independent appraisers engaged by the Group; and</li> <li>• considering the adequacy of the disclosures in accordance with the financial reporting standard.</li> </ul>



<p>The impairment testing of goodwill</p> <p>Refer to Notes 3 (m), and 13 to the financial statements.</p>	
<p><b>The key audit matter</b></p> <p>Business risk arising from internal and external factors causes the management to pay more attention to impairment testing of goodwill arising from business acquisition, especially from the acquisition of overseas business. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination on an annual basis or whenever an indication of impairment exists. This requires management's judgments and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from business plan and its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p><b>How the matter was addressed in the audit</b></p> <p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• obtaining understanding of the relevant business plan, the management's identification of cash generating unit, impairment testing procedures and the calculation of the recoverable amount;</li> <li>• evaluating the appropriateness of cash generating unit to which goodwill belongs identified by management, assessing the reasonableness of the key assumptions which supported discounted cash flows projection such as cash flow forecasts, long-term growth rates and discount rates by comparing with market situations and operating environment, industry knowledge and other information obtained during the audit, including evaluating the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results;</li> <li>• evaluating the appropriateness of the valuation methodology used by management and testing the mathematical accuracy of the recoverable amount and impairment calculations; and</li> <li>• considering the adequacy of the disclosures in accordance with the financial reporting standard.</li> </ul>



The impairment testing of property, plant and equipment

Refer to Notes 3 (m), and 11 to the financial statements.

The key audit matter	How the matter was addressed in the audit
<p>The management assessed the indication of impairment leading to impairment testing of property, plant and equipment of the Group. The management focused on the business that its performance was consistently below expectations. The impairment testing of property, plant and equipment is considered to be a key risk area due to the fact that it involves significant judgment by management to identify whether there is any indication of impairment and to consider the recoverable amount. Judgmental aspects include estimates and assumptions in respect of the forecasting of future cash flows along with its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• obtaining understanding of the management's identification of impairment indicators and impairment testing procedures;</li> <li>• evaluating the reasonableness of impairment indicators of a possible impairment to property, plant and equipment with reference to current market situations, operating environment, industry knowledge, and other information obtained during the audit;</li> <li>• evaluating the appropriateness of identification of the CGU by management and testing the reasonableness of the key assumptions used in determining the recoverable amount of property, plant and equipment for which there was an indication of impairment, which included cash flow forecasts, long-term growth rates and discount rates, by comparing with recent performance and performing trend and sensitivity analysis in order to determine the effect of changes in the significant assumptions by management, including evaluating the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results;</li> <li>• evaluating the appropriateness of the valuation methodology used by management and testing the mathematical accuracy of the recoverable amount and impairment calculations; and</li> <li>• considering the adequacy of the disclosures in accordance with the financial reporting standard.</li> </ul>

*Emphasis of Matter*

I draw attention to Note 4. The Group acquired a business in the Netherlands during the year ended 31 December 2022 and engaged an independent appraiser to determine the fair values of the identifiable assets acquired and liabilities assumed from the business acquisition. As at the reporting date, the appraisal has not yet been completed. Therefore, the determination of the fair values was determined provisionally and is subject to adjustment. My opinion is not modified in respect of this matter.



### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.

Bangkok

23 February 2023

## Consolidated statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

<b>Assets</b>	<i>Note</i>	2022	2021
<i>(in thousand Baht)</i>			
<b><i>Current assets</i></b>			
Cash and cash equivalents	6, 26	57,529,745	35,992,841
Investments in short-term debt instruments	26	32,329,136	31,617,339
Trade and other current receivables	5, 7, 26	74,458,988	78,951,351
Short-term loans	5, 26	161,139	200,011
Inventories	8	83,162,051	83,120,814
Other current assets		2,373,260	1,759,437
Non-current assets classified as held for sale	9	35,177	1,374,158
<b>Total current assets</b>		<b>250,049,496</b>	<b>233,015,951</b>
<b><i>Non-current assets</i></b>			
Investments in debt instruments	26	6,371,541	1,080,292
Investments in equity instruments	26	16,569,218	17,627,913
Investments in joint ventures and associates	9	118,974,491	118,870,585
Other non-current receivables		2,216,685	2,196,175
Long-term loans	5, 26	141,633	105,107
Investment property	10	2,294,637	2,124,236
Property, plant and equipment	11	425,051,529	410,707,624
Goodwill	13	47,368,134	46,736,462
Other intangible assets	13	22,692,661	19,651,681
Deferred tax assets	14	5,205,704	4,525,289
Other non-current assets		9,554,065	4,459,712
<b>Total non-current assets</b>		<b>656,440,298</b>	<b>628,085,076</b>
<b>Total assets</b>		<b>906,489,794</b>	<b>861,101,027</b>

On behalf of the Board of Directors

Air Chief Marshal

Satitpong Sukvimal  
Chairman

Roongrote Rangsiyopash  
President & CEO

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

Liabilities and shareholders' equity	Note	2022	2021 (in thousand Baht)
<b><i>Current liabilities</i></b>			
Bank overdrafts and short-term borrowings			
from financial institutions	15, 16, 26	36,251,866	39,261,911
Trade and other current payables	5	59,783,047	75,025,513
Current portion of long-term borrowings	5, 15, 16, 26	4,508,041	4,618,308
Current portion of lease liabilities	5, 15, 16, 26	2,342,436	2,254,837
Current portion of debentures	15, 16, 26	24,915,176	39,931,615
Short-term borrowings	5, 15, 16, 26	383,409	324,264
Corporate income tax payable		2,197,132	2,757,761
Other current liabilities		1,935,304	4,211,982
<b>Total current liabilities</b>		<b>132,316,411</b>	<b>168,386,191</b>
<b><i>Non-current liabilities</i></b>			
Long-term borrowings	5, 15, 16, 26	94,607,266	76,163,631
Lease liabilities	5, 15, 16, 26	11,183,975	10,432,170
Debentures	15, 16, 26	190,053,882	130,127,584
Deferred tax liabilities	14	8,764,963	8,326,935
Non-current provisions for employee benefits	17	13,262,248	14,541,393
Other non-current liabilities		3,876,612	3,114,776
<b>Total non-current liabilities</b>		<b>321,748,946</b>	<b>242,706,489</b>
<b>Total liabilities</b>		<b>454,065,357</b>	<b>411,092,680</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

Liabilities and shareholders' equity	Note	2022	2021
		(in thousand Baht)	
<i>Shareholders' equity</i>			
Share capital			
<i>Authorized share capital</i>			
(1,600 million ordinary shares, par value at Baht 1 per share)		<b>1,600,000</b>	<b>1,600,000</b>
<i>Issued and paid share capital</i>			
(1,200 million ordinary shares, par value at Baht 1 per share)		1,200,000	1,200,000
Other surpluses		3,179,178	3,467,105
Retained earnings			
<i>Appropriated</i>			
Legal reserve	18	160,000	160,000
General reserve		10,516,000	10,516,000
<i>Unappropriated</i>		352,819,995	348,557,913
Other components of shareholders' equity		<b>6,379,789</b>	<b>1,789,716</b>
<b>Total equity attributable to owners of the Company</b>		<b>374,254,962</b>	<b>365,690,734</b>
Non-controlling interests		<b>78,169,475</b>	<b>84,317,613</b>
<b>Total shareholders' equity</b>		<b>452,424,437</b>	<b>450,008,347</b>
<b>Total liabilities and shareholders' equity</b>		<b>906,489,794</b>	<b>861,101,027</b>

## Consolidated income statement

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2022	2021
		(in thousand Baht)	
Revenue from sales	5	569,608,696	530,111,632
Cost of sales	5	(491,339,272)	(421,000,123)
<b>Gross profit</b>		<b>78,269,424</b>	<b>109,111,509</b>
Other income	5, 20	12,683,515	10,594,323
<b>Profit before expenses</b>		<b>90,952,939</b>	<b>119,705,832</b>
Distribution costs	21	(36,212,914)	(32,312,537)
Administrative expenses	22	(33,560,001)	(30,484,220)
Other expenses	11	(1,985,157)	(4,058,439)
<b>Total expenses</b>		<b>(71,758,072)</b>	<b>(66,855,196)</b>
<b>Profit from operations</b>		<b>19,194,867</b>	<b>52,850,636</b>
Finance costs		(7,523,074)	(6,757,347)
Share of profit of joint ventures and associates accounted for using equity method	9	10,703,091	17,542,655
<b>Profit before income tax</b>		<b>22,374,884</b>	<b>63,635,944</b>
Tax expense	24	(4,650,349)	(8,900,024)
<b>Profit for the year</b>		<b>17,724,535</b>	<b>54,735,920</b>
Profit (loss) attributable to			
<b>Owners of the Company</b>		<b>21,382,351</b>	<b>47,173,987</b>
Non-controlling interests		(3,657,816)	7,561,933
		<b>17,724,535</b>	<b>54,735,920</b>
<i>Basic earnings per share (in Baht)</i>			
<b>Attributable to owners of the Company</b>		<b>17.82</b>	<b>39.31</b>

On behalf of the Board of Directors

Air Chief Marshal

Satitpong Sukvimal

Chairman

Roongrote Rangsiyopash

President & CEO

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of comprehensive income

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2022	2021
		(in thousand Baht)	
<b>Profit for the year</b>		<b>17,724,535</b>	<b>54,735,920</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Exchange differences on translating financial statements		(1,006,753)	17,272,085
Gain (loss) on cash flow hedges	26	4,248,006	(131,172)
Loss on measurement of financial assets		(3,528)	(63,926)
Share of other comprehensive income of joint ventures and associates accounted for using equity method	9	1,495,694	2,370,138
Income tax relating to items that will be reclassified subsequently to profit or loss	24	<u>3,613</u>	<u>9,877</u>
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>4,737,032</b>	<b>19,457,002</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on investments in equity instruments measured at fair value		(388,863)	1,644,604
Gain on remeasurements of defined benefit plans	17	1,458,570	880,434
Share of other comprehensive income of joint ventures and associates accounted for using equity method	9	(204,484)	147,124
Income tax relating to items that will not be reclassified subsequently to profit or loss	24	<u>(212,762)</u>	<u>(495,483)</u>
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>652,461</b>	<b>2,176,679</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>5,389,493</b>	<b>21,633,681</b>
<b>Total comprehensive income for the year</b>		<b>23,114,028</b>	<b>76,369,601</b>
Total comprehensive income attributable to			
<b>Owners of the Company</b>		<b>28,051,404</b>	<b>65,901,511</b>
Non-controlling interests		<u>(4,937,376)</u>	<u>10,468,090</u>
		<b>23,114,028</b>	<b>76,369,601</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	Retained earnings		Other components of shareholders' equity						Share of other comprehensive income of joint ventures and associates			Total other components	
	Appropriated	Unappropriated				Share of other comprehensive income of joint ventures and associates			Total other components	Total equity attributable to owners of the Company	Non-controlling interests	Total shareholders' equity	
Issued and paid share capital	Other surpluses (deficits)	Legal reserve	General reserve			Exchange differences on translating financial statements	Loss on cash flow hedges	Gain on financial assets measured at fair value	Gain on investments in instruments accounted for using equity method	Gain on investments in equity instruments measured at fair value			
<i>Note</i>													
Balance at 1 January 2021	1,200,000	4,252,020	160,000	10,516,000	321,097,182	(21,013,632)	-	70,332	6,481,060	(1,791,283)	(16,253,023)	320,972,179	
Transactions with owners, recorded directly in shareholders' equity												75,153,863	
<i>Contributions by and distributions to owners</i>												396,126,042	
Dividends	25	-	-	-	(20,398,041)	-	-	-	-	(20,398,041)	(3,718,843)	(24,116,884)	
<i>Total contributions by and distributions to owners</i>					(20,398,041)	-	-	-	-	(20,398,041)	(3,718,843)	(24,116,884)	
<i>Changes in ownership interests in subsidiaries</i>													
Changes that do not result in a loss of control	-	(784,915)	-	-	-	-	-	-	-	(784,915)	(431,742)	(1,216,657)	
Changes that result in an acquisition or a loss of control	-	-	-	-	-	-	-	-	-	-	2,846,245	2,846,245	
<i>Total changes in ownership interests in subsidiaries</i>		(784,915)	-	-	-	-	-	-	-	(784,915)	2,414,503	1,629,588	
Total transactions with owners, recorded directly in shareholders' equity		(784,915)	-	(20,398,041)	-	-	-	-	-	(21,182,956)	(1,304,340)	(22,487,296)	
<i>Comprehensive income for the year</i>													
Profit or loss	-	-	-	47,173,987	-	-	-	-	-	47,173,987	7,561,933	54,735,920	
Other comprehensive income	-	-	-	684,785	14,445,658	(131,172)	(72,315)	1,344,919	2,455,649	18,042,739	18,727,524	21,633,681	
<i>Total comprehensive income for the year</i>		-	-	47,738,772	14,445,658	(131,172)	(72,315)	1,344,919	2,455,649	18,042,739	65,901,511	10,468,090	
Balance at 31 December 2021	1,200,000	3,467,105	160,000	10,516,000	348,557,913	(6,567,974)	(131,172)	(1,483)	7,825,979	664,366	1,789,716	84,317,613	450,008,347

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The accompanying notes are an integral part of these financial statements.

## Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	<i>Retained earnings</i>		<i>Other components of shareholders' equity</i>				
	Appropriated	Unappropriated					Share of other comprehensive income of joint ventures and associates
Issued and paid share capital	Other surpluses (deficits)	Legal reserve	General reserve	Exchange differences on translating financial statements	Gain (loss) on measuring cash flow hedges	Gain (loss) on investments in equity instruments measured at fair value	Total other components attributable to shareholders' equity
							Total equity attributable to owners of the Company
Balance at 1 January 2022	1,200,000	3,467,105	160,000	10,516,000	348,557,913	(6,567,974)	(131,172)
Transactions with owners, recorded directly in shareholders' equity				(1,483)	7,825,979	664,366	1,789,716
Contributions by and distributions to owners							
Dividends	25	-	-	-	(19,199,249)	-	-
Total contributions by and distributions to owners		-	-	-	(19,199,249)	-	-
Changes in ownership interests in subsidiaries							
Changes that do not result in a loss of control		(287,927)	-	-	-	-	(287,927)
Changes that result in an acquisition or a loss of control		-	-	-	-	-	-
Total changes in ownership interests in subsidiaries		(287,927)	-	-	-	-	(287,927)
Total transactions with owners, recorded directly in shareholders' equity		(287,927)	-	(19,199,249)	-	-	(19,487,176)
Comprehensive income for the year							
Profit or loss		-	-	21,382,351	-	-	21,382,351
Other comprehensive income		-	-	2,078,980	433,565	4,248,006	(3,657,816) 17,724,535
Total comprehensive income for the year		-	-	23,461,331	433,565	4,248,006	86 (1,296,339) 4,590,073 6,669,053 (1,279,560) 5,389,493
Balance at 31 December 2022	1,200,000	3,179,178	160,000	10,516,000	352,819,995	(6,134,009)	4,116,834 (1,307) 6,529,640 1,869,121 6,379,789 374,254,902 78,169,475 452,424,337

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## Consolidated statement of cash flows

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	2022	2021
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	17,724,535	54,735,920
<b><i>Adjustments for</i></b>		
Tax expense	4,650,349	8,900,024
Depreciation and amortization	29,461,123	28,834,768
Loss on inventories devaluation	1,012,941	759,073
Non-current provisions for employee benefit expense	1,076,800	1,259,712
Loss (gain) on foreign currency exchange	377,547	(117,179)
Share of profit of joint ventures and associates accounted for using equity method	(10,703,091)	(17,542,655)
Dividend income	(4,563,475)	(1,697,278)
Interest income	(1,223,693)	(1,047,284)
Finance costs	7,523,074	6,757,347
Loss on impairment of assets	654,259	3,933,338
Gain on fair value adjustment and others	<u>(286,747)</u>	<u>(3,239,404)</u>
<b><i>Cash flows generated from operations</i></b>		
<b>before changes in operating assets and liabilities</b>	<b><u>45,703,622</u></b>	<b><u>81,536,382</u></b>
<b><i>Decrease (increase) in operating assets</i></b>		
Trade and other current receivables	5,778,038	(21,110,731)
Inventories	(1,389,147)	(24,792,741)
Other assets	<u>(62,274)</u>	<u>(1,207,005)</u>
<b>Net decrease (increase) in operating assets</b>	<b><u>4,326,617</u></b>	<b><u>(47,110,477)</u></b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2022	2021
		(in thousand Baht)	
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables		(12,433,524)	14,814,969
Non-current provisions for employee benefits		(918,273)	(888,335)
Other liabilities		1,143,086	281,944
<b>Net increase (decrease) in operating liabilities</b>		<b>(12,208,711)</b>	<b>14,208,578</b>
<b>Net cash flows generated from operations</b>		<b>37,821,528</b>	<b>48,634,483</b>
Income tax paid		(8,102,597)	(9,834,287)
<b>Net cash flows provided by operating activities</b>		<b>29,718,931</b>	<b>38,800,196</b>
<b><i>Cash flows from investing activities</i></b>			
Acquisition of subsidiaries, net of cash acquired	4	(9,569,828)	(14,477,264)
Proceeds from sale of interests in joint ventures and associates		1,707,228	13,480
Acquisition of interests in joint ventures and associates		(1,680,768)	(13,185,687)
Proceeds from sale of equity and debt instruments of other entities		29,362,211	79,234,556
Acquisition of equity and debt instruments of other entities		(33,528,751)	(68,504,427)
Proceeds from sale of property, plant and equipment		764,819	285,711
Acquisition of property, plant and equipment		(38,065,147)	(58,007,441)
Acquisition of intangible assets		(1,865,869)	(2,470,838)
Payment of loans, net		(1,096)	(132,000)
Dividends received		18,836,464	10,796,037
Interest received		1,093,809	1,049,015
<b>Net cash flows used in investing activities</b>		<b>(32,946,928)</b>	<b>(65,398,858)</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

	2022	2021
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from financing activities</i></b>		
Proceeds from changes in ownership interests		
in subsidiaries that do not result in a loss of control	849,505	1,152,611
Payments of changes in ownership interests in subsidiaries		
that do not result in a loss of control	(36,715)	(2,370,798)
<b><i>Proceeds from (payments of) borrowings</i></b>		
Proceeds from (payments of) bank overdrafts and		
short-term borrowings, net	(2,467,118)	14,275,956
Proceeds from long-term borrowings	21,419,431	40,822,850
Payments of long-term borrowings	(5,851,695)	(17,804,003)
Payments of lease liabilities	(2,961,319)	(2,984,353)
Proceeds from issuance of debentures	84,949,167	45,400,625
Redemption of debentures	(39,987,504)	(49,916,830)
<b>Net increase in borrowings</b>	<b><u>55,100,962</u></b>	<b><u>29,794,245</u></b>
<b>Dividends paid</b>		
Dividends paid to owners of the Company	(19,199,249)	(20,398,041)
Dividends paid to non-controlling interests	(2,855,465)	(3,514,136)
<b>Total dividends paid</b>	<b><u>(22,054,714)</u></b>	<b><u>(23,912,177)</u></b>
Interest and other finance costs paid	(9,459,583)	(7,902,085)
<b>Net cash flows provided by (used in) financing activities</b>	<b><u>24,399,455</u></b>	<b><u>(3,238,204)</u></b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b><u>21,171,458</u></b>	<b><u>(29,836,866)</u></b>
Effect of exchange rate changes on cash and cash equivalents	365,446	1,430,364
Cash and cash equivalents at beginning of the year	35,992,841	64,399,343
<b>Cash and cash equivalents at end of the year</b>	<b><u>57,529,745</u></b>	<b><u>35,992,841</u></b>
<b><i>Supplementary information for cash flows</i></b>		
<b>Non-cash from investing transactions at end of the year</b>		
Account payables from purchase of assets	7,575,946	12,991,851
Accrued investments	567,804	3,696,173

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2022

The Siam Cement Public Company Limited and its Subsidiaries

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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 23 February 2023.

## 1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company and its subsidiaries, the “Group”, is an industrial group which operates core businesses of Cement-Building Materials Business, Chemicals Business (SCGC) and Packaging Business (SCGP).

Details of the subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement and Building Materials Business</i></b>		<b><i>Cement and Building Materials Business</i></b>	
SCG Cement Co., Ltd.	100	Vietnam Construction Materials Joint Stock Company	
The Concrete Products and Aggregate Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Song Gianh Cement Joint Stock Company	
The Siam Cement (Ta Luang) Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam Cement (Thung Song) Co., Ltd.	100	Mien Trung Cement One Member Company Limited	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Vietnam)	100
Khammouane Cement Co., Ltd. (Incorporated in Lao PDR)	100	Danang Cement One Member Company Limited	
The Siam Refractory Industry Co., Ltd.	100	(Incorporated in Vietnam)	100
Eco Plant Services Co., Ltd.	100	Phu Yen Cosevco Cement Company Limited	
SCI Eco Services Co., Ltd.	100	(Incorporated in Vietnam)	100
Q Mix Supply Co., Ltd.	100	CPAC Construction Solution Co., Ltd.	100
Silathai Sanguan (2540) Co., Ltd.	100	SCG Building Materials Co., Ltd.	100
Silasanon Co., Ltd.	100	Cementhai Gypsum Co., Ltd.	100
PT SCG Pipe and Precast Indonesia (Incorporated in Indonesia)	100	MRC Roofing Co., Ltd.	100
PT Semen Lebak (Incorporated in Indonesia)	100	Cementhai Ceramics Co., Ltd.	100
PT SCG Readymix Indonesia (Incorporated in Indonesia)	100	Cementhai Ceramics Philippines Holdings, Inc. (Incorporated in the Philippines)	100
PT CPAC Surabaya (Incorporated in Indonesia)	100	Cementhai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
The Concrete Products and Aggregate (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	The Siam Fibre-Cement Co., Ltd.	100
SCG Cement-Building Materials Vietnam Limited Liability Company (Incorporated in Vietnam)	100	Siam Fibre Cement Group Co., Ltd.	100
		SCG Landscape Co., Ltd.	100
		Siam Fiberglass Co., Ltd.	100
		SCG Roofing Co., Ltd.	100
		SCG Concrete Roof (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b>Cement and Building Materials Business</b>		<b>Cement and Building Materials Business</b>	
SCG Concrete Roof (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Oitolabs Technologies Private Limited (Incorporated in India)	100
SCG Cement-Building Materials Philippines, Inc. (Incorporated in the Philippines)	100	SCG Building and Living Care Consulting Co., Ltd.	100
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100	Nexter Living Co., Ltd.	100
The Siam Sanitary Fittings Co., Ltd.	100	Myanmar CBM Services Co., Ltd. (Incorporated in Myanmar)	100
SCG Cement-Building Materials Company Limited	100	Nexter Digital and Solution Co., Ltd. (Formerly: Nexter Digital Co., Ltd.)	100
SCG Distribution Co., Ltd.	100	BetterBe Marketplace Co., Ltd.	100
SCG International Corporation Co., Ltd.	100	Nexter Ventures Co., Ltd.	100
SCG International Australia Pty. Ltd. (Incorporated in Australia)	100	SCG Living and Housing Solution Co., Ltd.	100
SCG International China (Guangzhou) Co., Ltd. (Incorporated in China)	100	SCG Experience Co., Ltd.	100
SCG International Hong Kong Limited (Incorporated in China)	100	PT Renos Marketplace Indonesia (Incorporated in Indonesia)	100
SCG International (Philippines) Corporation (Incorporated in the Philippines)	100	SCG Retail Holding Co., Ltd.	100
SCG International USA Inc. (Incorporated in USA)	100	Prime Group Joint Stock Company (Incorporated in Vietnam)	100
PT SCG International Indonesia (Incorporated in Indonesia)	100	Prime Trading, Import and Export One Member Limited Liability Company (Incorporated in Vietnam)	100
SCG International Laos Co., Ltd. (Incorporated in Lao PDR)	100	SCG Home Vietnam Co., Ltd. (Formerly: Prime International Import - Export and Service Trading Company Limited) (Incorporated in Vietnam)	100
SCG Marketing Philippines Inc. (Incorporated in the Philippines)	100	Prime - Ngoi Viet Joint Stock Company (Incorporated in Vietnam)	100
SCG International (Malaysia) Sdn. Bhd. (Incorporated in Malaysia)	100	Prime Pho Yen Joint Stock Company (Incorporated in Vietnam)	100
SCG International (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Prime - Yen Binh Joint Stock Company (Incorporated in Vietnam)	100
SCG International Middle East DMCC (Incorporated in the United Arab Emirates)	100	Prime - Tien Phong Joint Stock Company (Incorporated in Vietnam)	100
SCG International Middle East Trading L.L.C (Incorporated in the United Arab Emirates)	100	Prime - Vinh Phuc Joint Stock Company (Incorporated in Vietnam)	100
SCG International Vietnam Co., Ltd. (Incorporated in Vietnam)	100	Prime - Truong Xuan Joint Stock Company (Incorporated in Vietnam)	99
SCG International India Private Limited (Incorporated in India)	100	Buu Long Industry and Investment Joint Stock Company (Incorporated in Vietnam)	99
SCG International Bangladesh Company Limited (Formerly: Smart Build Bangladesh Co., Ltd.) (Incorporated in Bangladesh)	100	Siam Sanitary Ware Co., Ltd.	99
SCG Express Co., Ltd.	100	Siam Sanitary Ware Industry Co., Ltd.	99
		Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	99
		PT Semen Jawa (Incorporated in Indonesia)	98

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b>Cement and Building Materials Business</b>		<b>Cement and Building Materials Business</b>	
SCG Logistics Management Co., Ltd.	98	SCG Myanmar Concrete and Aggregate Co., Ltd. (Incorporated in Myanmar)	80
SCG Logistics Lao Co., Ltd. (Incorporated in Lao PDR)	98	PT Surya Siam Keramik (Incorporated in Indonesia)	80
SCG Logistics Management (Cambodia) Co., Ltd. (Incorporated in Cambodia)	98	SCG Home Retail Co., Ltd.	77
SCG Logistics Philippines, Inc. (Incorporated in the Philippines)	98	SCG Builk One Philippines, Inc. (Incorporated in the Philippines)	76
SCG Skills Development Co., Ltd.	98	Green Conservation Solution Co., Ltd.	74
Mawlamyine Cement Limited (Incorporated in Myanmar)	96	Prime Hao Phu Joint Stock Company (Incorporated in Vietnam)	70
Prime Dai An Joint Stock Company (Incorporated in Vietnam)	95	SCGT Automobile Co., Ltd.	67
PT KIA Serpih Mas (Incorporated in Indonesia)	94	Quality Construction Products Public Company Limited	61
Unify Smart Tech Joint Stock Company (Incorporated in Vietnam)	93	Q-Con Eastern Co., Ltd.	61
Kampot Cement Co., Ltd. (Incorporated in Cambodia)	92	Rudy Technology Co., Ltd.	61
PT KIA Keramik Mas (Incorporated in Indonesia)	92	SCG-PSA Holdings Co., Ltd.	59
PT Keramika Indonesia Assosiasi, Tbk. (Incorporated in Indonesia)	92	Prime Dai Quang Joint Stock Company (Incorporated in Vietnam)	56
PT Kokoh Inti Arebama Tbk. (Incorporated in Indonesia)	91	Zifisense Asia Co., Ltd.	56
PT Karya Makmur Kreasi Prima (Incorporated in Indonesia)	91	Panel World Co., Ltd.	55
Prime Dai Viet Joint Stock Company (Incorporated in Vietnam)	90	SCG-Shwe Me Logistics (Myanmar) Co., Ltd. (Incorporated in Myanmar)	54
Prime Thien Phuc Joint Stock Company (Incorporated in Vietnam)	90	Jumbo Barges and Tugs Co., Ltd.	54
Prime Phong Dien Joint Stock Company (Incorporated in Vietnam)	90	Jumbo Barges (Cambodia) Co., Ltd. (Incorporated in Cambodia)	54
Prime Dai Loc Joint Stock Company (Incorporated in Vietnam)	90	SCG-Sekisui Sales Co., Ltd.	51
CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	90	SCG-Boonthavorn Holding Co., Ltd.	51
SCG Ceramics Public Company Limited	83	Mingalar Motor Co., Ltd. (Incorporated in Myanmar)	50
Sosuco Ceramic Co., Ltd.	83	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
Saraburirat Co., Ltd.	83	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
Mariwasa-Siam Ceramics, Inc. (Incorporated in the Philippines)	83	Thai Connectivity Terminal Co., Ltd.	50
SUSUNN Smart Solution Co., Ltd.	83	Bangkok Interfreight Forwarding Co., Ltd.	50
		SCG Ceramics – Ly Heng Chhay (Cambodia) Co., Ltd. (Incorporated in Cambodia)	50
		PT Pion Quarry Nusantara (Incorporated in Indonesia)	49
		Home Center Quang Ninh Joint Stock Company (Incorporated in Vietnam)	49

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b>Cement and Building Materials Business</b>		<b>Cement and Building Materials Business</b>	
PT SCG Barito Logistics (Incorporated in Indonesia)	48	Kampot Land Co., Ltd. (Incorporated in Cambodia)	45
PT Tambang Semen Sukabumi (Incorporated in Indonesia)	48	SCG-Boonthavorn (Cambodia) Co., Ltd. (Incorporated in Cambodia)	41
<b>Chemicals Business (SCGC)</b>		<b>Chemicals Business (SCGC)</b>	
SCG Chemicals Public Company Limited (Formerly: SCG Chemicals Co., Ltd.)	100	Chemtech Co., Ltd. (Incorporated in Vietnam)	100
Thai Polyethylene Co., Ltd.	100	Total Plant Service Co., Ltd.	100
SCG Chemicals Trading Singapore Pte. Ltd. (Incorporated in Singapore)	100	Xplore S.R.L. (Incorporated in Italy)	100
Rayong Engineering & Plant Service Co., Ltd.	100	SENFI UK Limited (Incorporated in the United Kingdom)	100
Protech Outsourcing Co., Ltd.	100	SENFI Swiss GmbH (Incorporated in Switzerland)	100
Repco Maintenance Co., Ltd.	100	SENFI Ventures Company Limited	100
REPCO NEX (Vietnam) Company Limited (Incorporated in Vietnam)	100	Rayong Pipeline Co., Ltd.	92
RIL 1996 Co., Ltd.	100	SCG ICO Polymers Company Limited	87
Texplore Co., Ltd.	100	Map Ta Phut Tank Terminal Co., Ltd.	82
Vina SCG Chemicals Co., Ltd.	100	Grand Nawaplastic Myanmar Co., Ltd. (Incorporated in Myanmar)	80
Long Son Petrochemicals Co., Ltd. (Incorporated in Vietnam)	100	Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	72
WTE Company Limited	100	TPC Vina Plastic and Chemical Corporation Ltd. (Incorporated in Vietnam)	70
SCG Chemicals (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Sirplaste - Sociedade Industrial de Recuperados de Plástico, S.A. (Incorporated in Portugal)	70
Tuban Petrochemicals Pte. Ltd. (Incorporated in Singapore)	100	Rayong Olefins Co., Ltd.	68
Hexagon International, Inc. (Incorporated in USA)	100	Map Ta Phut Olefins Co., Ltd.	67
SENFI Norway AS (Incorporated in Norway)	100	Nawaplastic (Cambodia) Co., Ltd. (Incorporated in Cambodia)	60
Norner AS (Incorporated in Norway)	100	Circular Plas Company Limited	60
Norner Research AS (Incorporated in Norway)	100	Recycling Holding Volendam B.V. (Incorporated in the Netherlands)	60
SCGN AS (Incorporated in Norway)	100	Kras Investments B.V. (Incorporated in the Netherlands)	60
SMH Co., Ltd.	100	Krasgroup Vastgoed B.V. (Incorporated in the Netherlands)	60
Thai Plastic and Chemicals Public Company Limited	100	Kras Belgium B.V. (Incorporated in Belgium)	60
PT TPC Indo Plastic and Chemicals (Incorporated in Indonesia)	100	Kras Asia Ltd. (Incorporated in China)	60
TPC Paste Resin Co., Ltd.	100		
Nawaplastic Industries Co., Ltd.	100		
Nawa Intertech Co., Ltd.	100		

	Direct/ Indirect Holding (%)		Direct/ Indirect Holding (%)
<b><i>Chemicals Business (SCGC)</i></b>		<b><i>Chemicals Business (SCGC)</i></b>	
Kras Gemert B.V. (Incorporated in the Netherlands)	60	Binh Minh Plastics Joint Stock Company (Incorporated in Vietnam)	54
Kras Hoek van Holland B.V. (Incorporated in the Netherlands)	60	North Binh Minh Plastics Limited Company (Incorporated in Vietnam)	54
Kras Polymers B.V. (Incorporated in the Netherlands)	60	PT Berjaya Nawaplastic Indonesia (Incorporated in Indonesia)	51
Kras Recycling B.V. (Incorporated in the Netherlands)	60	Kation Power Co., Ltd.	51
PT Nusantara Polymer Solutions (Incorporated in Indonesia)	55	Flowlab & Service Co., Ltd.	51
		REKS L.L.C. (Incorporated in Kosovo)	45
<b><i>Packaging Business (SCGP)</i></b>		<b><i>Packaging Business (SCGP)</i></b>	
SCG Packaging Public Company Limited	72	SCGP Rigid Plastics Co., Ltd.	72
Jordan Trading Inc. (Incorporated in USA)	75	SCGP Rigid Packaging Solutions Pte. Ltd. (Incorporated in Singapore)	72
Siam Kraft Industry Co., Ltd.	72	International Healthcare Packaging Co., Ltd.	72
Vexcel Pack Co., Ltd. (Formerly: Visy Packaging (Thailand) Limited)	72	SKIC International Co., Ltd.	72
Precision Print Co., Ltd.	72	Thai Cane Paper Public Company Limited	71
Invenique Co., Ltd.	72	Deltalab Global, S.L. (Incorporated in Spain)	61
SCGP Excellence Training Center Co., Ltd.	72	Deltalab, S.L. (Incorporated in Spain)	61
SCG Paper Energy Co., Ltd.	72	Keylab, S.L.U. (Incorporated in Spain)	61
SCGP Solutions Co., Ltd.	72	Nirco, S.L. (Incorporated in Spain)	61
SCGP Solutions (Singapore) Pte. Ltd. (Incorporated in Singapore)	72	Envases Farmaceuticos, S.A. (Incorporated in Spain)	61
Go-Pak UK Limited (Incorporated in the United Kingdom)	72	Equilabo Scientific, S.L.U. (Incorporated in Spain)	61
Go-Pak Vietnam Limited (Incorporated in Vietnam)	72	Sanilabo, S.L.U. (Incorporated in Spain)	61
Go-Pak Paper Products Vietnam Co., Ltd. (Incorporated in Vietnam)	72	United Pulp and Paper Co., Inc. (Incorporated in the Philippines)	54
Peute Recycling B.V. (Incorporated in the Netherlands)	72	Thai Containers Group Co., Ltd.	50
Peute Papierrecycling B.V. (Incorporated in the Netherlands)	72	Thai Containers Khonkaen Co., Ltd.	50
Peute Plasticrecycling B.V. (Incorporated in the Netherlands)	72	Thai Containers Rayong Co., Ltd.	50
Peute Recycling International B.V. (Incorporated in the Netherlands)	72	Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	50
Peute UK Limited (Incorporated in the United Kingdom)	72	New Asia Industries Co., Ltd. (Incorporated in Vietnam)	50
Peute Portugal, Unipessoal Lda (Incorporated in Portugal)	72	Alcamax Packaging (Vietnam) Co., Ltd. (Incorporated in Vietnam)	50
Peute Recycling Spain S.L. (Incorporated in Spain)	72	AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	50

	<b>Direct/ Indirect Holding (%)</b>	<b>Direct/ Indirect Holding (%)</b>	
<b>Packaging Business (SCGP)</b>			
Packamex (Vietnam) Co., Ltd. (Incorporated in Vietnam)	50	Thai Panaboon Co., Ltd.	50
Orient Containers Co., Ltd.	50	Thai Wanabhum Co., Ltd.	50
PT Indoris Printingdo (Incorporated in Indonesia)	50	TCG Solutions Pte. Ltd. (Incorporated in Singapore)	50
PT Indocorr Packaging Cikarang (Incorporated in Indonesia)	50	Interpress Printers Sendirian Berhad (Incorporated in Malaysia)	49
Duy Tan Plastics Manufacturing Corporation Joint Stock Company (Incorporated in Vietnam)	50	PT Primacorr Mandiri (Incorporated in Indonesia)	49
Duy Tan Long An Co., Ltd. (Incorporated in Vietnam)	50	Bien Hoa Packaging Joint Stock Company (Incorporated in Vietnam)	48
Duy Tan Precision Mold Co., Ltd. (Incorporated in Vietnam)	50	PT Fajar Surya Wisesa Tbk. (Incorporated in Indonesia)	40
Duy Tan Binh Duong Plastics Co., Ltd. (Incorporated in Vietnam)	50	PT Dayasa Aria Prima (Incorporated in Indonesia)	40
Mata Plastic Co., Ltd. (Incorporated in Vietnam)	50	PT Indonesia Dirltajaya Aneka Industri Box (Incorporated in Indonesia)	38
Phoenix Pulp & Paper Public Company Limited	50	PT Bahana Buana Box (Incorporated in Indonesia)	38
Thai Paper Co., Ltd.	50	PT Rapipack Asritama (Incorporated in Indonesia)	38
The Siam Forestry Co., Ltd.	50	Tin Thanh Packing Joint Stock Company (Incorporated in Vietnam)	38
Panas Nimit Co., Ltd.	50	Prepack Thailand Co., Ltd.	38
Thai Panason Co., Ltd.	50	TC Flexible Packaging Co., Ltd.	38
Thai Panadorn Co., Ltd.	50	SCGP-T Plastics Co., Ltd.	37
Thai Panaram Co., Ltd.	50	Tawana Container Co., Ltd.	36
Suanpa Rungsaris Co., Ltd.	50	Conimex Co., Ltd.	28
Siam Panawes Co., Ltd.	50		
<b>Others</b>			
Cementhai Holding Co., Ltd.	100	SCG Learning Excellence Co., Ltd.	100
Cementhai Property (2001) Public Company Limited	100	SCG HR Solutions Co., Ltd.	100
Property Value Plus Co., Ltd.	100	SCG Vietnam Co., Ltd. (Incorporated in Vietnam)	100
SCG Accounting Services Co., Ltd.	100	PT SCG Indonesia (Incorporated in Indonesia)	100
SCG Legal Counsel Limited	100	Bangsue Industry Co., Ltd.	100
CTO Management Co., Ltd.	100	Add Ventures Capital Co., Ltd.	100
Cementhai Captive Insurance Pte. Ltd. (Incorporated in Singapore)	100	Add Ventures Capital International Co., Ltd.	100
SCG Cleanergy Co., Ltd.	100	A.I. Technology Co., Ltd.	51
Megatric Co., Ltd.	100	A.I. Tech Inter Private Limited (Incorporated in Singapore)	51
Jieng Cleanergy Co., Ltd.	100	Cleanergy ABP Co., Ltd.	51
T-Volt Co., Ltd.	100	Siam GNE Solar Energy Co., Ltd.	50
NP Watt Co., Ltd.	100		
CN Watt Co., Ltd.	100		
BNN Energy Co., Ltd.	100		

Details of the subsidiaries with insignificant operations that were included in the consolidated financial statements are as follows:

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
Siam Mortar Co., Ltd.	100	The Siam Iron and Steel Co., Ltd.	100
CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Dhara Pipe Co., Ltd.	100
SCG Roofing Philippines, Inc. (Incorporated in the Philippines)	100	SCG Corporation S.A. (Incorporated in Panama)	100
Ceramic Research Institution (Incorporated in Vietnam)	100	SCG Plastics Co., Ltd.	100
Siam TPC Co., Ltd.	100	SCG Performance Chemicals Co., Ltd.	100
Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	United Industrial Energy Corporation (Incorporated in the Philippines)	54
SCG Holding Co., Ltd.	100	Dyna Packs Co., Ltd.	50
The Nawaloha Foundry Bangpakong Co., Ltd.	100	D-In Pack Co., Ltd.	50
		Phoenix Utilities Co., Ltd.	50

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2021.

During 2022, the Group acquired the ordinary shares of Sirplaste-Sociedade Industrial de Recuperados de Plastico, S.A., Peute Recycling B.V. and its subsidiaries, Recycling Holding Volendam B.V. and its subsidiaries and Jordan Trading Inc. These companies are included in the Group's consolidated financial statements, as discussed in note 4.

## 2 Basis of preparation of the financial statements

The consolidated financial statements are prepared in accordance with Thai Financial Reporting Standards ("TFRSs"); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The consolidated financial statements are presented in Thai Baht, which is the Company's functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

The preparation of consolidated financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Group's accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

From 1 January 2022, the Group has adopted the amendments in accordance with TFRS 9 *Financial Instruments* and TFRS 7 *Disclosure of Financial Instruments*, which apply to transactions directly affected by interest rate benchmark reform (IBOR). The Group is currently in the process of amending or preparing to amend contractual terms in order to response to IBOR reform. Meanwhile, some contracts have been revised according to the reform.

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The Group applies the acquisition method when the Group assesses that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognized as incurred.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest of investment in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income shall be recognized on the same basis as would be required if that interest was disposed of.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred measured at fair value includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognized in profit or loss.

A contingent liability of the acquiree assumed in a business combination is recognized only if such a liability represents a present obligation that arises from a past event and its fair value can be measured reliably.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted or additional assets or liabilities are recognized during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### **(b) Investments in subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree when there is a change in the Group's interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid from the acquisition or consideration received from disposal is accounted for as other surplus or deficit in shareholders' equity.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities, any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss arising from loss of control in the subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(c) Investments in joint ventures and associates**

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognizes investments in joint ventures and associates using the equity method in the consolidated financial statements. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include dividend income, the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with joint ventures and associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(d) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition and are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(e) Trade and other receivables**

A receivable is recognized when the Group has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status by taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the end of the reporting period.

**(f) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost or first in first out principle which is considered based on appropriateness of type of inventory.

Cost comprises costs of purchase, costs of conversion or relevant direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the costs to complete and to make the sale.

**(g) Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale in current condition and measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are no longer depreciated or amortized and any equity-accounted investee is no longer equity accounted.

**(h) Investment property**

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is charged on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 - 20	years
Buildings and structures	5 - 40	years

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

*Reclassification to property, plant and equipment*

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(i) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognized in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 - 50	years
Buildings and structures		
- Cement-Building Materials Business	3 - 47	years
- Chemicals Business (SCGC)	5 - 30	years
- Packaging Business (SCGP)	5 - 40	years
- Others	5 - 50	years
Machinery and equipment		
- Cement-Building Materials Business	2 - 30	years
- Chemicals Business (SCGC)	2 - 30	years
- Packaging Business (SCGP)	3 - 30	years
Vehicles and equipment	3 - 20	years
Furniture, fixtures and office equipment	2 - 20	years

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(j) Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any assets.

**(k) Other intangible assets**

*Research and development expenditure*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalized only when it increases the future economic benefits.

*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

Concession and license fees	Term of agreements
Software licenses	2 - 20 years
Customer contracts and relationship	5 - 26 years
Others	3 - 25 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(l) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. The Group has elected not to separate non-lease components and accounted for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized as expenses on a straight-line basis over the respective lease terms.

Right-of-use asset is measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurements of lease liability.

The cost of right-of-use asset includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful lives of the underlying asset which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

**(m) Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group will estimate the assets' recoverable amounts. For goodwill and other intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of asset recognized in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(n) Trade and other payables**

Trade and other payables are stated at amortized cost.

**(o) Employee benefits**

*Defined contribution plans*

Obligations for contributions to provident fund for the Group's employee are expensed in profit or loss as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. The defined benefit obligation is discounted to the present value which performed annually by a qualified actuary.

For remeasurements of the net defined benefit liability, actuarial gains or losses are recognized in other comprehensive income. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period by taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Gain or loss on remeasurements is recognized in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(p) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**(q) Revenue from contracts with customers**

*(1) Revenue recognition*

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods and rendering of services*

Revenue from sales of goods is recognized at a point in time when the Group transfers control of the goods to customers, generally on delivery of the goods to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognize revenue and cost of sale for the estimated products to be returned.

Revenue for rendering of services is recognized over time based on progress towards complete satisfaction of the performance obligation or as the services are provided. The progress towards complete satisfaction is assessed based on either output or input methods.

For bundled packages, the Group recognizes revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

The Group has a timing of revenue recognition mainly from the sale of goods which is recognized at a point in time.

*Customer loyalty programme*

For customer loyalty programmes that the Group offers to customers, the consideration received is allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or the points expire. The stand-alone selling prices of the points is estimated based on the discount provided to customers and the likelihood that the customers will redeem the points. The estimate is reviewed at the end of the reporting period.

*Other income*

Other income comprising dividend income, interest income and others is recognized on an accrual basis except dividend income which is recognized in profit or loss on the date on which the Group's right to receive the dividend is established.

*Royalty fee income*

Royalty fee income is recognized over the royalty term.

*(2) Contract assets and liabilities*

Contract assets are recognized when the Group has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group has an unconditional right to receive consideration that usually occurs when the Group issues an invoice to the customer.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.

*(r) Expenses*

*Finance costs*

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

*Early retirement expenses*

The Group offers certain qualifiable employees the option to take early retirement from the Group. The eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

**(s) Income tax**

Income tax expense for the year comprises current and deferred tax, which is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is recognized in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(t) Foreign currencies**

*Foreign currency transactions*

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currency transactions and measured in terms of historical cost are translated to the respective functional currencies of each entity in the Group at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at the end of the reporting period.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was determined.

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI and qualifying cash flow hedges to the extent the hedge is effective are recognized in other comprehensive income.

### *Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the end of the reporting period. The revenues and expenses of foreign operations are translated to Thai Baht at the average rates approximating the exchange rates at the dates of the transactions. Foreign exchange differences arising on translation are recognized in other comprehensive income, except to extent that the translation difference is allocated to non-controlling interest, accumulated and presented in other components of equity until disposal of the foreign operation.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation.

### **(u) Financial instruments**

#### *Classification and measurement*

Debt securities issued by the Group are initially recognized when they are originated. Other financial assets and financial liabilities, except trade receivables and trade payables, are initially recognized when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortized cost using the effective interest method, except that the financial liabilities are held for trading or derivative are classified as measured at FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

Financial assets measured at amortized costs are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and gain or loss on derecognition are recognized in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognized in profit or loss. Gains and losses from changes in fair value are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognized as income in profit or loss on the date on which the Group's right to receive the dividend is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

#### *Derecognition and offset*

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### *Derivatives*

Derivatives are recognized at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting.

#### *Hedge accounting*

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.

#### *Cash flow hedges*

The Group holds derivative financial instruments to hedge its interest rate risk exposures and designates certain derivatives as hedging instruments.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

For cash flow hedges, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The hedge accounting is discontinued prospectively when the hedge instrument expires, is sold, terminated or exercised, or when the hedge no longer meets the criteria for hedge. For a hedge of a transaction that does not result in the recognition of a non-financial item, when hedge accounting for cash flow hedges is discontinued and the hedged future cash flows are expected to occur, the amount that have been accumulated in the hedging reserve are not reclassified to profit or loss until the hedged expected future cash flows affect profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

#### *Impairment of financial assets*

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt investments measured at FVOCI and lease receivables.

The Group recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets or trade receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is the investment grade. The Group recognizes ECLs for low credit risk financial asset as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group takes action such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*Interest*

Interest income and expense are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(v) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - e.g. the fair value of the consideration given or received.

**(w) Business segment reporting**

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**(x) Related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

## 4 Acquisitions of business

### Year 2022

During 2022, the Group acquired the significant businesses as follows:

#### ***(1) Sirplaste-Sociedade Industrial de Recuperados de Plástico, S.A., Portugal***

On 5 April 2022, a subsidiary in Chemicals Business acquired 70% stake in Sirplaste-Sociedade Industrial de Recuperados de Plástico, S.A. (“Sirplaste”), the largest producer of high-quality recycled polymers or post-consumer resin (PCR) in Portugal. This agreement has a total consideration of Euro 29.6 million or equivalent to Baht 1,078 million. The partial payment has been paid amounting to Euro 28.3 million or equivalent to Baht 1,031 million and the remaining payment is expected to be paid in 2023.

The investment in Sirplaste is to support the growing recycled plastics market in the Europe, where Sirplaste has a cluster of multinational clients throughout Portugal and other European countries. In addition, the Group looks to synergize its compounding technology with that of Sirplaste’s deep client understanding for a quicker product improvement cycle.

#### ***(2) Peute Recycling B.V. and its subsidiaries, the Netherlands***

On 15 July 2022, a subsidiary in Packaging Business acquired 100% stake in Peute Recycling B.V. (“Peute”), a packaging materials recycling of recovered paper and plastic registered in the Netherlands. This agreement has total consideration of Euro 84.1 million or equivalent to Baht 3,104 million.

Acquisition in Peute is an expansion of business into the rapidly growing packaging material recycling business. This transaction would strengthen all levels of packaging business from raw material sources and production through to the offering of integrated packaging solutions to customers and improving sourcing capabilities.

#### ***(3) Recycling Holding Volendam B.V. and its subsidiaries, the Netherlands***

On 22 November 2022, a subsidiary in Chemicals Business acquired 60% stake in Recycling Holding Volendam B.V. (“Kras”), a leading waste management company from the Netherlands. This agreement has a total consideration of Euro 55.1 million or equivalent to Baht 2,074 million.

This investment is linked to the Group’s green polymers growth pillar. Efforts are to be integrated into the recycling value chain that is an end-to-end ecosystem, from waste collector, plastic recyclers, and eventually to converters and brand owners in Europe.

#### (4) Others

On 2 September 2022, a subsidiary in Packaging Business acquired 90% and a subsidiary in Cement-Building Materials Business acquired 10%, totaling acquired 100% stake in Jordan Trading Inc. (“Jordan”), a trader and distributor of recovered paper registered in the United States and on 27 December 2022, a subsidiary in Packaging Business acquisition of flexible packaging assets from Cyberprint Group Co., Ltd. (“Cyber”), a multi-type printing and packaging service provider in Thailand, for a total consideration of Baht 421 million.

For the above acquisitions, the Group has engaged independent appraisers to assist determining the fair values of net assets and liabilities acquired. As at 31 December 2022, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly. For Kras’s assets and liabilities acquired on 22 November 2022, the determination of the fair values has not been completed. Therefore, the Group has recognized the provisional fair value amounts in the consolidated statement of financial position as at 31 December 2022. The fair values of the assets acquired and liabilities assumed and goodwill may be adjusted when the fair values are finally determined.

The Group will continue to review the fair values measured on a provisional basis during the measurement period. If there is any new additional information obtained within one year from the acquisition date and acknowledged facts that reflect on circumstances existing at the acquisition date, then the acquisition accounting will be adjusted.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	Fair value (in million Baht)				
	Sirplaste	Peute	Kras	Others	Total
Cash and cash equivalents	353	230	217	11	811
Trade and other current receivables	271	1,976	538	60	2,845
Inventories	221	54	146	36	457
Property, plant and equipment	809	307	557	278	1,951
Intangible assets	140	1,448	-	-	1,588
Other non-current assets	2	8	-	6	16
Trade and other current payables	(176)	(1,547)	(358)	(33)	(2,114)
Interest-bearing liabilities	(186)	(74)	(362)	(5)	(627)
Other current liabilities	(41)	(146)	(68)	-	(255)
Other non-current liabilities	(155)	(397)	-	-	(552)
<b>Net identifiable assets and liabilities</b>	<b>1,238</b>	<b>1,859</b>	<b>670</b>	<b>353</b>	<b>4,120</b>
<i>Less</i> non-controlling interests	(371)	-	(268)	-	(639)
<b>Recognized value of net assets acquired</b>	<b>867</b>	<b>1,859</b>	<b>402</b>	<b>353</b>	<b>3,481</b>
Goodwill from business acquisition	211	1,245	1,672	68	3,196
<b>Total consideration transferred</b>	<b>1,078</b>	<b>3,104</b>	<b>2,074</b>	<b>421</b>	<b>6,677</b>
Cash acquired					(811)
<b>Total consideration transferred - net</b>					<b>5,866</b>

The assets, liabilities and operating results of these subsidiaries have been included in the Group's consolidated financial statements for the period ended 31 December 2022 since the acquisition date with total revenue from sales of Baht 5,789 million and profit for the period of Baht 139 million. Revenue from sales of these subsidiaries since 1 January 2022 to the respective acquisition dates amounted to Baht 13,729 million and profit for periods amounted to Baht 447 million.

The Group incurred acquisition costs totaling Baht 185 million which have been included in administrative expenses in the consolidated income statement.

Besides the acquisitions during 2022 as above, The Group had significant transactions related to the business acquisitions in 2021 as follows;

In the first quarter of 2022, the determination of the fair values of assets acquired and liabilities assumed from acquisition of Deltalab, S.L. ("Deltalab"), Spain, has been completed. The Group recorded the fair value of the assets acquired and liabilities assumed accordingly, mainly from an increase of other intangible assets of Baht 2,105 million, and recognized a decrease in goodwill of Baht 1,770 million. This adjustment is in accordance with the accounting adjustment condition for business acquisition.

Later in the second quarter of 2022, the Group has reached a final agreement with the former shareholder of Duy Tan Plastics Manufacturing Corporation Joint Stock Company ("Duy Tan"), Vietnam, which has been acquired, to pay the remaining amount of Vietnamese Dong 2,340 billion or equivalent to Baht 3,527 million. This resulted in an increase in the remaining of the provision of contingent consideration by Vietnamese Dong 394 billion or equivalent to Baht 582 million, which consists of the recognition an increase of goodwill of Baht 195 million and loss from estimate adjustment of Baht 387 million which presented in other expenses in the consolidated income statement. In July 2022, the Group has already paid the remaining amount to the former shareholder.

## **Year 2021**

During 2021, the Group acquired the significant businesses as follows:

### **(1) Go-Pak UK Limited and its subsidiaries, the United Kingdom**

On 12 January 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 100% stake in Go-Pak UK Limited ("Go-Pak"), one of leading foodservice packaging solution providers in the UK, Europe and North America. This agreement has total consideration of approximately Pound Sterling 133.6 million or equivalent to Baht 5,449 million. The payment has been divided into the first payment of Pound Sterling 77.5 million or equivalent to Baht 3,161 million and the remaining payment which will be based on the Go-Pak's incremental financial performance in 2021 and 2022. In the third quarter of 2021, the Group paid the second payment to the former shareholders of Go-Pak in the amount of Pound Sterling 29.9 million or equivalent to Baht 1,358 million. Subsequently, in the fourth quarter of 2021, the Group has decreased the remaining contingent consideration amounting to Pound Sterling 26.2 million or equivalent to Baht 1,183 million in accordance with condition in specified agreement. The Group has recognized gain from this transaction by presenting in other income in the consolidated income statement.

Obtaining control in Go-Pak further reinforces the Group to expand SCGP's foodservice packaging business and elevates its consumer platform, while giving access to customer base in the UK, Europe and North America. This will also broaden SCGP's total packaging solutions and strengthen its production and distribution capabilities to grow in the ASEAN market.

**(2) Duy Tan Plastics Manufacturing Corporation Joint Stock Company and its subsidiaries, Vietnam**

On 23 July 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 70% stake in Duy Tan Plastics Manufacturing Corporation Joint Stock Company (“Duy Tan”), a Vietnam’s leading producer of rigid plastic packaging products. This agreement has total consideration of approximately Vietnamese Dong 5,500 billion or equivalent to Baht 7,870 million. The payment has been divided into the first payment of Vietnamese Dong 3,630 billion or equivalent to Baht 5,195 million and the remaining payment which will be based on Duy Tan’s incremental financial performance in 2020 and 2021. In the fourth quarter of 2021, the Group has increased provision of contingent consideration amounting to Vietnamese Dong 76 billion or equivalent to Baht 112 million and recognized loss on this transaction by netting and presenting in other income in the consolidated income statement.

Obtaining control in Duy Tan further reinforces the Group to expand SCGP’s rigid packaging business in ASEAN and elevates the supporting for both consumer goods manufacturer and consumer in Vietnam. Duy Tan’s main customers are multinational corporations and domestic consumer goods manufacturers with high growth rates. In addition, Duy Tan also manufactures branded home products, such as food wares and food containers. This expansion by merger and partnership enlarges the customer base and also synergizes through the selling of related supplementary products.

**(3) PT Indonesia Dirltajaya Aneka Industri Box, PT Bahana Buana Box, and PT Rapipack Asritama (collectively, “Intan Group”), Indonesia**

On 13 August 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 75% stake in PT Indonesia Dirltajaya Aneka Industri Box, PT Bahana Buana Box, and PT Rapipack Asritama (collectively, “Intan Group”), the corrugated container producers in Indonesia. This agreement has total consideration of approximately Rupiah 856 billion or equivalent to Baht 1,978 million. The payment has been divided into the first payment of Rupiah 822 billion or equivalent to Baht 1,897 million and the remaining payment which will be based on the Intan Group’s incremental financial performance in 2022 and 2023.

Intan Group is one of Indonesia’s leading corrugated container producers and operates in four strategic locations namely Surabaya in East Java, Semarang in Central Java, Bekasi in West Java, and Minahasa in North Sulawesi. Intan Group’s main customers are multinational companies and local brand owners in the food, beverage and consumer segments. The acquisition of Intan Group is to expand SCGP’s fiber-based packaging business across Indonesia, enhancing SCGP’s capability to serve customers, and also increases the proportion of vertical integration (Internal integration) with the packaging paper mill PT Fajar Surya Wisesa Tbk.

**(4) Deltalab, S.L. and its subsidiaries, Spain**

On 9 December 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 85% stake in Deltalab, S.L. (“Deltalab”), a specialized manufacturer and distributor of high-quality medical supplies and labware registered in Spain. This agreement has total consideration of approximately Euro 86.4 million or equivalent to Baht 3,307 million.

Acquisition in Deltalab is an expansion of business into the medical supplies and labware market. It will elevate the Group’s customers base and products portfolio in response to a growth in the hygiene and healthcare industry, as well as enriching its global services capabilities and adding synergy to its related production. Currently, the Group introduces the products in forms of packaging for transportation, product packaging and display packaging. It is also an essential foundation for the Group’s future expansions of healthcare and medical supplies industry in Asia Pacific.

**(5) A.I. Technology Co., Ltd. and its subsidiary, Thailand**

On 30 November 2021, a subsidiary in Other has signed a share purchase agreement to acquire a 51% stake in A.I. Technology Co., Ltd., (“AIT”), a leading Automation System Integrator in Thailand. This agreement has total consideration of approximately Baht 644 million. The payment has been divided into the first payment of Baht 633 million and the remaining payment which will be based on AIT’s incremental financial performance in 2019 and 2022.

Obtaining control in AIT is the opportunity for the Group to fully enter into an automation business, and it is another significant step for the innovative development and technology in order to enhance the level of Thailand industry. Currently, the demand of automotive usage trend is continuously increased according to the policy of driving towards Thailand Industry 4.0, in order to increase the country's competitiveness and encourage industrialists to use modern technology and innovation.

**(6) Others**

In the third quarter of 2021, a subsidiary in Cement-Building Materials Business has signed a share purchase agreement to acquire a 100% stake in Oitolabs Technologies Private Limited (“Oitolabs”), a leading software development company which has its head office in India. In addition, a subsidiary in Chemicals Business has signed a share purchase agreement to acquire a 51% stake in Kation Power Co., Ltd. (“Kation”), a leading chemical cleaning service provider which has its head office in Thailand, for a total consideration of Baht 100 million.

For the above acquisition, the Group has engaged independent appraisers to assist determining the fair values of net assets and liabilities acquired. As at 31 December 2021, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly. For Deltalab’s assets and liabilities acquired on 9 December 2021, the determination of the fair values, especially for intangible assets acquired, has not been completed. Therefore, they have been recorded at provisional fair value amounts in consolidated statement of financial position as at 31 December 2021. The fair values of the assets acquired and liabilities assumed and goodwill may be adjusted when the fair values are finally determined.

The Group will continue to review the fair values measured on a provisional basis during the measurement period. If there are any new additional information obtained within one year from the acquisition date and acknowledged facts that reflect on circumstances existing at the acquisition date, then the acquisition will be adjusted.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	<b>Fair value</b>						
	<b>Go-Pak</b>	<b>Duy Tan</b>	<b>Intan Group</b>	<b>Deltalab</b>	<b>AIT</b>	<b>Others</b>	<b>Total</b>
	<i>(in million Baht)</i>						
Cash and cash equivalents	479	283	35	243	28	16	1,084
Trade and other current receivables	290	1,204	699	571	251	34	3,049
Inventories	431	1,824	344	356	19	-	2,974
Investment property	-	-	-	-	33	-	33
Property, plant and equipment	595	4,743	1,698	154	192	67	7,449
Intangible assets	2,263	4,497	-	34	131	-	6,925
Other non-current assets	5	35	18	40	126	7	231
Trade and other current payables	(208)	(1,168)	(733)	(370)	(128)	(30)	(2,637)
Interest-bearing liabilities	(357)	(2,861)	(585)	(594)	(115)	(55)	(4,567)
Other current liabilities	(49)	(37)	(9)	(59)	(8)	-	(162)
Other non-current liabilities	(444)	(1,198)	(117)	(68)	(100)	(11)	(1,938)
<b>Net identifiable assets and liabilities</b>	<b>3,005</b>	<b>7,322</b>	<b>1,350</b>	<b>307</b>	<b>429</b>	<b>28</b>	<b>12,441</b>
<i>Less non-controlling interests</i>	<i>-</i>	<i>(2,196)</i>	<i>(338)</i>	<i>(46)</i>	<i>(210)</i>	<i>(13)</i>	<i>(2,803)</i>
<b>Recognized value of net assets acquired</b>	<b>3,005</b>	<b>5,126</b>	<b>1,012</b>	<b>261</b>	<b>219</b>	<b>15</b>	<b>9,638</b>
Goodwill from business acquisition	2,444	2,744	966	3,046	425	85	9,710
<b>Total consideration transferred</b>	<b>5,449</b>	<b>7,870</b>	<b>1,978</b>	<b>3,307</b>	<b>644</b>	<b>100</b>	<b>19,348</b>
Cash acquired							(1,084)
<b>Total consideration transferred - net</b>							<b>18,264</b>

Consideration transferred includes cash in escrow account amounting to Baht 380 million, which will be released when certain conditions are met within 5 years from the acquisition date; and contingent consideration which is based on the incremental financial performance recognized at fair value at the acquisition date and classified as a level 3 fair value (see note 26).

The assets, liabilities and operating results of these subsidiaries have been included in the Group's consolidated financial statements for the period ended 31 December 2021 since the acquisition date with total revenue from sales and service of Baht 7,515 million and profit for period of Baht 365 million. Revenue from sales and service of those subsidiaries since 1 January 2021 to the respective acquisition dates amounted to Baht 8,598 million and profit for periods amounted to Baht 568 million.

The Group incurred acquisition costs totaling Baht 369 million which have been included in administrative expenses in the consolidated income statement.

## 5 Related parties

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2022 (in million Baht)	2021 (in million Baht)	Pricing policies
<i>Joint ventures and associates</i>			
Purchases	23,990	22,378	Market price
Service fees and others	1,014	1,045	Market price
Revenue from sales	53,679	50,254	Market price
Revenue from transportation and other services	4,541	2,371	Market price
Management fees and other income	1,748	2,628	Mainly based on percentage of revenue from sales
Dividend income	13,256	10,182	Upon declaration
<i>Other related parties</i>			
Purchases	2,881	2,776	Market price
Service fees and others	413	329	Market price
Revenue from sales	3,841	3,136	Market price
Revenue from transportation and other services	164	144	Market price
Management fees and other income	425	384	Mainly based on percentage of revenue from sales
Dividend income	4,464	1,570	Upon declaration

Balances as at 31 December with related parties were as follows:

	2022 (in million Baht)	2021 (in million Baht)
<i>Trade receivables</i>		
Joint ventures and associates	4,464	5,600
Other related parties	495	739
<b>Total</b>	<b>4,959</b>	<b>6,339</b>
<i>Other current receivables</i>		
Joint ventures and associates	580	2,703
Other related parties	93	26
<b>Total</b>	<b>673</b>	<b>2,729</b>
<i>Short-term loans</i>		
Associates	161	197
<i>Long-term loans</i>		
<i>Current and non-current portion</i>		
Joint ventures and associates	142	104
Other related parties	-	4
<b>Total</b>	<b>142</b>	<b>108</b>

	2022	2021
	(in million Baht)	
<i>Trade payables</i>		
Joint ventures and associates	1,701	2,290
Other related parties	221	217
<b>Total</b>	<b>1,922</b>	<b>2,507</b>
<i>Other current payables</i>		
Joint ventures and associates	412	171
Other related parties	25	27
<b>Total</b>	<b>437</b>	<b>198</b>
<i>Short-term borrowings</i>		
Associates	80	80
Other related parties	236	244
<b>Total</b>	<b>316</b>	<b>324</b>
<i>Long-term borrowings</i>		
<i>Current and non-current portion</i>		
Other related parties	21	15
<i>Lease liabilities</i>		
<i>Current and non-current portion</i>		
Associates	188	184
Other related parties	1,536	1,629
<b>Total</b>	<b>1,724</b>	<b>1,813</b>

#### ***The Board of Directors and key management compensation***

	2022	2021
	(in million Baht)	
<i>For the years ended 31 December</i>		
Short-term employee benefits	380	393
Post-employment benefits	39	27
<b>Total</b>	<b>419</b>	<b>420</b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, special remuneration benefit, others and contribution to defined contribution plans.

#### **6 Cash and cash equivalents**

	2022	2021
	(in million Baht)	
Cash on hand and at banks	49,859	26,598
Highly liquid short-term investments	7,671	9,395
<b>Total</b>	<b>57,530</b>	<b>35,993</b>

## 7 Trade receivables

	Note	2022	2021		
		(in million Baht)			
<i>At 31 December</i>					
<i>Trade receivables</i>					
<b>Related parties</b>					
Within credit terms		4,769	6,243		
Overdue:					
Less than 1 month		167	49		
1 - 3 months		7	28		
Over 3 - 12 months		11	19		
Over 12 months		5	-		
<b>Total</b>	5	<b>4,959</b>	<b>6,339</b>		
<b>Other companies</b>					
Within credit terms		42,842	48,054		
Overdue:					
Less than 1 month		3,820	4,139		
1 - 3 months		1,915	1,765		
Over 3 - 12 months		1,397	801		
Over 12 months		2,081	2,076		
		<b>52,055</b>	<b>56,835</b>		
<i>Less allowance for expected credit loss</i>		(1,829)	(1,723)		
<b>Net</b>		<b>50,226</b>	<b>55,112</b>		
<b>Total</b>		<b>55,185</b>	<b>61,451</b>		

The normal credit term granted by the Group is 15 - 90 days.

	Note	2022	2021		
		(in million Baht)			
<i>Allowance for expected credit loss</i>					
<b>At 1 January</b>					
Addition		1,723	1,550		
Reversal		273	170		
Write-off		(36)	(113)		
Acquisitions through business combinations		(135)	(81)		
Currency translation differences		27	78		
<b>At 31 December</b>		<b>(23)</b>	<b>119</b>		
		<b>1,829</b>	<b>1,723</b>		

As at 31 December 2022, the outstanding overdue amounts of trade receivables have credit guarantees amounting to Baht 3,233 million (2021: Baht 1,904 million).

## 8 Inventories

	2022 (in million Baht)	2021
Finished goods	31,577	31,163
Work in progress	4,930	4,486
Raw materials	24,961	24,887
Spare parts	9,455	8,743
Stores, supplies and others	9,567	6,028
Raw materials in transit	5,167	9,670
<b>Total</b>	<b>85,657</b>	<b>84,977</b>
<i>Less allowance for decline in value</i>	<i>(2,495)</i>	<i>(1,856)</i>
<b>Net</b>	<b>83,162</b>	<b>83,121</b>
Cost of inventories recognized as an expense in cost of sales	476,953	408,563
Write-down to net realizable value	2,559	2,330
Reversal of write-down	(1,823)	(1,683)
Changes in finished goods and work in progress	(858)	(11,034)
Raw materials and supplies used	269,420	233,337

## 9 Investments in joint ventures and associates

Movements for the years ended 31 December in investments in joint ventures and associates accounted for using the equity method were as follows:

	2022 (in million Baht)	2021
<b>At 1 January</b>	<b>118,870</b>	<b>97,375</b>
Share of net profit of investments - equity method	10,703	17,543
Increase in investments	1,630	13,186
Dividend income	(13,256)	(10,182)
Disposals and return on capital	-	(11)
Transfer to non-current assets held for sale	-	(1,372)
Change of the status to investment in associate	107	-
Change of the status to investment in equity instrument	(400)	(217)
Others	1,320	2,548
<b>At 31 December</b>	<b>118,974</b>	<b>118,870</b>

Investments in joint ventures and associates as at 31 December and dividends from these investments for the years then ended were as follows:

	Total direct / indirect holding		Paid-up capital		Cost method		Equity method		Dividend income											
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021										
	(%)		(in million Baht)																	
<b>Joint ventures</b>																				
<i>Cement-Building Materials Business</i>																				
Global House International Company Limited	66 <sup>(1)</sup>	66 <sup>(1)</sup>	3,283	2,686	1,641	1,343	2,027	1,531	-	-										
SCG Nichirei Logistics Co., Ltd.	50	50	770	770	393	393	423	401	-	-										
Other companies			251	251	129	129	98	110	-	-										
	<b>4,304</b>	<b>3,707</b>	<b>2,163</b>	<b>1,865</b>	<b>2,548</b>	<b>2,042</b>	<b>2,999</b>	<b>2,042</b>	<b>-</b>	<b>-</b>										
<i>Others</i>																				
Chaiyaphum Green Energy Co., Ltd.	70 <sup>(1)</sup>	-	225	-	157	-	156	-	-	-										
Power C.E. Co., Ltd.	60 <sup>(1)</sup>	-	184	-	110	-	109	-	-	-										
Voltsync Solution Co., Ltd.	60 <sup>(1)</sup>	-	175	-	105	-	104	-	-	-										
Other companies			159	-	88	-	82	-	-	-										
	<b>743</b>	<b>-</b>	<b>460</b>	<b>-</b>	<b>451</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>										
<b>Investments in joint ventures</b>	<b>5,047</b>	<b>3,707</b>	<b>2,623</b>	<b>1,865</b>	<b>2,999</b>	<b>2,042</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>										
<i>Associates</i>																				
<i>Cement-Building Materials Business</i>																				
Siam Global House Public Company Limited	33	32	4,802	4,602	11,613	10,951	15,805	14,416	380	263										
PT Catur Sentosa Adiprana Tbk	31	31	1,030	1,030	2,666	2,666	2,981	2,939	29	12										
Anhui Conch-SCG Refractory Co., Ltd.	30	30	816	816	244	244	739	721	34	29										
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	678	675	99	141										
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	488	478	-	-										
PT M Class Industry	28	28	222	222	106	106	94	100	-	-										
China ASEAN Supply Chain Management Co., Ltd.	48	49	116	116	76	75	87	83	-	-										
Noritake SCG Plaster Co., Ltd.	10 <sup>(1)</sup>	10 <sup>(1)</sup>	405	405	34	34	55	52	-	10										
Other companies			549	522	225	188	132	105	2	5										
	<b>10,415</b>	<b>10,188</b>	<b>16,149</b>	<b>15,449</b>	<b>21,059</b>	<b>19,569</b>	<b>544</b>	<b>460</b>												
<i>Chemicals Business (SCGC)</i>																				
PT Chandra Asri Petrochemical Tbk	31	31	62,157	62,157	28,761	28,761	35,197	35,297	110	954										
Bangkok Synthetics Co., Ltd.	54 <sup>(1)</sup>	54 <sup>(1)</sup>	1,173	1,173	12,453	12,453	12,602	14,111	1,621	573										
Siam Polyethylene Co., Ltd.	50	50	4,366	4,366	2,183	2,183	5,506	7,533	575	1,075										
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	4,007	4,316	6,538	1,736										
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,064	3,534	1,048	959										
Siam Styrene Monomer Co., Ltd.	50	50	1,189	1,189	594	594	1,797	1,945	145	240										
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	1,090	1,097	236	254										
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	845	912	374	369										
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	436	390	81	99										
PT Siam Maspion Terminal	50	50	327	327	163	163	336	413	195	62										
A.J. Plast (Vietnam) Company Limited	50	50	719	306	323	140	318	140	-	-										
Siam Tohcello Co., Ltd.	45	45	406	406	266	266	274	254	18	34										
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	208	307	93	-										
Thai MFC Co., Ltd.	45	45	200	200	87	87	87	104	5	5										
Other companies			323	323	104	104	117	130	1	1										
	<b>84,014</b>	<b>83,601</b>	<b>51,114</b>	<b>50,931</b>	<b>65,884</b>	<b>70,483</b>	<b>11,040</b>	<b>6,361</b>												
<i>Packaging Business (SCGP)</i>																				
Siam Toppan Packaging Co., Ltd.	35	35	500	500	245	245	500	458	8	8										
Siam Nippon Industrial Paper Co., Ltd.	23	23	1,100	1,100	495	495	341	337	-	-										
Other companies			459	453	262	153	193	78	3	6										
	<b>2,059</b>	<b>2,053</b>	<b>1,002</b>	<b>893</b>	<b>1,034</b>	<b>873</b>	<b>11</b>	<b>14</b>												

	Total direct /		Paid-up capital		Cost method		Equity method		Dividend income	
	indirect holding		2022	2021	2022	2021	2022	2021	2022	2021
		(%)								
<b>Others</b>										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	27,203	24,706	1,565	1,883
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	702	746	-	-
The Nawaloha Industry Co., Ltd.	5	30	-	300	-	90	-	705	-	246
Aisin Takaoka Foundry										
Bangpakong Co., Ltd.	5	30	-	475	-	142	-	375	-	568
Siam AT Industry Co., Ltd.	5	30	-	240	-	72	-	352	-	443
The Siam Nawaloha Foundry Co., Ltd.	10	25	-	308	-	74	-	294	-	142
Other companies			80	80	16	16	103	107	96	65
			<b>2,904</b>	<b>4,227</b>	<b>1,212</b>	<b>1,590</b>	<b>28,008</b>	<b>27,285</b>	<b>1,661</b>	<b>3,347</b>
<b>Investments in associates</b>										
Less accumulated impairment losses							(10)	(10)		
Less classified as assets held for sale							-	(1,372)		
<b>Investments in associates - net</b>	<b>99,392</b>	<b>100,069</b>	<b>69,477</b>	<b>68,863</b>	<b>115,985</b>	<b>116,828</b>	<b>13,256</b>	<b>10,182</b>		
<b>Investments in joint ventures and associates - net</b>	<b>104,439</b>	<b>103,776</b>	<b>72,100</b>	<b>70,728</b>	<b>118,974</b>	<b>118,870</b>	<b>13,256</b>	<b>10,182</b>		

(1) The Group has classified these companies as investments in joint ventures and associates in accordance with the shareholder agreement of such companies.

Summarized financial information for the Group's interest in immaterial joint ventures and associates based on the amounts reported in the Group's consolidated financial statements as follows:

	Joint ventures		Associates	
	2022	2021	2022	2021
	(in million Baht)			
Carrying amount of interests in joint ventures and associates	<b>2,999</b>	<b>2,042</b>	<b>115,975</b>	<b>116,828</b>
The Group's share of:				
- Profit for the year	200	109	10,503	17,434
- Other comprehensive income for the year	(1)	-	1,292	2,517
- Total comprehensive income for the year	<b>199</b>	<b>109</b>	<b>11,795</b>	<b>19,951</b>

#### *Disposal of investments*

In the third quarter of 2022, the Group sold partial of shares in four associates under other segment, which had been classified as non-current assets held for sale, totaling Baht 1,707 million. Consequently, the status of these investments were changed from investments in associates to investments in equity instruments.

#### *Common stock dividend payment*

In the second quarter of 2022, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2021 of cash dividend and common stock dividend with the date of dividend payment on 6 May 2022. The Group is entitled to receive common stock dividend of 65 million shares at the par value Baht 1 per share, totaling Baht 65 million.

## 10 Investment property

	Land and land improvements	Buildings and structures	Construction in progress	Total
	(in million Baht)			
<b><i>Cost</i></b>				
At 1 January 2021	1,890	853	119	2,862
Acquisitions through business combinations	18	15	-	33
Additions	1	27	-	28
Disposals	-	(5)	-	(5)
Transfers to property, plant and equipment	(13)	(27)	-	(40)
Currency translation differences	2	(1)	-	1
<b>At 31 December 2021</b>	<b>1,898</b>	<b>862</b>	<b>119</b>	<b>2,879</b>
Additions	12	11	-	23
Disposals	(14)	-	-	(14)
Transfers from property, plant and equipment	210	222	-	432
Currency translation differences	11	(11)	-	-
<b>At 31 December 2022</b>	<b>2,117</b>	<b>1,084</b>	<b>119</b>	<b>3,320</b>
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>				
At 1 January 2021	140	593	10	743
Depreciation charge for the year	1	27	-	28
Impairment losses	-	-	1	1
Disposals	-	(3)	-	(3)
Transfers to property, plant and equipment	(4)	(10)	-	(14)
<b>At 31 December 2021</b>	<b>137</b>	<b>607</b>	<b>11</b>	<b>755</b>
Depreciation charge for the year	10	35	-	45
Impairment losses	-	-	2	2
Disposals	(7)	-	-	(7)
Transfers from property, plant and equipment	8	224	-	232
Currency translation differences	3	(5)	-	(2)
<b>At 31 December 2022</b>	<b>151</b>	<b>861</b>	<b>13</b>	<b>1,025</b>
<b><i>Carrying amount</i></b>				
<b>At 31 December 2021</b>	<b>1,761</b>	<b>255</b>	<b>108</b>	<b>2,124</b>
<b>At 31 December 2022</b>	<b>1,966</b>	<b>223</b>	<b>106</b>	<b>2,295</b>

The Group determined fair value of investment properties at open market values on an existing use basis. As at 31 December 2022, the fair value was Baht 11,824 million (2021: Baht 8,284 million).

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is the discounted cash flows and market approach.

## 11 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	(in million Baht)						
<b>Cost</b>							
At 1 January 2021	49,171	91,034	474,547	16,815	8,384	107,386	747,337
Acquisitions through business combinations	1,936	1,813	3,003	231	80	571	7,634
Additions	3,177	1,372	5,903	1,500	332	47,850	60,134
Disposals/written off	(500)	(634)	(2,694)	(915)	(195)	(36)	(4,974)
Transfers from investment property	13	27	-	-	-	-	40
Transfers in (out)	940	1,615	23,217	73	134	(28,199)	(2,220)
Currency translation differences	1,197	1,874	6,539	272	52	9,041	18,975
<b>At 31 December 2021</b>	<b>55,934</b>	<b>97,101</b>	<b>510,515</b>	<b>17,976</b>	<b>8,787</b>	<b>136,613</b>	<b>826,926</b>
Acquisitions through business combinations	282	721	1,029	172	107	4	2,315
Additions	591	2,578	7,136	2,102	456	26,875	39,738
Disposals/written off	(315)	(1,137)	(8,165)	(1,851)	(486)	(22)	(11,976)
Transfers to investment property	(210)	(222)	-	-	-	-	(432)
Transfers in (out)	203	14,165	41,818	(164)	162	(56,436)	(252)
Currency translation differences	(391)	(843)	(3,492)	(70)	(48)	3,862	(982)
<b>At 31 December 2022</b>	<b>56,094</b>	<b>112,363</b>	<b>548,841</b>	<b>18,165</b>	<b>8,978</b>	<b>110,896</b>	<b>855,337</b>

	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total						
	(in million Baht)												
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>													
At 1 January 2021	13,434	48,121	304,161	11,174	6,975	47	383,912						
Depreciation charge													
for the year	1,543	3,376	19,712	1,779	522	-	26,932						
Impairment losses	246	1,450	1,975	5	4	-	3,680						
Disposals/written off	(189)	(362)	(2,125)	(700)	(172)	(19)	(3,567)						
Transfers from investment													
properties	4	10	-	-	-	-	14						
Transfers in (out)	4	173	(33)	14	2	1	161						
Currency translation													
differences	80	569	4,194	185	58	-	5,086						
<b>At 31 December 2021</b>	<b>15,122</b>	<b>53,337</b>	<b>327,884</b>	<b>12,457</b>	<b>7,389</b>	<b>29</b>	<b>416,218</b>						
Depreciation charge													
for the year	1,626	3,704	19,728	1,754	544	-	27,356						
Impairment losses	8	119	498	-	4	5	634						
Disposals/written off	(285)	(876)	(7,939)	(1,561)	(467)	-	(11,128)						
Transfers to investment													
properties	(8)	(224)	-	-	-	-	(232)						
Transfers in (out)	(27)	175	(517)	233	10	-	(126)						
Currency translation													
differences	(62)	(408)	(1,860)	(59)	(48)	-	(2,437)						
<b>At 31 December 2022</b>	<b>16,374</b>	<b>55,827</b>	<b>337,794</b>	<b>12,824</b>	<b>7,432</b>	<b>34</b>	<b>430,285</b>						
<b><i>Carrying amount</i></b>													
<b>At 31 December 2021</b>													
Owned assets	28,377	40,773	181,885	3,182	1,247	136,584	392,048						
Right-of-use assets	12,435	2,991	746	2,337	151	-	18,660						
<b>At 31 December 2022</b>													
Owned assets	27,955	52,740	210,214	2,934	1,376	110,862	406,081						
Right-of-use assets	11,765	3,796	833	2,407	170	-	18,971						

In 2022, the right-of-use assets of the Group has increased amounting to Baht 3,670 million (2021: Baht 3,276 million).

In 2022, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment as part of the cost of construction in progress, amounting to Baht 3,892 million (2021: Baht 2,115 million), rates of interest capitalized at 0.60% to 6.44% per annum (2021: 0.58% to 4.90% per annum).

In 2022, the Group has recognized an impairment loss on property, plant and equipment totaling Baht 634 million which mainly came from artificial stone production of Ceramics Business (2021: Baht 3,680 million), which is included in other expenses in the consolidated income statement.

For the purpose of impairment testing of property, plant and equipment of the Group where indicators occurred, the recoverable amount was based on the higher of its value in use, determined by discounting the future cash flows, or its fair value less costs of disposal.

For the recoverable amount measured using discounted cash flows, the Group used 5-year forecast discounted future cash flows forecasts, terminal values thereafter and discount rates derived from the weighted average cost of capital of the Group, which were based on estimates and judgments of the management. The Group engaged independent appraiser in determining the fair value of an asset measured its recoverable amount on the basis of fair value less costs of disposal and the fair value measurement was classified as a level 3 fair value.

In 2022, subsidiaries in Chemicals Business revisited the residual lives of certain items of buildings and structures and machinery and equipment, which resulted in changes in the estimated useful lives of these assets. The Group estimated these assets would have useful lives of 10 to 30 years from the date of completion of construction and be available for use (previously, 5 to 25 years). As a result of the aforesaid extension of the useful lives of assets, the effect of these changes for the year ended 31 December 2022 was a decreased in depreciation expense of approximately Baht 892 million.

## 12 Leases

The Group leases land, buildings, vehicles and equipment both in Thailand and overseas. The rental due and rate are as specified in the contract.

<i>For the years ended 31 December</i>	2022	2021		
	<i>(in million Baht)</i>			
<b><i>Amounts recognized in profit or loss</i></b>				
Depreciation of right-of-use assets:				
- Land and land improvements	1,007	868		
- Buildings and structures	794	625		
- Vehicles and equipment	1,190	1,210		
- Others	391	407		
Interest on lease liabilities	497	477		
Expenses relating to short-term leases	494	489		
Expenses relating to leases of low-value assets	411	313		
Variable lease payments	2,219	2,261		

Most of the variable lease payments are concrete mixer truck leases, the leases are valid for 1 year with extension options at the end of lease terms and payment terms are common.

### 13 Goodwill and other intangible assets

	Goodwill	Other intangible assets					<i>(in million Baht)</i>
		Software copyright patent and trademark	Development cost	Customer contracts and relationship	Concession and others	Total other intangible assets	
<b><i>Cost</i></b>							
At 1 January 2021	36,727	12,683	1,043	154	8,669	22,549	
Acquisitions through							
business combinations	9,582	2,215	-	4,704	7	6,926	
Additions	-	672	809	-	79	1,560	
Disposals/written off	-	(412)	(41)	-	(9)	(462)	
Transfers in (out)	-	732	769	-	118	1,619	
Currency translation							
differences	3,346	120	(5)	277	150	542	
<b>At 31 December 2021</b>	<b>49,655</b>	<b>16,010</b>	<b>2,575</b>	<b>5,135</b>	<b>9,014</b>	<b>32,734</b>	
Acquisitions through							
business combinations	1,714	1,215	-	2,476	-	3,691	
Additions	-	574	1,125	-	201	1,900	
Disposals/written off	-	(273)	(5)	-	(76)	(354)	
Transfers in (out)	-	514	(604)	-	131	41	
Currency translation							
differences	(1,083)	(38)	50	(224)	(21)	(233)	
<b>At 31 December 2022</b>	<b>50,286</b>	<b>18,002</b>	<b>3,141</b>	<b>7,387</b>	<b>9,249</b>	<b>37,779</b>	

	Goodwill	Other intangible assets				
		Software copyright patent and trademark	Development cost	Customer contracts and relationship	Concession and others	Total other intangible assets
<i>(in million Baht)</i>						
<i>Accumulated amortization and accumulated impairment losses</i>						
At 1 January 2021	2,696	8,126	-	74	3,342	11,542
Amortization charge for the year	-	1,176	-	214	451	1,841
Impairment losses	222	5	-	-	24	29
Disposals/written off	-	(393)	-	-	(8)	(401)
Transfers in (out)	-	(4)	-	-	6	2
Currency translation differences	-	40	-	1	28	69
<b>At 31 December 2021</b>	<b>2,918</b>	<b>8,950</b>	<b>-</b>	<b>289</b>	<b>3,843</b>	<b>13,082</b>
Amortization charge for the year	-	1,372	-	477	479	2,328
Impairment losses	-	15	-	-	-	15
Disposals/written off	-	(253)	-	-	(27)	(280)
Transfers in (out)	-	(7)	-	-	5	(2)
Currency translation differences	-	(23)	-	(15)	(19)	(57)
<b>At 31 December 2022</b>	<b>2,918</b>	<b>10,054</b>	<b>-</b>	<b>751</b>	<b>4,281</b>	<b>15,086</b>
<i>Carrying amount</i>						
<b>At 31 December 2021</b>	<b>46,737</b>	<b>7,060</b>	<b>2,575</b>	<b>4,846</b>	<b>5,171</b>	<b>19,652</b>
<b>At 31 December 2022</b>	<b>47,368</b>	<b>7,948</b>	<b>3,141</b>	<b>6,636</b>	<b>4,968</b>	<b>22,693</b>

Amortization expenses of other intangible assets are included in cost of sales, distribution costs and administrative expenses in the consolidated income statement.

*Impairment testing for CGUs containing goodwill*

For the purposes of impairment testing, goodwill has been allocated to the Group's CGUs identified according to business segments as follows:

	2022 (in million Baht)	2021
Cement-Building Materials Business	12,549	12,556
Chemicals Business (SCGC)	6,161	4,273
Packaging Business (SCGP)	28,233	29,483
Others	425	425
<b>Total</b>	<b>47,368</b>	<b>46,737</b>

The recoverable amount was based on value in use, determined by discounting the future cash flows. The Group determined 5-year cash flows forecasts, terminal values thereafter and discount rates derived from the weighted average cost of capital of the Group, which were based on estimates and judgments of the management and considering historical data from both external and internal sources. The key assumptions used in the estimation of recoverable amount were discount rates, ranging from 5.38% to 8.98% (2021: 3.08% to 6.35%).

#### **14 Deferred tax assets (deferred tax liabilities)**

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statement of financial position as follows:

	2022 (in million Baht)	2021
Deferred tax assets	5,206	4,525
Deferred tax liabilities	(8,765)	(8,327)
<b>Net</b>	<b>(3,559)</b>	<b>(3,802)</b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	Credited (charged) to					
	At	other	Increase			
	1 January	profit or loss (note 24)	comprehensive income	through business combinations	Currency translation differences	At
	2021					31 December 2021
(in million Baht)						
<b>Deferred tax assets</b>						
Loss carry forward	879	(141)	-	52	19	809
Investments	103	4	16	-	8	131
Property, plant and equipment	981	(30)	-	5	22	978
Non-current provisions for employee benefits	2,960	109	(181)	38	30	2,956
Others	864	(59)	1	50	(13)	843
<b>Total</b>	<b>5,787</b>	<b>(117)</b>	<b>(164)</b>	<b>145</b>	<b>66</b>	<b>5,717</b>
<b>Deferred tax liabilities</b>						
Investments	(1,681)	(615)	(323)	-	(3)	(2,622)
Property, plant and equipment	(4,522)	(82)	-	(376)	(289)	(5,269)
Others	(193)	42	-	(1,345)	(132)	(1,628)
<b>Total</b>	<b>(6,396)</b>	<b>(655)</b>	<b>(323)</b>	<b>(1,721)</b>	<b>(424)</b>	<b>(9,519)</b>
<b>Net</b>	<b>(609)</b>	<b>(772)</b>	<b>(487)</b>	<b>(1,576)</b>	<b>(358)</b>	<b>(3,802)</b>

	Credited (charged) to					
	At	other	Increase			
	1 January	profit or loss (note 24)	comprehensive income	Recognized in shareholders' equity	through business combinations	Currency translation differences
	2022					At
(in million Baht)						
<b>Deferred tax assets</b>						
Loss carry forward	809	481	-	-	-	(31)
Investments	131	(25)	54	-	-	-
Property, plant and equipment	978	367	-	-	13	(6)
Non-current provisions for employee benefits	2,956	84	(300)	-	20	(17)
Others	843	222	(6)	-	-	(8)
<b>Total</b>	<b>5,717</b>	<b>1,129</b>	<b>(252)</b>	<b>-</b>	<b>33</b>	<b>(62)</b>
<b>Deferred tax liabilities</b>						
Investments	(2,622)	205	30	241	-	(1)
Property, plant and equipment	(5,269)	(37)	-	-	(233)	139
Others	(1,628)	(86)	-	-	(937)	74
<b>Total</b>	<b>(9,519)</b>	<b>82</b>	<b>30</b>	<b>241</b>	<b>(1,170)</b>	<b>212</b>
<b>Net</b>	<b>(3,802)</b>	<b>1,211</b>	<b>(222)</b>	<b>241</b>	<b>(1,137)</b>	<b>150</b>
						(3,559)

The Indonesian Government, through UU No. 7/2021 dated 29 October 2021 announced a change in the corporate income tax rate from 20% to 22% for accounting periods 2022 onwards. The Group has applied the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense increase amounting to Baht 205 million in the consolidated income statement for the year 2021.

The United Kingdom Government announced a change in the corporate income tax rate from 19% to 25% (for the companies with profits over Pound Sterling 250,000). The change of corporate income tax rate will be effective from 1 April 2023 onwards. The Group has applied in the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense increase amounting to Baht 124 million in the consolidated income statement for the year 2022.

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets (liabilities) are as follow:

	2022 <i>(in million Baht)</i>	2021
Deductible temporary differences		
- Inventories	803	57
- Property, plant and equipment	3,922	4,189
- Non-current provisions for employee benefits	208	278
- Others	867	932
Unused tax losses	<u>31,439</u>	<u>32,590</u>
<b>Total</b>	<b><u>37,239</u></b>	<b><u>38,046</u></b>

The unused tax losses on which the Group has not recognized deferred tax assets are the tax losses which have not yet expired under tax legislation and will expire within 2029.

As at 31 December 2022 and 2021, no deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

## 15 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities were as follows:

	<i>Note</i>	Bank overdrafts and short-term borrowings	Long-term borrowings	Lease liabilities	Debentures	Total <i>(in million Baht)</i>
At 1 January 2021		<b>22,020</b>	<b>52,529</b>	<b>12,209</b>	<b>174,606</b>	<b>261,364</b>
Changes from financing cash flows		14,276	23,019	(2,985)	(4,516)	29,794
New leases		-	-	2,482	-	2,482
Changes arising from obtaining subsidiaries	4	2,175	1,707	685	-	4,567
The effect of changes in foreign exchange rates		1,041	3,340	296	-	4,677
Other non-cash movement		74	187	-	(31)	230
<b>At 31 December 2021</b>		<b>39,586</b>	<b>80,782</b>	<b>12,687</b>	<b>170,059</b>	<b>303,114</b>
Changes from financing cash flows		(2,467)	15,568	(2,961)	44,961	55,101
New leases		-	-	3,656	-	3,656
Changes arising from obtaining subsidiaries	4	1	367	259	-	627
The effect of changes in foreign exchange rates		(485)	1,107	(114)	-	508
Other non-cash movement		-	1,291	-	(51)	1,240
<b>At 31 December 2022</b>		<b>36,635</b>	<b>99,115</b>	<b>13,527</b>	<b>214,969</b>	<b>364,246</b>

## 16 Interest-bearing liabilities

	2022			2021		
	Secured	Unsecured	Total (in million Baht)	Secured	Unsecured	Total
<b><i>Current</i></b>						
Bank overdrafts and short-term borrowings from financial institutions	-	36,252	36,252	86	39,176	39,262
Short-term borrowings	-	383	383	-	324	324
Current portion of long-term borrowings	-	4,508	4,508	115	4,503	4,618
Current portion of lease liabilities	-	2,343	2,343	-	2,255	2,255
Current portion of debentures	-	<u>24,915</u>	<u>24,915</u>	-	<u>39,932</u>	<u>39,932</u>
	<u>-</u>	<u><b>68,401</b></u>	<u><b>68,401</b></u>	<u><b>201</b></u>	<u><b>86,190</b></u>	<u><b>86,391</b></u>
<b><i>Non-current</i></b>						
Long-term borrowings	-	94,607	94,607	209	75,955	76,164
Lease liabilities	-	11,184	11,184	-	10,432	10,432
Debentures	-	<u>190,054</u>	<u>190,054</u>	-	<u>130,127</u>	<u>130,127</u>
	<u>-</u>	<u><b>295,845</b></u>	<u><b>295,845</b></u>	<u><b>209</b></u>	<u><b>216,514</b></u>	<u><b>216,723</b></u>
<b>Total interest-bearing liabilities</b>	<b>-</b>	<b><u>364,246</u></b>	<b><u>364,246</u></b>	<b><u>410</u></b>	<b><u>302,704</u></b>	<b><u>303,114</u></b>

As at 31 December 2022, the Group has overdraft lines with several banks amounting to approximately Baht 8,974 million (2021: Baht 9,622 million).

As at 31 December 2022, the Group has long term undrawn credit facilities totaling equivalent to Baht 26,473 million (2021: Baht 63,858 million) including facilities for a petrochemical complex project in Vietnam amounting to US Dollars 726 million, equivalent to approximately Baht 25,109 million.

The average interest rates of long-term borrowings are 0.75% to 8.50% per annum in 2022 (2021: 0.75% to 8.50% per annum).

### ***Debentures***

As at 31 December 2022, the Company and its subsidiary have unsubordinated and unsecured debentures totaling Baht 215,500 million (*2021: Baht 170,500 million*) as follows:

Debentures no.	2022 (in million Baht)	2021	Interest rate (% p.a.)	Term	Maturity date
<b>Debentures - The Siam Cement Public Company Limited</b>					
2/2017	10,000	10,000	2.97	7 years	30 August 2024
1/2018	-	30,000	3.00	4 years	1 April 2022
2/2018	-	10,000	3.10	4 years	1 October 2022
1/2019	15,000	15,000	3.10	4 years	1 April 2023
2/2019	10,000	10,000	3.00	4 years	1 November 2023
1/2020	25,000	25,000	2.80	4 years	1 April 2024
2/2020	25,000	25,000	2.80	4 years	1 November 2024
1/2021	15,000	15,000	2.65	4 years	1 April 2025
2/2021	25,000	25,000	2.65	4 years	1 October 2025
1/2022	<u>15,000</u>	<u>-</u>	3.25	4 years	1 October 2026
	140,000	165,000			
<b>Debentures - SCG Packaging Public Company Limited</b>					
1/2021	5,500	5,500	2.65	3 years 8 Months	1 December 2024
1/2022	5,000	-	2.80	2 years 10 Months	1 June 2025
2/2022	<u>5,000</u>	<u>-</u>	3.50	4 years	1 December 2026
	15,500	5,500			
<b>Debentures - SCG Chemicals Public Company Limited</b>					
1/2022	30,000	-	2.75	4 years	1 April 2026
2/2022	10,200	-	2.77	3 years	8 September 2025
2/2022	11,800	-	3.25	5 years	8 September 2027
2/2022	1,800	-	3.39	6 years	8 September 2028
2/2022	4,100	-	4.00	10 years	8 September 2032
2/2022	<u>2,100</u>	<u>-</u>	4.14	12 years	8 September 2034
	60,000	-			
<b>Total</b>	<b>215,500</b>	<b>170,500</b>			
<i>Less</i> debentures held by a subsidiary					
and debenture issuing expenses	<u>(531)</u>	<u>(441)</u>			
<b>Net</b>	<b>214,969</b>	<b>170,059</b>			
<i>Less</i> current portion					
	<u>(24,915)</u>	<u>(39,932)</u>			
<b>Net</b>	<b>190,054</b>	<b>130,127</b>			

## 17 Non-current provisions for employee benefits

The Group operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

*Non-current provisions for employee benefits in consolidated statements of financial position as at 31 December*

	2022	2021
	<i>(in million Baht)</i>	
Post-employment benefits		
Legal severance payments plan	12,596	13,819
Pension	81	110
Other long-term employee benefits	456	488
<b>Total non-current provisions for defined benefit plans</b>	<b>13,133</b>	<b>14,417</b>
Other employee benefits	244	240
<b>Total</b>	<b>13,377</b>	<b>14,657</b>
Less plan assets of foreign subsidiaries	(115)	(116)
<b>Total non-current provisions for employee benefits - net</b>	<b>13,262</b>	<b>14,541</b>

*Movements in the present value of non-current provisions for defined benefit plans*

	2022	2021
	<i>(in million Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	14,417	14,586
<b>Included in profit or loss</b>		
Current service costs	690	866
Interest on obligation	327	278
Actuarial losses (gains)	(3)	7
Others	(4)	(35)
	<b>1,010</b>	<b>1,116</b>
<b>Included in other comprehensive income</b>		
Actuarial gains	(1,459)	(880)
Currency translation differences	(91)	162
	<b>(1,550)</b>	<b>(718)</b>
<b>Others</b>		
Benefits paid	(836)	(763)
Acquisitions through business combinations	96	134
Others	(4)	62
	<b>(744)</b>	<b>(567)</b>
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>13,133</b>	<b>14,417</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2022	2021
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Demographic assumptions	243	35
Financial assumptions	(1,932)	(1,014)
Experience adjustment	230	99
<b>Total</b>	<b>(1,459)</b>	<b>(880)</b>

### ***Actuarial assumptions***

#### *Principal actuarial assumptions as of the end of the reporting period*

	2022	2021
	(%)	
<b>Discount rate *</b>		
- Thailand	2.32 - 4.48	1.06 - 3.03
- Vietnam	5.16	2.07
- Indonesia	5.50 - 7.44	3.39 - 7.91
- Others	5.00 - 7.30	4.00 - 5.09
Salary increase rate	0.20 - 8.50	0.50 - 10.00
Employee turnover rate **	2.00 - 17.00	1.50 - 22.00
Mortality rate ***	50.00 of TMO2017	50.00 of TMO2017

\* Market yields on government's bonds for legal severance payments plan and pension

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table 2017

As at 31 December 2022, the Group has the weighted-average duration for payment of long-term employee benefits approximately 7 - 29 years (2021: 7 - 31 years).

### **Sensitivity analysis**

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

#### **Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease)	2022	2021
	<i>(in million Baht)</i>		
Discount rate			
0.5% increase	(550)	(668)	
0.5% decrease	594	726	
Salary increase rate			
1.0% increase	1,176	1,395	
1.0% decrease	(1,031)	(1,211)	
Employee turnover rate			
10.0% increase	(275)	(348)	
10.0% decrease	286	363	

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

## **18 Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## 19 Business segment information

Segment information is presented in respect of the Group's business segments, based on the Group's management and internal financial reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### ***Business segments***

The Group comprises the following main business segments:

<i>Cement-Building Materials Business</i>	Manufacture and distribute of grey cement, ready-mixed concrete, white cement, dry mortar, refractory products, lightweight concrete, roof tiles, ceiling & wall board, wood substitute, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribute of cement, building and decorative products including service and solutions for home and residence through active omni channel. Provide logistics, delivery services, import and export services.
<i>Chemicals Business (SCGC)</i>	Manufacture and sale of olefins, polyolefins, vinyl and other chemical products.
<i>Packaging Business (SCGP)</i>	Comprehensive packaging solutions providers comprising of three main operating businesses (1) Integrated Packaging Chain; packaging paper, performance and polymer packaging and fiber-based packaging (2) Fibrous Chain; foodservice products, printing and writing paper, and pulp products and (3) Recycling Chain; recovered paper and plastic.
<i>Others</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components, steel, clean energy business and pertinent technologies, as well as automation system integration business, and other services.

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.

Information relating to business segments for years ended 31 December was as follows:

	Total assets		Revenue from sales		EBITDA (1)	
	2022	2021	2022	2021	2022	2021
	(in million Baht)					
Consolidated SCG	906,490	861,101	569,609	530,112	61,912	91,867
<b>Business Segments</b>						
Cement-Building Materials Business	228,277	224,226	204,594	182,529	17,540	18,877
Chemicals Business (SCGC)	387,154	377,174	236,587	238,390	17,745	41,465
Packaging Business (SCGP)	197,280	206,824	146,068	124,223	19,413	21,164
Others	378,892	392,074	869	219	9,105	10,810

	Profit		Depreciation and amortization	
	for the year (2)		2022	2021
	(in million Baht)			
Consolidated SCG	21,382	47,174	29,461	28,834
<b>Business Segments</b>				
Cement-Building Materials Business	3,789	4,262	11,618	11,688
Chemicals Business (SCGC)	5,901	28,931	7,694	8,328
Packaging Business (SCGP)	5,801	8,294	9,700	8,315
Others	8,796	8,110	678	760

- (1) Represents profit before share of profit of joint ventures and associates accounted for using equity method, finance costs, income tax expense, depreciation and amortization and includes dividends from associates.
- (2) Represents profit for the year attributable to owners of the Company.

## ***Operation results of business segments***

	Cement-Building Materials Business		Chemicals Business (SCGC)		Packaging Business (SCGP)	
	2022	2021	2022	2021	2022	2021
<i>(in million Baht)</i>						
<b><i>Information from statements of financial position</i></b>						
Current assets	76,048	71,128	71,581	83,483	60,154	69,186
Investments in joint ventures and associates	23,626	21,621	65,874	70,473	1,034	873
Property, plant and equipment	98,901	102,079	230,622	210,566	94,585	97,181
Other non-current assets	29,702	29,398	19,077	12,652	41,507	39,584
<b>Total assets</b>	<b>228,277</b>	<b>224,226</b>	<b>387,154</b>	<b>377,174</b>	<b>197,280</b>	<b>206,824</b>
Short-term borrowings	76,887	57,542	21,272	77,108	18,313	32,889
Other current liabilities	24,363	23,343	25,164	39,838	15,166	19,087
Long-term borrowings	4,526	5,157	145,287	63,547	31,856	23,882
Other non-current liabilities	7,502	8,097	6,083	5,599	8,978	8,666
Total liabilities	113,278	94,139	197,806	186,092	74,313	84,524
Shareholders' equity	114,999	130,087	189,348	191,082	122,967	122,300
<b>Total liabilities and shareholders' equity</b>	<b>228,277</b>	<b>224,226</b>	<b>387,154</b>	<b>377,174</b>	<b>197,280</b>	<b>206,824</b>
<b><i>Supplementary information</i></b>						
Increase in non-current assets	10,257	9,972	26,054	44,020	12,185	30,882

	Others		Intersegment Elimination		Consolidated SCG	
	2022	2021	2022	2021	2022	2021
<i>(in million Baht)</i>						
<b><i>Information from statements of financial position</i></b>						
Current assets	120,588	135,456	(78,321)	(126,237)	250,050	233,016
Investments in joint ventures and associates	28,459	25,913	(19)	(10)	118,974	118,870
Property, plant and equipment	2,737	2,598	(1,793)	(1,716)	425,052	410,708
Other non-current assets	227,108	228,107	(204,980)	(211,234)	112,414	98,507
<b>Total assets</b>	<b>378,892</b>	<b>392,074</b>	<b>(285,113)</b>	<b>(339,197)</b>	<b>906,490</b>	<b>861,101</b>
Short-term borrowings	26,303	41,212	(74,374)	(122,360)	68,401	86,391
Other current liabilities	2,927	3,242	(3,704)	(3,514)	63,916	81,996
Long-term borrowings	114,777	124,738	(601)	(601)	295,845	216,723
Other non-current liabilities	3,657	4,125	(316)	(504)	25,904	25,983
Total liabilities	147,664	173,317	(78,995)	(126,979)	454,066	411,093
Shareholders' equity	231,228	218,757	(206,118)	(212,218)	452,424	450,008
<b>Total liabilities and shareholders' equity</b>	<b>378,892</b>	<b>392,074</b>	<b>(285,113)</b>	<b>(339,197)</b>	<b>906,490</b>	<b>861,101</b>
<b><i>Supplementary information</i></b>						
Increase in non-current assets	565	1,024	-	-	49,061	85,898

	Cement-Building Materials Business 2022	Chemicals Business (SCGC) 2021	Packaging Business (SCGP) 2022	Packaging Business (SCGP) 2021				
	(in million Baht)							
<b>Information from income statements</b>								
Revenue from sales								
External customers	191,613	171,125	235,104	237,315				
Intersegment	12,981	11,404	1,483	1,075				
Total revenue from sales	204,594	182,529	236,587	238,390				
Cost of sales	(163,280)	(139,436)	(224,771)	(195,657)				
Gross profit	41,314	43,093	11,816	42,733				
Other income	2,315	1,785	3,975	790				
Profit before expenses	43,629	44,878	15,791	43,523				
Operating expenses	(38,251)	(38,149)	(16,780)	(16,747)				
Profit (loss) before finance costs and income tax								
Finance costs	5,378	6,729	(989)	26,776				
Profit (loss) before income tax	(2,045)	(1,876)	(2,288)	(1,748)				
Tax expense	3,333	4,853	(3,277)	25,028				
Profit (loss) after income tax	(1,183)	(2,082)	(1,986)	(3,795)				
Share of profit of joint ventures and associates accounted for using equity method	2,150	2,771	(5,263)	21,233				
<b>Profit (loss) for the year</b>	<b>3,832</b>	<b>4,282</b>	<b>(335)</b>	<b>32,810</b>				
Profit (loss) attributable to:								
<b>Owners of the Company</b>	<b>3,789</b>	<b>4,262</b>	<b>5,901</b>	<b>28,931</b>				
Non-controlling interests	43	20	(6,236)	3,879				
	<b>3,832</b>	<b>4,282</b>	<b>(335)</b>	<b>32,810</b>				

	Others		Intersegment Elimination		Consolidated SCG	
	2022	2021	2022	2021	2022	2021
<i>(in million Baht)</i>						
<b>Information from income statements</b>						
Revenue from sales						
External customers	869	219	-	-	569,609	530,112
Intersegment	-	-	(18,509)	(15,249)	-	-
Total revenue from sales	869	219	(18,509)	(15,249)	569,609	530,112
Cost of sales	(623)	(112)	19,126	15,550	(491,339)	(421,000)
Gross profit	246	107	617	301	78,270	109,112
Other income	12,773	12,615	(7,844)	(7,128)	12,683	10,594
Profit before expenses	13,019	12,722	(7,227)	(6,827)	90,953	119,706
Operating expenses	(6,253)	(6,019)	5,565	6,635	(71,758)	(66,855)
Profit before finance costs						
and income tax	6,766	6,703	(1,662)	(192)	19,195	52,851
Finance costs	(1,813)	(2,035)	91	81	(7,523)	(6,758)
Profit before income tax	4,953	4,668	(1,571)	(111)	11,672	46,093
Tax expense	(207)	(958)	276	-	(4,650)	(8,900)
Profit after income tax	4,746	3,710	(1,295)	(111)	7,022	37,193
Share of profit of joint ventures and associates accounted for using equity method	4,037	4,398	1	-	10,703	17,543
<b>Profit for the year</b>	<b>8,783</b>	<b>8,108</b>	<b>(1,294)</b>	<b>(111)</b>	<b>17,725</b>	<b>54,736</b>
Profit (loss) attributable to:						
<b>Owners of the Company</b>	<b>8,796</b>	<b>8,110</b>	<b>(2,905)</b>	<b>(2,423)</b>	<b>21,382</b>	<b>47,174</b>
Non-controlling interests	(13)	(2)	1,611	2,312	(3,657)	7,562
	<b>8,783</b>	<b>8,108</b>	<b>(1,294)</b>	<b>(111)</b>	<b>17,725</b>	<b>54,736</b>

### ***Geographical segment***

The Group has expanded its investment and operation in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

#### ***Geographical segment information***

	Revenue from sales		Non-current assets	
	2022	2021	2022	2021
	(in million Baht)			
Thailand	311,729	287,226	216,106	219,758
Vietnam	59,059	48,809	186,825	167,737
Indonesia	50,887	48,618	51,510	54,518
China	22,689	24,853	5	11
Others	125,245	120,606	42,961	37,196
<b>Total</b>	<b><u>569,609</u></b>	<b><u>530,112</u></b>	<b><u>497,407</u></b>	<b><u>479,220</u></b>

#### ***Major customer***

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

## **20 Other income**

	2022	2021
	(in million Baht)	
Dividend income from investments in equity instruments	4,563	1,697
Gain on financial instruments measured at fair value	2,090	2,371
Management fee income	2,019	2,880
Interest income from financial institutions	1,224	1,047
Gain on sale of investment and asset	945	57
Gain on contingent consideration adjustment	-	1,071
Others	1,842	1,471
<b>Total</b>	<b><u>12,683</u></b>	<b><u>10,594</u></b>

## 21 Distribution costs

	2022	2021
	<i>(in million Baht)</i>	
Freight	21,564	20,050
Salary, welfare, personnel and employee development expenses	6,664	5,960
Sales promotion and advertising expenses	3,003	2,178
Depreciation and amortization expenses	869	760
Commission expenses	796	652
Others	3,317	2,713
<b>Total</b>	<b>36,213</b>	<b>32,313</b>

## 22 Administrative expenses

	2022	2021
	<i>(in million Baht)</i>	
Salary, welfare, personnel and employee development expenses	19,605	18,550
Depreciation and amortization expenses	3,508	2,991
IT fees and outside wages	3,082	2,640
Professional fees	1,272	1,165
Tax license fees and others	1,265	876
Idle capacity costs	1,079	1,315
Publication and donation	1,012	819
Others	2,737	2,128
<b>Total</b>	<b>33,560</b>	<b>30,484</b>

## 23 Employee benefit expenses

	2022	2021
	<i>(in million Baht)</i>	
Salaries and wages	41,869	40,517
Welfares and others	5,167	3,723
Contribution to defined contribution plans	2,274	2,238
Contribution to defined benefit plans	1,010	1,116
Early retirement expenses	412	327
<b>Total</b>	<b>50,732</b>	<b>47,921</b>

The Group has provident fund plans to provide retirement and gratuity benefits to employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.

## 24 Income tax

	Note	2022 (in million Baht)	2021 (in million Baht)
<b>Income tax recognized in profit or loss</b>			
<b>Current tax</b>			
Current tax		5,873	7,936
Under (over) provided in prior years		(12)	192
		<b>5,861</b>	<b>8,128</b>
<b>Deferred tax</b>			
Movement in temporary differences	14	(1,211)	772
<b>Total</b>		<b>4,650</b>	<b>8,900</b>
<b>Income tax recognized in other comprehensive income</b>			
Losses on measurement of financial assets		(3)	(10)
Gains (losses) on investments in equity instruments measured at fair value		(81)	316
Gains on remeasurement of defined benefit plans		293	179
<b>Total</b>	14	<b>209</b>	<b>485</b>
<b>Reconciliation of effective tax rate</b>			
		2022 Rate (%)	2021 Rate (%)
		(in million Baht)	(in million Baht)
Profit before income tax expense		22,375	63,636
Share of profit of joint ventures and associates accounted for using equity method		(10,703)	(17,543)
		<u>11,672</u>	<u>46,093</u>
Income tax using the Thai corporation tax rate	20	2,334	9,219
Effect of different tax rates in foreign jurisdictions		121	(126)
Income not subject to tax		(586)	(517)
Tax privileges		(393)	(1,337)
Expenses deductible at a greater amount		(114)	(477)
Expenses not deductible for tax purposes and others		808	985
Tax losses		3,703	189
<b>Current tax</b>		<b>5,873</b>	<b>7,936</b>
Under (over) provided in prior years		(12)	192
Movement in temporary differences		(1,211)	772
<b>Income tax expense</b>	40	<b>4,650</b>	<b>19</b>
		<b>8,900</b>	

## 25 Dividends

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<b>2022</b>				
Annual dividend 2021	30 March 2022	26 April 2022	10.00	12,000
Interim dividend 2022	27 July 2022	26 August 2022	6.00	7,199
<b>Total</b>			<b>16.00</b>	<b>19,199</b>
<b>2021</b>				
Annual dividend 2020	31 March 2021	23 April 2021	8.50	10,199
Interim dividend 2021	29 July 2021	27 August 2021	8.50	10,199
<b>Total</b>			<b>17.00</b>	<b>20,398</b>

## 26 Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value										
	Fair value													
	Fair value	through other												
	through	comprehensive	Amortized	Total	Level 1	Level 2	Level 3							
	profit or loss	income	cost	Total	Level 1	Level 2	Total							
	(in million Baht)													
<i>At 31 December 2022</i>														
<i>Financial assets</i>														
Cash and cash equivalents	-	-	57,530	57,530										
Investments in short-term debt instruments														
- Deposit with financial institutions	-	-	13,485	13,485										
- Funds	3,022	15,822	-	18,844	-	18,844	-							
Trade receivables	-	-	55,185	55,185										
Loans to	-	-	303	303										
Derivative assets	704	4,032	-	4,736	-	4,736	-							
Investments in debt instruments														
- Deposit with financial institutions	-	-	315	315	-	315	-							
- Funds	-	5,229	-	5,229	-	5,229	-							
- Convertible debentures and others	708	-	120	828	-	118	708							
Investments in equity instruments	-	16,569	-	16,569	526	-	16,043							
<b>Total financial assets</b>	<b>4,434</b>	<b>41,652</b>	<b>126,938</b>	<b>173,024</b>										
<i>Financial liabilities</i>														
Bank overdrafts and short-term borrowings	-	-	36,635	36,635										
Trade payables	-	-	33,182	33,182										
Long-term borrowings	-	-	99,115	99,115										
Lease liabilities	-	-	13,527	13,527										
Debentures	-	-	214,969	214,969	-	218,020	-							
Derivative liabilities	615	13	-	628	-	628	-							
<b>Total financial liabilities</b>	<b>615</b>	<b>13</b>	<b>397,428</b>	<b>398,056</b>										

	Carrying amount				Fair value				
	Fair value								
	Fair value	through other	comprehensive	Amortized	Total	Level 1	Level 2	Level 3	Total
(in million Baht)									
<b>At 31 December 2021</b>									
<b>Financial assets</b>									
Cash and cash equivalents	-	-	35,993	35,993					
Investments in short-term debt instruments									
- Deposit with financial institutions	-	-	18,272	18,272					
- Funds	12,113	1,232	-	13,345	-	13,345	-	-	13,345
Trade receivables	-	-	61,451	61,451					
Loans to	-	-	305	305					
Derivative assets	345	-	-	345	-	345	-	-	345
Investments in debt instruments									
- Deposit with financial institutions	-	-	439	439	-	439	-	-	439
- Funds	-	273	-	273	-	273	-	-	273
- Convertible debentures and others	306	-	62	368	-	61	306	-	367
Investments in equity instruments	-	17,628	-	17,628	919	-	16,709	17,628	
<b>Total financial assets</b>	<b>12,764</b>	<b>19,133</b>	<b>116,522</b>	<b>148,419</b>					
<b>Financial liabilities</b>									
Bank overdrafts and short-term borrowings	-	-	39,586	39,586					
Trade payables	-	-	43,670	43,670					
Contingent consideration	2,989	-	-	2,989	-	-	2,989	2,989	
Long-term borrowings	-	-	80,782	80,782					
Lease liabilities	-	-	12,687	12,687					
Debentures	-	-	170,059	170,059	-	175,880	-	-	175,880
Derivative liabilities	270	131	-	401	-	401	-	-	401
<b>Total financial liabilities</b>	<b>3,259</b>	<b>131</b>	<b>346,784</b>	<b>350,174</b>					

In the first quarter of 2022, the Group had the proceed from selling back an investment in mutual fund with an asset management company amounting to Baht 12,122 million.

In the third quarter of 2022, the Group sold partial shares in Finfloor S.p.A., resulting in decreasing of the Group's stake from 9.60% to 4.76% amounting to Baht 1,081 million. The Group had transferred the cumulative gains from changes in the fair value of investments, previously recognized in other comprehensive income into retained earnings in proportion to the disposal, amounting to Baht 745 million, net of tax.

As at 31 December 2022, investments in debt instruments measured at FVOCI are mainly in private funds which are managed by 3 independent asset management companies (AMCs). The AMCs have invested in debt securities which had high liquidity and rating as investment grade with return rates from 0.53% to 3.05% per annum (2021: 0.44% to 2.86% per annum).

### **Financial instruments measured at fair value**

The Group determined Level 2 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investments in debt instruments which are simple over-the-counter securities were based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.
- Derivative assets and liabilities such as forward exchange contracts and commodity contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts. The fair value of interest rate swap is calculated from the difference between the present value of future cash flows based on the yield curve of the contractual interest rate and the expected interest rate based on observable market for similar financial instruments.

The Group determined Level 3 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investments in equity instruments which are not actively traded in market were calculated using valuation techniques such as the latest reporting net assets adjusted by relevant factors. This was because the equity instruments were not listed on any stock exchange and there were no recent observable arm's length transactions in the instruments.
- Contingent consideration using the discounted cash flow technique: significant unobservable inputs such as expected cash flows and risk-adjusted discount rate.

### **Financial instruments measured at amortized cost**

The Group determined Level 2 fair values for debentures based on quoted selling price from the Thai Bond Market Association at the closing price on the end of the reporting period.

#### ***(b) Financial risk management policies***

##### ***Risk management framework***

The Group's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Group's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Group's Finance Committee monitors financial status and reports regularly to the Group's Management Committee.

**(1) Credit risk**

Credit risk is the risk of Group's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

(1.1) Cash and cash equivalents and derivatives

The Group's credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are banks and financial institutions which the Group considers having low credit risk.

(1.2) Investment in debt instruments

The Group's credit risk is limited by investing only in high liquidity and credibility debt instruments.

(1.3) Trade receivables

The Group's credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before credit limit, credit term and trade terms are offered. In case of sales exceeding the limits, it must be approval by authorized person.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade receivables and contract assets are disclosed in note 7.

**(2) Liquidity risk**

The Group oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Group's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

	Effective interest rates (% p.a.)	Within 1 year	After but within 5 years	After 5 years	After 1 year	Total
<b>Year 2022</b>						
Bank overdrafts and short-term borrowings from financial institutions	0.84 - 7.02 MOR / MMR plus 0.85 Cost of fund plus (0.65 - 4.20) LIBOR plus (0.85 - 7.20) BOE plus 1.80	36,252	-	-	-	36,252
Short-term borrowings	0.85 - 7.70	383	-	-	-	383
Long-term borrowings from financial institutions	0.75 - 8.50 MLR minus (2.60 - 4.75) LIBOR plus (1.25 - 1.75) JIBOR plus (1.15 - 1.30) Cost of fund plus 0.65 THBFIX plus (1.01 - 1.10) EURIBOR plus (0.90 - 1.50)	4,508	41,032	53,575	99,115	
Lease liabilities	1.21 - 18.00	2,744	5,877	8,403	17,024	
Debentures	2.65 - 4.14	24,915	182,182	8,000	215,097	
<b>Total</b>		<b>68,802</b>	<b>229,091</b>	<b>69,978</b>	<b>367,871</b>	
<i>Less</i> deferred interest - lease liabilities and debentures issuing expenses				(3,625)		
<b>Net</b>					<b>364,246</b>	

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(in million Baht)				
<b>Year 2021</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.55 - 6.20 MOR / MMR plus 0.55 Cost of fund plus (0.65 - 2.50) LIBOR plus (0.75 - 1.25) JIBOR plus 1.50	39,262	-	-	39,262
Short-term borrowings	1.05 , 4.50	324	-	-	324
Long-term borrowings from financial institutions	0.75 - 8.50 MLR minus (1.50 - 2.65) JIBOR plus (1.15 - 1.30) VNIBOR plus 0.50 Cost of fund plus (0.60 - 1.75) THBFIX plus (1.01 - 1.10)	4,618	32,153	44,011	80,782
Lease liabilities	1.40 - 12.12	2,649	6,340	7,483	16,472
Debentures	2.65 - 3.10	39,932	130,203	-	170,135
<b>Total</b>		<b>86,785</b>	<b>168,696</b>	<b>51,494</b>	<b>306,975</b>
<i>Less</i> deferred interest - lease liabilities and debentures issuing expenses				<u>(3,861)</u>	
<b>Net</b>				<u><b>303,114</b></u>	

### **(3) Market risk**

The Group has the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

#### **(3.1) Interest rate benchmark reform (IBOR reform)**

The Group's main IBOR exposure at 31 December 2022 was indexed to LIBOR and THBFIX. The Group estimated that the interest rate benchmark reform will have no material impact to the Group's consolidated financial statements. All financial transactions affected by interest rate reform are expected to be completely processed by 30 June 2023.

The following table shows the total amounts of financial instruments that have yet to transition to an alternative benchmark rate. The amounts of financial liabilities are shown at their carrying amounts and derivatives are shown at their notional amounts.

<b><i>Key reference rate under the existing contracts</i></b>	<b>LIBOR</b>	<b>THBFIX</b>
	<i>(in million Baht)</i>	
<b><i>At 31 December 2022</i></b>		
Long-term borrowings from financial institutions	73,197	12,665
Interest rate exchanges contracts	46,327	1,000

#### **(3.2) Foreign currency risk**

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Group has foreign exchange risk arisen from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies. The Group manages that risk by entering forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the end of the reporting period also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

As at 31 December, the Group has significant foreign currency risk from foreign currency assets and liabilities are as follows:

	2022		2021	
	US Dollars	Vietnamese Dong (in million Baht)	US Dollars	Vietnamese Dong
Trade and other receivables	15,087	1,297	12,344	1,082
Interest-bearing liabilities	(6,229)	(7)	(6,077)	(5)
Trade and other payables	<u>(10,875)</u>	<u>(4,197)</u>	<u>(11,756)</u>	<u>(7,641)</u>
<b>Net statement of financial position exposure</b>	<b>(2,017)</b>	<b>(2,907)</b>	<b>(5,489)</b>	<b>(6,564)</b>
Forward exchange purchase contracts	11,682	-	9,570	-
Forward exchange selling contracts	(6,859)	-	(8,681)	-
<b>Net exposure</b>	<b><u>2,806</u></b>	<b><u>(2,907)</u></b>	<b><u>(4,600)</u></b>	<b><u>(6,564)</u></b>

#### *Cross currency swap*

The Group has entered into cross currency swap contracts with a foreign bank to hedge against the risk arisen from payment on long-term loan of US Dollars 51 million or equivalent to approximately Baht 1,776 million whereby, exchanging currency from US Dollars to functional currency. These contracts will be due within January 2027.

#### *Sensitivity analysis*

A reasonably possible strengthening and weakening of functional currency against foreign currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

<i>Impact to profit or loss</i>	Movement (%)	Strengthening (in million Baht)	Weakening
<b>2022</b>			
US Dollars	1	(28)	28
Vietnamese Dong	1	29	(29)
<b>2021</b>			
US Dollars	1	46	(46)
Vietnamese Dong	1	66	(66)

## (3.3) Interest rate risk

Interest rate risk is the risk that caused from future movements in market interest rates that will affect the results of the Group's operations and its cash flows certainty. The Group is exposed to interest rate risk which mainly came from its borrowings from financial institution. The Group mitigates this risk by entering into interest rate swap contracts in order to manage exposure to fluctuations in interest rates on specific borrowings.

<i>Exposure to interest rate risk at 31 December</i>	2022	2021
	<i>(in million Baht)</i>	
<b><i>Financial instruments with variable interest rates</i></b>		
Financial assets	1,437	919
Financial liabilities	(107,786)	(100,836)
<b>Net statement of financial position exposure</b>	<b>(106,349)</b>	<b>(99,917)</b>
Interest rate swaps contracts	47,327	46,188
<b>Net exposure</b>	<b>(59,022)</b>	<b>(53,729)</b>

*Interest rate swap contracts*

The Group has entered into interest rate swap contracts with local banks to hedge against the risk of interest on long-term loans of Baht 1,000 million, whereby exchanging floating interest rates based on THBFIIX with fixed interest rates 1.50% per annum. These contracts will be gradually due within February 2027.

The Group has entered into interest rate swap contracts with a foreign bank to hedge against the risk of interest on long-term loans of US Dollars 51 million or equivalent to approximately Baht 1,776 million, whereby exchanging floating interest rates based on LIBOR with fixed interest rates at 0.27% per year. These contracts will be due within January 2027.

The Group has entered into interest rate swap contracts with foreign banks to hedge against the risk of interest on long-term loans of US Dollars 1,289 million or equivalent to approximately Baht 44,551 million, whereby exchanging floating interest rates based on LIBOR with average fixed interest rates at 1.54% per year. These contracts will be due within November 2027.

*Cash flow sensitivity analysis for variable-rate financial instruments*

A reasonable possible change of 1% in interest rates at 31 December would have affected profit or loss and other components of shareholders' equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss 1%	decrease in interest rate 1%	increase in interest rate 1%	Other components of shareholders' equity 1%
<i>(in million Baht)</i>				
<b>2022</b>				
Financial instruments with variable interest rate	(367)	367	-	-
Interest rate swaps	27	(27)	446	(446)
<b>Cash flow sensitivity (net)</b>	<b>(340)</b>	<b>340</b>	<b>446</b>	<b>(446)</b>
<b>2021</b>				
Financial instruments with variable interest rate	(525)	525	-	-
Interest rate swaps	31	(31)	431	(431)
<b>Cash flow sensitivity (net)</b>	<b>(494)</b>	<b>494</b>	<b>431</b>	<b>(431)</b>

**(4) Cash flow risk**

The Group has entered into interest rate swaps and commodity swaps that are designated as cash flow hedges at the end of the reporting period. The Group recognized the effective portion of changes in the fair value in OCI and accumulated in the hedging reserve in other components of shareholder's equity amounting to Baht 4,248 million. The Group has no changes in the fair value of the ineffective portion.

## 27 Commitments and contingent liabilities

As at 31 December, the Group had:

	2022 <i>(in million Baht)</i>	2021
(a) Guarantees on loans of non-consolidated related parties	66	132
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	2,727	2,340
(c) Unused letters of credit	1,840	2,123
(d) Commitments		
- for purchase of raw material contracts	38,955	53,870
- for rental and service agreements	4,487	1,801
- for construction, installation of machinery contracts and others	13,054	16,730

Commitment for construction and installation of machinery contracts included engineering, procurement, and construction of petrochemical complex in Vietnam amounting to US Dollars 57 million and Vietnamese Dong 1,317 billion, total equivalent to approximately Baht 3,896 million.

- (e) The Company has entered into the service agreements with 2 local companies. Those companies will provide information and technology outsourcing services to the Group. The commencement price is approximately Baht 6,800 million. The agreement period is for 7 years with the commencement date in June 2016.
- (f) In the years 2018 and 2021, subsidiaries in Chemicals Business have entered into the contracts for purchasing raw materials and utilities from local and oversea companies with the supply period of 10 - 15 years for each contract. Both parties are obligated to supply and take such raw materials and utilities at the price, quantity and conditions specified in the contract.
- (g) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the estate administrator and the heirs of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On 21 November 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On 8 March 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on 4 December 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On 4 June 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on 6 August 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On 23 February 2021, the Appeal Court affirmed the decision made by the Civil Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on 4 June 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd. on 9 July 2021. Currently, the case is under the review of the Supreme Court. On 19 April 2022, the Supreme Court accepted the petition of Thailand Securities Depository Co., Ltd. Later, the Company has submitted the counter petition on 21 June 2022. The case is now under the Supreme Court's proceedings.

## **28 Capital Management**

The management of the Group has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Group considers to have a strong financial foundation. Therefore, the Group focuses on investing in projects that have good rates of return, maintaining appropriate working capital and having sufficient cash reserves and an appropriate investment structure to have a firm operating business in the future and to maintain the confidence of shareholders, investors, creditors and other stakeholders.

## **29 Others**

- (a) In October 2020, Mawlamyine Cement Limited ("MCL"), a joint venture company incorporated in Myanmar between SCG Cement Co., Ltd. ("SCG Cement") and Pacific Link Cement Industry Ltd. ("PLCI"), has temporary suspended its production due to lack of limestone, the main raw material for cement manufacturing process. The cause has occurred from the failure to amicably resolve dispute between SCG Cement and PLCI. SCG Cement has filed the claim to an arbitration pursuant to the Joint Venture Agreement with PLCI. Currently, the arbitration proceeded by The International Chamber of Commerce - Singapore is completed. On 21 December 2022, SCG Cement has received the arbitral award dated 20 December 2022 stating unanimous result ordering that PLCI to comply with the terms of the joint venture agreement.

For the case, PLCI has also filed a lawsuit against MCL to Myanmar court. SCG Cement and MCL, therefore, have filed the objections to the said lawsuit. On 16 May 2022, the court has passed an order to dismiss the Plaintiff's complaint for noncompliance with Insolvency Laws.

- (b) On 26 January 2022, the Board of Directors' Meeting of the Company approved the plan to issue and offer newly issued ordinary share of SCG Chemicals Company Limited as an initial public offering ("IPO") together with the listing of SCG Chemicals Company Limited's ordinary shares on the Stock Exchange of Thailand. In addition, the BOD's Meeting of the Company approved SCG Chemicals Company Limited to become a public limited company.

On 4 April 2022, SCG Chemicals Company Limited has become a public limited company, in accordance with the regulations in the Public Limited Companies Act B.E. 2535, as amended and was renamed as SCG Chemicals Public Company Limited.

On 27 April 2022, SCG Chemicals Public Company Limited submitted a registration statement and draft prospectus for the IPO to the Office of the Securities and Exchange Commission. Under this IPO plan, SCG Chemicals Public Company Limited expects to issue and offer up to 3,854,685,000 of ordinary shares at a par value of 10 Baht per share. This newly issued ordinary shares will account for no more than 25.2% of SCG Chemicals Public Company Limited's paid-up capital after the paid-up capital increase post-IPO. The Group will remain as the major and controlling shareholder of SCG Chemicals Public Company Limited and SCG Chemicals Public Company Limited will remain the Group's subsidiary.

On 5 October 2022, SCG Chemicals Public Company Limited has been already notified the approval IPO application from the Office of the Securities and Exchange Commission.

- (c) At the Board of Directors' Meeting of the Company held on 26 October 2022, the directors approved the merger between SCG Logistics Management Co., Ltd. ("SCGL") and JWD InfoLogistics Public Company Limited ("JWD") by means of a share swap between the ordinary shares of SCGL in the amount of not exceeding 35,031,000 shares and the newly issued ordinary shares of JWD in the amount of not exceeding 776,806,301 shares, at the price of Baht 24.02 per share, accounting for a total value of not exceeding Baht 18,660 million. The merger transaction is subject to the approval of JWD's Extraordinary Meeting of Shareholders, approval from relevant regulators and the fulfilment of conditions precedent under the Agreements Related to the Merger Transaction. The merger transaction is expected to be completed in the first quarter of 2023.

On 14 February 2023, the Group has completely accomplished the share swap between the ordinary shares of SCGL and the newly issued ordinary shares of SCGJWD Logistics Public Company Limited ("SCGJWD") (Former JWD InfoLogistics Public Company Limited). After the merger transaction, the Group hold 42.89% or amount of 776,806,301 shares in SCGJWD.

## **30 Events after the reporting period**

At the Board of Directors' Meeting of the Company held on 25 January 2023, the directors approved the following matters:

- (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2022 at the rate of Baht 8.00 per share, totaling approximately Baht 9,600 million. An interim dividend of Baht 6.00 per share was paid on 26 August 2022, as disclosed in note 25. The final dividend will be at the rate of Baht 2.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 2,400 million and is scheduled for payment on 25 April 2023. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 29 March 2023.
- (2) To issue the debenture No. 1/2023 amounting to Baht 15,000 million on 3 April 2023 to replace the debenture No. 1/2019 amounting to Baht 15,000 million to be due for redemption. Term of the new debenture is 3 years 11 months and 29 days with a fixed interest rate at 3.10% per annum.

### **31 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective**

The Federation of Accounting Professions has issued and revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2023 and have not been adopted in the preparation of these consolidated financial statements because they are not yet effective. The Group has assessed the potential initial impact on the consolidated financial statements of these issued and revised TFRSs and expected that there will be no material impact on the consolidated financial statements in the year of initial application.

# 03

## **Financial Statements of The Siam Cement Public Company Limited**



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## Independent auditor's report

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

#### *Opinion*

I have audited the financial statements of The Siam Cement Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2022, the income statement, the statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2022, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with the *Code of Ethics for Professional Accountants including Independence Standards* issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

#### *Key Audit Matters*

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



Impairment testing of investments in subsidiaries and associates
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Refer to Notes 3 (j) and 6 to the financial statements.
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<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The management assessed the impairment indicators of investments in subsidiaries and associates given rise to impairment testing by focusing on the business that its performance was below expectations. The impairment testing of investments in subsidiaries and associates highly involves management judgments in identifying whether there are impairment indicators on the investment, including estimating the recoverable amount of the investment, in particular the forecasting of future cash flows derived from financial budget of the subsidiaries and associates, expected growth rates and discount rate for those future cash flows, this is an area of focus in my audit.</p>	<p>My audit procedures included, among others:</p> <ul style="list-style-type: none"> <li>• obtaining understanding of the management's identification of impairment indicators and impairment testing procedures;</li> <li>• evaluating the reasonableness of impairment indicators of a possible impairment to investments in subsidiaries and associates and testing the reasonableness of the key assumptions used in determined the recoverable amount of investments in subsidiaries and associates for which there was an indication of impairment which included cash flow forecasts, long-term growth rates and discount rates, by comparing with recent performance and trend analysis, and comparing with market situations and operating environment, industry knowledge and other information obtained during the audit, including evaluating the reasonableness of the forecasting of financial performance by comparing historical estimation to the actual operating results;</li> <li>• evaluating the appropriateness of the valuation methodology used by management and testing the mathematical accuracy of the recoverable amount and impairment calculations; and</li> <li>• considering the adequacy of the disclosures in accordance with the financial reporting standard.</li> </ul>

*Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.



*Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibilities for the Audit of the Financial Statements*

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A handwritten signature in blue ink, appearing to read "Vairoj Jindamaneepitak".

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.  
Bangkok  
23 February 2023

## Statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited

Assets	Note	2022 (in thousand Baht)	2021
<b>Current assets</b>			
Cash and cash equivalents	5, 19	22,211,969	5,342,977
Investments in short-term debt instruments	19	19,279,307	1,231,620
Other current receivables	4	1,811,907	3,259,302
Short-term loans	4, 19	72,833,880	119,600,377
Other current assets		224	33,794
Non-current assets classified as held for sale	6	-	189,974
<b>Total current assets</b>		<b>116,137,287</b>	<b>129,658,044</b>
 <b>Non-current assets</b>			
Investments in debt instruments	19	5,228,737	273,054
Investments in equity instruments	19	10,347,227	11,912,932
Investments in subsidiaries and associates	6	206,849,363	211,450,512
Investment property	7	1,875,149	1,901,552
Property, plant and equipment	8	2,224,623	2,312,864
Intangible assets	10	1,302,255	1,596,143
Other non-current assets		751,173	719,436
<b>Total non-current assets</b>		<b>228,578,527</b>	<b>230,166,493</b>
<b>Total assets</b>		<b>344,715,814</b>	<b>359,824,537</b>

On behalf of the Board of Directors

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

## Statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited

Liabilities and shareholders' equity	Note	2022	2021
		(in thousand Baht)	
<b><i>Current liabilities</i></b>			
Other current payables	4	821,499	807,821
Accrued interest expense		951,179	1,136,192
Current portion of lease liabilities	19	41,126	42,058
Current portion of debentures	19	25,000,000	40,000,000
Short-term borrowings	4, 19	6,517,260	6,581,295
Corporate income tax payable		133,135	-
Other current liabilities		77,683	72,283
<b>Total current liabilities</b>		<b>33,541,882</b>	<b>48,639,649</b>
 <b><i>Non-current liabilities</i></b>			
Lease liabilities	19	37,271	55,317
Debentures	19	114,937,290	124,931,086
Deferred tax liabilities	11	1,229,485	1,482,441
Non-current provisions for employee benefits	13	1,158,886	1,155,976
Other non-current liabilities	4	663,557	866,257
<b>Total non-current liabilities</b>		<b>118,026,489</b>	<b>128,491,077</b>
 <b>Total liabilities</b>		 <b>151,568,371</b>	 <b>177,130,726</b>

The accompanying notes are an integral part of these financial statements.

## Statement of financial position

As at 31 December 2022

The Siam Cement Public Company Limited

Liabilities and shareholders' equity	Note	2022	2021
		<i>(in thousand Baht)</i>	
<b><i>Shareholders' equity</i></b>			
Share capital			
<i>Authorized share capital</i>			
<i>(1,600 million ordinary shares, par value at Baht 1 per share)</i>		<b><u>1,600,000</u></b>	<b><u>1,600,000</u></b>
<i>Issued and paid share capital</i>			
<i>(1,200 million ordinary shares, par value at Baht 1 per share)</i>		1,200,000	1,200,000
Retained earnings			
<i>Appropriated</i>			
Legal reserve	14	160,000	160,000
General reserve		10,516,000	10,516,000
<i>Unappropriated</i>		175,466,946	163,635,012
Other components of shareholders' equity		<b><u>5,804,497</u></b>	<b><u>7,182,799</u></b>
<b>Total shareholders' equity</b>		<b><u>193,147,443</u></b>	<b><u>182,693,811</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>344,715,814</u></b>	<b><u>359,824,537</u></b>

## Income statement

For the year ended 31 December 2022  
The Siam Cement Public Company Limited

	Note	2022	2021
		<i>(in thousand Baht)</i>	
<b>Income</b>			
Dividend income	4	29,070,048	94,821,781
Intellectual property income, management fees			
for administration, and service income	4	7,265,569	8,891,614
Interest income	4	2,534,718	3,102,988
Other income	4	1,768,869	197,935
<b>Total income</b>		<b>40,639,204</b>	<b>107,014,318</b>
<b>Expenses</b>			
Administrative expenses	15	(5,871,357)	(5,852,526)
Finance costs	4	(4,158,589)	(4,971,803)
<b>Total expenses</b>		<b>(10,029,946)</b>	<b>(10,824,329)</b>
<b>Profit before income tax</b>		<b>30,609,258</b>	<b>96,189,989</b>
Tax expense	17	(354,507)	(302,908)
<b>Profit for the year</b>		<b>30,254,751</b>	<b>95,887,081</b>
<b>Basic earnings per share (<i>in Baht</i>)</b>		<b>25.21</b>	<b>79.91</b>

On behalf of the Board of Directors

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

The accompanying notes are an integral part of these financial statements.

## Statement of comprehensive income

For the year ended 31 December 2022

The Siam Cement Public Company Limited

	Note	2022	2021
		(in thousand Baht)	
<b>Profit for the year</b>		<b>30,254,751</b>	<b>95,887,081</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Loss on measurement of financial assets		(3,528)	(63,926)
Income tax relating to items that will be reclassified subsequently to profit or loss	17	706	12,785
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(2,822)</b>	<b>(51,141)</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain (loss) on investments in equity instruments measured at fair value		(788,544)	1,178,227
Gain on remeasurements of defined benefit plans	13	39,734	48,670
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	149,762	(248,511)
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>(599,048)</b>	<b>978,386</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>(601,870)</b>	<b>927,245</b>
<b>Total comprehensive income for the year</b>		<b>29,652,881</b>	<b>96,814,326</b>

## **Statement of changes in shareholders' equity**

For the year ended 31 December 2022

The Siam Cement Public Company Limited

Retained earnings							Other components of shareholders' equity		
Issued and paid share capital	Note	Appropriated	Unappropriated	Gain (loss) on measuring financial assets (in thousand Bah)	Gain (loss) on investments in equity instruments measured at fair value	Total other components of shareholders' equity	Total shareholders' equity		
1,200,000		160,000	10,516,000	88,107,036	52,566	6,241,924	6,294,490	106,277,526	
<b>Balance at 1 January 2021</b>									
Transactions with owners, recorded directly in shareholders' equity									
<i>Contributions by and distributions to owners</i>									
Dividends		-	-	-	(20,398,041)	-	-	-	(20,398,041)
		-	-	-	(20,398,041)	-	-	-	(20,398,041)
		-	-	-	(20,398,041)	-	-	-	(20,398,041)
<i>Total contributions by and distributions to owners</i>									
Comprehensive income for the year									
Profit or loss		-	-	95,887,081	-	-	-	-	95,887,081
Other comprehensive income		-	-	38,936	(51,141)	939,450	888,309	927,245	
		-	-	-	95,926,017	(51,141)	939,450	888,309	96,814,326
		1,200,000	160,000	10,516,000	163,635,012	1,425	7,181,374	7,182,799	182,693,811
		1,200,000	160,000	10,516,000	163,635,012	1,425	7,181,374	7,182,799	182,693,811
<b>Balance at 1 January 2022</b>									
Transactions with owners, recorded directly in shareholders' equity									
<i>Contributions by and distributions to owners</i>									
Dividends		-	-	-	(19,199,249)	-	-	-	(19,199,249)
		-	-	-	(19,199,249)	-	-	-	(19,199,249)
		-	-	-	(19,199,249)	-	-	-	(19,199,249)
<i>Total contributions by and distributions to owners</i>									
Comprehensive income for the year									
Profit or loss		-	-	30,254,751	-	(1,375,480)	(1,378,302)	30,254,751	
Other comprehensive income		-	-	776,432	(2,822)	-	-	(601,870)	
		-	-	-	31,031,183	(2,822)	(1,375,480)	(1,378,302)	29,652,881
		1,200,000	160,000	10,516,000	175,666,946	1,397	5,805,894	5,804,497	193,147,443

## Statement of cash flows

For the year ended 31 December 2022  
The Siam Cement Public Company Limited

	2022	2021
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	30,254,751	95,887,081
<b><i>Adjustments for</i></b>		
Tax expense	354,507	302,908
Depreciation and amortization	609,400	722,688
Non-current provisions for employee benefit expense	102,743	78,794
Loss on foreign currency exchange	364	1,021
Dividend income	(29,070,048)	(94,821,781)
Interest income	(2,534,718)	(3,102,988)
Finance costs	4,158,589	4,971,803
Gain on sale of investments, fair value adjustment and others	<u>(1,527,812)</u>	<u>(26,264)</u>
<b><i>Cash flows generated from operations</i></b>		
<b>before changes in operating assets and liabilities</b>	<b><u>2,347,776</u></b>	<b><u>4,013,262</u></b>
<b><i>Decrease (increase) in operating assets</i></b>		
Other current receivables	980,998	(1,007,340)
Other assets	740	4,803
<b>Net decrease (increase) in operating assets</b>	<b><u>981,738</u></b>	<b><u>(1,002,537)</u></b>
<b><i>Increase (decrease) in operating liabilities</i></b>		
Other current payables	(79,337)	171,180
Non-current provisions for employee benefits	(60,100)	(107,727)
Other liabilities	(185,656)	(174,949)
<b>Net increase in operating liabilities</b>	<b><u>(325,093)</u></b>	<b><u>(111,496)</u></b>
<b>Net cash flows generated from operations</b>	<b><u>3,004,421</u></b>	<b><u>2,899,229</u></b>
Income tax paid	<u>(323,932)</u>	<u>(315,654)</u>
<b>Net cash flows provided by operating activities</b>	<b><u>2,680,489</u></b>	<b><u>2,583,575</u></b>

## Statement of cash flows

For the year ended 31 December 2022

The Siam Cement Public Company Limited

	Note	2022	2021 (in thousand Baht)
<b>Cash flows from investing activities</b>			
Proceeds from sale of subsidiaries and associates	6	1,270,793	5,244,739
Proceeds from capital return of a subsidiary		9,367,867	-
Payments of investments in subsidiaries	6	(4,813,838)	(22,402,787)
Proceeds from sale of equity and debt instruments of other entities		16,418,810	78,953,685
Acquisition of debt instruments of other entities		(38,274,145)	(49,774,559)
Acquisition of property, plant and equipment, and intangible assets		(130,776)	(238,692)
Proceeds from repayment of loans (payments for loans) to related parties, net	4	46,766,497	(22,836,272)
Dividends received		29,740,616	34,091,029
Interest received		2,511,896	3,141,502
<b>Net cash flows provided by investing activities</b>		<b>62,857,720</b>	<b>26,178,645</b>
<b>Cash flows from financing activities</b>			
<i>Proceeds from (payments of) borrowings</i>			
Proceeds from (payments of) short-term borrowings from related parties, net	4	(64,035)	1,282,187
Payments of lease liabilities		(67,346)	(92,880)
Proceeds from issuance of debentures		15,000,000	40,000,000
Redemption of debentures		(40,000,000)	(50,000,000)
<b>Net decrease in borrowings</b>		<b>(25,131,381)</b>	<b>(8,810,693)</b>
Dividends paid		(19,199,249)	(20,398,041)
Interest and other finance costs paid		(4,338,587)	(5,126,533)
<b>Net cash flows used in financing activities</b>		<b>(48,669,217)</b>	<b>(34,335,267)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>16,868,992</b>	<b>(5,573,047)</b>
Cash and cash equivalents at beginning of the year		5,342,977	10,916,024
<b>Cash and cash equivalents at end of the year</b>		<b>22,211,969</b>	<b>5,342,977</b>

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2022

The Siam Cement Public Company Limited

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 23 February 2023.

## **1 General information**

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company holds investments in the following core business segments: Cement-Building Materials Business, Chemicals Business (SCGC) and Packaging Business (SCGP).

## **2 Basis of preparation of the financial statements**

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”); guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission. The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

The preparation of financial statements in conformity with TFRSs requires management to make judgments, estimates and assumptions that affect the application of the Company’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that are described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

## **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### **(a) Investments in subsidiaries and associates**

Investments in subsidiaries and associates are accounted for using the cost method less allowance for impairment losses. Dividend income is recognized in profit or loss on the date on which the Company’s right to receive the dividend is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains or losses on disposal of the investments are recognized in profit or loss.

### **(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments which have maturities of three months or less from the date of acquisition and are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(c) Other receivables**

A receivable is recognized when the Company has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find the ECLs rates. This method groups the debtors based on shared credit risk characteristics and past due status by taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the end of the reporting period.

**(d) Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale in current condition and measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are no longer depreciated or amortized.

**(e) Investment property**

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Company. Investment properties are held to earn rental income, or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is charged on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	20, 40 years

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

*Reclassification to property, plant and equipment*

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(f) Property, plant and equipment**

*Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognized in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 years
Buildings and structures	5, 20, 40, 50 years
Machinery and equipment	5, 10, 20 years
Vehicles and equipment	5 years
Furniture, fixtures and office equipment	3, 5, 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(g) Intangible assets**

*Research and development expenditure*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalized only when it increases the future economic benefits.

*Other intangible assets*

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

License fee	Term of agreements
Software licenses	3, 5, 10 years
Others	5, 10, 25 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(h) Leases**

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. The Company has elected not to separate non-lease components and accounted for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized as expenses on a straight-line basis over the respective lease terms.

Right-of-use asset is measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurements of lease liability.

The cost of right-of-use asset includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful lives of the underlying asset which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

**(i) Lessor**

At inception or on modification of a contract, the Company allocates the consideration in the contract to each component on the basis of their relative stand-alone selling prices.

At lease inception, the Company considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

When the Company is an intermediate lessor, the Company classifies the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease.

The Company recognizes finance lease receivables at the net investment of the leases, which includes the present value of the lease payments, and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income reflects a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

The Company recognizes lease payments received under operating leases in profit or loss on a straight-line basis over the respective lease terms as part of rental income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

**(j) Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company will estimate the assets' recoverable amounts. For intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss of asset recognized in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(k) Trade and other payables**

Trade and other payables are stated at amortized cost.

**(l) Employee benefits**

*Defined contribution plans*

Obligations for contributions to provident fund for the Company's employee are expensed in profit or loss as the related service is provided.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. The defined benefit obligation is discounted to the present value which performed annually by a qualified actuary.

For remeasurements of the net defined benefit liability, actuarial gains or losses are recognized in other comprehensive income. The Company determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period by taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Gain or loss on remeasurements is recognized in profit or loss in the period in which they arise.

*Termination benefits*

Termination benefits are expensed at the earlier of when the Company can no longer withdraw the offer of those benefits or when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(m) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

**(n) Revenue from contracts with customers**

*(1) Revenue recognition*

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties and value added tax.

*Service fee income*

Intellectual property income, management fees for administration and service income are recognized on an accrual basis in accordance with the terms of agreement.

*Other income*

Other income comprising dividend income, interest income and others is recognized on accrual basis except dividend income which is recognized in profit or loss on the date on which the Company's right to receive the dividend is established.

*(2) Contract assets and liabilities*

Contract assets are recognized when the Company has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Company is entitled to, less allowance for expected credit loss. The contract assets are classified as receivables when the Company has an unconditional right to receive consideration that usually occurs when the Company issues an invoice to the customer.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognized when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognizes the related revenue.

*(o) Expenses*

*Finance costs*

Finance costs comprise interest expense on borrowings and unwinding of the discount on provisions.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

*Early retirement expenses*

The Company offers certain qualifiable employees the option to take early retirement from the Company. The eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance.

*(p) Income tax*

Income tax expense for the year comprises current and deferred tax, which is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is recognized in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(q) Foreign currencies transactions**

Transactions in foreign currencies including non-monetary assets and liabilities denominated in foreign currency transactions and measured in terms of historical cost are translated to the respective functional currencies of the Company at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currencies at the exchange rates at the end of the reporting period.

Non-monetary assets and liabilities measured at fair value in foreign currencies are translated to the functional currency at the exchange rates at the dates that the fair value was determined.

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI are recognized in other comprehensive income.

**(r) Financial instruments**

*Classification and measurement*

Debt securities issued by the Company are initially recognized when they are originated. Other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortized cost using the effective interest method, except that the financial liabilities are held for trading or derivative are classified as measured at FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

Financial assets measured at amortized costs are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and gain or loss on derecognition are recognized in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognized in profit or loss. Gains and losses from changes in fair value are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividend income is recognized as income in profit or loss on the date on which the Company's right to receive the dividend is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

#### *Derecognition and offset*

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### *Impairment of financial assets*

The Company recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt instruments measured at FVOCI and lease receivables.

The Company recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets or account receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Company considers a financial asset to have low credit risk when its credit rating is the investment grade. The Company recognizes ECLs for low credit risk financial asset as 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company takes action such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at the end of reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### *Interest*

Interest income and expense are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### **(s) Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

When measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price, and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

#### **(t) Related parties**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

#### 4 Related parties

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2022 (in million Baht)	2021 (in million Baht)	Pricing policies
<i>Subsidiaries</i>			
Dividend income	24,429	92,216	Upon declaration
Intellectual property income, service income and other income	5,635	6,247	Based on percentage of revenue from sales and comparable cost plus method
Interest income	2,352	2,907	Contract interest rate
Interest expense	25	22	Contract interest rate
Service fees and others	433	466	Comparable cost plus method
<i>Joint ventures and associates</i>			
Dividend income	195	1,036	Upon declaration
Intellectual property income, management fees for administration, service income and other income	1,366	2,280	Based on percentage of revenue from sales and comparable cost plus method
Service fees and others	111	114	Upon agreed contract
<i>Other related parties</i>			
Dividend income	4,446	1,570	Upon declaration
Management fees for administration, service income and other income	401	379	Based on percentage of revenue from sales and comparable cost plus method

Balances as at 31 December with related parties were as follows:

	2022	2021
	<i>(in million Baht)</i>	
<i>Other current receivables - Current accounts</i>		
Subsidiaries	1,059	1,219
Joint ventures and associates	282	1,872
Other related parties	63	21
<b>Total</b>	<b>1,404</b>	<b>3,112</b>
<i>Short-term loans - Promissory Note</i>		
Subsidiaries	<b>72,834</b>	<b>119,600</b>

Movements during the years on short-term loans to related parties were as follows:

	2022	2021
	<i>(in million Baht)</i>	
At 1 January		
Increase	119,600	96,764
Decrease	30,188	43,880
<b>At 31 December</b>	<b>(76,954)</b>	<b>(21,044)</b>
	<b>72,834</b>	<b>119,600</b>

	2022	2021		
	<i>(in million Baht)</i>			
<i>Other current payables and other non-current liabilities</i>				
<i>Current accounts</i>				
Subsidiaries	98	47		
Associates	12	21		
<b>Total</b>	<b>110</b>	<b>68</b>		
<i>Advance received from software licenses</i>				
Subsidiaries	533	694		
Joint ventures and associates	17	21		
Other related parties	5	6		
<b>Total</b>	<b>555</b>	<b>721</b>		

*Short-term borrowings - Promissory Note*

Subsidiaries	<b>6,517</b>	<b>6,581</b>
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Movements during the years on short-term borrowings from related parties were as follows:

	2022	2021
	<i>(in million Baht)</i>	
At 1 January		
Increase	6,581	5,299
Decrease	7,282	3,381
<b>At 31 December</b>	<b>(7,346)</b>	<b>(2,099)</b>
	<b>6,517</b>	<b>6,581</b>

***The Board of Directors and key management compensation***

	2022	2021
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Short-term employee benefits	191	181
Post-employment benefits	10	8
<b>Total</b>	<b>201</b>	<b>189</b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, special remuneration benefit, others and contribution to defined contribution plans.

**5 Cash and cash equivalents**

	2022	2021
	<i>(in million Baht)</i>	
<b>Cash on hand and at banks</b>		
	18,212	5,343
High liquid short-term investments	4,000	-
<b>Total</b>	<b>22,212</b>	<b>5,343</b>

**6 Investments in subsidiaries and associates**

Movements for the years ended 31 December in investments in subsidiaries and associates accounted for using the cost method were as follows:

	2022	2021
	<i>(in million Baht)</i>	
<b>At 1 January</b>		
Acquisitions and additional investments	211,451	134,473
Return on capital	4,814	82,426
Disposals	(9,369)	-
Change of the status to investment in equity instrument	-	(5,258)
Transfer to non-current assets as held for sale	(47)	-
<b>At 31 December</b>	<b>206,849</b>	<b>(190)</b>

Investments in subsidiaries and associates as at 31 December and dividends from these investments for the years then ended were as follows:

	Total holding 2022 (%)		Cost 2022	Dividend income 2021 (in million Baht)	
<b>Subsidiaries</b>					
Cement-Building Materials Business	100	100	63,720	70,953	9,818
Chemicals Business (SCGC)	100	100	121,001	121,001	10,587
Packaging Business (SCGP)	72	72	17,363	17,363	2,012
Others	100	100	4,880	2,202	2,012
<b>Investments in subsidiaries</b>			<b>206,964</b>	<b>211,519</b>	<b>24,429</b>
					<b>92,216</b>
<b>Associates</b>					
<b>Investments in associates</b>			<b>137</b>	<b>374</b>	<b>195</b>
					<b>1,036</b>
<b>Investments in subsidiaries and associates</b>					
			<b>207,101</b>	<b>211,893</b>	<b>24,624</b>
Less accumulated impairment losses			(252)	(252)	-
Less classified as assets held for sale			-	(190)	-
<b>Investments in subsidiaries and associates - net</b>			<b>206,849</b>	<b>211,451</b>	<b>24,624</b>
					<b>93,252</b>

In the second quarter of 2021, SCG Chemicals Co., Ltd. called for the remaining payment of share capital totaling Baht 2,145 million.

In the third quarter of 2021, SCG Chemicals Co., Ltd. paid the 2021 interim dividend amounting to Baht 80,031 million and the Company paid for additional investment in SCG Chemicals Co., Ltd. amounting to Baht 80,031 million. The Company sold the entire investment in Thai Plastic and Chemicals Public Company Limited to a related party with the proceeds from sale of Baht 5,245 million.

In year 2022, SCG Cement-Building Materials Co., Ltd. called for the payment of the remaining share capital amounting to Baht 2,136 million, the Company paid for the capital increase in Property Value Plus Co., Ltd. amounting to Baht 1,428 million and paid for the remaining share capital and the capital increase in SCG Cleanergy Co., Ltd. amounting to Baht 1,250 million.

In the third quarter of 2022, the Company sold partial shares in 3 associates which had been classified as non-current assets held for sale totaling Baht 1,270 million. Consequently, the status of these investments were changed from investments in associates to investments in equity instruments and recognized a gain before tax totaling Baht 1,081 million included in other income in the income statement.

In the fourth quarter of 2022, a subsidiary under Cement-Building Materials Business registered its dissolution with the Ministry of Commerce on 23 December 2022. This company returned partial capital to the Company amounting to Baht 9,368 million. Currently, this company is in the process of liquidation.

## 7 Investment property

	Land and land improvements	Buildings and structures <i>(in million Baht)</i>	Total
<b><i>Cost</i></b>			
At 1 January 2021	1,619	616	2,235
Additions	-	22	22
<b>At 31 December 2021</b>	<b>1,619</b>	<b>638</b>	<b>2,257</b>
Transfers from property, plant and equipment	-	136	136
Transfers to property, plant and equipment	-	(25)	(25)
<b>At 31 December 2022</b>	<b>1,619</b>	<b>749</b>	<b>2,368</b>
 <b><i>Accumulated depreciation</i></b>			
At 1 January 2021	107	236	343
Depreciation charge for the year	-	12	12
<b>At 31 December 2021</b>	<b>107</b>	<b>248</b>	<b>355</b>
Depreciation charge for the year	-	13	13
Transfers from property, plant and equipment	-	130	130
Transfers to property, plant and equipment	-	(5)	(5)
<b>At 31 December 2022</b>	<b>107</b>	<b>386</b>	<b>493</b>
 <b><i>Carrying Amount</i></b>			
<b>At 31 December 2021</b>	<b>1,512</b>	<b>390</b>	<b>1,902</b>
<b>At 31 December 2022</b>	<b>1,512</b>	<b>363</b>	<b>1,875</b>

The Company determined fair value of investment properties at open market values on an existing use basis. As at 31 December 2022, the fair value was Baht 6,278 million (2021: Baht 5,533 million).

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is the discounted cash flows and market approach.

### *Leases (as a lessor)*

The leases of investment property are classified as operating leases in term of which the Company does not transfer any risks and rewards of ownership to the lessee. The leases of the Company contain land and land improvements and buildings and structures with the periods of 1 to 3 years. The subsequent renewals are negotiated with the lessee. The rental income from the leases is fixed under the contract for all investment property.

Maturity of lease payment received under operating lease as at 31 December were as follows:

	2022	2021
	<i>(in million Baht)</i>	
Within 1 year	161	199
After 1 year but not more than 5 years	402	479
<b>Total</b>	<b>563</b>	<b>678</b>

## 8 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Vehicles and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	(in million Baht)						
<b><i>Cost</i></b>							
At 1 January 2021	1,019	3,271	1,253	180	668	2	6,393
Additions	6	31	3	44	3	5	92
Disposals/written off	(1)	(25)	(2)	(46)	(13)	-	(87)
Transfers in (out)	-	3	-	-	-	(3)	-
<b>At 31 December 2021</b>	<b>1,024</b>	<b>3,280</b>	<b>1,254</b>	<b>178</b>	<b>658</b>	<b>4</b>	<b>6,398</b>
Additions	27	6	16	40	7	38	134
Disposals/written off	(68)	(3)	-	(56)	(14)	-	(141)
Transfers from investment property	-	25	-	-	-	-	25
Transfers to investment property	-	(136)	-	-	-	-	(136)
<b>At 31 December 2022</b>	<b>983</b>	<b>3,172</b>	<b>1,270</b>	<b>162</b>	<b>651</b>	<b>42</b>	<b>6,280</b>
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
At 1 January 2021	788	1,833	597	67	582	-	3,867
Depreciation charges for the year	42	80	70	48	38	-	278
Disposals/written off	(1)	(21)	-	(26)	(12)	-	(60)
<b>At 31 December 2021</b>	<b>829</b>	<b>1,892</b>	<b>667</b>	<b>89</b>	<b>608</b>	<b>-</b>	<b>4,085</b>
Depreciation charges for the year	25	66	67	38	22	-	218
Disposals/written off	(68)	(3)	-	(39)	(13)	-	(123)
Transfers from investment property	-	5	-	-	-	-	5
Transfers to investment property	-	(130)	-	-	-	-	(130)
<b>At 31 December 2022</b>	<b>786</b>	<b>1,830</b>	<b>734</b>	<b>88</b>	<b>617</b>	<b>-</b>	<b>4,055</b>
<b><i>Carrying amount</i></b>							
<b>At 31 December 2021</b>							
Owned assets	167	1,388	587	1	38	4	2,185
Right-of-use assets	28	-	-	88	12	-	128
<b>At 31 December 2022</b>							
Owned assets	164	1,342	536	1	28	42	2,113
Right-of-use assets	33	-	-	73	6	-	112

In 2022, the right-of-use assets of the Company has increased amounting to Baht 65 million (2021: Baht 45 million).

9 Leases

Most of the Company's lease contracts are land and vehicles, which term are 2 to 5 years and 30 years. The rental is payable periodically prepaid.

<i>For the years ended 31 December</i>	<b>2022</b>	<b>2021</b>
	<i>(in million Baht)</i>	
<b><i>Amounts recognized in profit or loss</i></b>		
Depreciation of right-of-use assets:		
- Land and land improvements	18	35
- Buildings and structures	1	3
- Vehicles and equipment	38	45
- Furniture, fixtures and office equipment	6	9
Interest on lease liabilities	2	2
Expenses relating to short-term leases	36	1
Expenses relating to leases of low-value assets	35	31

10 Intangible assets

	Software licenses	Development cost	Others	Total
	<i>(in million Baht)</i>			
<b><i>Cost</i></b>				
At 1 January 2021	3,218	57	663	3,938
Additions	38	36	-	74
Disposals/written off	(9)	-	(1)	(10)
Transfers in (out)	44	(44)	-	-
<b>At 31 December 2021</b>	<b>3,291</b>	<b>49</b>	<b>662</b>	<b>4,002</b>
Additions	33	31	21	85
Disposals/written off	(117)	-	-	(117)
Transfers in (out)	16	(16)	-	-
<b>At 31 December 2022</b>	<b>3,223</b>	<b>64</b>	<b>683</b>	<b>3,970</b>

### *Accumulated amortization*

#### ***and accumulated impairment losses***

<b>At 1 January 2021</b>	1,885	-	99	1,984
Amortization charge for the year	386	-	45	431
Disposals/written off	(9)	-	-	(9)
<b>At 31 December 2021</b>	<b>2,262</b>	-	<b>144</b>	<b>2,406</b>
Amortization charge for the year	332	-	47	379
Disposals/written off	(117)	-	-	(117)
<b>At 31 December 2022</b>	<b>2,477</b>	-	<b>191</b>	<b>2,668</b>

### *Carrying amount*

<b>At 31 December 2021</b>	<b>1,029</b>	<b>49</b>	<b>518</b>	<b>1,596</b>
<b>At 31 December 2022</b>	<b>746</b>	<b>64</b>	<b>492</b>	<b>1,302</b>

Amortization expenses of other intangible assets are included in administrative expenses in the income statement.

## 11 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the statement of financial position as follows:

	2022 (in million Baht)	2021 (in million Baht)
Deferred tax assets	327	326
Deferred tax liabilities	(1,556)	(1,808)
<b>Net</b>	<b>(1,229)</b>	<b>(1,482)</b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2021	Credited (charged) to other profit or loss <i>(note 17)</i> (in million Baht)			At 31 December 2021
		comprehensive income			
<b><i>Deferred tax assets</i></b>					
Investments in subsidiaries	50	-	-	-	50
Provisions for employee benefits	259	(6)	(10)	243	
Others	37	(4)	-	33	
<b>Total</b>	<b>346</b>	<b>(10)</b>	<b>(10)</b>	<b>326</b>	
<b><i>Deferred tax liabilities</i></b>					
Investments in equity instruments	(1,555)	-	(239)	(1,794)	
Investments in debt instruments	(13)	-	13	-	
Others	(9)	(5)	-	(14)	
<b>Total</b>	<b>(1,557)</b>	<b>(5)</b>	<b>(226)</b>	<b>(1,808)</b>	
<b>Net</b>	<b>(1,231)</b>	<b>(15)</b>	<b>(236)</b>	<b>(1,482)</b>	

	Credited (charged) to other comprehensive income <i>(note 17)</i>			Recognized in shareholders' equity <i>(in million Baht)</i>	At 31 December 2022
At 1 January 2022	profit or loss				
<b><i>Deferred tax assets</i></b>					
Investments in subsidiaries	50	-	-	-	50
Provisions for employee benefits	243	11	(9)	-	245
Others	33	(2)	1	-	32
<b>Total</b>	<b>326</b>	<b>9</b>	<b>(8)</b>	<b>-</b>	<b>327</b>
<b><i>Deferred tax liabilities</i></b>					
Investments in equity instruments	(1,794)	(56)	157	187	(1,506)
Others	(14)	(36)	-	-	(50)
<b>Total</b>	<b>(1,808)</b>	<b>(92)</b>	<b>157</b>	<b>187</b>	<b>(1,556)</b>
<b>Net</b>	<b>(1,482)</b>	<b>(83)</b>	<b>149</b>	<b>187</b>	<b>(1,229)</b>

## 12 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities were as follows:

	Short-term borrowings	Lease liabilities <i>(in million Baht)</i>	Debentures	Total
At 1 January 2021	5,299	168	174,955	180,422
Changes from financing cash flows	1,282	(93)	(10,000)	(8,811)
Other non-cash movement	-	22	(24)	(2)
<b>At 31 December 2021</b>	<b>6,581</b>	<b>97</b>	<b>164,931</b>	<b>171,609</b>
Changes from financing cash flows	(64)	(67)	(25,000)	(25,131)
New leases	-	48	-	48
Other non-cash movement	-	-	6	6
<b>At 31 December 2022</b>	<b>6,517</b>	<b>78</b>	<b>139,937</b>	<b>146,532</b>

### 13 Non-current provisions for employee benefits

The Company operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Company to actuarial risks, such as longevity risk and interest rate risk.

*Non-current provisions for employee benefits in statements of financial position as at 31 December*

	2022 (in million Baht)	2021 (in million Baht)
Post-employment benefits		
Legal severance payments plan	1,136	1,131
Other long-term employee benefits	23	25
<b>Total</b>	<b>1,159</b>	<b>1,156</b>

*Movements in the present value of non-current provisions for defined benefit plans*

	2022 (in million Baht)	2021 (in million Baht)
Non-current provisions for defined benefit plans at 1 January	1,156	1,234
<b>Included in profit or loss</b>		
Current service costs	56	62
Interest on obligation	23	17
Non-current provisions for defined benefit plans transfer from the related parties	24	-
	103	79
<b>Included in other comprehensive income</b>		
Actuarial gains	(40)	(49)
<b>Others</b>		
Benefits paid	(60)	(108)
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>1,159</b>	<b>1,156</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2022 (in million Baht)	2021 (in million Baht)
<b>For the years ended 31 December</b>		
Demographic assumptions	55	1
Financial assumptions	(108)	(92)
Experience adjustment	13	42
<b>Total</b>	<b>(40)</b>	<b>(49)</b>

### ***Actuarial assumptions***

*Principal actuarial assumptions as of the end of the reporting period*

	2022 (%)	2021 (%)
Discount rate *	2.76 - 2.93	1.94 - 2.12
Salary increase rate	0.46 - 5.14	0.80 - 7.00
Employee turnover rate **	2.00 - 10.00	2.50 - 10.00
Mortality rate ***	50.00 of TMO2017	50.00 of TMO2017

\* Market yields on government's bond for legal severance payments plan

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table 2017

As at 31 December 2022, the Company has weighted-average duration for payment of long-term employee benefits approximately 13 years (2021: 14 Years).

### ***Sensitivity analysis***

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

#### **Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease) 2022	2021 (in million Baht)
Discount rate		
0.5% increase	(55)	(59)
0.5% decrease	59	63
Salary increase rate		
1.0% increase	116	121
1.0% decrease	(102)	(106)
Employee turnover rate		
10.0% increase	(24)	(30)
10.0% decrease	25	31

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

## **14 Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## 15 Administrative expenses

	2022	2021
	<i>(in million Baht)</i>	
Salary, welfare, personnel and employee development expenses	3,217	3,286
IT fees	629	528
Depreciation and amortization expenses	600	713
Publication	391	377
Professional fees	272	332
Outside wages	219	207
Others	543	410
<b>Total</b>	<b>5,871</b>	<b>5,853</b>

## 16 Employee benefit expenses

	2022	2021
	<i>(in million Baht)</i>	
Salaries and wages	2,578	2,748
Welfares and others	179	114
Contribution to defined contribution plans	217	220
Contribution to defined benefit plans	103	79
Early retirement expenses	40	68
<b>Total</b>	<b>3,117</b>	<b>3,229</b>

The defined contribution plans comprise provident funds established by the Company for its employee. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment.

## 17 Income tax

	Note	2022 (in million Baht)	2021 (in million Baht)
<b><i>Income tax recognized in profit or loss</i></b>			
<b>Current tax</b>			
Current tax		272	283
Under provided in prior years		-	5
		<b>272</b>	<b>288</b>
<b>Deferred tax</b>			
Movement in temporary differences	10	83	15
<b>Total</b>		<b>355</b>	<b>303</b>
<b><i>Income tax recognized in other comprehensive income</i></b>			
Losses on measurement of financial assets		(1)	(13)
Gains (losses) on investments in equity instruments measured at fair value		(157)	239
Gains on remeasurement of defined benefit plans		8	10
<b>Total</b>	10	<b>(150)</b>	<b>236</b>
<b><i>Reconciliation of effective tax rate</i></b>			
	Rate (%)	2022 (in million Baht)	2021 (in million Baht)
Profit before income tax expense		30,609	96,190
Income tax using the Thai corporation tax rate	20	6,122	19,238
Income not subject to tax		(5,799)	(18,953)
Expenses deductible at a greater amount		(6)	(5)
Expenses not deductible for tax purposes and others		(45)	3
<b>Current tax</b>		<b>272</b>	<b>283</b>
Under provided in prior years		-	5
Movement in temporary differences		83	15
<b>Income tax expense</b>	1.2	<b>355</b>	<b>303</b>

## 18 Dividends

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<b>2022</b>				
Annual dividend 2021	30 March 2022	26 April 2022	10.00	12,000
Interim dividend 2022	27 July 2022	26 August 2022	6.00	7,199
<b>Total</b>			<b>16.00</b>	<b>19,199</b>
<b>2021</b>				
Annual dividend 2020	31 March 2021	23 April 2021	8.50	10,199
Interim dividend 2021	29 July 2021	27 August 2021	8.50	10,199
<b>Total</b>			<b>17.00</b>	<b>20,398</b>

## 19 Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value								
	Fair value											
	Fair value	through other										
	through	comprehensive	Amortized									
	profit or loss	income	cost	Total	Level 2	Level 3						
	(in million Baht)											
<i>At 31 December 2022</i>												
<i>Financial assets</i>												
Cash and cash equivalents	-	-	22,212	22,212								
Investments in short-term debt instruments												
- Deposit with financial institutions	-	-	444	444								
- Funds	3,013	15,822	-	18,835	18,835	-						
Short-term loans	-	-	72,834	72,834								
Investments in debt instruments	-	5,229	-	5,229	5,229	-						
Investments in equity instruments	-	10,347	-	10,347	-	10,347						
<b>Total financial assets</b>	<b>3,013</b>	<b>31,398</b>	<b>95,490</b>	<b>129,901</b>								
<i>Financial liabilities</i>												
Short-term borrowings	-	-	6,517	6,517								
Lease liabilities	-	-	78	78								
Debentures	-	-	139,937	139,937	141,946	-						
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>146,532</b>	<b>146,532</b>								

	Carrying amount			Fair value		
	Fair value through other comprehensive income	Amortized cost	Total (in million Baht)	Level 2	Level 3	Total
<b>At 31 December 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	5,343	5,343			
Investments in short-term debt instruments						
- Deposit with financial institutions	-	593	593			
- Fund	639	-	639	639	-	639
Short-term loans	-	119,600	119,600			
Investments in debt instruments	273	-	273	273	-	273
Investments in equity instruments	11,913	-	11,913	-	11,913	11,913
<b>Total financial assets</b>	<b>12,825</b>	<b>125,536</b>	<b>138,361</b>			
<b>Financial liabilities</b>						
Short-term borrowings	-	6,581	6,581			
Lease liabilities	-	97	97			
Debentures	-	164,931	164,931	170,719	-	170,719
<b>Total financial liabilities</b>	<b>-</b>	<b>171,609</b>	<b>171,609</b>			

In the third quarter of 2022, the Company sold partial shares in Finfloor S.p.A., resulting in decreasing of the Company's stake from 9.60% to 4.76% amounting to Baht 1,081 million. The Company had transferred the cumulative gains from changes in the fair value of investments, previously recognized in other comprehensive income into retained earnings in proportion to the disposal, amounting to Baht 745 million, net of tax.

As at 31 December 2022, investments in debt instruments measured at FVOCI are mainly in private funds which are managed by 3 independent asset management companies (AMCs). The AMCs have invested in debt securities which had high liquidity and rating as investment grade with return rates from 0.53 % to 3.05 % per annum (2021: 0.44% to 2.86% per annum).

#### ***Financial instruments measured at fair value***

Since the majority of the financial assets and liabilities classified as short-term and borrowings are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2022 and 2021, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value.

The Company determined Level 2 fair values for investments in debt instruments which are simple over-the-counter securities based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

The Company determined Level 3 fair values for investments in equity instruments which are not actively traded in market calculated by using valuation techniques such as the latest reporting net assets adjusted by relevant factors. This was because the equity investments were not listed on any stock exchange and there were no recent observable arm's length transactions in the instruments.

### ***Financial instruments measured at amortized cost***

The Company determined Level 2 fair values for debentures based on quoted selling price from the Thai Bond Market Association at the closing price on the end of the reporting period.

#### ***Debentures***

As at 31 December 2022, the Company has unsubordinated and unsecured debentures totaling Baht 140,000 million (*2021: Baht 165,000 million*) as follows:

Debentures no.	2022 (in million Baht)	2021	Interest rate (% p.a.)	Term	Maturity date
2/2017	10,000	10,000	2.97	7 years	30 August 2024
1/2018	-	30,000	3.00	4 years	1 April 2022
2/2018	-	10,000	3.10	4 years	1 October 2022
1/2019	15,000	15,000	3.10	4 years	1 April 2023
2/2019	10,000	10,000	3.00	4 years	1 November 2023
1/2020	25,000	25,000	2.80	4 years	1 April 2024
2/2020	25,000	25,000	2.80	4 years	1 November 2024
1/2021	15,000	15,000	2.65	4 years	1 April 2025
2/2021	25,000	25,000	2.65	4 years	1 October 2025
1/2022	15,000	-	3.25	4 years	1 October 2026
Total	140,000	165,000			
<i>Less</i> debenture issuing expenses	(63)	(69)			
<b>Net</b>	<b>139,937</b>	<b>164,931</b>			
<i>Less</i> current portion	(25,000)	(40,000)			
<b>Net</b>	<b>114,937</b>	<b>124,931</b>			

#### ***(b) Financial risk management policies***

##### ***Risk management framework***

The Company's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Company's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Company's Finance Committee monitors financial status and reports regularly to the Company's Management Committee.

### **(1) Credit risk**

Credit risk is the risk of the Company's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

#### **(1.1) Cash and cash equivalent**

The Company's credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Company considers having low credit risk.

#### **(1.2) Investments in debt instruments**

The Company's credit risk is limited by investing only in high liquidity and credibility debt instruments.

#### **(1.3) Guarantees**

As at 31 December 2022, the Company has issued a guarantee to certain banks in respect of credit facilities granted to a subsidiary.

### **(2) Liquidity risk**

The Company oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Company's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

The effective interest rates of loans receivable and interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

#### *Loans receivable*

	Effective interest rates (% p.a.)		Within 1 year (in million Baht)	
	2022	2021	2022	2021
Short-term loans to related parties	3.25	3.10	72,834	119,600

*Interest-bearing financial liabilities*

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in million Baht)	Total
<b>Year 2022</b>				
Lease liabilities	1.21 - 2.71	43	39	82
Short-term borrowings				
from related parties	0.25 and 0.35	6,517	-	6,517
Debentures	2.65 - 3.25	25,000	115,000	140,000
<b>Total</b>		<b>31,560</b>	<b>115,039</b>	<b>146,599</b>
<i>Less deferred interest - lease liabilities and debentures issuing expenses</i>			<b>(66)</b>	
<b>Net</b>				<b>146,533</b>
<b>Year 2021</b>				
Lease liabilities	1.38 - 2.71	44	57	101
Short-term borrowings				
from related parties	0.25 and 0.35	6,581	-	6,581
Debentures	2.65 - 3.10	40,000	125,000	165,000
<b>Total</b>		<b>46,625</b>	<b>125,057</b>	<b>171,682</b>
<i>Less deferred interest - lease liabilities and debentures issuing expenses</i>			<b>(73)</b>	
<b>Net</b>				<b>171,609</b>

### (3) Market risk

The Company has the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

#### (3.1) Foreign currency risk

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Company has foreign currency risk arisen from the fluctuation of foreign exchange rate from services and IT service charges which are denominated in foreign currencies.

As at 31 December, the Company has significant foreign currency risk from US Dollars currency assets and liabilities are as follows:

	2022 (in million Baht)	2021 (in million Baht)
Other receivables	99	80
Other payables	(12)	(11)
<b>Net statement of financial position exposure</b>	<b>87</b>	<b>69</b>

#### (3.2) Interest rate risk

Interest rate risk is the risk that caused from future movements in market interest rates that will affect the results of the Company's operations and its cash flows certainty. The Company has interest rate risk from its borrowings and loans.

<i>Exposure to interest rate risk at 31 December</i>	2022 (in million Baht)	2021 (in million Baht)
<b><i>Financial instruments with variable interest rates</i></b>		
Financial assets	72,834	119,600
Financial liabilities	(6,517)	(6,581)
<b>Net statement of financial position exposure</b>	<b>66,317</b>	<b>113,019</b>

## 20 Commitments and contingent liabilities

As at 31 December, the Company had:

	2022 (in million Baht)	2021 (in million Baht)
(a) Guarantees on loans of a subsidiary	69,328	48,273
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	58	54
(c) Commitments		
- for rental agreements	217	21
- for construction and improvement of office building and implementation project	9	5
- for title sponsor agreement and others	114	19

- (d) The Company has entered into the service agreements with 2 local companies. Those companies will provide information and technology outsourcing services to the Company and affiliates. The commencement price is approximately Baht 6,800 million. The agreements period is for 7 years with the commencement date in June 2016.
- (e) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the estate administrator and heirs of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On 21 November 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On 8 March 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on 4 December 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On 4 June 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on 6 August 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On 23 February 2021, the Appeal Court affirmed the decision made by the Civil Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on 4 June 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd. on 9 July 2021. Currently, the case is under the review of the Supreme Court. On 19 April 2022, the Supreme Court accepted the petition of Thailand Securities Depository Co., Ltd. Later, the Company has submitted the counter petition on 21 June 2022. The case is now under the Supreme Court's proceedings.

## **21 Capital Management**

The management of the Company has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Company considers to have a strong financial foundation. Therefore, the Company focuses on investing in projects that have good rate of return, maintaining appropriate working capital, and having a sufficient cash reserve and an appropriate investment structure to have a firm operating business in the future and to maintain the confidence of shareholders, investors, creditors, and other stakeholders.

## **22 Events after the reporting period**

At the Board of Directors' Meeting of the Company held on 25 January 2023, the directors approved the following matters:

- (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2022 at the rate of Baht 8.00 per share, totaling approximately Baht 9,600 million. An interim dividend of Baht 6.00 per share was paid on 26 August 2022, as disclosed in note 18. The final dividend will be at the rate of Baht 2.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 2,400 million and is scheduled for payment on 25 April 2023. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 29 March 2023.
- (2) To issue the debenture No. 1/2023 amounting to Baht 15,000 million on 3 April 2023 to replace the debenture No. 1/2019 amounting to Baht 15,000 million to be due for redemption. Term of the new debenture is 3 years 11 months and 29 days with a fixed interest rate at 3.10% per annum.

## **23 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective**

The Federation of Accounting Professions has issued and revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2023 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Company has assessed the potential initial impact on the financial statements of these issued and revised TFRSs and expected that there will be no material impact on the financial statements in the year of initial application.



**PASSION FOR BETTER**

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