

THE SIAM CEMENT PUBLIC COMPANY LIMITED

ANNUAL REPORT 2019

TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
TRANSFORMATION
ACTION IS NOW

CONTENT

Business Operation	Management and Corporate Governance	Financial Position and Operating Performance	Other Related Information
01 Overview of Business and Vision 1	09 Securities and Shareholders 56 - 58	19 Report on the Board of Director's Responsibility for Financial Statement 166	24 References 328
02 Message from the Board of Directors 2 - 5	10 Management Structure 59 - 88	20 The Audit Committee's Report 167 - 169	25 Investor Information 329
03 People are the Heart of Transformation 6 - 9	11 The Governance and Nomination Committee's Report 89 - 90	21 Operating Results and Financial Status 170 - 172	
04 Financial Overview 10	12 Corporate Governance 91 - 131	22 Consolidated Financial Statement of The Siam Cement Public Company Limited and its Subsidiaries 173 - 271	
05 Operating Results 11	13 The Remuneration Committee's Report 132	23 Financial Statement of The Siam Cement Public Company Limited 272 - 327	
06 Business Highlight 12 - 13	14 The CSR Committee for Sustainable Development's Report 133 - 135		<p>Investor can find further information regarding the Company from the Annual Registration Statement (Form 56-1) which has been disclosed at www.set.or.th or www.scg.com</p>
Cement-Building Material Business 14 - 17	15 Corporate Social Responsibility 136 - 140		
Chemicals Business 18 - 23	16 Internal Control and Internal Audit 141 - 146		
Packaging Business 24 - 27	17 Risk Management 147 - 154		
07 Sustainability Performance in 2019 28 - 31	18 Connected Transaction 155 - 163		
08 Other 32 - 53			



All paper inside the Annual Report 2019 is 100% made from EcoFiber, Soy ink used in the printing process for environmental friendly.

01

OVERVIEW OF BUSINESS AND VISION

Leading Change for **Sustainable Growth**

For over 100 years, SCG has committed itself to continuous business development and corporate adjustment with primary concern for customers. SCG was established in 1913 following a royal decree of His Majesty King Rama VI to produce cement, a main building material for infrastructure projects, which was vital to the nation's development back then, and to reduce reliance on imports. Today, SCG comprises 3 core business units, namely, Cement-Building Materials Business, Chemicals Business, and Packaging Business.

Cement-Building Materials Business was founded to help propel the country's development to be on par with other developed nations, building upon SCG's cement production. The cement properties have been constantly developed to be used for the construction of strong and safe buildings as well as infrastructure such as bridges, train stations, stadiums, etc. that make life easier. Today, Cement-Building Materials Business has transformed its business model to become a "Solution Provider" dedicated to delivering prompt and timely services backed by a broad spectrum of innovative products and services to take the construction industry to new heights.

Chemicals Business was established some 30 years ago following the discovery of a natural gas reserve off the Gulf of Thailand. Natural gas has been used as a feedstock in the petrochemical industry to manufacture chemicals products that accommodate the application needs in various industries such as medicine, public health, automotive and home appliances. As part of its transformation ambitions, Chemicals Business has evolved into a "creator of high value-added products and innovations" to become Service & Solution Provider by partnering with world-class organizations to research and develop innovations that can satisfy the future needs of customers promptly.

Packaging Business has transformed itself from a manufacturer of high quality paper into a "Packaging Solutions Provider", encompassing design, production, transportation, and raw material inventory in anticipation of the upward trends in the packaging industry brought on by the accelerated growth of e-commerce and food & beverage business. Packaging Business also plan for stock market listing under the name SCG Packaging Public Company Limited.

SCG's sustainable growth amid constant change could be attributed primarily to operating business under the principles of good corporate governance, adopting technologies and innovations with high safety standards, and conducting business in line with the sustainable development approach. The concerted efforts have resulted in SCG being the first in ASEAN to have been included in the Dow Jones Sustainability Indices (DJSI) as the Global Industry Leader in Construction Materials for 15 consecutive years since 2004.



Vision

Our vision is to become a regional business leader with a relentless commitment to driving innovative products, services, and solutions that meet the diverse needs of consumers whilst creating business success in accordance with the circular economy concept to contribute to the sustainable growth of each and every society and community where we operate under our promise "**Passion for Better**".

MESSAGE FROM THE BOARD OF DIRECTORS

02



Transforming Limitations and Creating New Enterprise Capabilities

Transformation is the best solution in any business today in the face of unprecedented disruption in technology, changing consumer lifestyles, and the entry of new highly capable competitors from within and across industries. This has been compounded by the volatile global economy triggered by the U.S.-China trade war, conflicts in the Middle East, fluctuating world oil prices, and the depletion of natural resources due to overconsumption. Meanwhile, the Thai economy has witnessed modest growth, attributed partly to the high level of household debt, and the strong Thai baht, which continues to soar significantly more than many major currencies, putting downward pressure on the Thai export sector. The delay in the formation of the new government and in the budget bill as well as the looming worst drought in 50 years add to the Thai economy's challenges.

To cope with today's exponentially disrupted business environment, it is imperative that SCG transform its business models and staff to better accommodate the rapidly-evolving demands of consumers in the digital era.

Developing Human Resources to Become “Customer-Centric”

“Human Resources” are a major driving force for business. On that note, SCG believes that the best human resources development practice is to engage employees in the transformation process, allowing them to enhance their skills and new capabilities. In the recent years, SCG embarked on its major transformation journey, transforming itself from a “product maker” into a “solution & service creator” that delivers value beyond expectations. To realize its transformation ambitions, SCG strives to equip its employees with the skills to identify customers’ latent needs together with upskilling and reskilling the staff, enabling them to learn new, advanced skills, especially in digital technology to deliver customer value proposition in a prompt and timely manner.

Driving Continuous Transformation with “Innovations” and “Solutions”

Chemicals Business witnessed several challenges in the previous year brought on by the global economic slowdown and new supply coming onto the market from greenfield petrochemical facilities amid weak demand. To drive sales, enabling Chemicals Business to grow robustly once more, SCG has pledged to continuously build and gain competitive advantage, repositioning itself from a maker of commodity chemicals to a supplier of high value-added products and services. Chemicals Business also strives toward becoming a Service & Solution Provider, delivering solutions that satisfy the needs of customers more promptly and that are different from competitor offerings. Examples include PE112 a special grade HDPE resin of which SCG is one of the first two petrochemicals companies in the world capable of manufacturing. PE112 is used for the manufacture of subsea pipes that afford greater pressure resistance. Added to this is special grade polyethylene resin, manufactured using SMX™ Technology. In comparison to other PE resins, the innovative PE by SMX™ Technology features enhanced mechanical properties which allow for thinner films with excellent strength and toughness. It can be applied in various industries such as food & beverage packaging, automotive, and home appliances.

SCG firmly believes that the dedicated investment in research and development of high value-added innovations

will help drive sales in response to the fast-growing demand in the marketplace. To that effect, aside from establishing academic networking and collaboration with world-class researchers and institutions such as Norner in Norway and Oxford University in the United Kingdom, SCG has also set up I2P Center (Idea to Products Center) to accommodate collaborative projects between SCG and its customers and suppliers throughout the supply chain. Moreover, new digital technologies have been adopted to increase the operational effectiveness of the entire supply chain, encompassing planning for sales, production, and advance sourcing of the best materials in alignment with the forecasted changes in market conditions as well as Predicative Analytic to predict future outcomes in an attempt to minimize production loss.

Cement-Building Materials Business has transformed its business model from being a “product maker” to being a creator of innovative products, services, and total solutions to elevate the home and construction industry. Chief among them are construction solutions that allow technicians and builders to work quickly, efficiently, and cost-effectively by using advanced technology, for example, Building Information Modeling (BIM), a 3D model-based process that ensures efficient planning of the materials and construction techniques, resulting in effective budgetary control, less excess materials, and faster project completion.

SCG embarked on its major transformation journey, transforming itself from a “product maker**” into a “**solution & service creator**” by equipping employee with the skills to identify customers’ latent needs that delivers value beyond expectations.**

Cement-Building Materials Business is also committed to providing living solutions to fulfill the application needs of homeowners to ensure superb living comfort, reduce the amount of heat inside the house, reduce energy consumption, and improve safety for home residents of all ages.

With good understanding of customers, SCG has streamlined its business model, especially the marketplace to better accommodate and get closer to customers. The digital technology-based Active Omni-Channel has been adopted to integrate offline stores nationwide, which are SCG's distinctive strengths, with online platforms

SCG strives to handle the challenges via transforming its “business model” and “human resources” to enable them to understand and address customers' latent needs, create innovations, and deliver products, services, and solutions that satisfy the demand of each and every group of customers promptly.



Roongrote Rangsiyopash
“Business Transformation in fast changing and volatile business landscape”

under the name SCGHome.com to deliver seamless customer experience anytime, anywhere. The efforts also extend to providing excellent consultancy, design and installation services, and warranty backed by efficient logistics through its network of over 840 distribution centers across Thailand. This keeps current with expanding fast-growing retails, like SCG Home Boonthavorn and SCG Home Solution along with

developing www.nocnoc.com, the first platform in Thailand that offers construction materials and accessories from retailers and suppliers across the country.

Packaging Business The accelerated growth of e-commerce and consumer products has propelled a rising demand for packaging, resulting in the Packaging Business' robust operating results, especially in ASEAN, which is one of the world's largest potential markets. To build and maintain momentum, Packaging Business has transformed itself into a Packaging Solutions Provider, offering a diverse range of products and services to integrate itself into the customer's daily life. On top of this, is to also boost sales of packaging among rapidly-growing industries and to deliver solutions that meet the special needs of customers. Examples are design and printing solutions, smart packaging solutions, and product and service solutions that are environmentally-friendly.

To enhance competitive edge and retain its leadership status in the region's integrated packaging market, SCG Packaging Public Company Limited announced an initial public offering (IPO) to raise capital for expansion across ASEAN. The company also acquired a 55% stake valued at 20,817 Million Baht at PT Fajar Surya Wisesa Tbk (Fajar), the largest paper company in Indonesia, which has a high demand for packaging.

Corporate Functions is tasked with providing operational support to all business units under SCG to ensure the business runs more smoothly and efficiently. To that effect, it incorporates the concepts of lean, automation, and digitalization into its operations to reduce unnecessary processes. The endeavors have proven to be effective. For example, robotic process automation has improved work efficiency by 30% while the internationally-accepted blockchain technology could help streamline process and cut costs in procurement process by 60%. All these are the transformation ambitions of Corporate Functions to implement world-class management in every process of operations.

Moreover, SCG has undertaken a mindset and culture transformation process to cultivate such attributes as entrepreneurship, embracing change, and knowing customer through an in-house start-up studio called Zero to One, resulting in the rapid drive of cutting-edge ideas and innovations. At the same time, the concept of Open Innovation has been carried out via AddVentures by SCG, a corporate venture arm off SCG dedicated to partnering with the widely-recognized start-ups outside to develop innovations for customers in Thai and ASEAN markets and to invest and support the start-ups to expand and grow together. The efforts enable SCG to learn and partner with start-ups globally and see greater opportunities to advance into other markets or industries.

Nevertheless, the impacts of uncertainties and challenges in 2019 including the U.S.-China trade war, oil price fluctuations, a downcycle for the petrochemical industry as well as unfavorable domestic conditions such as the baht appreciation, political uncertainty, and the high level of household debt carried over to SCG's overall

operating performance. The Group reported revenue from sales of 437,980 Million Baht, a drop of 8% from the previous year. Profit before adjusting workmen's compensation benefits as prescribed by the labor laws amounted to 34,049 Million Baht, a decrease of 24% from last year. With the addition of the compensation benefit amount of 2,035 Million Baht, the profit for the year stood at 32,014 Million, a decrease of 28% year-on-year caused by a decrease in performance of SCG Chemicals.

Despite the decline, SCG's financial position as at year end remained strong, thanks to the continued investment and innovation development. Net Debt to EBITDA ratio stood at 2.4 times while almost all of the loan was denominated in Thai Baht with the average interest rate at 3.1%, and cash flows were relatively stable as a result of the strong operating results of SCG's core business units. At the 2020 Annual General Meeting of Shareholders, the Board of Directors resolved to propose a full year dividend payment of 16,800 Million Baht, or 14.00 Baht per share for the 2019 financial performance, representing a payout ratio of 52 %. This comprised an interim dividend of 7.00 Baht per share and a final year-end dividend of 7.00 Baht per share.

Teaming up with Business Partners to Consolidate Strength

Last year, SCG joined forces with numerous leading Thai and world-class institutions with various areas of expertise to conduct research and develop innovations to satisfy customers' present and future needs. The Group entered into agreement with The Chinese Academy of Sciences(CAS) to establish SCG -CAS ICCB Innovation Hub for the first time in Thailand to develop and share knowledge in the field of innovation in 5 industries: Smart City,

AI/ Machine Learning and Robotics, High Value Chemicals, New Energy Business and Environment and Sustainability. SCG also set up SCG Advance Materials Laboratory in Oxford, the United Kingdom to develop prototype products of functional materials.

As a business leader committed to driving the concept of the circular economy in Thailand and ASEAN Continuously, SCG held the SD Symposium 10 Years under the theme of Collaboration for Action. At the forum, 45 leading Thai and international organizations jointly announced their intentions to adopt the concept of the circular economy to achieve sustainable development tangibly. SCG also pledges to drive the concept among its suppliers, contractors, community, and clients.

The Board of Directors would like to express its sincere gratitude to all shareholders, debenture holders, joint-venture partners, suppliers, contractors, clients, and all other relevant parties including domestic and international financial institutions for their continued contributions and support toward SCG as well as all SCG employees for their dedication that has helped drive SCG to grow firmly in the wake of volatile economic circumstances.

Despite last year's economic instability prompted by uncontrollable external factors, SCG strives to handle the challenges via transforming its business model and human resources to enable them to understand and address customers' latent needs, create innovations, and deliver products, services, and solutions that satisfy the demand of each and every group of customers promptly. SCG believes the strategies can enhance long-term competitiveness and create sustainable growth for SCG.

Bangkok, January 29, 2020

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsopash

President & CEO

As the outbreak of the 2019 coronavirus (COVID-19) has grown more severe after on January 29, 2020, The Board of Directors has been closely monitoring the situation and is deeply concerned for the safety and wellbeing of meeting attendees and staffs. As such, on March 18, 2020, the Board of Directors, after due consideration, resolved to indefinitely postpone the 2020 Annual General Meeting of Shareholders, previously scheduled for April 1, 2020 (The 27th Meeting).

When the situation continued to alleviate, the Board of Directors holding on April 29, 2020, resolved to convene the 2020 Annual General Meeting of Shareholders (The 27th Meeting) on June 8, 2020, and acknowledge two interim dividend payments at the rate of 14.00 Baht per share, totaling 16,800 million Baht, or 52% of profit for the year on consolidated financial statements, comprising the 1st interim dividend payment for the first half of year 2019 at the rate of 7.00 Baht per share, totaling 8,400 million Baht, on Friday, August 23, 2019, and the 2nd interim dividend payment, paid from the Company's profit as at December 31, 2019, at the rate of 7.00 Baht per share, totaling of 8,400 million Baht, on Friday, April 17, 2020. The second interim dividend payment in order to relieve the impact of the indefinite postponement of the Annual General Meeting of shareholders scheduled on Wednesday, April 1, 2020, to the Company's shareholders.

PEOPLE ARE THE HEART OF TRANSFORMATION

03

In today's business, adaptability has become fundamental because people's lifestyles have drastically changed since the advent of advanced digital technology, commerce shifting from physical to the online platform, and consumers having instant access to information. As a result, there have been newcomers emerging to offer lower-priced services with no trade boundaries. The intense competition means more choices for customers. Therefore, corporates that don't keep up the pace could be disrupted, suffer a loss, or even put out of business.

Putting "People" In Transformation Process

SCG captures opportunities arising from these changes and understands that transformation isn't about integrating technology only it's also about developing "People." Having people stay connected and adapt to changes as well as learning new technologies and skills will help enhance work processes, which are crucial factors to meet the consumers' needs. The transformation will lead to a transition from bringing about high-quality product to "new business model" that focuses on solutions, innovations, and services, providing enriching experience in a timely manner like a One-Stop Service. With this model, the organization will thrive and become "consumer's favorite brand."

The best human resources development practice is involving people in the transformation process and integrating experiential learning, action learning, and competency using the 70:20:10 philosophy where 70% of learning can take place on the job, 20% through coaching and mentoring and 10% through formal learning experiences. Plus, digital technology courses, such as Big Data, AI, Process Automation, Robots, Digital Marketing, must be provided to keep people relevant to global trends.

SCG business operations cover ASEAN region, making it a multinational company with a diversity of ethics, ages, cultures, and backgrounds. However, SCG has embraced cultural differences and values with respect and dignity, where everyone is treated equally as SCG people and is a crucial part of the company's growth. Examples include a subsidiary in Indonesia that employees formed a group called "One Team" consisting of local and Thai staff members. The group's goals are to establish business policies with mutual understanding and embed the customer's interest at its core. The effort also helps slash costs and eliminate work duplicates. In the meantime,

at Prime Group in Vietnam as well as Mariwasa and UPPC in the Philippines, local and Thai staff members collectively organized community activities and worked in solidarity, leading to a borderless friendship stemming from having a profound respect for differences.

Transforming from Manufacturer to Strategic Partner

SCG people have been commended by customers for manufacturing expertise, excellent work process development from raw material selection, improved and modernized process, world-class manufacturing standards, fast logistics services to excellent after-sales service in line with the mission of "Quality and Fairness." As time progresses, SCG people realize that the same approach is no longer pertinent. As a result, it led to the transformation into "Customer Value Proposition" through better solutions, products, and services, following the commitment "Passion for Better" focusing on customer-centricity.

To gain experiences in other areas, SCG people specialized in the production process are assigned to engage with customers and marketers in the hope of unleashing new perspectives and becoming a strategic partner who sits in consumer's minds." This approach will unlock hidden needs, and deliver new products and high-quality services. Examples include an effort at Packaging Business where staff learns about trouble swallowing and chewing among the post-surgical patients and the elderly. Thus, SCG has partnered with Mahidol University to develop a flexible packaging with spout pouch that excellently and safely maintain the quality of liquid food, and is convenient to use. Although product development has taken more than two years, the team is still committed to developing the product to deliver value that meets the customers' needs.

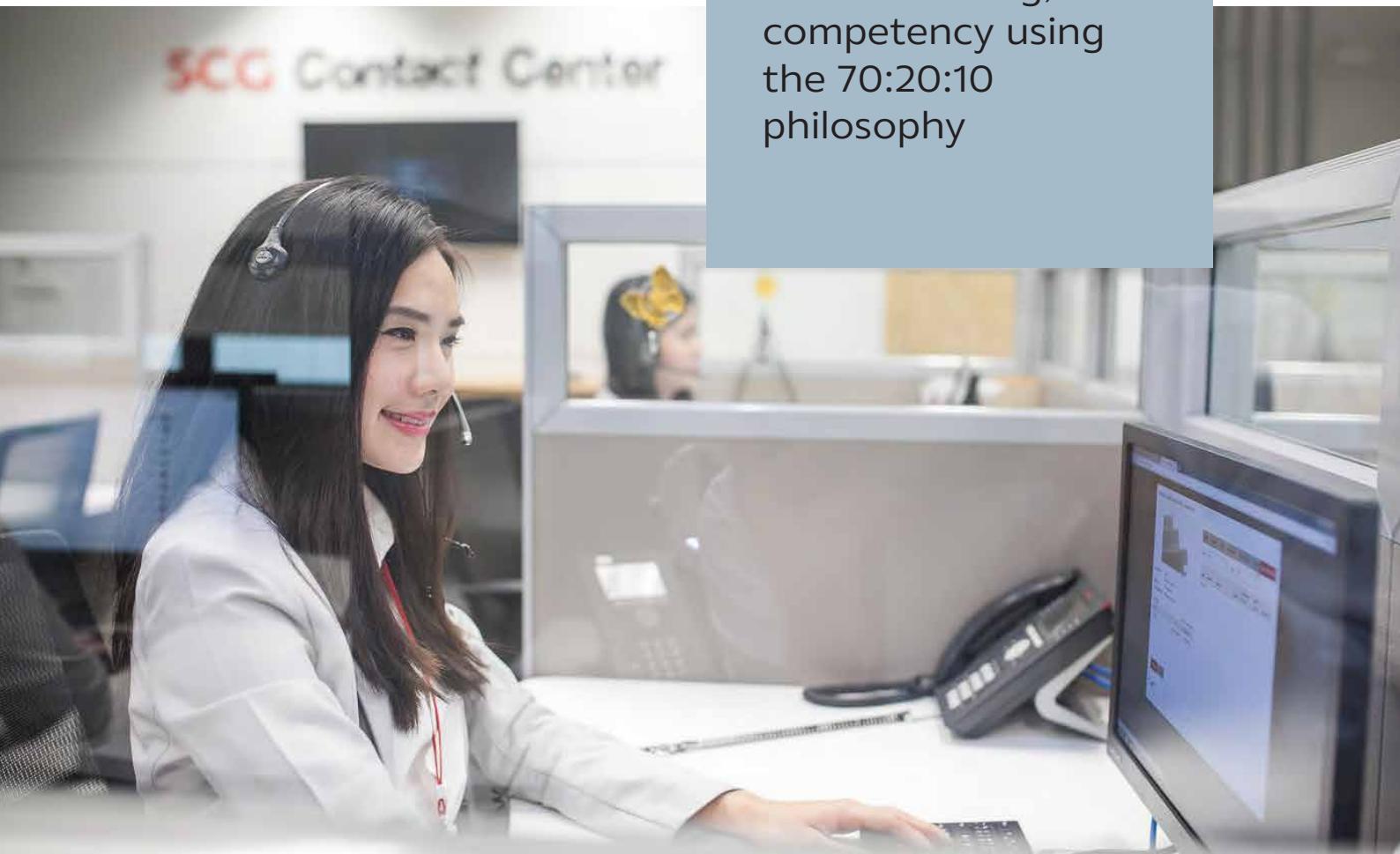
Shifting from Product Manufacturer to Total Solution Provider

SCG realizes that improving or bettering existing businesses will not be enough. The “Overhaul” must be performed in an extensive array of strategy and work processes, whereby “People” must be reskilled and upskilled to build a sustainable competency.

The implementation of the Design Thinking and Business Model Canvas is the process of addressing the customer’s pain points. Intensive workshops and project assignments will help directly and quickly solve the customer’s needs, shifting from being a mere manufacturer to a “solution provider” that comprehensively and timely serve customer needs. For example, Cement-Building Materials Business introduced “Worry-Free Solutions” for townhouses and townhomes with recurring roof leakages. Putting the mindset of the homeowner who wishes for a safe place to live and doesn’t want to move out during house renovation, the solutions offer on-site survey drone service to identify roof conditions and SCG’s patent double protection roofing in which the installation doesn’t require old roof removal. The technology helps reduce construction dust and allow homeowners to carry on normal lives under renovation, on top of a 1-year guarantee offered. With this approach, SCG gained trust and respect from customers, making it the “Favorite Brand” in the area of total living solutions.



The best human resources development practice is involving people in the transformation process and integrating experiential learning, action learning, and competency using the 70:20:10 philosophy





“In the era where customers can access solutions, products, and services at their fingertips, SCG People have transformed from being the “strategic partner**” to the provider that offers solutions to undiscovered needs. SCG classified customers and introduced personalized solutions, not one-for-all. The approach allows SCG to explore new business opportunities that put SCG at the forefront while differentiating from others.”**



Strengthening Community for Business’s Sustained Growth

“Create prosperity in Thailand and ASEAN where SCG operates” is a commitment that SCG people have adhered to. Employees have worked on the ground to learn the community’s problems and become a mentor to help the community search for local needs before coming up with social-responsibility activities or CSR projects to sustainably empower the community. “SCG Sharing the Dream” project is among numerous CSR projects that has fostered ASEAN citizenship with scholarships given to students from high-school to university for more than a decade. The project has developed into SCG Sharing the Dream – ASEAN Camp, which students from 7 nations came together to share experiences and learn about innovation and the Circular Economy with the aim of developing their countries, highlighting the unified pride of new leaders in ASEAN. Another initiative is “SCG Sharing a Brighter Vision” which has been carried out for the 5th consecutive year. The project has restored the eyesight of over 900 cataract patients in Myanmar. A group of skilled ophthalmologists from Banphaeo Hospital (Public Organization) was brought to provide treatment.

Besides, SCG people have adopted a global trend – the Circular Economy – to promote the community’s waste management and add value to waste. Ban Rang Plub community in Ratchaburi province is now made a model for Zero Waste Community. With this model, villagers can generate values from wastes and cut household expenses. The initiative has created more jobs with fertilizers and locally processed products. Furthermore, Chemicals Business has developed an application “KoomKah” to streamline the collection and separation of waste in the community and facilitate waste collectors and waste banks. The implementation of digital technology has connected waste management-related agencies in a network, generating economic values that appropriately and conveniently meet the lifestyle of eco-friendly minded people.

Thinking Differently to Create New Business Opportunities

In the era where customers can access solutions, products, and services at their fingertips, SCG People have transformed from being the “strategic partner” to the provider that offers solutions to undiscovered needs. SCG classified customers and introduced personalized solutions, not one-for-all. The approach allows SCG to explore new business opportunities that put SCG at the forefront while differentiating from others.

SCG people have incorporated technology which helps speed up the work process, giving more time to explore business and customer’s insights as well as fostering “in-house startup.” The startups have begotten new business models under the program “Zero to One” run by “AddVentures by SCG.” Nurtured by SCG, the Dexpaz team developed a platform to facilitate food delivery merchants with food packaging with a logo tailored to the customer’s business. The MeZ team has invented an agricultural product purchase data system to minimize price suppression by intermediaries where customers can get fresh fruits at a reasonable price. These are new business models that can boost the company’s competitiveness.

In addition, SCG has invested with many startups, both at home and aboard. Apart from expanding the business into other industries and markets, this approach has equipped SCG people with opportunities to learn and broaden their knowledge with those startups. Likewise, SCG has entered into joint-research projects to develop deep technology with the Chinese Academy of Sciences (CAS) and the United Kingdom’s Oxford University with the aim of creating innovations for customers.

SCG believes that the heart of the transformation is “people” who can adapt to constant changes. Armed with capability focusing on customer-centricity and technology implementation, SCG people can minimize work time, eliminate duplicates or errors, earning more time to develop new projects to deliver meaningful value to customers in a timely manner. SCG believes that “a transformed organization will gain early competitive advantages” and sustain its position as “the favorite brand that sits in customer’s minds.”



DeZpaX offers food delivery packaging design



MeZ launches a platform that connects customers and fruit farmers

FINANCIAL OVERVIEW

04

THE SIAM CEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES

	2019	2018	2017	2016	2015
Consolidated Income Statement ¹ (Million Baht)					
Revenue from sales	437,980	478,438	450,921	423,442	439,614
Costs and expenses	419,096	445,392	408,995	376,825	400,248
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA)	74,960	86,641	102,080	97,816	82,690
Profit for the year ²	32,014	44,748	55,041	56,084	45,400
Profit for the year before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562	34,049				
Consolidated Statement of Financial Position (Million Baht)					
Assets	634,733	589,787	573,412	539,688	509,981
Liabilities	306,990	271,918	271,587	258,070	266,975
Shareholders' equity	327,743	317,869	301,825	281,618	243,006
Equity attributable to owners of the parent	280,215	277,097	261,098	240,023	206,161
Financial Ratio					
Total number of shares issued (Million Shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	233.5	230.9	217.6	200.0	171.8
Earnings per share (Baht)	26.7	37.3	45.9	46.7	37.8
Dividends per share (Baht)	14.0	18.0	19.0	19.0	16.0
Dividends payout ratio on profit for the year (%) ³	52.5	48.3	41.4	40.7	42.3
Return on revenue from sales (%)	7.3	9.4	12.2	13.2	10.3
Return on equity (%)	11.5	16.6	22.0	25.1	23.7
Return on assets (%)	5.2	7.7	9.9	10.7	9.3
EBITDA on total assets (%)	12.2	14.9	18.3	18.6	16.9
Debt to equity ratio (Times) ⁴	0.9	0.9	0.9	0.9	1.1
Price earnings ratio (Times)	14.7	11.7	10.5	10.6	12.1
Net debt to EBITDA ratio (Times)	2.4	1.7	1.4	1.5	2.0

¹ The figures for year 2016 are reclassified according to the notification of the Department of Business Development B.E. 2559.

² Represents profit for the year attributable to owners of the parent.

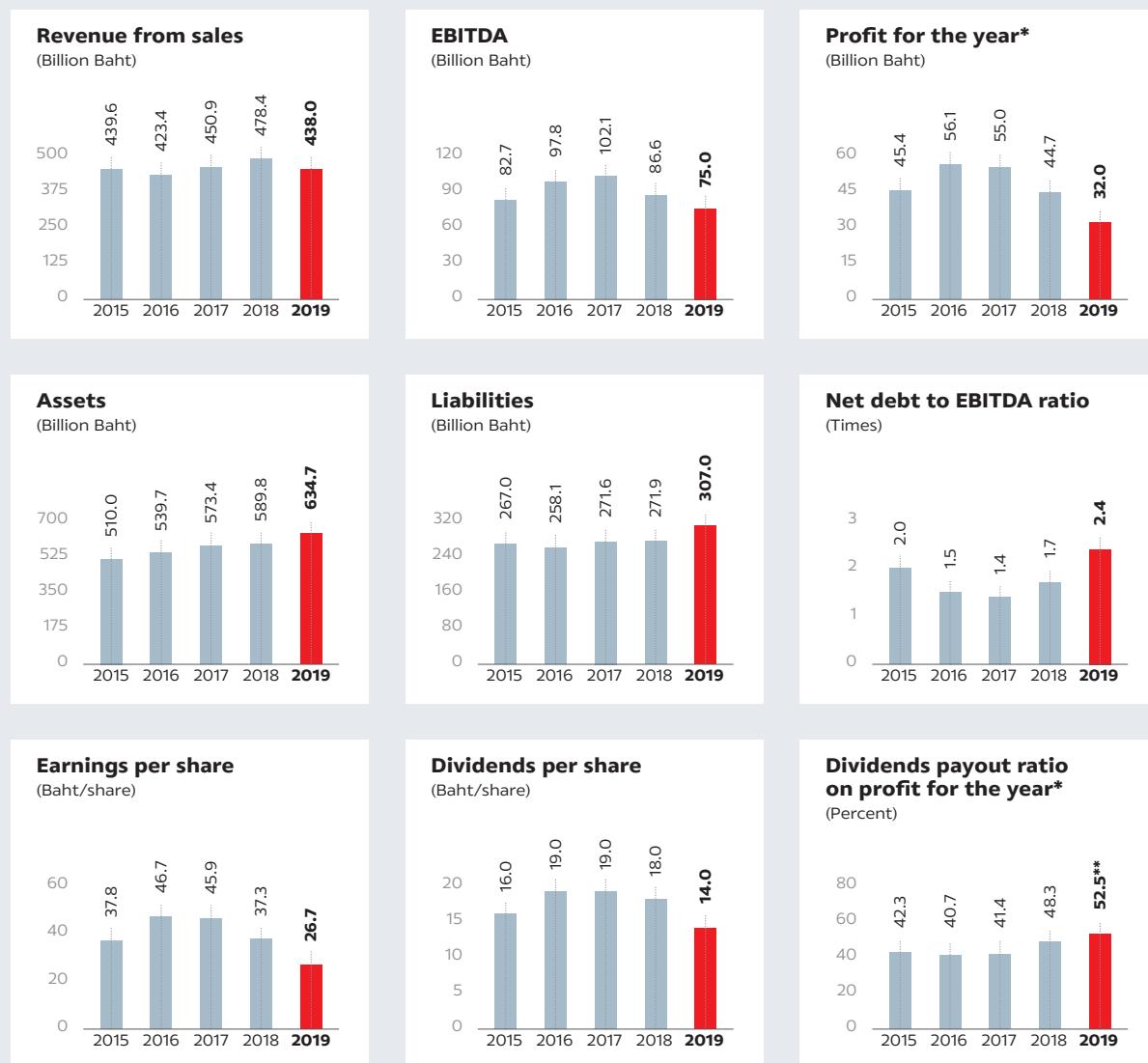
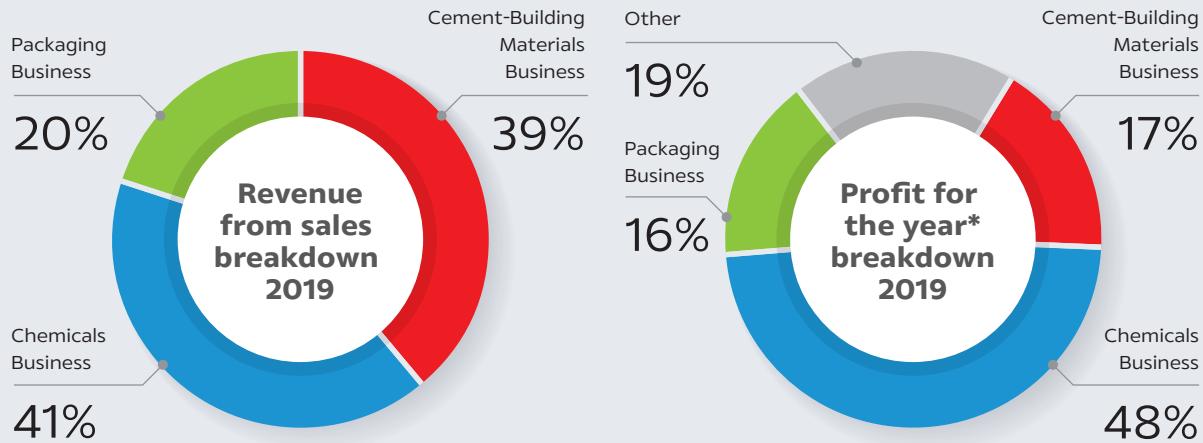
³ Proportion of dividends for 2019 is 49.3% on profit before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562.

⁴ Debt to equity ratio = Liabilities divided by shareholders' equity.

05

OPERATING RESULTS

THE SIAM CEMENT PUBLIC COMPANY LIMITED
AND ITS SUBSIDIARIES



* Profit for the year attributable to owners of the parent.

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

BUSINESS HIGHLIGHT

06

SCG

Consolidated Revenue from Sales decreased 8% year-on-year to 437,980 Million Baht. While consolidated EBITDA declined 13% year-on-year to 74,960 Million Baht and consolidated Profit for the Year decreased 28% year-on-year to 32,014 Million Baht. This was mainly from the continued trade war concerns and market volatility that resulted in the declined performance of Chemicals Business. However, without the recognition of severance pay adjustment in 2nd quarter of 2019, the Profit for the Year would register at 34,049 Million Baht.

Cement-Building Materials Business

Revenue from Sales was 184,690 Million Baht, an increase of 1% year-on-year. This was mainly driven by the growth of distribution and retail businesses. EBITDA and Profit for the Year grew by 3% year-on-year to 20,991 Million Baht and 5,455 Million Baht respectively. Besides maintaining a leading position in cement and building materials markets across ASEAN, the business strives to strengthen its competitiveness in active Omni-channel retail, construction solutions and living solutions to cater to evolving demand as well as to further enhance customer experience.

Chemicals Business

Revenue from Sales registered at 177,634 Million Baht, a decrease of 20% year-on-year. EBITDA was 32,258 Million Baht and the Profit for the Year was 15,480 Million Baht, a drop of 29% and 46% year-on-year respectively. This resulted from lower chemicals margins due to the soft demand from the trade tensions and petrochemicals capacity addition, especially in China, and the lower equity income from the associates. To maintain competitiveness amid ongoing challenges, the Chemicals Business has consistently been developing and offering Higher-value-added services & solutions, as well as adopting digital technologies to increase business efficiency.

Packaging Business

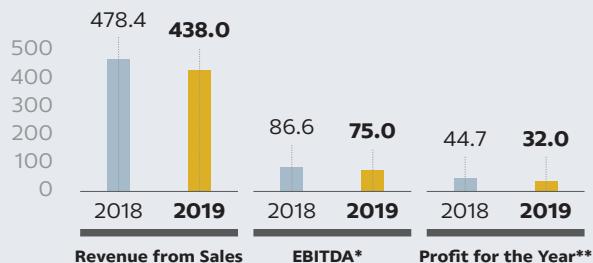
Revenue from Sales registered at 89,070 Million Baht, an increase of 2% year-on-year, while Integrated Packaging chain contributed revenue increase of 5% from the previous year. EBITDA increased 3% year-on-year to 15,036 Million Baht. However, Profit for the Year registered at 5,268 Million Baht, a drop of 13% from the previous year due to decreased margin of Fibrous chain and higher financial cost and depreciation. The Packaging Business continued to solidify its position as the Regional market leader by making strategic acquisitions as well as offering innovative packaging services and solutions to respond to changing customers' preferences, ensuring sustainable growth under the framework of Circular Economy.

Others

EBITDA registered at 6,711 Million Baht and Profit for the Year was 5,861 Million Baht. This was attributed to the operating results of Investment Business that recorded EBITDA inclusive of dividend from associated companies of 4,554 Million Baht and Profit for the Year of 6,130 Million Baht after deducting general and administrative expenses.

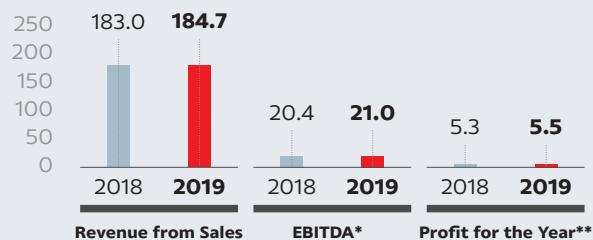
SCG

(Billion Baht)



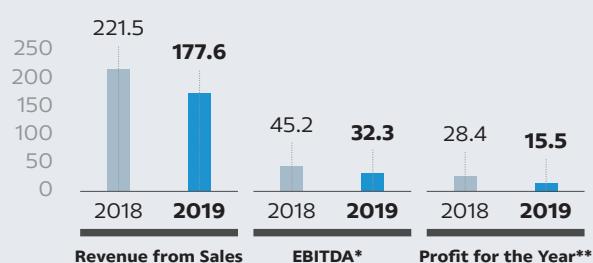
Cement-Building Materials Business

(Billion Baht)



Chemicals Business

(Billion Baht)



Packaging Business

(Billion Baht)



The business segment information for year 2018 is restated.

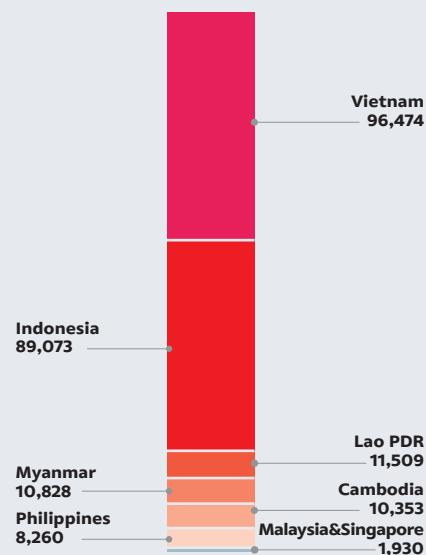
* Includes dividends from associates

** Profit for the Year attributable to owners of the parent



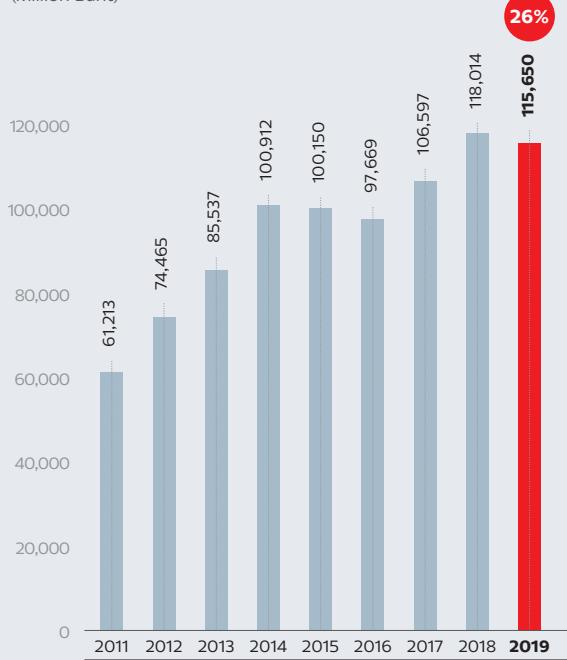
Total Asset in Asean (Million Baht)

Total Assets in ASEAN
228,427 Million Baht
(36% of Total Assets)



SCG's Revenue from Export to ASEAN and ASEAN Operations

(Million Baht)

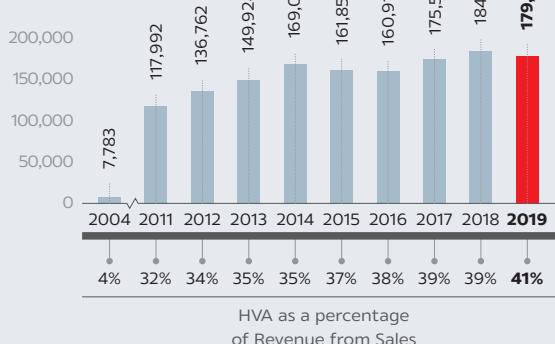


Percentage of Revenue from Sales from ASEAN Operations

2019 17%	2018 15%	2017 14%
2016 12%	2015 11%	2014 9%
2013 9%	2012 8%	2011 7%

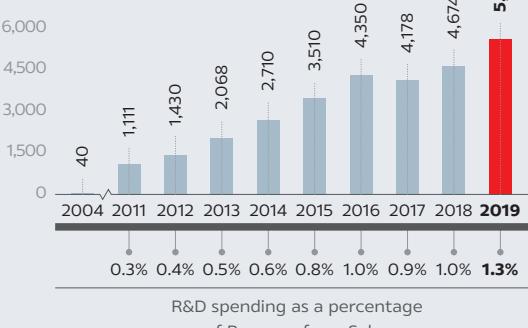
Revenue from Sales of HVA

(Million Baht)

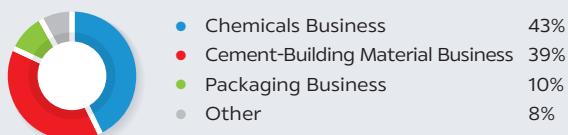


Research and Innovation Spending

(Million Baht)

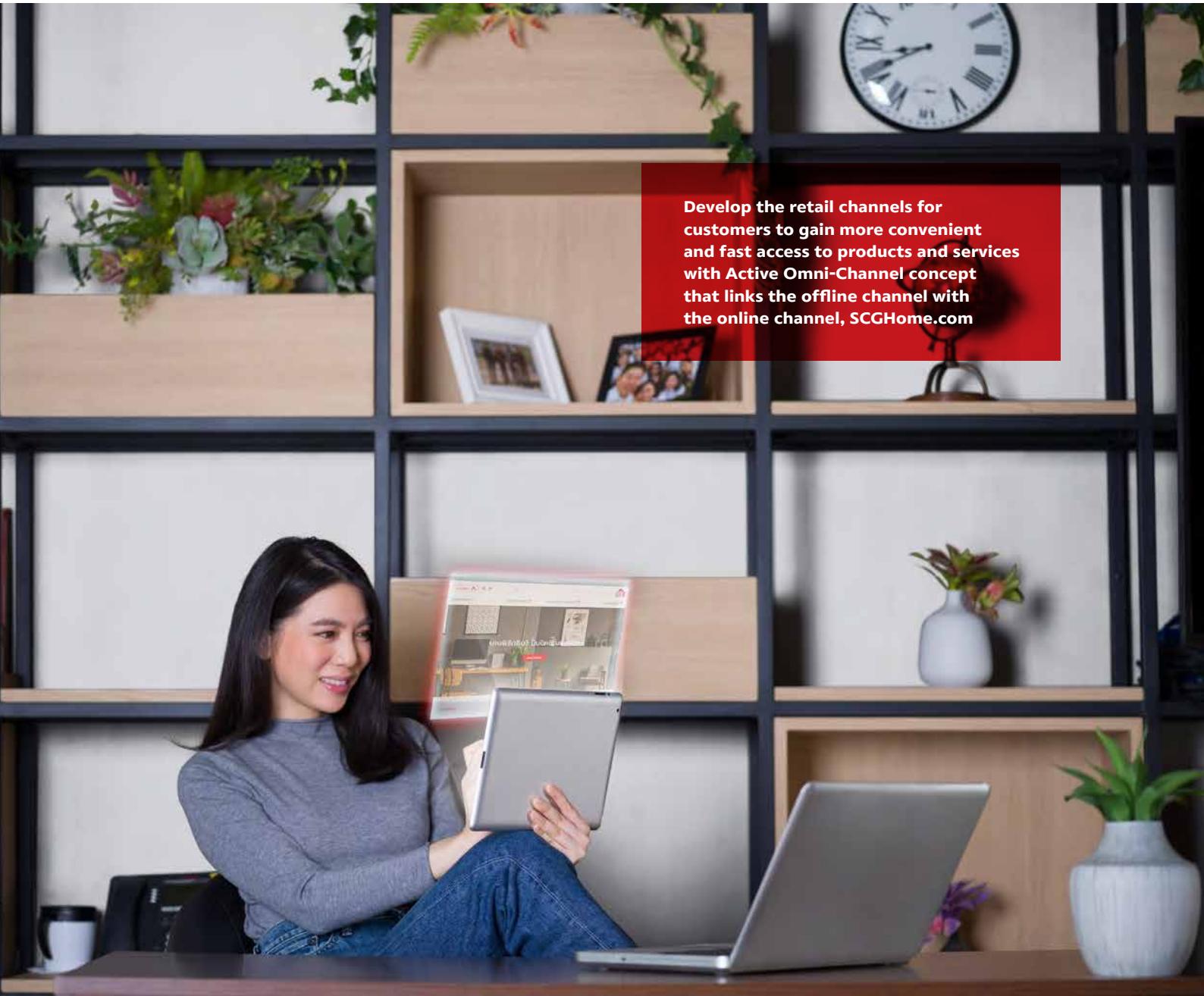


Segmented Innovation Spending in 2019:



CEMENT-BUILDING MATERIALS BUSINESS

Transforming from a Manufacturer **to a Creator of Complete Solutions and Innovations**



Develop the retail channels for customers to gain more convenient and fast access to products and services with Active Omni-Channel concept that links the offline channel with the online channel, SCGHome.com



Operating Results

Revenue from sales

184,690 Million Baht



1%
From year 2018



EBITDA

20,991 Million Baht



3%
From year 2018



Profit for the year

5,455 Million Baht



3%
From year 2018



In 2019, the domestic demand for cement increased compared to the previous year. Of which, the demand was mainly from the government projects. Meanwhile, the demand for cement in ASEAN had shown consistent growth, which also pushed by government spending on infrastructure.

Despite having long been a leader in the cement and building materials industry, SCG realizes it's time to "change" and create a customer-centric approach to satisfy each and every customer's need completely and promptly. To fulfill the promise, the Business has transformed itself from a "Manufacturer" to a "Creator of Complete Solutions and Innovations".

SCG has studied the real customers' needs in order to offer the right solution. For example, when a customer walks into the store to buy ceramic floor tiles, they're not just, buying "floor tiles", but they want a bathroom that is beautiful, safe, and easy to clean up, with the complete installation service. For a customer who needs a new roof, they also prefer to have a smooth and convenient process, no need to leave their house during the roof installation. Therefore, SCG has transformed its business, offering Living Solutions to solve home living issues such as comfort living solutions to solve heat-related problems, energy solutions to offer clean energy that helps reduce electricity bills and the use of natural resources, and safety solutions to solve the living concerns of people of all ages, especially elderly as we are in the aging society.

For customers in construction industry, SCG has developed Construction Solution, a new business model designed to eliminate the construction problems associated with delays, cost overruns, or construction that falls short of compliance with the plans or standards. To achieve this, Building Information Modeling (BIM) technology is used to create the digital-enabling simulation of a 3-D model, allowing customers and those involved to visualize the entire project before starting the construction. The technology helps ensure on-time project completion, effective budgetary control, and most importantly, less excess building materials.

Technology and Solution Center is established under the name "CPAC Solution Center". Under the Open Innovation concept, the Center serves as a Co-Working Space for technicians and contractors to exchange knowledge and share advice while SCG helps strengthen its information platform as well as connecting innovations and technologies garnered from network partners in the construction business to facilitate and accommodate the work of all concerned parties.

In pursuit of business growth and expansion opportunities to create more value and get closer to customers, the Business is resolved to expand fast-growing retail with high potential beyond Thailand, especially Indonesia. SCG invested over 2.4 Billion Baht acquiring a 30% stake in PT Catur Sentosa Adiprana (CSA), a listed company on the Jakarta Stock Exchange. The company is in the retail business of building materials with the brand Mitra 10, and the distribution business, which has witnessed high growth potential.

A Seamless Business Model, from Online to Offline, and from Offline to Online

The lifestyle of today's customers especially homeowners has changed drastically, brought on by digital technology that puts information clients need at the tip of their fingers, as well as the ease of shopping for building materials. With deep understanding about customers, SCG has remodeled its business with the focus on delivering a superior customer experience and satisfaction via the development of an innovative retail channel, SCGHome.com. With the Active Omni-Channel concept, it allows customers to gain access to products, variety of services including consulting and design, more promptly and conveniently through building materials stores as the offline channel and the online channels via website and application. The efforts are backed by efficient logistics with a nationwide network of over 840 construction materials stores. SCG aims to open more SCG Home Boonthavorn and SCG Home Solution building materials stores to capture the retail opportunity.

To expand its investment portfolio in the technology-driven business, SCG has piloted with an "automated, unmanned store", adopting modern retail technology in its operations to deliver excellent customer experience. This runs concurrent with incorporating automation technology to streamline the manufacturing process to enable speedy and on-time production. For instance, technology and data analytics are employed to forecast and enhance service efficiency in modern logistics and retailing.

Financial Information (Million Baht)

	2019	2018	2017	2016	2015
Information from Statement of Financial Position¹					
Current assets	59,539	64,031	56,466	58,702	56,348
Assets	211,573	218,316	213,134	203,068	187,976
Liabilities	98,484	105,775	106,913	103,198	105,242
Shareholders' equity	113,089	112,541	106,221	99,870	82,734
Information from Income Statement¹					
Revenue from sales	184,690	182,952	175,255	170,944	178,988
Costs and expenses	180,886	178,874	170,300	163,956	168,306
Profit for the year ²	5,455	5,277	6,457	8,492	10,250
EBITDA ³	20,991	20,382	21,450	23,639	24,395

1 The business segment information for year 2018 and 2017 are restated and the figures for year 2016 are reclassified.

2 Profit for the year attributable to owners of the parent.

3 Profit before finance costs, income tax expense, depreciation and amortization and including dividends from associates.

Added to this is the launch of new online platforms to offer convenient, effortless customer experiences such as NocNoc (www.nocnoc.com), the first platform in Thailand to offer construction materials and accessories from retailers and suppliers throughout Thailand. In addition, Q-Chang is a platform where customers can find and make appointments with a team of highly-skilled technicians online, eliminating the pain points of customers regarding the abandonment of construction projects and contractors overcharging. This ensures best customer experiences in SCG products and services.

In an attempt to strengthen its presence in ASEAN via offering innovations, total solutions, and superior customer experience, SCG established a center to work collaboratively with network companies worldwide to seek the best technologies to be used for developing innovative solutions that can better help solve customers' problems.

Rotating Employees to Different Job Functions, Allowing Them to Deeply Understand Customer Needs

"Human Resources" are the key of development. SCG strives to develop employees' mindsets to embrace change under the concept "How to get into the mind of customers?" For example, employees keen on production are given opportunities to visit and talk to customers, allowing them to understand the customer and identify their latent needs in accordance with the Design Thinking principles. They also learn various ways to design solutions and test their business models with a small group of customers. Any model that falls short of addressing customer needs will

be further modified to deliver the best results. One benefit of this new learning process is that it has transformed the mindsets of SCG employees from "being keen on production" into "creating total solutions and innovation". Also, it helps promote cross-functional collaboration and allows employees to acquire new skills and capabilities.

Building Strong Business and Community through the Circular Economy Principles

SCG is committed to conducting business in line with the sustainable development approach. To realize this goal, circular economy principles have been incorporated into the work process via collaboration with all parties in the value chain of the construction industry. The efforts range from product design that allows for the reuse or upcycling of construction waste such as concrete debris, trial batches of concrete, and cut-off piles to construction methods that minimize waste. SCG has also teamed up with real estate developers, contractors, architects, and consulting firms to establish the "Circular Economy in Construction Industry (CECI)" to put circular economy principles into practice.

To change for the better, wood pallets used for carrying ceramic tiles have been replaced with durable, sturdy plastic pallets, resulting in cost reduction and resource efficiency. The efforts also extend to reducing the use of tile wrapping materials to minimize waste and introducing new services that maximize resource efficiency. For example, ALL RENT is a digital platform that offers rental service of machinery from many companies, building upon the resource sharing concept.



"In today's world, customers' needs vary and change very quickly. Creating customer experiences helps to differentiate businesses, especially the retail business. SCG has developed a retail channel that's easy to access under the name SCG Home. Being active omni-channel, customers can access SCG's products and services 24/7 through our offline channels as well as online channels. Our delivery service covers all locations in Thailand, leveraging on our network of 840 distributors around the country. In addition, we have developed additional applications to enhance our customers' convenience, such as Q-Chang, an application where customers can search and book an appointment with home service providers through an online system. This ensures that customers enjoy a great experience with SCG products and services, without any worry about common problems such as an irresponsible contractor leaving the project or being charged an extra price."

Wiroat Rattanachaisit

Head of Active Omni-Channel
Cement Building Materials Business, SCG



www.SCGHome.com



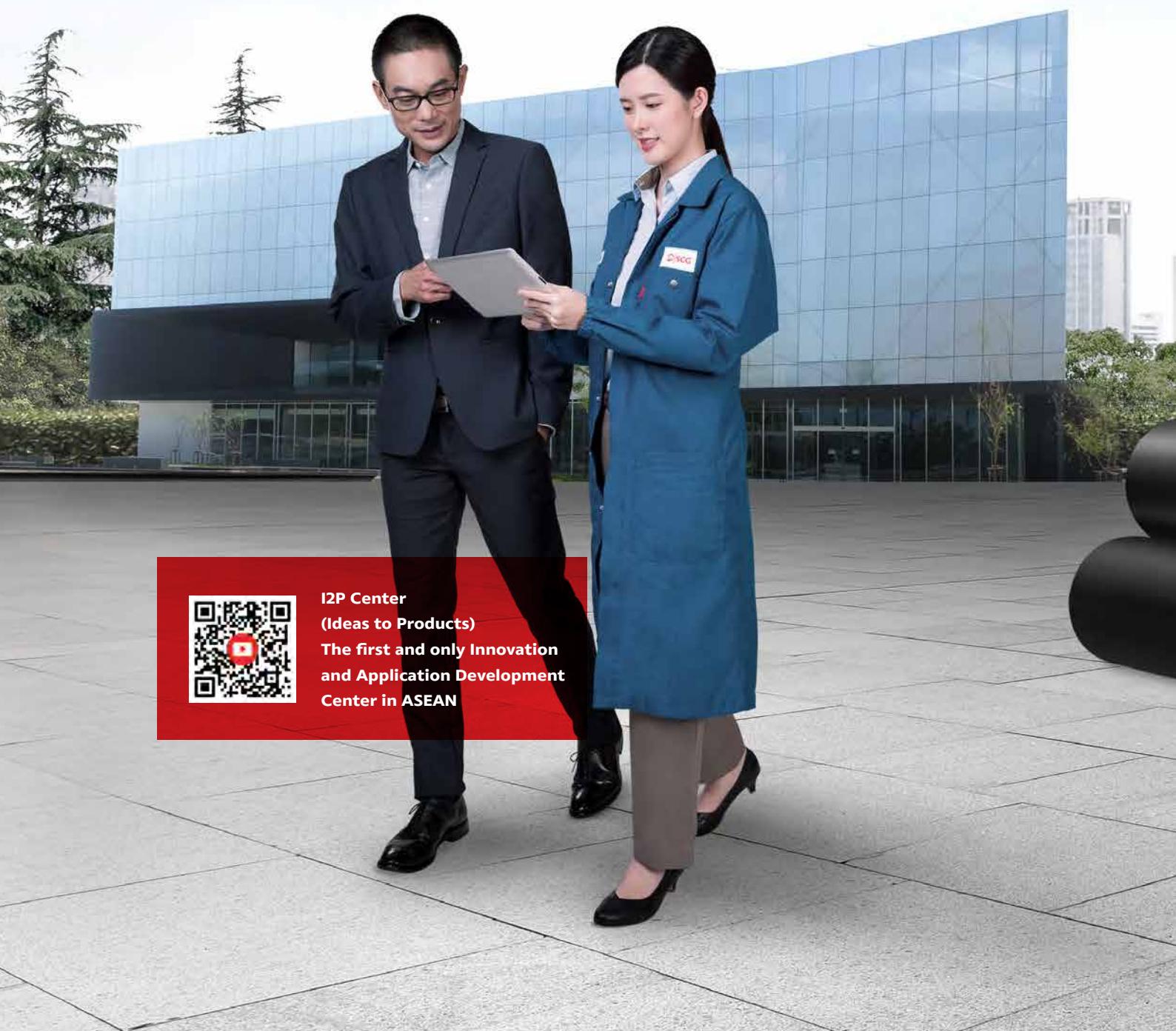
For the community, SCG has launched the Soil Mix and Soil for Breeding Seedlings for Parachute Rice Planting project at Tambon Cham Pak Paew, Saraburi Province. As part of the project, unused soil from the manufacture of sanitary ware is given to the community for use as raw materials for making potting soil mix for sale and to grow seedlings for parachute rice planting. Likewise, unused soil from the production of ceramic tiles is given to the Dan Kwian Pottery Development project in Nakhon Ratchasima Province for trial use as substitute mix for natural soil. The objective is to reduce the use of Dan Kwian soil but still unmistakably retain the unique identity and quality of Dan Kwian pottery. For the waste management project at Ban Sa community, Lampang Province, SCG, by The Siam Cement (Lampang) Co., Ltd., has partnered with the community to turn different types of waste such as organic waste, recycled waste, and hazardous waste into renewable fuels. The project has been extended to the nearby Muang Mai community to develop into a Eco City in the future.

CHEMICALS BUSINESS

Transitional Challenges in “Becoming Service & Solution Provider”



I2P Center
(Ideas to Products)
The first and only Innovation
and Application Development
Center in ASEAN





Operating Results

Revenue from sales

177,634 Million Baht



20%
From year 2018

Due to the lower
product prices



EBITDA

32,258 Million Baht



29%
From year 2018

Caused by lower
product margins



Profit for the year

15,480 Million Baht



46%
From year 2018

Because of lower equity
income from Associates



Challenges of Chemicals Business

In the past year, the business confronted many challenges including pressure from global economy slowdown as a result of U.S. - China trade conflict to new product supply from new petrochemicals players around the world, especially from China. Additionally, Middle East tension impacted directly to feedstock. Consequently, margins between product prices and raw material declined significantly throughout previous year.

Nevertheless, to sustain and improve competitiveness amid this fluctuated market situation, SCG strives to develop competitive advantages continuously by focusing on delivery of High Value-Added (HVA) products and services in order to respond to real customers' needs through relentless research and development as well as applying digital technology to improve business efficiency.



SMX™ Technology
Innovation for superior
product properties



SCG™ HDPE

SCG™ HDPE

Financial Information (Million Baht)

	2019	2018	2017	2016	2015
Information from Statement of Financial Position ¹					
Current assets	49,258	55,241	45,183	49,463	45,769
Assets	230,543	213,263	193,183	193,465	185,583
Liabilities	76,364	57,028	49,257	64,321	79,818
Shareholders' equity	154,179	156,235	143,926	129,144	105,765
Information from Income Statement ¹					
Revenue from sales	177,634	221,538	206,280	188,163	200,433
Costs and expenses	167,535	197,693	170,317	147,209	170,433
Profit for the year ²	15,480	28,410	41,273	42,084	28,488
EBITDA ³	32,258	45,237	63,656	60,713	42,900

¹ The business segment information for year 2018 and 2017 are restated and the figures for year 2016 are reclassified.

² Profit for the year attributable to owners of the parent.

³ Profit before finance costs, income tax expense, depreciation and amortization and including dividends from associates.

A lot of people might not know that the submarine water pipeline project from Surat Thani mainland to Koh Samui, with an 800-millimeter diameter and 20-kilometer long plastic pipe, is Thailand's first submarine water pipeline installation, which improves quality of living for people on Samui Island. The pipe is made of super plastic grade PE112 by SCG, who is the first manufacturer in the world. Compared to conventional PE plastic pipes, the PE112 pipe can withstand 10% more pressure and has 50% higher corrosion resistance, resulting in the longer lifetime. As a result, the PE112 pipe is now widely accepted in waterworks, mining, and natural gas industry domestically and internationally.

SCG has been providing products and services that truly meet the needs of customers in order to increase the company's competitiveness. To understand the customers' needs better, SCG opened the first and only Innovation and Application Development Center in ASEAN called I2P Center (I2P: Ideas to Products) to accelerate innovation processes. Moreover, the business has been transforming from a material provider to be a solution provider and high-value business. Examples are emisspro®, an innovative coating for industrial furnaces, CIERRA™, a performance material for polymer enhancement, Floating Solar Farm business that developed and manufactured strong and durable pontoon, expanding investment to 5 projects so far, and a furnace coil inspection service for petrochemical industry in Europe, North America, and Asia, by CiBot™, an inspection robot, KoomKah, an application for waste bank management.

In other words, during the past decade, the business has transformed from a commodity manufacturer to an HVA Products and Services creator and is moving toward to become a full Service and Solution provider. This transformation increases SCG's competitiveness amid highly fluctuated product prices as well as creates new opportunities for new high-growth businesses in order to reduce dependence on revenue of petrochemical business.

Fully Engaging in Research, Moving towards Practical Innovation

Technology and innovation are keys of business nowadays. Thus, SCG has been emphasizing on research and development (R&D). In 2019, the business invested in R&D for 2,454 MB, 1.4% of total revenue, contributing to HVA revenue of 33 % of total revenue from subsidiaries. Moreover, there were 343 patents filed in 2019, increasing 91 % from previous year.

One of the outstanding achievements in 2019 is to manufacture and commercialize special Polyethylene grades from SMX™ Technology for high-impact industrial film and for Intermediate Bulk Container (IBC) that has better strength and excellent chemical resistance than generic grades. Furthermore, the business has been developing products exclusively for special purposes such as high corrosive resistant chemical container and high-pressure pipe and will commercialize in the future.

Furthermore, the business developed 15 new grades of plastic resins to respond to customers' needs in high growth industries such as food and beverage packaging,



"Developing High Value-Added (HVA) products with the most efficiency requires Innovation Management Process. That's why we have set up the I2P (Ideas to Products) Center as a hub to inspire collaboration on projects between SCG, customers, and suppliers. We develop products by gaining an insight into customers' needs, drawing inspiration from innovation mega trends, using an Ideation Workshop to create a prototype from state-of-the-art equipment. I2P Center is Thailand's and ASEAN's first world-class Innovation and Application Development Center. It is geared to help increase SCG's and suppliers' capabilities to develop HVA products that serve the needs of customers and are in line with global market trends faster and more efficiently."

Niwat Athiwattananont

Chief Technology Officer – Polyolefins and Vinyl Chemicals Business, SCG



construction and infrastructure, automotive, and electrical appliance industry. Applications are, for example, a special polyethylene grade for a lighter water bottle cap, a polypropylene grade for retort food packaging, a polypropylene grade for stronger, softer, and easier to unseal hot-meal plastic bag, and a polypropylene grade with high flowability to reduce energy consumption in automotive part's production.

In order to develop new innovation continuously, SCG has established several research and development centers both domestically and internationally and collaborated with many top-tier universities and research centers, such as SCG-Oxford Centre of Excellence for Chemistry with Oxford University, UK. SCG has invested in Norner group in Norway, a leading materials and polymer specialist in Europe. Last year, the business also opened a research center, SCG Advanced Materials Laboratory, in Begbroke Science Park, Oxford, UK to research and develop prototypes for Functional Materials. Moreover, the business established I2P Center (Ideas to Products) in Rayong province, which is a collaboration space for SCG, customers, and business partners to develop HVA products to respond to customer's needs and market trends faster. This is the first world-class Innovation and Application Development Center in Thailand and ASEAN.

To maximize efficiency of new HVA product development, the business needs a world-class Innovation Management Process (IMP). By utilizing such process, Chemicals Business succeeded to initiate more than 300 ideas, resulting in more than 100 plastic grades developed and 15 plastic grades launched a year.

Leading in Three Biggest Markets in ASEAN

In terms of regional business growth, SCG has been expanding production capacity in not only Thailand but ASEAN in order to respond to high demand growth in this region and improve competitiveness and regional leader position with key production hub in ASEAN's markets: Thailand, Vietnam, and Indonesia.

SCG is currently in the construction phase of the first Petrochemical complex in Vietnam by subsidiary Long Son Petrochemicals Company Limited (LSP). The capacity of the complex will be 1.6 million tonnes per year of olefins which processes advantages in economies of scale as well as flexibility in choosing feedstocks - gas and naphtha. As a result, the complex will be able to optimize cost effectively. Currently, the project is under construction, and the target commercial operation is within the first half of 2023. Moreover, SCG has invested in PT Chandra Asri Petrochemical Tbk, the biggest petrochemical player in Indonesia.

In Thailand, the business is under progress to debottlenecking Map Ta Phut Olefins Company Limited (MOC), a world-scale cracker. The project will increase olefins production by 350,000 tonnes per year as well as create opportunity to use propane, as relatively cheaper feedstock. The target completion date is within second quarter of 2021.



Furthermore, in order to enhance management competitiveness, the business applied digital technologies to improve work processes along the value chain. For instance, the business developed a product price predicting system, an automatic production planning program, and an advanced production process simulation model (Digital Twin) in order to improve production efficiency and develop new products from small-scale research to commercial production. The business also developed Digital Blueprint and Digital Platform to be a core process for digital processes which cover along the supply chain from raw material sourcing, production, machine maintenance, to product sale to upgrade work standards throughout the company.

Developing Human Resources to Shape the Future

SCG focuses on human resources development to enable employees to constantly improve and prepare for rapidly changing business situation. Last year, the business implemented many initiatives. For instance, the business applied digital platform for managing and developing human resources such as an automation system that reduces time and improves efficiency and an E-learning system, which supports self-learning. Moreover, the business prepared human resources for business expansion in ASEAN and developed future leaders by Talent Management, Career Development, and Succession Plan system, emphasizing on creating versatile management skills and knowledges.

Moving Forward with “Circular Economy” Innovations

To follow the sustainable development philosophy, SCG has been developing products and services as well as collaborating with many sectors to conduct activities according to Circular Economy concept, such as driving Circular Economy initiatives by building knowledges of resource optimization and waste management among employees and communities and launching the campaign “Waste-free Community” to create collaboration among all stakeholders - residences, temples, schools, and waste banks in Rayong. The business also developed an application named “KoomKah” for waste bank management, targeting more than 170 waste banks in 2020.

In terms of research, SCG collaborated with the Faculty of Science, Mahidol University, to launch “SCG – MUSC Innovation Research Center” to research and develop a “special polymer innovation” from catalyst that assists plastic recycling process to respond to the global demand for sustainable plastic packaging. Besides, SCG is currently studying and developing a new technology for plastic waste recycling in order to not only add value to plastic waste but also stop plastic wastes leaking to environment.

SCG is a co-founder of Alliance to End Plastic Waste, a world-class non-profit organization created by world leading companies throughout plastic value chain from manufacturers, retailers, consumers, and plastic waste

management companies to solve plastic waste issues, especially in the ocean. In Thailand, SCG has participated in a cooperation program among public and private sector for sustainable plastics and waste management (PPP Plastic). Furthermore, the business has been expanding “Recycled Plastic Road” project in collaboration with the Dow Thailand Group and CP All Public Company Limited to convert sorted plastic waste mixed with asphalt to a parking space in front of 7-Eleven convenience stores.

Collaborated with the Department of Marine and Coastal Resources, SCG has delivered 24 “SCG - DMCR Litter Traps” to estuary and canal areas in 13 provinces to prevent waste leaking from the river to the sea, aiming to reduce the amount of waste into the sea by at least 30 tonnes per year. At the same time, the business continues the “SCG Fish Home” project creating artificial fish homes made of surplus PE100 pipes used in the manufacturing process. By collaborating with the Department of Marine and Coastal Resources and local fisher folk groups, “Local Fishery”, the groups have created more than 2,150 fish homes in the Eastern including Rayong, Chonburi, Chanthaburi, and Trat. The project has contributed to create the conservation area, restore the ecosystem, and increase income for coastal fisheries.

The business maintains an excellent level of environmental-friendly manufacturing process as RIL Industrial Estate is certified as the Eco-World Class industrial estate, which is the first highest-level industrial estate in Thailand, from the Industrial Estate Authority of Thailand (IEAT), Department of Industrial Works, Ministry of Industry.

 SCG - DMCR Litter Trap
for preventing waste leaking
to the sea



 Plastic Innovation for
Circular Economy



PACKAGING BUSINESS

Packaging Business: A New Chapter Begins



Packaging
is in everyday of life



Operating Results



Although the 2019's operating results have dipped due to the lower selling price of the fibrous chain and the adjustment of employee benefits as a result of the amendment to the Thai Labor Law of 338 Million Baht, Packaging Business has seen increasingly strong demand. Therefore, SCG aims to fuel the growth of the business.

SCG's announcement of the listing of its Packaging Business on the Stock Exchange of Thailand last year might have taken some by surprise. Nevertheless, its outstanding operating results and significant potential growth in the region have greatly attracted interest of many investors.

Another major driving force is the acquisition of high growth potential companies in Thailand and ASEAN, which has given Packaging Business strong growth platforms across the entire ASEAN region in addition to the huge potential to grow in response to evolving customers' needs and economic stability.

In the wake of the U.S.-China trade war that has put downward pressure on Thailand's overall exports as well as the packaging market, Packaging Business has expanded into other fast-growing sectors such as e-commerce and consumer products to consolidate business and expand its market coverage.

Last year, SCG made several deals that supported propel the potential growth of Packaging Business. Chief

among them are the acquisition of a 55% stake at PT Fajar Surya Wisesa Tbk. (Fajar), a leading packaging company in Indonesia, valued at 20,817 Million Baht, foreseeing that Indonesia is a large market in ASEAN with enormous potential growth. Added to this was acquiring an 80% share, valued at 4,305 Million Baht, in Visy Packaging (Thailand) Limited, the high-technology thermoformed food packaging company supplying to world-class food companies..

In 2019, Packaging Business restructured its stake in the rigid packaging business by having Toppan Printing Company Limited, a Japanese packaging company, joining in SCGP-T Plastics Company Limited (SCGP-T), a holding company for the rigid plastic packaging business with a 75% stake in Conimex Company Limited. Through the new partnership, SCGP-T benefits from the transfer of advanced skills and technical know-how in packaging production from Toppan, which helps strengthen its production prowess and expand the customer base.

Packaging created by SCG Packaging designers is to enhance brand image and value added to products, one of packaging solutions by SCG Packaging.



Financial Information (Million Baht)

	2019	2018	2017	2016	2015
Information from Statement of Financial Position ¹					
Current assets	35,383	30,074	29,317	24,574	24,295
Assets	139,513	93,246	91,312	85,369	83,218
Liabilities	76,697	39,986	35,661	32,617	34,892
Shareholders' equity	62,816	53,260	55,651	52,752	48,326
Information from Income Statement ¹					
Revenue from sales	89,070	87,255	81,455	74,542	70,907
Costs and expenses	83,024	79,661	76,617	70,469	66,838
Profit for the year ²	5,268	6,066	4,651	3,565	3,463
EBITDA ³	15,036	14,566	12,353	10,884	10,831

¹ Included financial performance of Fajar since July 2019 and Visy Thailand since September 2019.

The business segment information for year 2018 and 2017 are restated and the figures for year 2016 are reclassified.

² Profit for the year attributable to owners of the parent.

³ Profit before finance costs, income tax expense, depreciation and amortization and including dividends from associates.

A Rising Business in ASEAN

The burgeoning e-commerce business in ASEAN region has fueled rapid-fire growth in the packaging market for consumer products as well as food & beverages. Foreseeing the vast opportunities, SCG has established a strong presence in Vietnam, Indonesia, and the Philippines, the markets marked with high potential growth. This forward-looking move combined with equity raising through the initial public offering (IPO) of SCG Packaging Public Company Limited (SCGP) is set to propel the potential of this rising business to grow across ASEAN in alignment with its growth strategy as being the No.1 in the packaging industry.

Addressing Every Application Need with a Diverse Range of Innovative Packaging Solutions

Despite its steadily growing operating results and profit as well as strong customer base in ASEAN, SCG continues to build competitive advantages, striving toward becoming a “Packaging Solutions Provider”. To realize the goal, SCG is committed to developing innovative packaging solutions to satisfy the needs of all customer groups amid today’s changing lifestyles. Examples include polymer packaging for food undergoing heat-treatment process as retort pouches which allow for sterilization by the application of heat. Lightweight and convenient, retort pouches offer long product shelf-life without any refrigeration required, matching the fast-paced lifestyle of today’s consumers.

The continued commitment to driving innovations in the manufacturing process allows for the development of paper that features lighter weight yet retains high strength. It is produced using nanotechnology which reduces resource consumption and increases the use of recycled pulp.

Moreover, SCG has collaborated with several leading organizations to consolidate its strength in driving innovations. For instance, SCG has joined forces with Mahidol University to produce flexible packaging in the form of spout pouches with a screw cap to contain liquid food for patients with difficulties swallowing food. Having been researched and tested for over two years before production and distribution, the spout pouches feature an optimum design to ensure ease of use and safety. To differentiate itself from competitors, Inspire Studio, a one-stop service design solution center, has been set up to deliver service through its professional teams with cumulative experience and expertise in design.

SCG also pledges its commitment to being friendly to the environment. Take “Fest”, a brand for food packaging, for example; it revolutionizes the standards of food packaging with the unique selling point of “Safety and Convenience”, making it an ideal choice for health-conscious consumers who can also enjoy superb convenience and ease of use. The product line-up has been further developed to include Fest Bio, made from virgin pulp. Fest Bio is microwavable, oven-safe, and degrades in 60 days.



"SCG Packaging is committed to driving our business by being the leader in integrated packaging solutions. We continue to grow strongly within the ASEAN region, focusing on expanding our business through mergers and acquisitions. In 2019, we acquired PT Fajar Surya Wisesa Tbk. in Indonesia, a leader in packaging paper, and Visy Packaging (Thailand), a production base for rigid packaging with a high valuation. We also increased our sales in high-growth businesses such as FMCG and e-commerce, to maintain steady growth and be adaptable to high competition. We strive to be a great business partner with high growth potential and a competitive edge to grow together sustainably."

Kulachet Dharachandra

Chief Financial Officer
SCG Packaging Public Company Limited



Strengthening the Business from the Inside Out with "Human Resources" and Technology

In today's world of intense competition, it is imperative that technologies like artificial intelligence, automation, and digital technology be implemented to enhance efficiency and reduce costs for business. In response, SCG resolves to develop its human resources by enhancing their skills

along with streamlining process and systems, enabling them to work with automation and technology seamlessly and safely. This allows the processes to run at maximum efficiency at all levels.

SCG also equips its employees with the right tools for their jobs. This empowers them to get to know their customers deeply and work as partners to develop packaging solutions with specific features and designs that match the product requirements, cater to customers' application needs, boost sales with attractive design, and comply with the circular economy principles.

At the same time, SCG has put in place a talent management and development system in connection with the executive succession plan to prepare high potential leaders to step into senior executive roles in areas of specific business, expertise, persuasive skills, and how to be a role model. This group of high potential employees can learn from their junior or senior colleagues with a certain area of expertise in the company or learn by themselves through a project-based assignment or from hands-on experience.

For overseas employees in other ASEAN nations, SCG puts an emphasis on cross-cultural management to build better understanding with concern for different cultures and backgrounds. The shared goal is to leverage the strengths of employees at all levels.

Engaging Network Organizations to Grow alongside Sustainable Society

SCG commits itself to developing products, services, and solutions to enable consumers to gain better access to eco-friendly products, in line with the circular economy principles. To expand this noble cause to its green network organizations, SCG has teamed up with various organizations to carry out socially-beneficial projects with the focus on resource efficiency and recycling. For example, the "Fest Cares and Gives Back to the Environment" project was rolled out in collaboration with nine other organizations to promote the use of food packaging. SCG has also partnered with Tesco Lotus to promote packaging that satisfies both the application needs of customers and contributes to a better environment.

For communities surrounding SCG plants such as Ban Rang Plub Community in Ban Pong district, Ratchaburi province, SCG employees and community leaders have worked jointly to educate the locals, changing their mindsets to realize the importance of resource efficiency. The efforts encompass waste management and increasing of the value of waste by turning it into products such as compost or handicrafts. This has resulted in Ban Rang Plub becoming The Zero Waste Community Model and being awarded First Prize at National Level Competition in 2019 from Department of Environmental Quality Promotion. It has also been recognized as a zero waste community role model under the name "Ban Pong Model".

SCG believes that when the community grows stronger and "bursts from within", that is, its members are able to think, analyze, and find solutions, this will lend itself to building a strong community in accordance with the sustainable development concept.

SUSTAINABILITY PERFORMANCE

IN 2019

07

Climate Change and Energy

SCG aims to reduce greenhouse gas emissions in accordance with the Paris Agreement, supporting the goal of keeping a global temperature rise well below 2 degrees Celsius, with the pursuing effort to limit the temperature rise to 1.5 degree Celsius. SCG strives to achieve the target of reducing the greenhouse gas emission by 28% within 2030, 20% within 2025 and 10% within 2020 compared with business as usual (BAU) of the base year of 2007, and cutting energy consumption by 13% within 2025 compared with business as usual (BAU) of the base year of 2007.

In 2019, our sustained commitment was recognized at the national and regional levels. SCG's projects won both Thailand Energy Awards 2019 and ASEAN Energy Awards 2019 in the area of energy conservation and renewable energy.

In addition, SCG has adopted internal carbon pricing (ICP). The company has endorsed a carbon price at USD 18 per ton CO₂ as criteria for approval of project that reduce greenhouse gas emissions. The company also embeds the guideline of Task Force on Climate-Related Financial Disclosures (TCFD) and joins WBCSD's Natural Climate Solutions (NCS) to incorporate natural carbon absorption and offsetting strategies into SCG practices.

Circular Economy

SCG has implemented the Circular Economy in the organization to reduce natural resource consumption and maximize waste recycling. The targets are set for Packaging Business to develop recyclable products and achieve 100% reusable packaging, and for Chemicals Business to lessen single-use products in the domestic market to 9% within 2025.

Key achievements in integrating the Circular Economy into product and service development include using recycled aggregate as a replacement for natural aggregate in ready-mixed concrete; adopting SMX Technology to improve plastic resin performance; switching to a recyclable-friendly Mono Material from multilayer laminated packaging, etc. To recycle waste, SCG launched the "Bang Sue Model" to encourage employees to adopt proper waste separation and disposal in line with SCG Circular Way. Furthermore, the application "KoomKah" was developed to help waste banks record the quantity and types of waste, enabling more recycling, on top of the Paper X Digital Platform, which was designed to manage paper waste trade and recycling.

The business transformation effort has yielded a new business model transitioning products to services. ALLRENT platform was created to gather the data source of over 3,000 items of machinery across Thailand. The platform helps facilitate service to contractors nationwide.

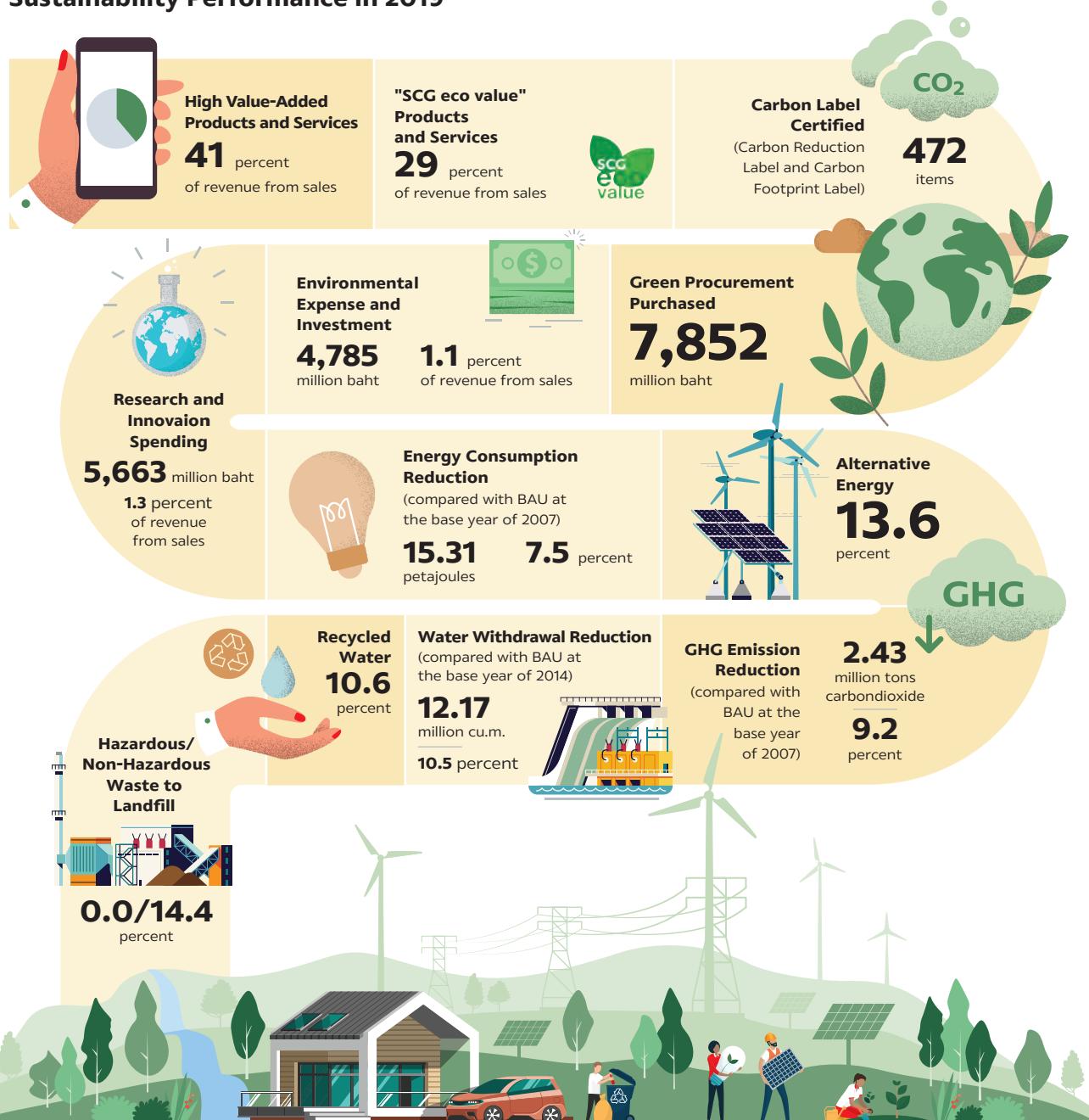
Safety

SCG has placed the value on the wellbeing and safety of employees and contractors. The company has attained the target of zero fatality every year. And by 2022, the lost time injury frequency rate is set to be cut down to zero.

In 2019, SCG made significant progress towards work safety. Examples include the effort of Packaging Business that developed an innovation called SAFESave Intelligent Safety Management with the integration of Intelligent Digital Platform and Machine Learning. Another achievement is the application "Kubdee" to alert drivers of drowsiness on top of the driving training course incorporating Augmented Reality (AR) and Virtual Reality (VR).

For transportation and logistics safety, SCG has adopted "Goods Transportation Safety" and "Road Safety" as guideline practices for SCG and contractors.

Sustainability Performance in 2019



Lost Time Injury Frequency Rate
Employee/ Contractor
0.239 / 0.279 cases
per 1,000,000 man-hours

Logistics drivers trained from "SCG Skills Development School"
18,224 persons

Suppliers being conducted
Environment Social and Governance (ESG) risk assessment
100 percent
(of suppliers with procurement spending over 1 million baht)

Social Contribution
719 million baht

Number of check dam
* To revive ecosystem and forest
91,405 units

Sharing Opportunities, Drawing the Future Program
* Project with employees engagement in voluntary work for community
241 projects 24 million baht

Environmental Accounting Report

SCG has focused on environmental conservation activities as a management tool for environmental expense and investment together with the communication tool for reaching the public on such environmental activities. Thus, the environmental accounting report is conducted within the scope of environmental expense and environmental investment.

The environmental expense incurred by SCG in 2019 amounted 2,192 Million Baht, mostly in respect to pollution prevention expense amounted to 1,734 Million Baht or equivalent to 79% of total environmental expense, followed by resource circulation expense amounted to 259 Million Baht, equivalent to 12% of total environmental expense. The rest of the expenditure went to environmental administration expense, remediation expense and other environmental expenses, respectively.

As for environmental investment in 2019, SCG invested for environment totally 2,593 Million Baht, investment in Cement-Building Materials Business 1,628 Million Baht, Packaging Business 547 Million Baht, and Chemicals Business 418 Million Baht highlighting the significant projects run by each business unit as follows:

Cement-Building Materials Business

Cement Business-Increased the efficiency of dust collector at cement kiln by replaced electro precipitator with bag filter, sourced biomass and refuse derived fuel for alternative fuel, installed solar energy system, improved cement cyclone system to reduce electricity consumption and mine rehabilitation. Building Materials Business-installed solar energy system, changed LED light bulb, improved efficiency in production process and changed more efficiency machines.

Chemicals Business

Reduced in energy consumption by improving the efficiency in manufacturing process, improved waste water treatment process at PVC plant, installed additional Enclosure Ground Flare at olefins plant with higher capacity and new burner tip, and installed bio-scrubber at MMA storage tank

Packaging Business

Installed solar energy system, modified waste water treatment to anaerobic system and utilized biogas as alternative fuel, produced electricity from excess steam, improved turbo vacuum system and coarse screening system in paper production, installed absorption chiller using heat from steam condensate, changed higher efficiency air compressor, increased efficiency of water filtration to recycle more water, changed and improved HP/LP shower system, installed closed loop cooling water system at lime kiln and modify steam condensate system to recycle condensate from evaporator to demineralized water.

Environmental Accounting Report Table

Environmental Information	Year 2019 (Million Baht)
1. Environmental Expenses	2,192
1.1 Pollution prevention expenses	1,734
1.1.1 Water pollution prevention expense	841
1.1.2 Air pollution prevention expense	421
1.1.3 Waste disposal expense	394
1.1.4 Other pollution prevention expense	78
1.2 Resource circulation expense	259
1.3 Environment administrative expenses	161
1.3.1 Measurement expense	116
1.3.2 Environment training expense	6
1.3.3 Environment permit / license / consultant expense	24
1.3.4 Other administrative expense	15
1.4 Remediation expense	34
1.5 Other environmental expenses	4
2. Environmental Investment	2,593

SUPPLEMENTARY INFORMATION

08

INVESTMENT IN SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND
OTHER COMPANIES OF WHICH THEIR OPERATIONS ARE SIGNIFICANT.

Name	Principal Business / Products	Location (Head Office / Factory)
Cement-Building Materials Business		
Subsidiaries		
1 SCG Cement Co., Ltd.	Holding company / Energy service / Research and development	Bangkok
2 The Concrete Products and Aggregate Co., Ltd.	Holding company / ready-mixed concrete	Bangkok
3 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement and dry mortar	Saraburi
4 The Siam Cement (Ta Luang) Co., Ltd.	Cement, dry mortar and white cement	Saraburi
5 The Siam Cement (Thung Song) Co., Ltd.	Cement and dry mortar	Nakorn Sri Thamaraj
6 The Siam Cement (Lampang) Co., Ltd.	Cement and dry mortar	Lampang
7 Khammuane 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 / Nakorn Sri Thamaraj
11 Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
12 Silathai Sanguan (2540) Co., Ltd.	Aggregates	Khonkaen
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 CPAC Lao Co., Ltd.	Ready-mixed concrete	Lao PDR
19 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam
20 SCG Cement-Building Materials Vietnam Limited Liability Company	Cement distribution	Vietnam
21 Vietnam Construction Materials Joint Stock Company	Cement	Vietnam
22 Song Gianh Cement Joint Stock Company	Cement	Vietnam
23 Mien Trung Cement One Member Company Limited	Cement	Vietnam
24 Danang Cement One Member Company Limited	Cement	Vietnam
25 Phu Yen Cosevco Cement Company Limited	Cement	Vietnam
26 SCG Building Materials Co., Ltd.	Holding company	Bangkok
27 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3060-1	66-2586-3072	Ordinary shares	178	7,132	100	100
66-2555-5000	66-2555-5003	Ordinary shares	104	10,416	100	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100	100
(856) 51-628-000	-	Ordinary shares	32	11,188	100	100
		Preferred shares	0.06	21		
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100	100
66-3628-9103	66-3628-1212	Ordinary shares	1	50	100	100
66-2962-7295-7	66-2962-7298	Ordinary shares	2	187	100	100
66-2022-7888	66-2022-7889	Ordinary shares	8	800	100	100
66-4335-8031	66-4335-8033	Ordinary shares	1	54	100	100
66-2555-5000	66-2555-5003	Ordinary shares	3	280	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	15	466	100	100
(6221) 798-3751	(6221) 791-80919	Ordinary shares	0.04	1,193	100	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	12	365	100	100
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100	100
(856) 21-720-385	(856) 21-720-224	Ordinary shares	0.1	31	100	100
(84) 28-3974-4380-3	(84) 28-3974-1888	**	-	196	100	100
(84) 93-3558-096	-	**	-	47	100	100
(84) 52-6262-666	(84) 52-6268-666	Ordinary shares	363	5,505	100	100
(84) 232-3535-098	(84) 232-3535-071	Ordinary shares	226	3,284	100	100
(84) 511-2227-803	(84) 511-3784-139	**	-	23	100	100
(84) 511-3481-302	(84) 511-3481-302	**	-	15	100	100
(84) 57-3790-178	(84) 57-3790-236	**	-	15	100	100
66-2586-3333	66-2586-2761	Ordinary shares	149	14,894	100	100
66-2586-3333	66-2586-2761	Ordinary shares	7	193	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
28 MRC Roofing Co., Ltd.	Holding company	Bangkok
29 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
30 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	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 / / Nakorn Sri Thamaraj
34 SCG Landscape Co., Ltd.	Concrete blocks for floor wall and fence	Bangkok / Saraburi / Chonburi / Khonkaen / Nakorn Sri Thamaraj / Lamphun
35 Siam Fiberglass Co., Ltd.	Insulation and glass wools / Translucent Roof Sheet	Saraburi
36 The CPAC Roof Tile Co., Ltd.	Concrete roof tiles	Nakorn Prathom / Saraburi / Chonburi / Khonkaen / Nakorn Sri Thamaraj / Lamphun / Nakorn Rajchasrima
37 SCG Concrete Roof (Vietnam) Co., Ltd.	Concrete roof tiles	Vietnam
38 SCG Concrete Roof (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
39 Thai Ceramic Roof Tile Co., Ltd.	Ceramic roof tiles	Saraburi
40 SCG Cement-Building Materials Philippines, Inc. (Formerly: Cementhai Roof Holdings Philippines, Inc.)	Concrete products	Philippines
41 PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
42 SCG Distribution Co., Ltd.	Holding company	Bangkok
43 SCG Cement-Building Materials Company Limited	Holding company / Domestic distribution	Bangkok
44 SCG International Corporation Co., Ltd.	International trading	Bangkok
45 SCG International Australia Pty. Ltd. (Formerly: SCG Trading Australia Pty. Ltd.)	International trading	Australia
46 SCG International China (Guangzhou) Co., Ltd.	International trading	China
47 SCG International Hong Kong Limited (Formerly: SCG Trading Hong Kong Limited)	International trading	Hong Kong
48 SCG International (Philippines) Corporation Co., Ltd. (Formerly: SCG Trading Philippines Inc.)	International trading	Philippines
49 SCG International USA Inc. (Formerly: SCG Trading USA Inc.)	International trading	USA
50 PT SCG International Indonesia (Formerly: PT SCG Trading Indonesia)	International trading	Indonesia

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2555-0001	Ordinary shares	8	762	100	100
66-2586-3333	66-2586-2761	Ordinary shares	60	6,037	100	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	174	192	100	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	14	278	100	100
66-2586-3333	66-2586-2761	Ordinary shares	110	11,000	100	100
66-5433-7301-5	66-5433-7300	Ordinary shares	22	2,230	100	100
66-2586-6822	66-2586-6800	Ordinary shares	3	290	100	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	205	100	100
66-2586-3333	66-2586-4308	Ordinary shares	10	1,030	100	100
(84) 274-3767-581-4	(84) 274-3767-686	**	-	235	100	100
(855) 23-454-3888	-	Ordinary shares	0.1	43	100	100
66-2586-3333	66-2586-5017	Ordinary shares	4	400	100	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	14	136	100	100
(6226) 7861-0360	(6226) 7861-0361	Ordinary shares	4	1,253	100	100
66-2586-3333	66-2586-5454	Ordinary shares	275	15,405	100	100
66-2586-3333	66-2586-2961	Ordinary shares	976	22,257	100	100
66-2586-2222	66-2587-2159	Ordinary shares	4	400	100	100
(612) 9439-1441	(612) 9436-0195	Ordinary shares	0.2	5	100	100
(86) 208-365-2559	(86) 208-365-2595	Ordinary shares	0.03	24	100	100
(852) 2838-6456	(852) 3549-7219	Ordinary shares	45	220	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	0.5	38	100	100
(1310) 323-2194-106	(1310) 324-9528	Ordinary shares	0.1	36	100	100
(6221) 350-9488	(6221) 352-0718	Ordinary shares	8	8	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
51 SCG International Laos Co., Ltd. (Formerly: SCG Trading Lao Co., Ltd.)	International trading	Lao PDR
52 SCG Marketing Philippines Inc.	International trading	Philippines
53 SCG International Malaysia Sdn. Bhd. (Formerly: SCGT Malaysia Sdn. Bhd.)	International trading	Malaysia
54 SCG International (Cambodia) Co., Ltd. (Formerly: SCG Trading (Cambodia) Co., Ltd.)	International trading	Cambodia
55 SCG Trading Middle East Dmcc	International trading	UAE
56 SCG International Vietnam Co., Ltd. (Formerly: SCG Trading Vietnam Co., Ltd.)	Logistics service, international trading and local distribution	Vietnam
57 SCG International India Private Limited	International trading	India
58 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
59 SCG Logistics Lao Co., Ltd	Logistics service	Lao PDR
60 SCG Logistics Management (Cambodia) Co., Ltd.	Logistics service	Cambodia
61 Unify Smart Tech Joint Stock Company	Information Technology service	Vietnam
62 Nexter Living Co., Ltd. (Formerly: SCG Trading Services Co., Ltd.)	Elder Safety Product	Bangkok
63 Myanmar CBM Services Co., Ltd.	Business services	Myanmar
64 Nexter Digital Co., Ltd.	Business services	Bangkok
65 BetterBe Marketplace Co., Ltd.	Business services	Bangkok
66 Rudy Technology Co., Ltd.	Business services	Bangkok
67 Nexter Ventures Co., Ltd. (Formerly: SCG Sourcing Co., Ltd.)	Holding company	Bangkok
68 Nexter Retail Co., Ltd.	Franchise - retail business	Bangkok
69 SCG Experience Co., Ltd.	Exhibition center, services and consultation	Bangkok
70 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
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 Prime International Import-Export and Service Trading Company Limited	Marketing and sales of sanitary ware	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

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(856) 21-454-596-7	(856) 21-454-598	Ordinary shares	0.02	11	100	100
(632) 501-8634	(632) 501-8635	Ordinary shares	1	90	100	100
(632) 501-8630						
(60) 35-632-0168	(60) 35-632-0158	Ordinary shares	2	14	100	100
(855) 23-990-401-5	(855) 23-990-400	Ordinary shares	0.0001	1	100	100
(971) 4-552-0293	(971) 4-552-0294	Ordinary shares	0.001	11	100	100
(84) 83-5269-001	(84) 83-5269-009	**	-	64	100	100
(91) 124-400-6413	-	Ordinary shares	1	27	100	100
66-2586-3333	66-2586-2158	Ordinary shares	33	3,340	100	100
(856) 20-9149-4545	-	Ordinary shares	0.1	13	100	100
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.03	11	100	100
(84) 90-5559-562	-	Ordinary shares	1	7	100	100
66-2030-1000	66-2586-2250	Ordinary shares	0.8	46	100	100
(951) 966-2014	(951) 966-2014	Ordinary shares	0.02	66	100	100
66-2586-6950	-	Ordinary shares	37	187	100	100
66-2586-4111	66-2586-4017	Ordinary shares	10	252	100	100
66-97140-1669	-	Ordinary shares	0.4	4	100	100
66-2586-3333	66-2586-5625	Ordinary shares	1	100	100	100
66-2586-3333	-	Ordinary shares	0.5	47	100	100
66-2101-9922	66-2101-9920	Ordinary shares	5	500	100	100
66-3672-4377	66-3672-4378	Ordinary shares	0.1	5	100	100
66-2586-3333	-	Ordinary shares	24	2,400	100	100
(84) 211-3888-987	-	Ordinary shares	101	1,413	100	100
(84) 211-3888-987	-	**	-	420	100	100
(84) 211-3888-386	-	**	-	6	100	100
(84) 211-3597-696	-	Ordinary shares	25	350	100	100
(84) 280-3866-632	-	Ordinary shares	15	210	100	100
(84) 211-3866-152	-	Ordinary shares	13	182	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
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	Vietnam
82 PT Semen Jawa	Cement	Indonesia
83 Prime Dai An Joint Stock Company	Exploration and processing materials	Vietnam
84 Kampot Cement Co., Ltd.	Cement	Cambodia
85 PT KIA Serpih Mas	Floor and wall ceramic tiles	Indonesia
86 PT Tambang Semen Sukabumi	Limestone quarry	Indonesia
87 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia
88 PT Keramika Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia
89 SCG Ceramics Public Company Limited	Floor and wall ceramic tiles and Industrial Estate	Bangkok
90 PT Kokoh Inti Arebama Tbk.	Building materials distribution	Indonesia
91 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok
92 Prime Dai Viet Joint Stock Company	Floor and wall ceramic tiles	Vietnam
93 Prime Thien Phuc Joint Stock Company	Exploration and processing materials	Vietnam
94 Prime Phong Dien Joint Stock Company	Manufacture of materials	Vietnam
95 Prime Dai Loc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
96 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
97 Saraburirat Co., Ltd.	Floor and wall concrete tiles	Saraburi
98 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	Philippines
99 SCG Myanmar Concrete and Aggregate Co., Ltd.	Ready-mixed concrete and related products	Myanmar
100 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia
101 Green Conservation Solution Co., Ltd.	Municipal solid waste management service and use refuse derived fuel as alternative energy	Bangkok
102 Siam Sanitary Ware Co., Ltd.	Holding company	Bangkok
103 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Saraburi
104 Siam Sanitary Ware Industry (Nongkao) Co., Ltd.	Sanitary ware	Saraburi
105 Mawlamyine Cement Limited	Cement	Myanmar
106 Prime Hao Phu Joint Stock Company	Exploration and processing materials	Vietnam
107 Quality Construction Products Public Company Limited	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Phra Nakhon Si Ayutthaya

* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(84) 211-3888-174	-	Ordinary shares	12	168	100	100
(84) 211-3866-637	-	Ordinary shares	25	350	100	100
(84) 211-3726-552	-	Ordinary shares	6	84	99	99
(84) 251-3965-475	(84) 251-3965-478	Ordinary shares	4	56	99	99
(6221) 350-9491	(6221) 350-9704	Ordinary shares	331	10,778	98	98
(84) 211-6535-659	-	Ordinary shares	3	35	95	95
(855) 23-996-839	-	Ordinary shares	13	4,275	94	94
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,768	1,614	94	94
(6221) 350-9491	(6221) 350-9704	Ordinary shares	3	8	93	93
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	92	92
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,603	92	92
66-2586-4092	66-2587-0162	Ordinary shares	5,963	5,963	91	91
(6221) 350-6227	(6221) 350-1767	Ordinary shares	981	350	91	91
66-2973-5040-54	66-2529-1608	Ordinary shares	2	200	91	91
(84) 211-3845-238	-	Ordinary shares	13	182	90	90
(84) 234-3626-282	-	Ordinary shares	5	70	90	90
(84) 234-3625-966	-	Ordinary shares	3	35	90	90
(84) 235-3509-999	-	Ordinary shares	30	414	90	90
(855) 12-222-102	-	Ordinary shares	0.002	128	90	90
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83	83
(632) 717-6901	(6343) 778-2934	Ordinary shares	600	430	80	83
(959) 783-914-137	-	Ordinary shares	6	207	80	80
(959) 783-914-139						
(6221) 5397-091	(6221) 5397-094	Ordinary shares	0.01	87	80	80
66-2586-3333	66-2586-2979	Ordinary shares	2	185	74	74
66-2973-5040-54	66-2551-3512	Ordinary shares	1	60	71	71
66-2973-5040-54	66-3626-3522	Ordinary shares	2	200	71	71
66-2973-5040-54	66-3637-3664	Ordinary shares	2	160	71	71
(959) 796-093-056	-	Ordinary shares	0.1	1,631	70	70
(959) 978-757-519						
(84) 27-383-2270	-	Ordinary shares	3	35	69	69
66-3525-9131	66-3525-9130	Ordinary shares	400	400	68	68

Name	Principal Business / Products	Location (Head Office / Factory)
108 Q-Con Eastern Co., Ltd.	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Rayong
109 SCGT Automobile Co., Ltd.	Dealer	Bangkok
110 SCG Yamato Express Co., Ltd.	Logistics service	Bangkok
111 SCG-PSA Holdings Co., Ltd.	Holding company	Bangkok
112 Prime Dai Quang Joint Stock Company	Packaging	Vietnam
113 Guangxi SCG Logistics Co., Ltd.	Logistics service	China
114 SCG-Shwe Me Logistics (Myanmar) Co., Ltd.	Logistics service	Myanmar
115 Panel World Co., Ltd.	Cement-bonded particleboard	Samutsakorn
116 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
117 Jumbo Barges (Cambodia) Co., Ltd.	Transportation by lighter	Cambodia
118 Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.)	Shipping port	Samut Prakarn
119 Bangkok Interfreight Forwarding Co., Ltd.	Logistics service	Samut Prakarn
120 SCG-Sekisui Sales Co., Ltd.	Construction service and construction components for housing	Bangkok
121 SCG-Boonthavorn Co., Ltd.	Franchise - retail business	Bangkok
122 Smart Build Bangladesh Co., Ltd.	Dealer	Bangladesh
123 Mingalar Motor Co., Ltd.	Dealer	Myanmar
124 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
125 PT Siam-Indo Concrete Products	Fiber cement roof tiles	Indonesia
126 PT Pion Quarry Nusantara	Aggregates	Indonesia
127 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
128 Home Center Quang Ninh Joint Stock Company	Retail store	Vietnam
129 PT SCG Barito Logistics	Logistics service	Indonesia
130 Kampot Land Co., Ltd.	Land investment	Cambodia
Joint Ventures, Associates and Other Companies		
131 Global House International Company Limited	Holding company	Bangkok
132 SCG Nichirei Logistics Co., Ltd.	Cold Chain	Bangkok
133 Siam Smart Data Co., Ltd.	Holding company	Bangkok
134 Sekisui-SCG Industry Co., Ltd.	Construction components for housing	Saraburi
135 China ASEAN Supply Chain Management Co., Ltd.	Logistics service	China
136 Survey Marine Services Co., Ltd.	Land rental	Bangkok
137 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
138 Green Siam Resources Corporation	Baling business	Philippines

* 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 China.

The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-3865-0515	66-3865-0517	Ordinary shares	59	590	68	68
66-2586-1402	66-2586-2203	Ordinary shares	15	146	67	67
66-2239-8999	66-2168-3230	Ordinary shares	0.6	633	65	65
66-2586-4173	66-2586-6904	Ordinary shares	3	256	60	60
(84) 235-3761-666	-	Ordinary shares	2	28	56	56
(86) 771-553-5710	(86) 771-578-7177	**	-	34	55	55
(959) 43-083-164	-	Ordinary shares	2	58	55	55
66-3447-3067-70	66-3447-3063	Ordinary shares	2	245	55	55
66-2872-3014-5	66-2872-3016	Ordinary shares	5	457	55	55
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.001	0.2	55	55
66-2754-4501-9	66-2754-4513	Ordinary shares	1	63	51	51
66-2754-4501-9	66-2754-4513	Ordinary shares	0.02	2	51	51
66-2586-1323	66-2586-4364	Ordinary shares	8	825	51	51
66-2693-1108-6010	-	Ordinary shares	4	377	51	51
66-2586-1862	-	Ordinary shares	0.06	24	51	51
(951) 514-940	-	Ordinary shares	0.004	141	50	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50	50
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.01	16	49	49
66-3637-6300	66-3637-6309	Ordinary shares	0.01	800	49	49
(84) 203-6520-959	-	Ordinary shares	0.6	8	49	49
(6221) 634-5668	(6221) 634-5666	Ordinary shares	4	103	49	49
(855) 12-442-737	-	Ordinary shares	0.001	0.2	46	46
66-2586-3333	66-2586-5454	Ordinary shares	15	1,519	50	66
66-2706-1710	-	Ordinary shares	7	720	51	51
66-2586-3021	66-2586-2391	Ordinary shares	0.03	30	51	51
66-3637-3478	66-3637-3480	Ordinary shares	23	2,325	49	49
(86) 771-508-6999-30281	-	Ordinary shares	5	23	49	49
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48	48
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	40	40
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40	40

Name	Principal Business / Products	Location (Head Office / Factory)
139 Mariwasa Holdings, Inc.	Holding company	Philippines
140 CMPI Holdings, Inc.	Holding company	Philippines
141 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
142 Siam Saison Co., Ltd.	Financial service	Bangkok
143 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
144 PT Catur Sentosa Adiprana Tbk	Retailer and distributor of construction materials	Indonesia
145 PT Catur Mitra Sejati Sentosa	Modern retail business	Indonesia
146 PT Catur Sentosa Berhasil	Modern retail business	Indonesia
147 PT Catur Sentosa Anugerah	Distribution	Indonesia
148 The Siam Gypsum Industry Co., Ltd.	Holding company	Bangkok
149 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Saraburi
150 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Songkhla
151 PT M Class Industry	Clay roof tiles	Indonesia
152 PT Caturaditya Sentosa	Distribution	Indonesia
153 PT Catur Logamindo Sentosa	Distribution	Indonesia
154 Global House (Cambodia) Company Limited	Building materials and home improvement products distribution	Cambodia
155 Asia Pacific Logistics and Transportation Joint Stock Company	Logistics service	Vietnam
156 PT Catur Hasil Sentosa	Modern retail business	Indonesia
157 PT Kusuma Kemindo Sentosa	Distribution	Indonesia
158 PT Caturadiluhur Sentosa	Distribution	Indonesia
159 PT Eleganza Tile Indonesia	Distribution	Indonesia
160 Asia Cement Public Company Limited	Cement	Bangkok
161 Finfloor S.p.A.	Holding company	Italy
Chemicals Business		
Subsidiaries		
162 SCG Chemicals Co., Ltd.	Holding company	Bangkok
163 Thai Polyethylene Co., Ltd.	Polyethylene and polypropylene	Rayong
164 SCG Plastics Co., Ltd.	Trading	Bangkok

* 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 China.

The capital contribution is as stipulated in the investment certificate of the invested company.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
(632) 717-6901	(6343) 778-2934	Ordinary shares	248	235	40	40
(632) 813-1666	(632) 813-1704	Ordinary shares	48	55	40	40
66-4351-9597	66-4351-1492	Ordinary shares	4,202	4,202	32	32
66-2586-3021	66-2586-2391	Ordinary shares	0.05	48	31	31
(86) 553-839-9857	(86) 553-839-9888	**	-	497	30	30
(6221) 566-8801	(6221) 5696-5178	Ordinary shares	4,458	1,030	30	30
(6221) 5420-4999	(6221) 5421-7375	Ordinary shares	7,000	1,617	-	30
	(6221) 5421-7383					
(6221) 580-0757	(6221) 580-0758	Ordinary shares	130	300	-	30
(6221) 619-7255	(6221) 619-0009	Ordinary shares	0.1	185	-	30
66-2555-0055	66-2555-0001-6	Ordinary shares	2	150	29	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	28
(6221) 4682-6456-58	(6221) 4682-6455	Ordinary shares	0.003	7	-	27
(6227) 445-2010	(6227) 445-2011	Ordinary shares	0.002	3	-	21
(855) 23-232-232	(855) 23-232-231	Ordinary shares	0.002	521	-	18
(84) 43-7738-420	(84) 43-7738-421	Ordinary shares	2	44	17	17
(6272) 132-057	(6272) 132-058	Ordinary shares	0.001	2	-	16
(6221) 565-3736	(6221) 566-9443	Ordinary shares	2	5	-	15
(6221) 5694-2213	(6221) 560-2025					
(6271) 1564-5723-29	(6271) 1564-5730	Ordinary shares	0.01	23	-	15
(6221) 566-6360	(6221) 568-2081	Ordinary shares	0.03	58	-	15
66-2641-5600	-	Ordinary shares	778	4,671	10	10
(39) 05-3684-0111	(39) 05-3684-0322	Ordinary shares	11	429	10	10

66-2586-1111	66-2586-5561	Ordinary shares	344	32,277	100	100
66-3868-3393-7	66-3868-3398	Ordinary shares	52	5,190	100	100
66-2586-1111	66-2586-5561	Ordinary shares	0.1	10	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
165 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
166 SCG Chemicals Trading Singapore Pte. Ltd.	International trading	Singapore
167 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
168 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
169 RIL 1996 Co., Ltd.	Industrial Estate	Rayong
170 Texplore Co., Ltd.	Chemical technology services	Rayong
171 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
172 Long Son Petrochemicals Co., Ltd.	Raw materials for plastic resins	Vietnam
173 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
174 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
175 Hexagon International, Inc.	Holding company	USA
176 Norner Holding AS	Holding company	Norway
177 Norner AS	Research and development	Norway
178 Norner Research AS	Research Institute	Norway
179 SCGN AS (Formerly: Norner IP AS)	Technology service and licensing	Norway
180 Norner Verdandi AS	Technology service and licensing	Norway
181 CO2 Technologies AS	Holding company	Norway
182 SMH Co., Ltd.	Research and development and technology service	Bangkok
183 PT TPC Indo Plastic and Chemicals	PVC	Indonesia
184 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
185 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
186 The Nawaplastic Industries Co., Ltd.	PVC pipe and fittings	Bangkok
187 Nawa Intertech Co., Ltd.	Molding products	Rayong
188 Chemtech Co., Ltd.	Plastic compound	Vietnam
189 Total Plant Service Co., Ltd.	Holding company	Rayong
190 SENFI UK Limited	Research and development	UK
191 SENFI Swiss GmbH	Marketing service	Switzerland
192 Rayong Pipeline Co., Ltd.	Rights of pipe rack use	Rayong
193 SCG Ico Polymers Company Limited	Rotomolding compound	Bangkok
194 Map Ta Phut Tank Terminal Co., Ltd.	Tank and terminal service	Rayong
195 Grand Nawaplastic Myanmar Co., Ltd.	PVC pipe and fittings	Myanmar
196 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
197 TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
198 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-1111	66-2586-5561	Ordinary shares	0.1	5	100	100
(65) 6221-5368	(65) 6221-5346	Ordinary shares	1	23	100	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.04	4	100	100
66-3868-2632-3	66-3868-2633	Ordinary shares	0.01	1	100	100
66-3893-7010	66-3803-5575	Ordinary shares	11	1,100	100	100
66-2586-4779	66-2586-5453	Ordinary shares	0.01	1	100	100
66-2586-5435	-	Ordinary shares	673	52,313	100	100
(84) 283-911-8660	-	**	-	37,253	100	100
(65) 6221-5368	-	Ordinary shares	38	804	100	100
(65) 6297-9661	-	Ordinary shares	112	2,349	100	100
66-2586-4444	-	Ordinary shares	2	67	100	100
(47) 3557-8000	(47) 3557-8124	Ordinary shares	0.01	3	100	100
(47) 3557-8001	(47) 3557-8125	Ordinary shares	0.001	0.1	100	100
(47) 3557-8002	(47) 3557-8126	Ordinary shares	0.001	0.1	100	100
(47) 3557-8003	(47) 3557-8127	Ordinary shares	0.001	0.1	100	100
(47) 3557-8004	(47) 3557-8128	Ordinary shares	0.01	3	100	100
(47) 3557-8005	(47) 3557-8129	Ordinary shares	0.001	0.5	100	100
66-2586-4859	66-2586-6277	Ordinary shares	2	170	100	100
(6231) 395-2945	(6231) 395-2944	Ordinary shares	0.03	1,020	100	100
66-2827-7272	66-2827-7273	Ordinary shares	875	875	100	100
66-2827-7272	66-2827-7273	Ordinary shares	3	333	100	100
66-2555-0888	66-2586-2929	Ordinary shares	4	400	100	100
66-3889-2190	66-3889-2244	Ordinary shares	0.4	40	100	100
(84) 650-3784-992	(84) 650-3784-993	**	-	103	100	100
66-2827-7272	66-2827-7273	Ordinary shares	12	1,180	100	100
66-2586-4444	-	Ordinary shares	1	43	100	100
66-2586-4444	-	Ordinary shares	0.0003	1	100	100
66-3893-7065	66-3803-5381	Ordinary shares	4	400	92	92
66-2586-1111	66-2586-5561	Ordinary shares	4	380	87	87
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82	82
(959) 863-3988	-	Ordinary shares	0.68	237	80	80
(84) 650-3710-993	(84) 650-3740-065	**	-	75	72	72
(84) 83-8234-730	(84) 83-8234-725	**	-	1,013	70	70
66-3868-5040-8	66-3868-5036	Ordinary shares	108	10,820	51	68

Name	Principal Business / Products	Location (Head Office / Factory)
199 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
200 Nawaplastic (Cambodia) Co., Ltd.	PVC pipe and fittings	Cambodia
201 PT Nusantara Polymer Solutions	Trading	Indonesia
202 Binh Minh Plastics Joint Stock Company	PVC pipe and fittings	Vietnam
203 Northern Binh Minh Plastics One Member Limited Company	PVC pipe and fittings	Vietnam
204 PT Berjaya Nawaplastic Indonesia	PVC pipe and fittings	Indonesia
205 Flowlab & Service Co., Ltd.	Calibration service	Rayong
Associates and Other Companies		
206 SCG Plastics (China) Co., Limited	Trading	Hong Kong
207 SCG Plastics (Shanghai) Co., Ltd.	Trading	China
208 Siam Styrene Monomer Co., Ltd.	Raw materials for polystyrene	Rayong
209 Siam Synthetic Latex Co., Ltd.	Synthetic latex	Rayong
210 Siam Polyethylene Co., Ltd.	Polyethylene	Rayong
211 Siam Polystyrene Co., Ltd.	Polystyrene	Rayong
212 Rayong Terminal Co., Ltd.	Tank and terminal service	Rayong
213 PT Siam Maspion Terminal	Tank and terminal service	Indonesia
214 Bangkok Synthetics Co., Ltd.	Raw materials for synthetic rubber	Bangkok
215 Thai MMA Co., Ltd.	Raw materials for acrylic	Rayong
216 Grand Siam Composites Co., Ltd.	Polypropylene compound	Rayong
217 Thai MFC Co., Ltd.	Melamine compound	Rayong
218 Siam Tohcello Co., Ltd.	Packaging film	Rayong
219 PT Trans-Pacific Polyethylene Indonesia	Polyethylene	Indonesia
220 PT Trans-Pacific Polyethylindo	Polyethylene	Indonesia
221 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
222 PT Chandra Asri Petrochemical Tbk.	Raw materials for plastic resins	Indonesia
223 PT Styrendo Mono Indonesia	Raw materials for polystyrene	Indonesia
224 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
225 Da Nang Plastics Joint Stock Company	PVC pipe	Vietnam
226 Binh Minh Viet Trading Investment Real Estate Joint Stock Company	Real estate business	Vietnam
227 PT Srithai Maspion Indonesia	Melamine compound	Indonesia
228 PT Trans-Pacific Polypropylene Indonesia	Polypropylene	Indonesia
229 PT Trans-Pacific Styrene Indonesia	Raw materials for polystyrene	Indonesia
230 PT Trans-Pacific Petrochemical Indotama	Raw materials for aromatics	Indonesia

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-3893-7000	66-3891-5310	Ordinary shares	225	22,520	55	67
(855) 23-882-072	(855) 23-885-172	Ordinary shares	1	179	60	60
(6221) 535-5678	(6221) 536-79185	Ordinary shares	1	23	50	55
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	82	1,123	54	54
(84) 321-3967-868	(84) 321-3967-869	**	-	213	54	54
(6221) 2956-6526-28	-	Ordinary shares	0	151	51	51
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51	51
<hr/>						
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	60	60
(86) 216-888-6091	(86) 216-888-6092	**	-	25	-	60
66-3867-3000	66-3868-3991	Ordinary shares	48	1,189	50	50
66-3867-3000	66-3868-3991	Ordinary shares	59	5,789	50	50
66-3867-3000	66-3868-3991	Ordinary shares	44	4,366	50	50
66-3867-3000	66-3868-3991	Ordinary shares	10	995	50	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	50
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	49	49
66-3891-1700	66-3868-4855	Ordinary shares	56	5,590	46	47
66-3868-4241	66-3868-4255	Ordinary shares	1	64	46	46
66-3868-5038	66-3891-1729	Ordinary shares	2	200	45	45
66-3301-0525	66-3301-0506	Ordinary shares	1	406	45	45
(6221) 574-5880	-	Ordinary shares	0.2	472	39	39
(6221) 574-5880	-	Ordinary shares	0.1	337	39	39
66-2501-1054	66-2501-1198	Ordinary shares	1	120	35	35
(6221) 530-7950	(6221) 530-8930	Ordinary shares	17,834	27,248	31	31
(6221) 530-8505	(6221) 530-8506	Ordinary shares	0.3	10,093	-	31
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	15	596	20	20
(84) 36-3714-460	(84) 36-3714-561	Ordinary shares	2	31	16	16
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	21	288	14	14
<hr/>						
(6231) 891-3630	-	Ordinary shares	0.01	118	10	10
(6221) 574-5880	-	Ordinary shares	0.1	220	10	10
(6221) 574-5880	-	Ordinary shares	0.1	314	10	10
(6221) 574-5880	-	Ordinary shares	15	8,931	5	5

Name	Principal Business / Products	Location (Head Office / Factory)
Packaging Business		
Subsidiaries		
231 SCG Packaging Public Company Limited	Holding company	Bangkok
232 Siam Kraft Industry Co., Ltd.	Kraft paper	Bangkok
233 Invenique Co., Ltd.	Asset and intellectual property management service	Bangkok
234 SCGP Excellence Traning Center Co., Ltd.	Training and seminar	Bangkok
235 SCG Paper Energy Co., Ltd.	Energy	Bangkok
236 SCGP Solutions Co., Ltd.	Holding company	Bangkok
237 SCGP Solutions (Singapore) Pte. Ltd.	Holding company	Singapore
238 SCGP Rigid Plastics Company Limited	Holding company	Bangkok
239 SKIC International Company Limited	Holding company	Bangkok
240 United Pulp and Paper Co., Inc.	Kraft paper	Philippines
241 Thai Cane Paper Public Company Limited	Kraft paper	Kanchanaburi
242 Visy Packaging (Thailand) Limited	Rigid plastic packaging	Rayong
243 Precision Print Co., Ltd.	Offset-printed cartons	Samutsakorn
244 Thai Containers Group Co., Ltd.	Corrugated boxes	Bangkok / Ratchaburi / Samut Prakarn / Pathumthani
245 Thai Containers Khonkaen Co., Ltd.	Corrugated boxes	Khonkaen
246 Thai Containers Rayong Co., Ltd.	Corrugated boxes	Rayong
247 Vina Kraft Paper Co., Ltd.	Kraft paper	Vietnam
248 New Asia Industries Co., Ltd.	Corrugated boxes	Vietnam
249 Alcamax Packaging (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
250 AP Packaging (Hanoi) Co., Ltd.	Corrugated boxes	Vietnam
251 Packamex (Vietnam) Co., Ltd.	Corrugated boxes	Vietnam
252 Dyna Packs Co., Ltd.	Corrugated boxes	Samutsakorn
253 Orient Containers Co., Ltd.	Corrugated boxes	Samutsakorn
254 D-In Pack Company Limited	Corrugated boxes	Nakhonpathom
255 PT Indoris Printingdo	Corrugated boxes	Indonesia
256 PT Indocorr Packaging Cikarang	Corrugated boxes	Indonesia
257 Phoenix Pulp & Paper Public Company Limited	Bleached pulp / Printing and writing paper	Bangkok
258 Phoenix Utilities Co., Ltd.	Utilities	Khonkaen
259 Thai Paper Co., Ltd.	Printing and writing paper	Bangkok

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-2164	Ordinary shares	3,126	3,126	99	99
66-2586-3333	66-2586-2164	Ordinary shares	35	3,450	99	99
66-2586-3333	66-2586-2164	Ordinary shares	1	70	99	99
66-2586-3876	66-2586-4507	Ordinary shares	1	49	99	99
66-2586-3333	66-2586-2164	Ordinary shares	9	890	99	99
66-2586-3333	66-2586-2164	Ordinary shares	2	170	99	99
66-2586-3333	66-2586-2164	Ordinary shares	961	21,716	99	99
66-2586-3333	66-2586-2164	Ordinary shares	62	4,403	99	99
66-2586-3333	66-2586-2164	Ordinary shares	0.01	1	99	99
(632) 870-0100	(632) 870-0409	Ordinary shares	141	1,082	99	99
		Preferred shares	840	3,246		
66-3461-5800	66-3461-5899	Ordinary shares	358	3,583	97	97
66-3895-8200	66-3895-8078	Ordinary shares	5	497	79	79
66-2105-4477	66-3445-2339	Ordinary shares	3	33	74	74
66-2586-5991	66-2586-4723	Ordinary shares	14	1,384	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	69	69
66-2586-3333	66-2586-2164	Ordinary shares	1	650	69	69
(848) 268-0240-2	(848) 268-0239	**	-	6,069	69	69
(84) 83-7294-160	(84) 83-7293-028	**	-	345	69	69
(84) 650-3743-031	(84) 65-0378-2816	**	-	607	69	69
(84) 32-0375-3862	(84) 32-0375-2868	**	-	248	69	69
(84) 83-7291-030	(84) 83-7291-031	**	-	220	69	69
66-2810-9346-7	66-2810-9103	Ordinary shares	1	90	69	69
66-3488-3422-4	66-3488-3421	Ordinary shares	26	260	69	69
66-3498-1401-4	66-3498-1406-7	Ordinary shares	0.01	50	69	69
(6221) 596-0772-3	(6221) 596-0774	Ordinary shares	0.02	55	69	69
	(6221) 596-3076					
(6221) 893-6868	(6221) 893-6565	Ordinary shares	0.5	298	69	69
66-2586-3333	66-2586-2164	Ordinary shares	236	2,365	69	69
		Preferred shares	10	98		
66-4343-3104-6	66-4343-3101	Ordinary shares	15	1,500	69	69
66-2586-3333	66-2586-2164	Ordinary shares	78	7,770	69	69

Name	Principal Business / Products	Location (Head Office / Factory)
260 The Siam Forestry Co., Ltd.	Forestry	Bangkok
261 Panas Nimit Co., Ltd.	Forestry	Bangkok
262 Thai Panason Co., Ltd.	Forestry	Bangkok
263 Thai Panadorn Co., Ltd.	Forestry	Bangkok
264 Thai Panaram Co., Ltd.	Forestry	Bangkok
265 Suanpa Rungsaris Co., Ltd.	Forestry	Bangkok
266 Siam Panawes Co., Ltd.	Forestry	Bangkok
267 Thai Panaboon Co., Ltd.	Forestry	Bangkok
268 Thai Wanabhum Co., Ltd.	Forestry	Bangkok
269 Interpress Printers Sendirian Berhad	Food service products	Malaysia
270 PT Primacorr Mandiri	Corrugated boxes	Indonesia
271 PT Fajar Surya Wisesa Tbk.	Kraft paper	Indonesia
272 PT Dayasa Aria Prima	Kraft paper	Indonesia
273 TC Flexible Packaging Co., Ltd.	Holding company	Bangkok
274 SCGP-T Plastics Company Limited	Holding company	Bangkok
275 Tawana Container Co., Ltd.	Corrugated boxes	Samut Prakarn
276 Tin Thanh Packing Joint Stock Company	Flexible packaging	Vietnam
277 Conimex Co., Ltd.	Rigid plastic packaging	Samut Prakarn
278 Prepack Thailand Co., Ltd.	Flexible packaging	Samutsakorn
		Samut Songkhram / Rayong
Associates		
279 Siam Toppan Packaging Co., Ltd.	Offset-printed cartons	Samut Prakarn
280 P&S Holdings Corporation	Holding company	Philippines
281 Siam Nippon Industrial Paper Co., Ltd.	Specialty paper	Bangkok
282 Sahagreen Forest Co., Ltd.	Energy and utilities	Kamphaengphet
Other		
Subsidiaries		
283 Cementhai Holding Co., Ltd.	Holding company	Bangkok
284 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
285 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
286 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
287 SCG Legal Counsel Limited	Legal consultant	Bangkok
288 CTO Management Co., Ltd.	Marketable securities investment	Bangkok
289 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore

* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2586-2164	Ordinary shares	2	184	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	69	69
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	69	69
(60) 35-542-1716	(60) 35-542-1703	Ordinary shares	47	384	68	68
		Preferred shares	28	225		
(6221) 596-2345	(6221) 596-2000	Ordinary shares	0.1	294	67	67
(6221) 344-1316	(6221) 345-7643	Ordinary shares	2,477.9	2,713	55	55
(6221) 344-1316	(6221) 345-7643	Ordinary shares	250.0	547	55	55
66-2586-5991	66-2586-4723	Ordinary shares	21	2,108	52	52
66-2586-3333	66-2586-2164	Ordinary shares	4	386	51	51
66-2324-0781	66-2324-0079	Ordinary shares	3	300	50	50
(84) 72-3779-747	(84) 72-3779-750	Ordinary shares	17	254	47	47
66-2738-0305	66-2326-6275	Ordinary shares	4	420	38	38
66-3444-0600-5	66-3444-0606-7	Ordinary shares	3	322	37	37
		Preferred shares	1	90		
<hr/>						
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	49	49
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	40	40
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	31	31
66-5585-8033	66-5585-8031	Ordinary shares	19	190	17	17
<hr/>						
66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100	100
66-2586-3333	66-2586-2398	Ordinary shares	1	5	100	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100	100
66-2586-3333	66-2587-2157	Ordinary shares	25	380	100	100
(65) 6411-9374	(65) 6333-6116	Ordinary shares	0.3	34	100	100

Name	Principal Business / Products	Location (Head Office / Factory)
290 Siam Innovation Product and Solution Co., Ltd.	Provide innovative technology products and services	Bangkok
291 SCG Learning Excellence Co., Ltd	Training service	Bangkok
292 SCG Vietnam Co., Ltd.	Management consulting service	Vietnam
293 PT SCG Indonesia	Management consulting service	Indonesia
294 Bangsue Industry Co., Ltd.	Provide products and services on new online platform and others	Bangkok
295 Add Ventures Capital Co., Ltd.	Venture capital	Bangkok
296 Add Ventures Capital International Co., Ltd.	Overseas venture capital	Bangkok
297 Siam GNE Solar Energy Co., Ltd	Manufacturing and sales the electricity from renewable energy	Bangkok
Associates and Other Companies		
298 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathumthani
299 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
300 Siam Kubota Leasing Co., Ltd.	Leasing	Pathumthani
301 Siam AT Industry Co., Ltd.	Automotive parts	Chonburi
302 Thai Engineering Products Co., Ltd.	Automotive parts	Pathumthani
303 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
304 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chonburi
305 Muang Thong United Co., Ltd.	Football team	Bangkok
306 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
307 Lysando AG	Research and development	Liechtenstein
308 IT One Co., Ltd.	Technical services	Bangkok
309 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakarn
310 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
311 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chonburi

* 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.

Telephone	Facsimile	Type of shares	Number of paid-up shares (Million shares)	Issued and paid-up shares (Million Baht)	Direct / Indirect Company and Subsidiaries Holding (Percent)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2587-2157	Ordinary shares	1	13	100	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100	100
(84) 83-526-9011-13	(84) 83-526-9014	**	-	16	100	100
(6221) 350-9491	(6221) 352-0718	Ordinary shares	0.1	26	100	100
66-2586-1920	-	Ordinary shares	4	303	100	100
66-2586-3333	-	Ordinary shares	12	305	100	100
66-2586-3333	-	Ordinary shares	9	679	100	100
66-2586-5684	66-2586-6284	Ordinary shares	0.2	16	50	50
<hr/>						
66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	-	40
66-2909-0300	66-2909-1697	Ordinary shares	80	2,000	-	40
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30	30
66-2529-3518-22	66-2529-1677	Ordinary shares	1	85	29	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30	30
66-2508-8100	66-2508-3369	Ordinary shares	3	233	30	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	20	25
(423) 262-5753	(423) 262-5752	Ordinary shares	1	39	20	20
66-2271-5111	66-2271-5112	Ordinary shares	1	80	20	20
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10	10
66-3821-3451-5	66-3874-3310	Ordinary shares	29	2,850	4	4

MANAGEMENT AND CORPORATE GOVERNANCE



09 Securities and Shareholders

56 - 58

15 Corporate Social
Responsibility

136 - 140

10 Management Structure

59 - 88

16 Internal Control
and Internal Audit

141 - 146

11 The Governance and
Nomination Committee Report

89 - 90

17 Risk Management

147 - 154



12 Corporate Governance

91 - 131

13 The Remuneration Committee's Report

132

14 The CSR Committee for Sustainable Development's Report

133 - 135

18 Connected Transactions

155 - 163

SECURITIES AND SHAREHOLDERS

09

9.1 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.

9.2 Shareholders

- 1) First 10 major shareholders (as at December 31, 2019)

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.*	118,218,069	9.85
3	STATE STREET EUROPE LIMITED	42,108,123	3.51
4	SOCIAL SECURITY OFFICE	39,319,350	3.28
5	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	37,165,640	3.10
6	RANDERY BARAH MAKAN CO., LTD.	15,205,600	1.27
7	SCG FOUNDATION	13,347,300	1.11
8	NORTRUST NOMINEES LIMITED-NTO SEC LENDING THAILAND CL AC	12,695,199	1.06
9	THE BANK OF NEW YORK MELLON	11,795,237	0.98
10	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	9,187,330	0.77

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 SET 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 Stock Exchange of Thailand. 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 (i.e. dividends, rights, and warrants) but there are no voting rights for NVDR holders. Further information regarding Thai NVDR Co., Ltd. can be found on www.set.or.th.

As at August 9, 2019, the major NVDR holders were:

No.	NVDR holders	No. of ordinary shares	% of total shares
1	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	20,486,553	1.71
2	STATE STREET BANK AND TRUST COMPANY	16,806,905	1.40
3	STATE STREET EUROPE LIMITED	14,871,786	1.24

- 2) The majority of shareholders are a group whose movement has a marked influence on the establishment of corporate policy and strategy. (As at December 31, 2019)

No.	Shareholders	No. of ordinary shares	% of total shares
1	HIS MAJESTY KING MAHA VAJIRALONGKORN PHRA VAJIRAKLAOCHAOYUHUA	403,647,840	33.64
2	CPB EQUITY CO., LTD.	2,280,200	0.19

Remark * Among major shareholders, the Company does not have any shareholding agreement which might affect its management.

- 3) Minor Shareholders (As at February 27, 2019)
The total number of Minor Shareholders (Free float) is 39,516, equivalent to 66.50%.
- 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 at December 31, 2019, the Company declared that 17.55% of the fully paid-up capital shares are held by the foreigners.

9.3 Issuance of Other Securities

The Siam Cement Public Company Limited issued 9 series* of debentures valuing 175,000 Million Baht as follows:

Lots of Debentures	Total Issue Amount (million Baht)	Outstanding Debenture (million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
1/2016	25,000	25,000	April 1, 2020	3.00	A+
2/2016	25,000	25,000	November 1, 2020	3.00	A+
1/2017	25,000	25,000	April 1, 2021	3.25	A+
2/2017	10,000	10,000	August 30, 2024	2.97	A+
3/2017	25,000	25,000	October 1, 2021	3.05	A+
1/2018	30,000	30,000	April 1, 2022	3.00	A+
2/2018	10,000	10,000	October 1, 2022	3.10	A+
1/2019	15,000	15,000	April 1, 2023	3.10	A+
2/2019	10,000	10,000	November 1, 2023	3.00	A+
Total	175,000	175,000			

Remark * All debentures were rated as credible from Fitch Ratings (Thailand) Limited.

Information on the utilization of proceeds from debenture offering

In 2019, the Company issued two series of debentures, namely No. 1/2019 and No. 2/2019. The objectives of proceeds utilization were as follows:

Lots of debentures	Objectives of proceeds utilization	Approximate amount utilized	Approximate period of proceeds utilization	Details
1/2019	Repayment of loans or debts incurred by the issuance of debentures	15,000 million Baht	April 1, 2019	The issuer would use the proceeds from the offering and issuance of debenture to pay off Debenture SCC194A.
2/2019	Repayment of loans or debts incurred by the issuance of debentures	10,000 million Baht	November 1, 2019	The issuer would use the proceeds from the offering and issuance of debenture to pay off Debenture SCC194NA.

Remark * All debentures were rated as credible from Fitch Ratings (Thailand) Limited.

9.4 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 2019, the consolidated net profit amounts at 32,014 million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders on June 8, 2020, the Board of Directors resolved to acknowledge the two interim dividend payments at the rate of 14.00 baht per share or equal to 52% of net profit as per consolidated financial statements.

For dividend policy of most 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* (%)
2015	7.50	8.50	16.00	42
2016	8.50	10.50	19.00	41
2017	8.50	10.50	19.00	41
2018	8.50	9.50	18.00	48
2019	14.00**	-	14.00	52***

Remark * Net profit represents profit for the year attributable to owners of the parent.

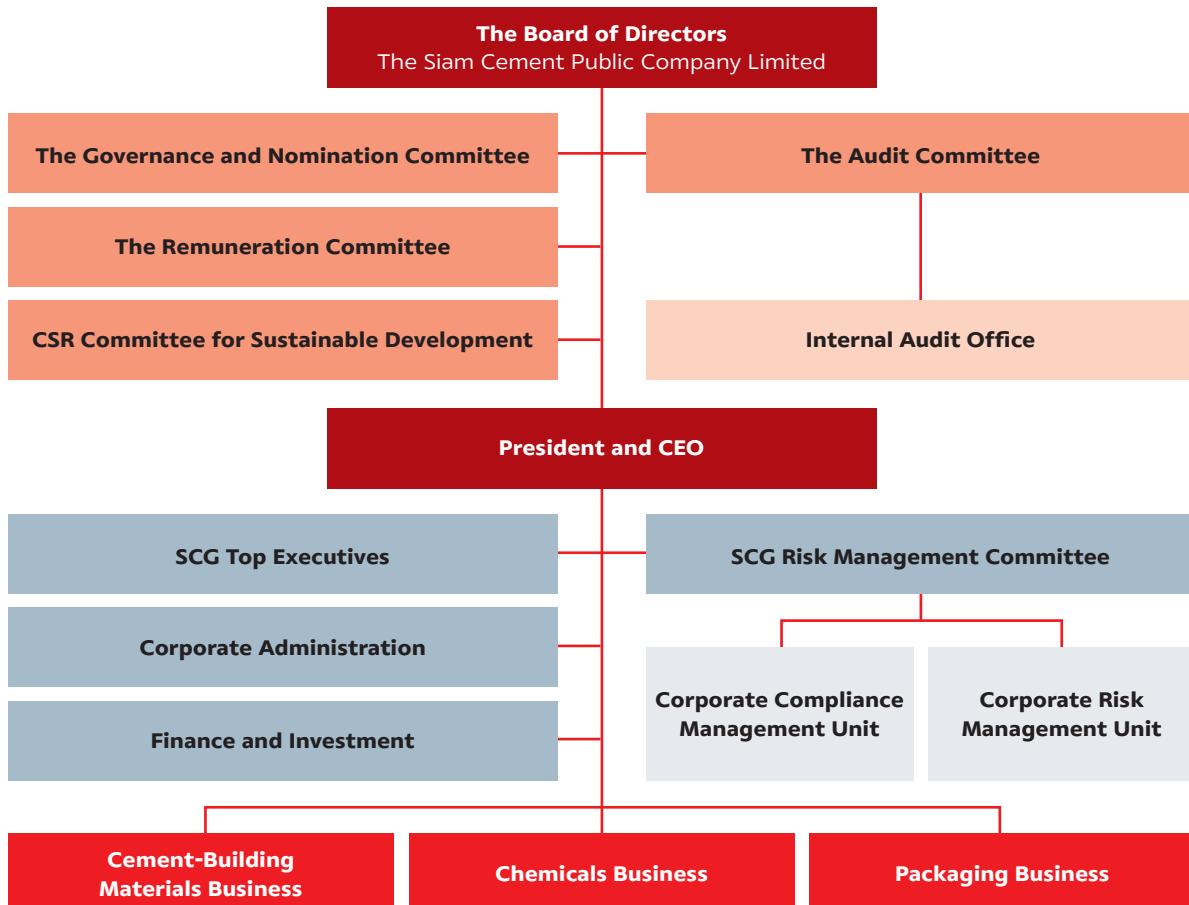
** The Board of Directors approved the two interim dividend payments at the rate of 7.00 Baht per share in July 2019 and the payment of interim dividends at the rate of 7.00 Baht per share in March 2020. Both payments were derived from the Company's profit in 2019.

*** Proportion of dividends is 49% on Profit before recognition of severance pay adjustment from the Labor Protection ACT B.E. 2562

10

MANAGEMENT STRUCTURE

ORGANIZATION STRUCTURE



As at December 31, 2019

10.1 The Board of Directors

comprises the following 12 members:

- | | | |
|--|--|---|
| 1
Air Chief Marshal Satitpong Sukvimon
Chairman | 2
Mr. Sumet Tantivejkul
Vice Chairman, Director and Independent Director | 3
Mr. Kasem Watanachai
Director |
| 4
Police Colonel Thumnithi Wanichthanom
Director | 5
Mr. Pricha Attavipach
Independent Director | 6
Mr. Chumpol NaLamlieng
Independent Director |
| 7
Mrs. Tarisa Watanagase
Independent Director | 8
Mr. Kan Trakulhoon
Director | 9
Mr. Prasarn Trairatvorakul
Independent Director |
| 10
Mr. Pasu Decharin
Independent Director | 11
Mrs. Parnsiree Amatayakul
Independent Director | 12
Mr. Roongrote Rangsiyopash
President & CEO |

The twelve members of the Board of Directors have no forbidden qualification as follows:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflict of interest against SCG during the year.

Composition of the Board of Directors

The Board of Directors comprises respected, knowledgeable and competent persons who 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.

Among the Board of Directors, the directors authorized to sign for and with binding effect on the Company are

any two of the five directors, namely Mr. Sumet Tantivejkul or Mr. Kasem Watanachai or Mr. Chumpol NaLamlieng or Mr. Prasarn Trairatvorakul or Mr. Roongrote Rangsiyopash, jointly sign their names together.

The Board is comprised of eleven non-executive directors and one executive director, who is the Company's President & CEO.

Three members of the Board who were nominated by major shareholder are Air Chief Marshal Satitpong Sukvimal, Mr. Kasem Watanachai and Police Colonel Thumnithi Wanichthanom.

The seven independent directors are Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Chumpol NaLamlieng, Mrs. Tarisa Watanagase, Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin, and Mrs. Parnsiree Amatayakul constituting more than half of the Board of Directors. In addition, the seven 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 Sub-committees

Directors	The Audit Committee (4 members)	The Governance and Nomination Committee (7 members)	The Remuneration Committee (3 members)	The CSR Committee for Sustainable Development (8 members)*
1. Air Chief Marshal Satitpong Sukvimal	-	Member	-	-
2. Mr. Sumet Tantivejkul	-	Chairman	-	Member
3. Mr. Kasem Watanachai	-	-	-	Chairman
4. Police Colonel Thumnithi Wanichthanom	-	Member	-	-
5. Mr. Pricha Attavipach	Member	Member	-	-
6. Mr. Chumpol NaLamlieng	-	Member	Member	-
7. Mrs. Tarisa Watanagase	Chairman	Member	-	-
8. Mr. Kan Trakulhoon	-	-	-	Member
9. Mr. Prasarn Trairatvorakul	-	-	Chairman	Member
10. Mr. Pasu Decharin	Member	Member	-	-
11. Mrs. Parnsiree Amatayakul	Member	-	Member	-
12. Mr. Roongrote Rangsiyopash	-	-	-	Member

- Remark**
- 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 number 2, 5, 6, 7, 9, 10, and 11.
 - Independent directors that meet all the criteria of an independent director defined by DJSI Sustainability Assessment are number 1, 2, 3, 4, 5, 6, 7, 9, 10 and 11, which can be found at www.scg.com.
 - Mr. Tanawong Areeratchakul, Mr. Yuttana Jiamtragan, and Mr. Chaovatil Ekabut are also members of the CSR Committee for Sustainable Development.
 - The structure of the Board of Directors is the One-tier Board system comprising an executive director and non-executive directors. Most of non-executive directors are independent director.

Board of 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.

The Board of Directors' Meeting Attendance Policy was reviewed and amended by the Board in 2018 to be in line with the advancement of technology and the effective management. The online meetings' attendance of each director is recorded and revealed in the Annual Report. The quorum shall be considered in accordance with the laws since it is determined that it will bring the Company great benefits if the directors give importance to and attend the Board's meetings through the use of electronic media.

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 2019, the Board held nine meetings, scheduled since 2018, which 99% of the Board of Directors attended. There were two meetings that directors attended by teleconference held through the use of electronic media, in which the directors present and expressing their opinions through such media were not considered a quorum according to the Board of Directors' Meeting Attendance Policy. Each director, excluding the director 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 prior to the date of the meeting if it is necessary or urgency, to allow adequate time for their preparation.

When considering the 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 managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the meeting, the secretary to the Board of Directors 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. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, the 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 2019, a meeting without the Management was held on August 17, 2019.

The Attendance of the Directors in 2019
(January 1, 2019 – December 31, 2019)

Director	Board of Directors (Total 12 directors)	The Audit Committee (Total 4 members)	The Governance and Nomination Committee (Total 7 members)	The Remuneration Committee (Total 3 members)	The CSR Committee for Sustainable Development (Total 8 members)	The General Meeting of Shareholders (Total 12 members)	Date of appointment as a director in 2019
1. Air Chief Marshal Satitpong Sukvimal	9/9	-	4/4	-	-	-	1/1
2. Mr. Sumet Tantivejkul*	9/9	-	4/4	-	4/4	4/4	1/1
3. Mr. Kasem Watanachai	8/9	-	-	-	4/4	4/4	1/1
4. Police Colonel Thumnithi Wanichthanom	9/9	-	4/4	-	-	-	1/1
5. Mr. Pricha Attavipach*	9/9	6/6	4/4	-	-	-	1/1
6. Mr. Chumpol NaLamlieng*	9/9	-	1/2	6/6	-	-	1/1
7. Mrs. Tarisa Watanagase*	9/9	6/6	4/4	-	-	-	1/1
8. Mr. Kan Trakulhoon	9/9	-	-	-	4/4	4/4	1/1
9. Mr. Prasarn Trairatvorakul*	9/9	-	-	6/6	4/4	4/4	1/1
10. Mr. Pasu Decharin*	6/6	5/5	4/4	-	-	-	- March 27, 2019
(replaced Mr. Tarrin Nimmanahaeminda)	2/2	1/1	-	-	-	-	1/1 Retired by rotation
							March 27, 2019
11. Mrs. Parnsiree Amatayakul*	6/6	5/5	-	4/4	-	-	- March 27, 2019
(replaced Mr. Pramon Sutivong)	2/2	1/1	-	2/2	-	-	1/1 Retired by rotation
							March 27, 2019
12. Mr. Roongrote Rangsiyopash	9/9	-	-	-	2/4	2/4	1/1
The Total Number of the Meetings	9	6	4	6	4	4	1
The Average Meeting Attendance	99	100	96	100	90	90	100
(percent)							

Remark * Independent Directors

- 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. Such meetings include those held through the use of electronic media which are not considered a quorum.
- In 2019, the director number 1, 4, and 7 attended a meeting held through the use of electronic media one time per person.

Board of Directors

Air Chief Marshal Satitpong Sukvimal (Age 71 year)

- Position • Chairman
• Member of the Governance and Nomination Committee

Date of Appointment as a Director

March 28, 2018

Education/Training

- Bachelor of Arts (Mass Communication), Chiang Mai University
- Flying Training School Class N. 54-16-3
- Squadron Officer School Class 43
- Air Force Staff School Class 29
- Air War College Class 27

Expertise

- Global and Regional Organization Management
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Laws
- Marketing
- Finance
- Environmental, Social & Governance or “ESG”

Director Training (None)

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2018 Director and Member of the Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited

Position in Other Company/Organization/Institution (6)

- Since 2017 His Majesty's Principal Private Secretary, Bureau of the Royal Household

- Since 2017 Chairman of the Board, The Crown Property Bureau
- Since 2018 Lord Chamberlain
- Since 2018 Chairman and director-general of The Crown Property Bureau
- Since 2018 President Courtier in H.M. King Maha Vajiralongkorn
- Since 2018 Director, CPB Equity Co., Ltd. and its group of companies as being assigned

5-years Past Experiences and/or Remarkable positions

- 2005 - 2016 Private Secretary to H.R.H the Crown Prince
- 2005 - 2016 The Crown Prince's, Personal Affairs Division
- 2005 - 2016 Deputy Lord Chamberlain, The Royal Household Bureau
- 2009 - 2013 Director, Thai Airways International Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Sumet Tantivejkul (Age 81 year)

Director qualified as an Independent Director (From January 28, 1998)

- Position • Vice Chairman
• Chairman of the Governance and Nomination Committee
• Member of CSR Committee for Sustainable Development

Date of Appointment as a Director

January 28, 1998

Education/Training

- Ph.D. (Political Science), Montpellier University, France
- M.A. (Political Science and International Law), Montpellier University, France
- B.A. (Political Science), Grenoble University, France
- Diploma, The Economic Development Institute of the World Bank (EDI), Washington, D.C., U.S.A.

Expertise

- Global and Regional Organization Management
- Foreign Affairs
- Human Capital Management
- Environmental, Social & Governance or “ESG”

Director Training

- Director Certification Program (DCP) 30/2003, Thai Institute of Directors Association

- Finance for Non-Finance Director (FND) 5/2003, Thai Institute of Directors Association
- Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (5)

- Since 1988 Director and Secretary – General, The Chaipattana Foundation
- Since 2000 Chairman, Thai Rice Foundation
- Since 2002 Chairman, Elephant Reintroduction Foundation
- Since 2002 Chairman, The Sirindhorn International Environmental Park Foundation
- Since 2012 Chairman, Utokapat Foundation

5-years Past Experiences and/or Remarkable positions

- 1994 - 1996 Secretary-General, Office of The National Economic and Social Development Board
- 1994 - 1996 Director, The Bank of Thailand
- 1994 - 2001 Director, Thai Airways International Public Company Limited
- 1996 - 1997 Director, Krung Thai Bank Public Company Limited
- 1997 - 1998 Chairman, Telephone Organization of Thailand
- 1997 - 2000 Director, Thai Farmers Bank Public Company Limited currently named Kasikornbank Public Company Limited
- 2001 - 2012 Director, Council of Burapha University

- 2005 - 2010 President of the University Council, Thammasat University

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)**Support and Consult through activities related to the Company businesses**

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Kasem Watanachai (Age 79 year)

- Position • Director
 • Chairman of the CSR Committee for Sustainable Development

Date of Appointment as a Director

March 28, 2018

Education/Training

- Honorary Doctor of Medicine, Navamindradhiraj University
- Honorary Doctor of Education, (Educational Administration), North-Chiang Mai University
- Honorary Doctor of Philosophy (Human Resource Development), National Institute of Development Administration
- Honorary Doctor of Education, Chulalongkorn University
- Honorary Doctor of Liberal Arts (Educational Administration), Christian University of Thailand
- Honorary Doctor of Education (Educational Administration), (Rajamangala University of Technology Thanyaburi
- Honorary Doctor of Public Health, Thammasat University
- Honorary Doctor of Philosophy (Management), Walailak University
- Honorary Doctor of Medicine, Naresuan University
- Honorary Doctor of Education, Eastern Asia University
- Honorary Doctor of Public Administration, Kasem Bundit University
- Honorary Doctor of Education, (Educational Administration), Chiang Mai Rajabhat Institution
- Honorary Doctor of Education, Srinakharinwirot University
- Honorary Doctor of Education, (Educational Administration), Chiang Mai University
- Honorary Doctor of Education (Educational Administration), Mahasarakham University
- Honorary Doctor of Liberal Arts, Khon Khaen University
- Honorary Doctor of Education, Mahidol University
- American Board of Subspecialty in Cardiovascular Disease, University of Chicago Hospitals and Clinics, U.S.A.
- American Board of Internal Medicine, University of Chicago Hospitals and Clinics, U.S.A.
- M.D. (Summa Cum Laude) Chiang Mai University
- Nation Defense College, Thailand Class 36

Expertise

- Global and Regional Organization Management
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Human Capital Management
- Environmental, Social & Governance or "ESG"

Director Training

- Director Accreditation Program (DAP) 164/2019, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (10)**

- Since 2003 Chairperson, Chiang Mai University Council
- Since 2004 Member of the Executive Committee and Secretary, Anandamahidol Foundation
- Since 2009 Member of Committee of the Crown Property Bureau
- Since 2010 Chairman, The Medical Science Division of the Anandamahidol Foundation
- Since 2015 Executive Chairperson, Prostheses Foundation of H.R.H the Princess Mother
- Since 2015 Chairman, Foundation for Good Governance on Medicine
- Since 2016 Privy Councillor (King Rama 10)
- Since 2016 Chairman, Buddhadasa Indapanno Archives Foundation
- Since 2017 Chairman, the King's Scholarships for Thai Monks
- Since 2018 Executive Director, Thai Junior Encyclopedia Project by Royal Command of H.M. the King

5-years Past Experiences and/or Remarkable positions

- 1989 - 1993 President, Chiang Mai University
- 1991 Member, Legislative Parliament Permanent
- 1994 Secretary, Ministry of University Affairs
- 1996 - 1999 Member of the Senate
- 1997 President, Huachiew Chalermprakiet University
- 2001 Minister, Ministry of Education
- 2001 - 2016 Privy Councillor (King Rama 9)
- 2003 Member of Committee and Secretary, Phradabos Foundation

- 2005 Chairman, Sala Chalermkrung Foundation
- 2010 Chairman, Princess Mother's Medical Volunteer Foundation
- 2016 Chairperson, Mahidol University Council
- 2014 - 2019 Chairman, Foundation of Virtuous Youth

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Police Colonel Thumnithi Wanichthanom (Age 62 year)

- Position
- Director
 - Member of the Governance and Nomination Committee

Date of Appointment as a Director

April 25, 2018

Education/Training

- Master of Public Administration, Western Kentucky University, U.S.A.
- Public Administration, Royal Police Cadet Academy

Expertise

- Global and Regional Organization Management
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Laws
- Finance
- Environmental, Social & Governance or "ESG"

Director Training (None)

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2018 Director and Member of the Corporate Social Responsibility Committee, The Siam Commercial Bank Public Company Limited

Position in Other Company/Organization/Institution (4)

- Since 2017 Grand Chamberlain of the Bureau of the Royal Household
- Since 2017 Director of The Privy Purse
- Since 2018 Deputy Director-General, The Crown Property Bureau
- Since 2018 Director, CPB Equity Co., Ltd. and its group of companies as being assigned

5-years Past Experiences and/or Remarkable positions

- 1997 - 2016 Deputy Chamberlain, Personal Affairs Division of H.R.H the Crown Prince, the Bureau of the Royal Household

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Pricha Attavipach (Age 82 year)

Director qualified as an Independent Director (From March 31, 1999)

- Position
- Director
 - Member of the Audit Committee
 - Member of the Governance and Nomination Committee

Date of Appointment as a Director

March 31, 1999

Education/Training

- M.S. (Industrial Engineering & Management), Oklahoma State University, U.S.A.
- B.Sc. (Industrial Engineering), Chulalongkorn University

Expertise

- Core Business or Industry of SCG
- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Crisis Management

- Laws

- Marketing

- Finance

- Environmental, Social & Governance or "ESG"

Director Training

- Director Certification Program (DCP) 39/2004, Thai Institute of Directors Association
- Finance for Non-Finance Director (FND) 8/2004, Thai Institute of Directors Association
- Audit Committee Program (ACP) 11/2006, Thai Institute of Directors Association
- Director Accreditation Program (DAP) 107/2014, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (3)

- Since 2008 Chairman and Independent Director, Thai Sugar Terminal Public Company Limited
 - Since 2008 Chairman, Kaset Thai International Sugar Corporation Public Company Limited
 - Since 2008 Chairman, TS Flour Mills Public Company Limited
- Position in Other Company/Organization/Institution (13)**
- Since 2000 Chairman, Pan-Paper 1992 Company Limited
 - Since 2001 Specialist Senior Engineering (Industrial Engineer), Council of Engineers
 - Since 2003 Chairman, SIAM P.P. International Company Limited
 - Since 2004 Chairman, Ekarat Pattana Company Limited
 - Since 2004 Academic Director of the Safety and Health Vocational Management System, The Engineering Institute of Thailand Under H.M. The King's Patronage (E.I.T)
 - Since 2007 President of the University Council, Chaopraya University
 - Since 2008 Chairman, TS Oil Industry Company Limited
 - Since 2008 Chairman, TSG Asset Company Limited
 - Since 2010 Chairman, SI Property Company Limited
 - Since 2011 Chairman, Kaset Thai Bio Power Company Limited
 - Since 2016 Chairman, Bagasse Dryer Technology (Thailand) Company Limited

- Since 2019 Chairman, GGC KTIS Bio Industrial Company Limited
- Since 2019 Chairman, Hua Hin Pearl Resort Company Limited

5-years Past Experiences and/or Remarkable positions

- 1993 - 2001 Director, PTT Exploration and Production Public Company Limited
- 1993 - 2018 Director, H.C. Starck Co., Ltd.
- 1996 - 1999 Permanent Secretary, Ministry of Industry
- 1997 - 1998 Chairman, The Electricity Generating Authority of Thailand
- 1997 - 1999 Chairman, The Petroleum Authority of Thailand
- 1999 - 2000 Chairman, National Petrochemical Public Company Limited
- 2002 - 2016 Law Councilor of Ministry of Labour
- 2004 - 2018 Independent Director and Chairman of the Audit Committee, Thai Rung Union Car Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 63,100 shares (0.005%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Chumpol NaLamlieng (Age 73 year)

Director qualified as an Independent Director (From July 30, 2014)

Position • Director

- Member of the Remuneration Committee
- Member of the Governance and Nomination Committee

Date of Appointment as a Director

August 1, 1992

Education/Training

- MBA, Harvard Business School, U.S.A.
- B.S. Mechanical Engineering, University of Washington, U.S.A.

Expertise

- Core Business or Industry of SCG
- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Crisis Management
- Laws
- Marketing
- Domestic or International Marketing (Market Insight)
- Accounting / Financial Literacy
- Finance
- Information Technology
- Human Capital Management
- Environmental, Social & Governance or “ESG”

Director Training

- Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (4)

- Since 2010 Director, Siam Sindhorn Company Limited
- Since 2012 Director, Kempin Siam Company Limited
- Since 2017 Advisor, CBP Equity Company Limited
- Since 2019 Director, SCG Packaging Public Company Limited

5-years Past Experiences and/or Remarkable positions

- 1993 - 2005 President, The Siam Cement Public Company Limited
- 2004 - 2011 Chairman, Singapore Telecommunication Company Limited
- 2005 - 2009 Director, British Airways Public Company Limited

- 2007 - 2016 Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee, The Siam Commercial Bank Public Company Limited
- 2012 - 2017 Director, Kempinski International SA

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 201,000 shares (0.0168%)
- Held by Spouse or minor children: (None)

Mrs. Tarisa Watanagase (Age 71 year)

Director qualified as an Independent Director (From March 27, 2013)

- Position
- Director
 - Chairman of the Audit Committee
 - Member of the Governance and Nomination Committee

Date of Appointment as a Director

March 27, 2013

Education/Training

- Ph.D. (Honorary) in Economics, Keio University, Tokyo, Japan
- Ph.D., Economics, Washington University, U.S.A.
- M.A., Economics, Keio University, Tokyo, Japan
- B.A., Economics, Keio University, Tokyo, Japan
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Expertise

- Core Business or Industry of SCG
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Crisis Management
- Accounting / Financial Literacy
- Finance
- Business Continuity Plan

Director Training

- Director Certification Program (DCP) 4/2000, Thai Institute of Directors Association
- Driving Company Success with IT Governance (ITG) 3/2016, Thai Institute of Director Association

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (10)

- Since 2006 Director, Puey Ungphakorn Institute
- Since 2006 Member, Foundation for Rural Restoration of Thailand Under the Patronage
- Since 2010 Member, Board of Directors, Ramathibodi Foundation
- Since 2011 Committee Member, Heart Foundation of Thailand Under the Royal Patronage of the Crown Princess
- Since 2011 Councilor, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)
- Since 2013 Member, Advisory Board, Central Banking Publication, U.K.
- Since 2015 Chairman, Childline Thailand Foundation (1387)
- Since 2016 Director, Chulalongkorn University Council
- Since 2016 Vice President, Thai-Japanese Association
- Since 2017 Director, Mitsubishi UFJ Financial Group

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

5-years Past Experiences and/or Remarkable positions

- 2006 - 2010 Governor, The Bank of Thailand
- 2006 - 2009 Chairperson, The Bank of Thailand Board
- 2006 - 2010 Chairperson, Monetary Policy Committee
- 2006 - 2010 Chairperson, Financial Institutions Policy Committee
- 2006 - 2010 Chairperson, Payment Systems Committee
- 2006 - 2010 Board Member, The National Economic and Social Development Board
- 2006 - 2010 Commission Member, The SEC Commission Members
- 2006 - 2010 Director, Thai Asset Management Corporation
- 2006 - 2017 Director, Board of Insurance Commission
- 2011 Expert, The Financial Sector Assessment Program (FSAP), IMF
- 2011 - 2017 Independent Director and Member of the Audit Committee, Office of Insurance Commission
- 2011 - 2017 Member, APD Advisory Group, Asia Pacific Department, IMF, Washington, D.C.
- 2012 - 2017 Director, Thailand Philharmonic Orchestra
- 2012 - 2013 Member, International Advisory Panel, State Bank of Vietnam, Vietnam
- 2013 Member, World Bank-IMF Joint Committee on Remuneration of Executive Directors and Alternates
- 2013 - 2014 Associate, Alliance for Financial Inclusion, Thailand
- 2013 - 2018 Senior Advisor, Promontory Financial Group, Washington, D.C., U.S.A.
- 2015 Short-term Consultant, World Bank Independent Evaluation Group

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: 41,900 shares (0.0035%)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Kan Trakulhoon (Age 65 year)

- Position
- Director
 - Member of CSR Committee for Sustainable Development
 - Chairman of the Management Advisory Committee

Date of Appointment as a Director

August 20, 2005

Education/Training

- Honorary Degree, Doctor of Engineering, Chulalongkorn University
- Honorary Degree, Doctor of Engineering (Production Engineering), Mahasarakham University
- M.S. (Management), The Georgia Institute of Technology, U.S.A.
- M.S. Engineering, The Georgia Institute of Technology, U.S.A.
- B.E. (Electrical), First Class Honours, Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Expertise

- Core Business or Industry of SCG
- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Crisis Management
- Marketing
- Domestic or International Marketing (Market Insight)
- Accounting / Financial Literacy
- Finance
- Information Technology
- Human Capital Management
- Environmental, Social & Governance or “ESG”

Director Training

- Director Certification Program (DCP) 29/2003, Thai Institute of Directors Association

Board Member/Management of Other Listed Company**In Thailand (4)**

- Since 2016 Chairman of the Board of Directors, Independent Director, Chairman of Leadership Development and Compensation Committee Advanced Info Services Public Company Limited
- Since 2016 Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, Member of the Executive Committee Siam Commercial Bank Public Company Limited
- Since 2017 Independent Director, Chairman of the Leadership Development and Compensation Committee, Member of the Nomination and Governance Committee, Member of the Strategic and Organizational Review Committee, Member of the CSR Committee for

Sustainable Development

Intouch Holdings Public Company Limited
Independent Director, Bangkok Dusit Medical Services Public Company Limited

Position in Other Company/Organization/Institution (14)

- Since 2017 Advisor, The Federation of Thai Industries
- Since 2013 Honorary Advisor, Environmental Engineering Association of Thailand
- Since 2013 Advisor, the Executive Committee, Mahidol University Foundation
- Since 2013 Executive Board Member, Engineer Division of the Anandamahidol Foundation
- Since 2013 Member of the Advisory Board, Sasin Graduate Institute of Business Administration
- Since 2015 Executive Board Member, Chulalongkorn Hospital
- Since 2017 Executive Board Member, Queen Savang Vadhana Memorial Hospital
- Since 2017 Member, National Strategic Committee
- Since 2018 Advisor, the Executive Board on Driving Value Based Economy towards Thailand 4.0 Policy through Innovation Hubs
- Since 2018 Honorary Advisor, The Eastern Economic Corridor Policy Committee
- Since 2019 Consultative group of expert on Development of Policy, Strategy and Budget Management System for Thailand's Science, Research and Innovation, Office of the National Higher Education, Science, Research and Innovation Policy Council (NXPO)
- Since 2019 Chairman of Subcommittee on Performance Evaluation of Secretary General to The Eastern Economic Corridor Policy Committee
- Since 2019 Advisor, Higher Education, Science, Research and Innovation Management System Reform Steering Committee
- Since 2019 Chairperson and Qualified Members of the Committee for Monitoring and Evaluation of Science, Research and Innovation Support

5-years Past Experiences and/or Remarkable positions

- 2005 - 2015 President and CEO, SCG
- 2009 - 2011 Outside Director, Kubota Corporation (Japan)
- 2011 - 2019 Global Advisor, Kubota Corporation (Japan)
- 2013 - 2016 Director, National Science Technology and Innovation Policy Office
- 2013 - 2015 Director, National Science and Technology Development Office

- | | |
|---|---|
| <ul style="list-style-type: none"> • 2014 - 2018 Member, National Development and Enhancing Competitiveness Committee • 2015 Director, National Innovation System Development Committee • 2015 - 2018 Member, National Committee on Intellectual Property Policy • 2015 - 2019 Head of Private Sector for Public-Private Collaborative Committee on Innovation and Digitalization • 2015 - 2019 Head of Private Sector for Public-Private Collaborative Committee on Legal Reform • 2015 - 2019 Member, the Public-Private Collaborative Committee on Educational Reform • 2015 - 2019 Member of the Advisory Board, Nomura Holding Inc. • 2016 - 2018 Member, Governing Committee of Food Innopolis • 2016 - 2018 Member, Screening Committee for Strengthening and Sustainability of the Local Economy • 2017 - 2018 Advisor, Committee on National Reform, National Strategy, and Reconciliation • 2017 - 2018 Sub-committee for screening projects according to the Regional Development Plan for the Strengthening and Sustainability of the Local Economy (Fiscal Year 2018) | <ul style="list-style-type: none"> • 2017 - 2018 Member, Subcommittee on Industrial and Digital Innovation Promotion • 2017 - 2018 Member, National Research and Innovation Policy Council • 2017 - 2018 Member, Super Board on National Procurement • 2017 - 2018 Member, Policy Committee of Special Economic Development Zone • 2017 - 2018 Member, National Strategy Preparation Committee for Thailand 4.0 • 2017 - 2018 Member, National Reform Committee on State Administration • 2018 - 2019 Member of Advisory Committee to the Minister of Science and Technology • 2018 - 2019 Member, the Eastern Economic Corridor Policy Committee • 2018 - 2019 Member, National Investment Driving and Coordination Committee |
|---|---|

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Prasarn Trairatvorakul (Age 68 year)

Director qualified as an Independent Director (From August 26, 2019)

Position

- Director
- Chairman of the Remuneration Committee
- Member of CSR Committee for Sustainable Development

Date of Appointment as a Director

August 26, 2017

Education/Training

- Doctor of Business Administration, Harvard University, Massachusetts, USA
- Master in Business Administration, Harvard University, Massachusetts, USA
- Master of Engineering in Industrial Engineering and Management, Asian Institute of Technology, Thailand
- Bachelor of Engineering in Electrical Engineering (First Class Honors), Chulalongkorn University
- Honorary Doctor of Business Administration, Rajamangala University of Technology Suvarnabhumi
- Honorary Doctor of Economics, Khon Kaen University
- Honorary Doctor of Economics, The University of the Thai Chamber of Commerce
- Honorary Doctor of Economics, Chulalongkorn University
- Honorary Doctor of Philosophy, National Institute of Development Administration

Expertise

- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Crisis Management
- Marketing
- Accounting and Financial Literacy
- Finance
- Information Technology
- Human Capital Management
- Environmental, Social & Governance or “ESG”
- Financial Regulations
- Retailing

Director Training

- The Role of the Chairman Program (RCP) 2/2001, Thai Institute of Directors Association
- Director Certification Program (DCP) 21/2002, Thai Institute of Directors Association
- Ethical Leadership Program (ELP) 2/2015, Thai Institute of Directors Association
- Board Nomination and Compensation Program (BNCP) 5/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2019 Chairman of the Board, Pruksa Holding Public Company Limited (Became independent director since 2017)

Position in Other Company/Organization/Institution (16)

- Since 1998 Executive Director, Thai Red Cross Society
- Since 2015 Advisor, Crown Property Bureau
- Since 2016 Advisor, Board of Investment
- Since 2016 Member, Property Management Committee - Chulalongkorn University
- Since 2016 Senior Advisor, CENTRAL Group
- Since 2017 Chairman of the Council of Trustees and the Board of Directors, Thailand Development Research Institute (TDRI)
- Since 2017 Member, Committee on King's Scholarships for Thai Buddhist Monks
- Since 2017 Member, Asset Management Committee of Vajiravudh College
- Since 2018 Distinguished Scholar, Faculty of Commerce and Accountancy - Chulalongkorn University
- Since 2018 Director, Prince of Songkla University
- Since 2018 Chairman of the Board, Education Equity Fund
- Since 2018 Director, CPB Equity Company Limited
- Since 2018 Director, Siam Sindhorn Company Limited
- Since 2019 Chairman of the Board, Mihidol Witayanusorn

- Since 2019 Chairman of the Board, SCG Packaging Public Company Limited
- Since 2019 Chairman of the Board, Central Retail Corporation Public Company Limited

5-years Past Experiences and/or Remarkable positions

- 1999 - 2003 Secretary-General, Securities and Exchange Commission of Thailand
- 2004 - 2010 President, KASIKORN BANK Public Company Limited
- 2010 - 2015 Governor, Bank of Thailand
- 2014 - 2019 Member, State Enterprises Supervisory Board
- 2015 - 2019 Member, Committee to Enhance Competitiveness of the Nation
- 2015 - 2019 Member, National Anti-Corruption Commission
- 2017 - 2019 Chairman, Public Procurement Committee
- 2017 - 2019 Member, Education Reform Committee
- 2017 - 2019 Chairman, Economic Reform Committee

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Pasu Decharin (Age 52 year)

Director qualified as an Independent Director (From March 27, 2019)

Position

- Director
- Member of the Audit Committee
- Member of the Governance and Nomination Committee

Date of Appointment as a Director

March 27, 2019

Education/Training

- Ph.D., Management of Technology
School of Management, Asian Institute of Technology (AIT)
- Master of Business Administration (MBA)
University of Colorado (Boulder), U.S.A.
- Bachelor of Business Administration (Management)
Faculty of Commerce and Accountancy, Chulalongkorn University

Expertise

- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Marketing
- Accounting / Financial Literacy
- Human Capital Management
- Environmental, Social & Governance or "ESG"

Director Training

- Director Accreditation Program (DAP) 121/2015,
Thai Institute of Directors Association

- Executive Development Program (EDP) 3,
Thai Listed Company Association

- Leadership Development Program (LDP) 6,
Thai Listed Company Association
- Directors Certification Program (DCP) 280/2019,
Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (2)

- Since 2018 Independent Director, Member of the Audit Committee, and Member of the Nomination and Remuneration
Thai Oil Public Company Limited
- Since 2018 Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee The Siam Commercial Bank Public Company Limited

Position in Other Company/Organization/Institution (4)

- Since 1993 Lecturer, Faculty of Commerce and Accountancy, Chulalongkorn University
- Since 2015 Independent Director,
Aksorn Education Public Company Limited
- Since 2017 Director, AUA Language School

- Since 2018 Chairman and Independent Director of Warrix Sports Co., Ltd.

5-years Past Experiences and/or Remarkable positions

- 2004 - 2011 Assistant to the President of Chulalongkorn University
- 2007 - 2011 Head of Accountancy Department, Faculty of Commerce and Accountancy, Chulalongkorn University
- 2014 - 2018 Director and Member of the Audit Committee, The Islamic Bank of Thailand
- 2011 - 2019 Dean, Faculty of Commerce and Accountancy, Chulalongkorn University

- 2016 - 2019 Independent Director and Member of the Audit Committee, Krungthai Car Rent and Lease Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mrs. Parnsiree Amatayakul (Age 50 year)

Director qualified as an Independent Director (From March 27, 2019)

Position

- Director
- Member of the Audit Committee
- Member of Remuneration Committee

Date of Appointment as a Director

March 27, 2019

Education/Training

- Master of Business Administration, Anderson School of Management, UCLA, the University of California, USA
- Bachelor of Business Administration, Faculty of Commerce and Accountancy, Chulalongkorn University

Expertise

- Other Large Business or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Risk Management, Crisis Management
- Marketing
- Accounting / Financial Literacy
- Information Technology
- Organizational Transformation
- Digital Transformation

Director Training

- Director Certification Program (DCP) 99/2008, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2018 Independent Director at Thai Wah Public Company Limited

Position in Other Company/Organization/Institution (4)

- Since 2013 Directors, Thailand Management Association (TMA)
- Since 2018 Member, the National Digital Economy and Society Committee
- Since 2018 Member, the Committee of Foundation for Research in Information Technology- FRIT
- Since 2019 General Manager, Sales, Enterprise and Commercial, IBM ASEAN

5-years Past Experiences and/or Remarkable positions

- 2011 - 2018 Managing Director, IBM Thailand Company Limited
- 2017 - 2018 Member, The Thailand 4.0 council
- 2016 - 2019 Directors, The American Chamber of Commerce in Thailand (AMCHAM)

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 400 shares (0.00003%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Mr. Roongrote Rangsiyopash (Age 57 year)

- Position
- Director
 - President & CEO SCG
 - Member of CSR Committee for Sustainable Development
-

Date of Appointment as a Director

March 25, 2015

Education/Training

- MBA, Harvard Business School, U.S.A
- M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.
- B.E. (Mining), Chulalongkorn University

Expertise

- Core Business or Industry of SCG
- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Crisis Management
- Marketing
- Domestic or International Marketing (Market Insight)
- Accounting / Financial Literacy
- Finance
- Human Capital Management
- Environmental, Social & Governance or "ESG"

Director Training

- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)
Position in Other Company/Organization/Institution (16)

- Since 2015 Member of Fund-Raising Committee for Navamindrapobitr 84th Anniversary Building Faculty of Medicine Siriraj Hospital, Mahidol University
- Since 2015 Advisory, The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Since 2016 Director, Digital Economy and Society Preparation Committee
- Since 2016 Head of Private Sectors, Joint Public-Private-People Steering Committee (People's State) under the Public-Private Steering Committee for Driving the Thai Economy E2 Competitive Workforce
- Since 2016 Council Member, World Business Council for Sustainable Development
- Since 2016 Member, Asia Business Council
- Since 2016 Committee, Engineer Division of the Anandamahidol Foundation
- Since 2017 Member, Sub-committee Government Administration System Development for Driving toward 4.0, Office of the Prime Minister
- Since 2017 Advisory Director on Industrial and Organizational Psychology, Political System Development Committee
- Since 2017 Advisory, Chulalongkorn University Alumni Association

- Since 2017 Executive Director, The Debsirin School Parents-Teacher Association
- Since 2018 Member, Public School Educational Innovation Administration Development Committee to support Driving Educational Reform towards Thailand 4.0 Policy
- Since 2018 Director, Mrigadayavan Palace Foundation Under the royal patronage of HRH Princess Bejaratana Rajasuda Sirisobhabannavadi
- Since 2018 Member, Sub-committee on the Promotion of Social Sector Collaboration, Prince Chakri Award Foundation
- Since 2018 Honorary Advisor, The Federation of Thai Industries
- Since 2019 the Executive Board on Driving Reformation toward Higher Education, Science, Research and Innovation

Other Position in SCG

- Chairman of non-listed companies under SCG totaling 8 companies

5-years Past Experiences and/or Remarkable positions

- 2011 - 2015 Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited (Currently named as TBSP Public Company Limited)
- 2011 - 2015 Chairman, Thai Cane Paper Public Company Limited
- 2011 - 2015 President, SCG Paper Public Company Limited (currently named as SCG Packaging Public Company Limited)
- 2012 - 2015 Director, Thai Plastic and Chemicals Public Company Limited
- 2013 - 2014 Expert Member, Government Pension Fund (GPF) Board of Directors
- 2013 - 2014 Chairman of Risk Management Sub-committee, Government Pension Fund (GPF)
- 2013 - 2015 Executive Director, Giga Impact Initiative Board, National Science and Technology Development Agency (NSTDA)
- 2015 Executive Vice President, The Siam Cement Public Company Limited
- 2015 - 2018 Advisory Director, the National Science and Technology Development Board
- 2017 - 2018 Committee, Steering Committee on the Reforming Support for THAILAND 4.0 Policy

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 30,000 shares (0.0025%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)
Support and Consult through activities related to the Company businesses

- Support and consult on innovation by visiting company products, services, research and development exhibition of all related businesses

Report of Changes in Securities Holdings of Directors

Directors	Ordinary shares (shares)			Debentures (units)*				Ordinary shares of affiliated companies (shares)
	As at January 1, 2019	As at December 31, 2019	Increase/ (decrease) during fiscal year	As at January 1, 2019	As at December 31, 2019	Increase/ (decrease) during fiscal year		
1. Air Chief Marshal Satitpong Sukvimal	-	-	-	-	-	-	-	-
2. Mr. Sumet Tantivejkul	-	-	-	10,000	10,000	-	-	-
3. Mr. Kasem Watanachai	-	-	-	-	-	-	-	-
4. Police Colonel Thumnithi Wanichthanom	-	-	-	-	-	-	-	-
5. Mr. Pricha Attavipach	63,100	63,100	-	59,000	42,000	(17,000)	-	-
6. Mr. Chumpol NaLamlieng	201,000	201,000	-	51,000	20,000	(31,000)	-	-
7. Mrs. Tarisa Watanagase Spouse	-	-	-	-	-	-	-	-
8. Mr. Kan Trakulhoon	-	-	-	-	-	-	-	-
9. Mr. Prasarn Trairatvorakul	-	-	-	5,000	5,000	-	-	-
10. Mr. Pasu Decharin	-	-	-	-	-	-	-	-
11. Mrs. Parnsiree Amatayakul	400	400	-	-	-	-	-	-
12. Mr. Roongrote Rangsiyopash	30,000	30,000	-	84,000	95,000	11,000	-	-

- Remark**
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. According to SEC regulation, ordinary shares of a company held by the directors include those held by a spouse, partners in a de facto relationship and minor children.
 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. The Siam Cement Public Company Limited debentures are 1,000 Baht per unit.

10.2 Top Executives

As at January 1, 2020

1

Mr. Roongrote Rangsiyopash

President & CEO

2

Mr. Tanawong Areratchakul

President, Chemicals Business

3

Mr. Sakchai Patiparnpreechavud

Vice President-Polyolefins and Vinyl Business, Chemicals Business

4

Mr. Mongkol Hengrojanasophon

Vice President-Olefins Business and Operations, Chemicals Business

5

Mr. Suracha Udomsak

Vice President, Chemicals Business and in charge of Chief Technology Officer-Innovation and Technology

6

Mr. Nithi Patarachoke

President, Cement-Building Materials Business and In charge of Vice President-Living Solution and Housing Products Business

7

Mr. Chana Poomee

Vice President-Cement and Construction Solution Business, Cement-Building Materials Business

8

Mr. Paramate Nisagornsen

Vice President-Regional Business, Cement-Building Materials Business

9

Mr. Yuttana Jiamtragan

Vice President-Corporate Administration

10

Mr. Thammasak Sethaudom

Vice President-Finance and Investment & CFO

11

Mr. Aree Chavalitcheewingul

President, Cementhai Holding Company Limited



5

3

8

7

11

1

2

6

9

4

10

Remark Mr. Wichan Jitpukdee vacated the executive position on January 1, 2020 pursuant to the initial public offering (IPO) and listing the shares of SCG Packaging Public Company Limited (SCGP) on the Stock Exchange of Thailand. In this regard, he has retained his positions as the director and the President of SCGP.

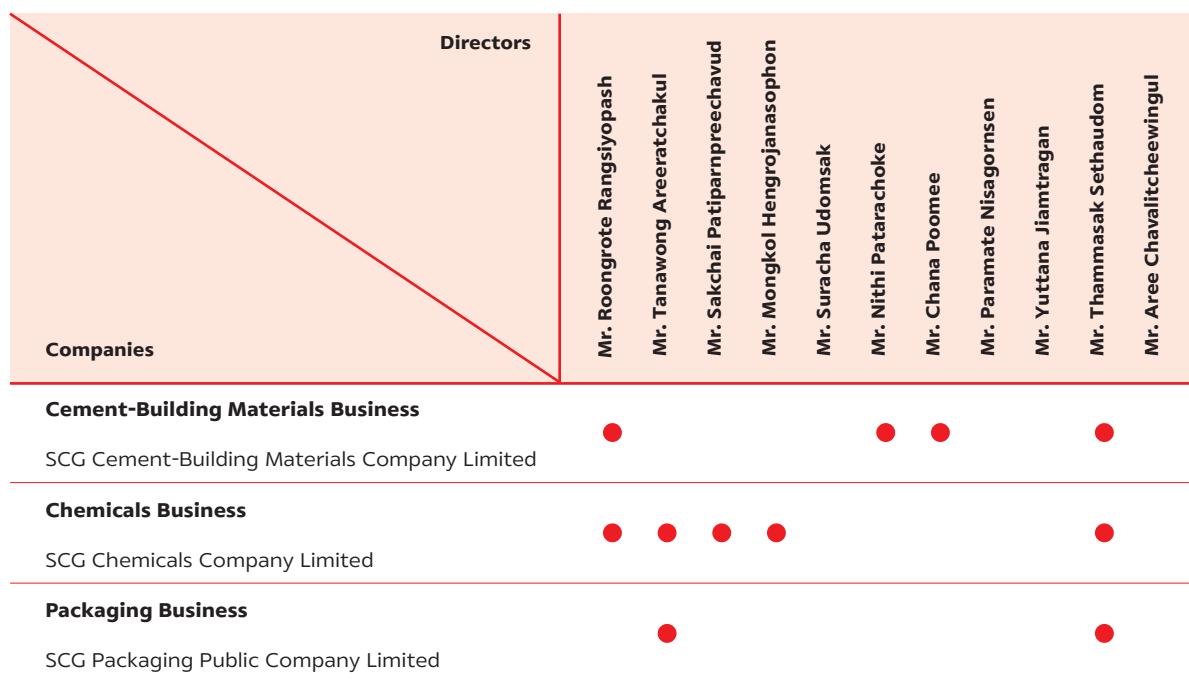
The above-mentioned top executives of SCG are "Executive" according to the Notification of the Capital Market Supervisory Board No. Tor Jor 23/2551.

The eleven members of top executives have no forbidden qualification as following:

1. Never dishonestly committed an offence against property.
2. Never entered into any transaction which may cause conflicts 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.

Report of Changes in Securities Holdings of Directors



Remark The Company's Chief Officers in Accounting and Finance are as follows:

- | | |
|--------------------------------|---|
| 1. Mr. Pichit Leelaphantmetha | Corporate Accounting Director |
| 2. Mrs. Chantanida Sarigaphuti | Corporate Planning and Finance Director |

SCG Top Executives

Mr. Roongrote Rangsiyopash (Age 57 year)

- Position
- Director
 - President & CEO SCG
 - Member of CSR Committee for Sustainable Development

Education/Training

- MBA, Harvard Business School, U.S.A
- M.S. (Industrial Engineering), University of Texas at Arlington, U.S.A.
- B.E. (Mining), Chulalongkorn University

Expertise

- Core Business or Industry of SCG
- Other Large Businesses or Industries
- Global and Regional Organization Management
- Economics and Investment
- Policy Setting and Strategic Planning (Global Vision)
- Foreign Affairs
- Crisis Management
- Marketing
- Domestic or International Marketing (Market Insight)
- Accounting / Financial Literacy
- Finance
- Human Capital Management
- Environmental, Social & Governance or "ESG"

Director Training (1)

- Directors Accreditation Program (DAP) 2004, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (16)

- Since 2015 Member of Fund-Raising Committee for Navamindrapobitr 84th Anniversary Building Faculty of Medicine Siriraj Hospital, Mahidol University
- Since 2015 Advisory, The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King
- Since 2016 Director, Digital Economy and Society Preparation Committee
- Since 2016 Head of Private Sectors, Joint Public-Private-People Steering Committee (People's State) under the Public-Private Steering Committee for Driving the Thai Economy E2 Competitive Workforce
- Since 2016 Council Member, World Business Council for Sustainable Development
- Since 2016 Member, Asia Business Council
- Since 2016 Committee, Engineer Division of the Anandamahidol Foundation
- Since 2017 Member, Sub-committee Government Administration System Development for Driving toward 4.0, Office of the Prime Minister
- Since 2017 Advisory Director on Industrial and Organizational Phycology, Political System Development Committee

- Since 2017 Advisory, Chulalongkorn University Alumni Association
- Since 2017 Executive Director, The Debsirin School Parents-Teacher Association
- Since 2018 Member, Public School Educational Innovation Administration Development Committee to support Driving Educational Reform towards Thailand 4.0 Policy
- Since 2018 Director, Mrigadayavan Palace Foundation Under the royal patronage of HRH Princess Bejaratana Rajasuda Sirisobhabannavadi
- Since 2018 Member, Sub-committee on the Promotion of Social Sector Collaboration, Prince Chakri Award Foundation
- Since 2018 Honorary Advisor, The Federation of Thai Industries
- Since 2019 the Executive Board on Driving Reformation toward Higher Education, Science, Research and Innovation

Other Position in SCG

- Chairman of non-listed companies under SCG totalling 8 companies

5-years Past Experiences and/or Remarkable positions

- 2011 - 2015 Chairman of the Board of Directors and Executive Committee, Thai British Security Printing Public Company Limited (Currently named as TBSP Public Company Limited)
- 2011 - 2015 Chairman, Thai Cane Paper Public Company Limited
- 2011 - 2015 President, SCG Paper Public Company Limited (currently named as SCG Packaging Public Company Limited)
- 2012 - 2015 Director, Thai Plastic and Chemicals Public Company Limited
- 2013 - 2014 Expert Member, Government Pension Fund (GPF) Board of Directors
- 2013 - 2014 Chairman of Risk Management Sub-committee, Government Pension Fund (GPF)
- 2013 - 2015 Executive Director, Giga Impact Initiative Board, National Science and Technology Development Agency (NSTDA)
- 2015 Executive Vice President, The Siam Cement Public Company Limited
- 2015 - 2018 Advisory Director, the National Science and Technology Development Board
- 2017 - 2018 Committee, Steering Committee on the Reforming Support for THAILAND 4.0 Policy

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 30,000 shares (0.0025%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Mr. Tanawong Areeratchakul (Age 57 year)

- Position • President, Chemicals Business
• Member of CSR Committee for Sustainable Development

Education/Training

- Bachelor of Engineering, Electrical Engineering, King Mongkut's Institute of Technology Thonburi
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (1)

- Director Accreditation Program (DAP) 149/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (2)**

- Since 2019 President Commissioner, PT Fajar Surya Wisesa Tbk.*
- Since 2018 Subcommittee, Royal Project Foundation

Remark * Listed in the Stock Exchange of Indonesia

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2007 - 2010 Managing Director, Rayong Olefins Company Limited
- 2008 - 2012 General Director, Long Son Petrochemicals Company Limited
- 2012 - 2015 Vice President-Corporate Administration, SCG
- 2014 - 2018 Executive Director, the Electronic Transactions Development Agency (Public Organization) or ETDA
- 2015 - 2017 Committee, Thai Listed Companies Association
- 2015 - 2019 President, SCG Packaging Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)**Mr. Sakchai Patiparnpreechavud** (Age 53 year)

- Position • Vice President-Polyolefins and Vinyl Business, Chemicals Business

Education/Training

- Master of Business Administration, Kasetsart University
- Bachelor of Engineering, Chemical Engineering, Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A

Director Training (1)

- Director Accreditation Program (DAP) 148/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (2)**

- Since 2015 Member of the Committee, Plastics Institute of Thailand
- Since 2019 Advisor, Board of Trade of Thailand

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2005 - 2009 Managing Director, Mehr Petrochemical Company, Iran
- 2009 - 2017 Managing Director, SCG Plastics Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Mr. Mongkol Hengrojanasophon (Age 52 year)

Position • Vice President-Olefins Business and Operations, Chemicals Business

Education/Training

- Bachelor of Engineering, Chemical Engineering, Khon Kaen University
- Advanced Management Program (AMP) Harvard Business School, U.S.A

Director Training (1)

- Director Certification Program (DCP), 263/2018 Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (2)**

- Since 2017 Vice Chairman of Social and Image Task Force, Petrochemical Industry Club, The Federation of Thai Industries
- Since 2018 Vice Chairman, The Institute of Industrial Energy, The Federation of Thai Industries

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2010 - 2013 Production Division Manager, Map Ta Phut Olefins Company Limited
- 2013 - 2018 Managing Director, Map Ta Phut Olefins Company Limited
- 2015 - 2017 Olefins Leader, SCG Chemicals Co., Ltd.

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 2,000 shares (0.0002%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)**Mr. Suracha Udomsak** (Age 52 year)

Position • Vice President-Chemicals Business and Chief Technology Officer-Innovation and Technology, Chemicals Business

Education/Training

- PhD. In Chemical Engineering, Texas A&W University
- Bachelor of Engineering, Chemical Engineering, Chulalongkorn University
- Advanced Management Program (AMP) Harvard Business School, U.S.A

Director Training (None)**Board Member/Management of Other Listed Company in Thailand (None)****Position in Other Company/Organization/Institution (2)**

- Since 2018 Director, Center of Excellence on Petrochemical and Material, Chulalongkorn University
- Since 2018 Advisor, The Petroleum and Petrochemical College, Chulalongkorn University
- Since 2018 Advisor, Japan Advanced Institute of Science and Technology

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2004 Deputy Managing Director, Grand Siam Composites Co., Ltd.
- 2007 Managing Director, Thai Polyethylene Co., Ltd.
- 2013 - 2017 Research and Development Director, Business Group Head - Technology SCG Chemicals Co., Ltd.
- 2018 - 2019 Research and Development Director, Emerging Business Director, SCG Chemicals Co., Ltd.

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Mr. Nithi Patarachoke (Age 57 year)

- Position • President, Cement-Building Materials Business
• In charge of Vice President-Living Solution and Housing Products Business

Education/Training

- MBA (Finance and Operations Management), University of Chicago, U.S.A.
- Bachelor of Engineering, Industrial Engineering, Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (1)

- Directors Accreditation Program (DAP) 140/2017, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (3)

- Since 2012 Director, Siam Global House Public Company Limited
- Since 2018 Chairman of the Board of Directors, Chairman of the Executive Committee and Member of the Nomination, Remuneration and Corporate Governance Committee, SCG Ceramics Public Company Limited
- Since 2019 Chairman of the Board of Directors and Chairman of the Executive Committee, Quality Construction Products Public Company Limited

Position in Other Company/Organization/Institution (4)

- Since 2019 President Commissioner, PT KERAMIKA INDONESIA ASSOSIASI Tbk.*
- Since 2019 President Commissioner, PT KOKOH INTI AREBAMA Tbk*

- Since 2013 Vice Chairman, Thailand Management Association
- Since 2019 Director, The Federation of Thai Industries

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2005 - 2010 Corporate Planning Director, The Siam Cement Public Company Limited
- 2010 - 2013 Managing Director, SCG Logistics Management Company Limited
- 2013 - 2017 Vice President-Domestic Market, SCG Cement-Building Materials
- 2014 - 2018 Director, Asia Cement Public Company Limited
- 2016 - 2018 Vice Chairman, The Federation of Thai Industries
- 2017 - 2018 Vice President-Building Products and Distribution Business, Cement-Building Materials Business
- 2017 - 2018 Commissioner, PT KOKOH INTI AREBAMA Tbk., Indonesia*

Remark * Listed in the Stock Exchange of Indonesia

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 4,000 shares (0.0003%)
- Held by Spouse or minor children: 15,000 shares (0.0013%)

Family Relationship among Directors and Executives (None)**Mr. Chana Poomee** (Age 55 year)

- Position • Vice President-Cement and Construction Solution Business, Cement-Building Materials Business

Education/Training

- Honorary Degree, Doctor of Engineering (Industrial Engineering), King Mongkut's University of Technology North Bangkok
- Master of Public Health, Sukhothai Thammathirat Open University
- Bachelor of Engineering, Electrical Engineering, King Mongkut's University of Technology North Bangkok
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (2)

- Directors Accreditation Program (DAP) 136/2017, Thai Institute of Directors Association
- Director Certification Program (DCP) 261/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2019 Directors, Executive Committee, and the Nomination, Remuneration and Corporate Governance Committee, Quality Construction Products Public Company Limited

Position in Other Company/Organization/Institution (1)

- Since 2018 Director, Asia Cement Public Company Limited

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2010 - 2013 Energy Director, SCG Cement-Building Materials
- 2013 - 2015 Country Director-Myanmar, SCG Cement-Building Materials
- 2013 - 2015 Managing Director, ECO Plant Services Company Limited
- 2013 - 2014 Managing Director, Mawlamyine Cement Limited
- 2014 - 2016 Managing Director, Myanmar CBM Services Company Limited
- 2015 - 2017 Vice President-Operations, SCG Cement-Building Materials

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 5,800 shares (0.0005%)
- Held by Spouse or minor children: 500 shares (0.00004%)

Family Relationship among Directors and Executives (None)

Mr. Paramate Nisagornsen (Age 53 year)

Position • Vice President-Regional Business, Cement-Building Materials Business

Education/Training

- M.S. Operational Management & Finance, Massachusetts Institute of Technology, U.S.A.
- Bachelor of Engineering, Electrical Engineering, King Mongkut's University of Technology North Bangkok
- Advanced Management Program (AMP) Harvard Business School, U.S.A.

Director Training (1)

- Director Certification Program (DCP) 258/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2018 Director, Siam Global House Public Company Limited

Position in Other Company/Organization/Institution

(None)

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2007 - 2011 Managing Director, Nawa Plastic Industries Company Limited
- 2011 - 2012 Business Group Head of Fabricated Products, SCG Chemicals Company Limited
- 2012 - 2016 Operations Vice President Director, PT. Chandra Asri Petrochemicals Tbk. Indonesia
- 2016 - 2017 Managing Director, Bangkok Synthetics Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)**Mr. Yuttana Jiamtragan** (Age 57 year)

Position • Vice President-Corporate Administration
• Member of the CSR Committee for Sustainable Development

Education/Training

- Master of Business Administration, Assumption University
- Bachelor of Sciences (Chemistry), Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (1)

- Director Accreditation Program (DAP), 149/2018 Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (1)

- Since 2018 Director, Siam Global House Public Company Limited

Position in Other Company/Organization/Institution (2)

- Since 2015 Advisor, Foundation for the Promotion of Science and Technology Under the Patronage of His Majesty the King
- Since 2016 Member of the Advisory Committee, Center of Excellence on Environmental Health and Toxicology

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2008 - 2015 Managing Director, SCG Performance Chemicals Company Limited
- 2010 - 2013 Managing Director, SCG Polyolefin Company Limited
- 2011 - 2015 Business Group Head: Compound & Formulation, Chemicals Business
- 2012 - 2016 Director, The Federation of Thai Industries
- 2012 - 2016 Honorary Chairman, Plastic Industry Club, The Federation of Thai Industries
- 2012 - 2016 Advisor, Thailand Institute of Packaging and Recycling Management for Sustainable Environment (TIPMSE), The Federal of Thai Industries
- 2015 - 2019 Advisor, Thai Bioplastics Industry Association
- 2016 - 2018 Member of the NSTDA Chair Professor Joint Committee, NSTDA Chair Professor Grants
- 2017 - 2019 Member of the Establishing Committee, the Research and Training Center for Supporting Industry 4.0, King Mongkut's University of Technology North Bangkok
- 2017 - 2019 Committee, Thai Listed Companies Association

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 2,000 shares (0.0002%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)

Mr. Thammasak Sethaudom (Age 51 year)

Position • Vice President-Finance and Investment & CFO

Education/Training

- Master of Business Administration, London Business School, United Kingdom (Distinction)
- Bachelor of Engineering, Electrical Engineering, Chulalongkorn University
- Management Development Program, The Wharton School, The University of Pennsylvania, U.S.A.
- Executive Development Program, Columbia University, U.S.A.
- Change Management, GE
- Total Quality Management for Executive, JUSE, Japan
- Marketing for Management, Kellogg School, U.S.A.
- Certificate for General Bidding Committee, Bidding Law, MPI, Vietnam
- Leadership Coaching, APM Group
- Innovation Management Program, Dupont, U.S.A.
- Orientation Course – CFO Focus on Financial Reporting Class 3/2018
- Advanced Management Program (AMP) Harvard Business School, U.S.A.

Director Training (1)

- Directors Accreditation Program (DAP) 159/2019, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (2)**

- Since 2018 Commissioner, PT Chandra Asri Petrochemical Tbk, Indonesia*
- Since 2019 Committee, Thai Listed Companies Association

Remark

* Listed in the Stock Exchange of Indonesia

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2000 - 2004 eCommerce and eBusiness Manager, Chemicals Business
- 2004 - 2010 Business Development and Corporate Planning Director, Chemicals Business
- 2008 - 2012 Deputy General Director, Long Son Petrochemicals Company Limited
- 2012 - 2018 General Director, Long Son Petrochemicals Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives (None)**Mr. Aree Chavalitcheewingul** (Age 57 year)

Position • President, Cementhai Holding Company Limited

Education/Training

- Master of Engineering, Industrial Engineering and Management, Asian Institute of Technology
- Bachelor of Engineering, Electrical Engineering (Honours), Chiang Mai University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (1)

- Directors Accreditation Program (DAP) 132/2018, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)**Position in Other Company/Organization/Institution (5)**

- Since 2017 President Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia*
- Since 2017 President Commissioner, PT Kokoh Inti Arebama Tbk, Indonesia*
- Since 2004 CSR Project committee CMA.18 (SE-Project-SEP)
- Since 2016 Public-Private Steering Committee
- Since 2019 Advisor, Member of the AIT Solutions Advisory Board, Asian Institute of Technology

Other Positions in SCG

- Chairman and director of SCG's subsidiaries, associates and other companies which are non-listed as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2008 - 2018 Director, Member of Nomination, Remuneration and Corporate Governance Committee and Member of Executive Committee, Thai-German Ceramic Industry Public Company Limited
- 2011 - 2017 Commissioner, PT Keramika Indonesia Assosiasi Tbk, Indonesia*, and PT Kokoh Inti Arebama Tbk, Indonesia*
- 2011 - 2018 Director, Member of Nomination, Remuneration and Corporate Governance Committee and Member of Executive Committee, Quality Construction Products Public Company Limited
- 2012 - 2016 Executive Vice President, SCG Building Materials Company Limited
- 2012 - 2018 Director, Siam Global House Public Company Limited

- 2014 - 2018 Member of Nomination, Remuneration and Corporate Governance Committee
Thai-German Ceramic Industry Public Company Limited Quality Construction Products Public Company Limited
 - 2016 - 2018 President, SCG Cement-Building Materials Company Limited
 - 2018 Chairman of the Board of Directors, Chairman of the Executive Committee and Member of Nomination, Remuneration and Corporate Governance Committee, SCG Ceramics Public Company Limited
- Remark** * Listed in the Stock Exchange of Indonesia
- Shareholdings (Ordinary Shares) (as of December 31, 2019)**
- Held personally: (None)
 - Held by Spouse or minor children: (None)
- Family Relationship among Directors and Executives** (None)

Chief Officers in Accounting and Finance

Mr. Pichit Leelaphantmetha (Age 56 year)

Position • Corporate Accounting Director

Education/Training

- Master of Business Administration, Thammasat University
- Bachelor of Accountancy, Chulalongkorn University

Director Training (2)

- Director Certification Program (DCP) 118/2009, Thai Institute of Directors Association
- Advanced Strategic Management (ASM), International Institute for Management Development, Switzerland

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (None)

Other Positions in SCG

- Director and executive of non-listed companies under SCG as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2012 - 2014 The Committee of Management Accounting, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King
- 2014 - 2017 Accounting Standard Scrutinizing Subcommittee, Federation of Accounting Professions (FAP) under The Royal Patronage of His Majesty the King

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives

Mrs. Chantanida Sarigaphuti (Age 51 year)

Position • Corporate Planning and Finance Director

Education/Training

- M.S.(Finance), University of Illinois, USA
- BBA (Finance), Chulalongkorn University
- Advanced Management Program (AMP), Harvard Business School, U.S.A.

Director Training (1)

- Company Secretary Program (CSP) 43/2011, Thai Institute of Directors Association

Board Member/Management of Other Listed Company in Thailand (None)

Position in Other Company/Organization/Institution (None)

Other Positions in SCG

- Director and executive of non-listed companies under SCG as assigned by the company

5-years Past Experiences and/or Remarkable positions

- 2008 Managing Director, SCT Services Company Limited
- 2008 Manager, International Services Division, SCT Company Limited
- 2010 General Manager, Corporate Services Group, Thai Plastic and Chemicals Public Company Limited
- 2012 – 2017 Corporate Treasurer, The Siam Cement Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: 2,000 shares (0.0002%)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives

Report of Changes in Securities Holdings of Directors

Executives	Ordinary shares of The Siam Cement Public Company Limite (shares)		
	As at January 1, 2019	As at December 31, 2019	Increase / (decrease) during fiscal year
1. Mr. Roongrote Rangsiyopash	30,000	30,000	-
2. Mr. Tanawong Areeratchakul	-	-	-
3. Mr. Sakchai Patiparnpreechavud	-	-	-
4. Mr. Mongkol Hengrojanasophon	2,000	2,000	-
5. Mr. Suracha Udomsak*	-	-	-
6. Mr. Nithi Patarachoke	4,000	4,000	-
Spouse	15,000	15,000	-
7. Mr. Chana Poomee	5,800	5,800	-
Spouse	500	500	-
8. Mr. Paramate Nisagornsen	-	-	-
9. Mr. Yuttana Jiamtragan	2,000	2,000	-
10. Mr. Thammasak Sethaudom	-	-	-
11. Mr. Aree Chavalitcheewingul	-	-	-
12. Mr. Pichit Leelaphantmetha	-	-	-
13. Mrs. Chartanida Sarigaphuti	2,000	2,000	-

- Remark**
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 23/2551, "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 top executives according to the Notification of Capital Market Supervisory Board comprises the above-mentioned 13 members.
 4. According to SEC regulation, ordinary shares of a company held by the directors and executives include those held by spouses, partners in a de facto relationship and minor children.
 5. No. 12 and 13 are the Management of accounting and finance.
* Mr. Suracha Udomsak has been appointed as SCG management since July 1, 2019.

Head of Internal Audit

Mr. Pitaya Chanboonmi (Age 54 year)

Position • Internal Audit Director

Education/Training

- Master of Business Administration, Kasetsart University
- Bachelor of Business Administration in Finance and Banking, Ramkhamhaeng University
- Bachelor of Accountancy, Chulalongkorn University
- Management Development Program, The Wharton School, The University of Pennsylvania
- Executive Development Program, International Institute for Management Development

Director Training (1)

- Director Accreditation Program (DAP) 167/2019
Thai Institute of Directors Association

Board Member/Management of Other Listed Company

in Thailand (None)

Position in Other Company/Organization/Institution

(None)

5-years Past Experiences and/or Remarkable positions

- 2009 - 2011 Chief Accounting Officer, SCG Chemicals Company Limited
- 2012 - 2018 Head of Finance and Accounting Operations, The Siam Cement Public Company Limited

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives

(None)

The Company Secretary

Mrs. Pattrawan Tunsakul (Age 50 year)

Position • Corporate Secretary Director and Company Secretary of SCC

Education/Training

- Master of Laws, Thammasat University
- Bachelor of Laws, Thammasat University

Seminar on Role and Responsibility of Company Secretary and others (6)

- Company Secretary Program (CSP) 102/2019, Thai Institute of Directors Association
- Industrial Property Rights Course for Operational Staff, Tokyo, Japan
- Law and Legal Institution of U.S.A., University of Wisconsin, U.S.A.
- 2013 JPPA IP Practitioners Seminar
- Law, Finance, Securities and Mutual Fund Management Expert Program: Financial management
- Advance Management Program (AMP), Switzerland

Board Member/Management of Other Listed Company in Thailand

(None)

Other Positions in SCG

- Company secretaries and directors of SCG subsidiaries as being assigned

5-years Past Experiences and/or Remarkable positions

- 2016 - 2019 Head of Corporate, Securities & IP, SCG Legal Co., Ltd.

Shareholdings (Ordinary Shares) (as of December 31, 2019)

- Held personally: (None)
- Held by Spouse or minor children: (None)

Family Relationship among Directors and Executives

(None)

10.3 The Secretary to the Board of Directors and the Company Secretary

The Secretary to the Board of Directors

The 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 Report as well as filing documents as stipulated by law. 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.

The Company constantly supports the company secretary to undergo training and development in the areas of law, accounting, or corporate secretarial work. In 2019, the company secretary underwent training session on Company Secretary Program (CSP) 102/2019 held by Thai Institute of Directors Association. The qualifications and experience of the company secretary are disclosed in the Company's annual report.

10.4 Remuneration for the Board and the Top Executives

The Remuneration Committee is assigned by the Board of Directors to consider proposing the remuneration methods and processes for members of the Board, the Sub-committees and the top executives 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.

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

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 2019 Annual General Meeting of Shareholders (The 26th Meeting) held on Wednesday, March 27, 2019, resolved to approve the retention of the remuneration of Directors and Sub-committee members.

The Apportionment of Board Remuneration and Bonuses

Monthly Remuneration The Board of Directors passed a resolution to pay the chairman a 1.5 portion, or 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht per month.

Director Bonuses 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:

	Position	Annual fixed fee (Baht)	Attendance fee (Baht)
The Audit Committee	Chairman	180,000	45,000
	Director	120,000	30,000
The Governance and Nomination Committee/	Chairman	150,000	37,500
The Remuneration Committee	Director	100,000	25,000

The Remuneration for the Board of Directors and the Sub-committees in 2019

(January 1 – December 31, 2019)

Directors	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	Directors' Bonus paid in 2019* (Baht)	Total (Baht)
1. Air Chief Marshal Satitpong Sukvimon (1)	2,592,000.00	-	200,000.00	-	6,840,000.00	9,632,000.00
2. Mr. Sumet Tantivejkul (2)	1,728,000.00	-	300,000.00	-	4,560,000.00	6,588,000.00
3. Mr. Kasem Watanachai (3)	1,728,000.00	-	-	-	4,560,000.00	6,288,000.00
4. Police Colonel Thumnithi Wanichthanom	1,728,000.00	-	200,000.00	-	4,560,000.00	6,488,000.00
5. Mr. Pricha Attavipach	1,728,000.00	300,000.00	200,000.00	-	4,560,000.00	6,788,000.00
6. Mr. Chumpol NaLamlieng	1,728,000.00	-	61,956.52	331,521.74	4,560,000.00	6,681,478.26
7. Mrs. Tarisa Watanagase (5)	1,728,000.00	420,666.67	200,000.00	-	4,560,000.00	6,908,666.67
8. Mr. Kan Trakulhoon (6)	1,728,000.00	-	-	-	4,560,000.00	6,288,000.00
9. Mr. Prasarn Trairatvorakul (4)	1,728,000.00	-	-	293,478.26	4,560,000.00	6,581,478.26
10. Mr. Pasu Decharin	1,314,580.65	241,333.33	176,111.11	-	1,133,701.66	2,865,726.75
(appointed as a director since March 27, 2019)						
Mr. Tarrin Nimmanahaeminda	413,419.35	88,000.00	23,888.89	-	3,426,298.34	3,951,606.58
11. Mrs. Parnsiree Amatayakul	1,314,580.65	241,333.33	-	176,111.11	1,133,701.66	2,865,726.75
(appointed as a director since March 27, 2019)						
Mr. Pramon Sutivong	413,419.35	58,666.67	-	48,888.89	3,426,298.34	3,947,273.25
12. Mr. Roongrote Rangsiyopash	1,728,000.00	-	-	-	4,560,000.00	6,288,000.00
Total	21,600,000.00	1,350,000.00	1,361,956.52	850,000.00	57,000,000.00	82,161,956.52

Remark (1) Chairman of the Board of Directors (2) Chairman of the Governance and Nomination Committee (3) Chairman of the CSR Committee for Sustainable Development (4) Chairman of the Remuneration Committee (5) Chairman of the Audit Committee (6) Chairman of the Management Advisory Committee, received remuneration amounted to 270,000 Baht per month.

- The directors' bonus paid in 2019 consisted of the bonus payment based on the final dividend of the year 2018 paid to shareholders on April 19, 2019 and the interim dividend of the year 2019 paid on August 23, 2019 as represented in the item of "Administrative expenses" on the consolidated statements of income.
- The CSR Committee for Sustainable Development has no remuneration.

In 2019, Mr. Prasarn Trairatvorakul received remuneration from his Chairmanship in the Board of Directors of SCG Packaging Public Company Limited, the Company's subsidiary, amounted to 940,000 Baht and Mr. Chumpol NaLamlieng received remuneration from his Chairmanship in the Remuneration Committee of SCG Packaging Public Company Limited amounted to 771,920 Baht.

SCG Top Executives Remuneration

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 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 each year.

Top Executive Remuneration

The total remuneration for thirteen executives whose office was held during 2019, in the form of salaries, bonuses, variable pay and others amounted to 242,564,943 Baht. For 2019, the Company made contributions of 20,103,070 Baht to the provident fund for the executives as the employees of the Company.

Remuneration for Top Executives as Directors of Subsidiaries that are SCG's Core Businesses

Remuneration for each top executive as a director of subsidiaries that are core business of SCG

The Top Executives assigned to be directors of the core businesses, which comprises SCG Cement-Building Materials Business, Chemicals Business and Packaging Business, shall not subject to remuneration paid for being the directors as they have already served as the Top Executives of SCG.

Total remuneration for top executives of subsidiaries that are core businesses of SCG

- 1) Remuneration paid as money, such as monthly salary, bonus, and variable pay.
- 2) Benefit-in-kind such as provident fund contributions.

Details of the remuneration for the top executives of subsidiaries that are core businesses of SCG are as follows:

Subsidiaries that are core businesses	Number of executives	Total remuneration in the form of money (Baht)	Benefit-in-kind (Baht)
1. SCG Cement-Building Materials Co., Ltd.	8	54,523,699	4,372,854
2. SCG Chemicals Co., Ltd.	4	26,765,202	2,226,784
3. SCG Packaging PLC.	6	47,355,183	3,988,444

The above-mentioned number of executives and the remuneration excluded those of the presidents and vice presidents of subsidiaries that are SCG's core businesses since they were included in the number and remuneration of SCG top executives.

10.5 Human Resources

Guided by its belief in the value of the individual and dedication to excellence, SCG strives to provide the best learning experience to all SCG employees and develop them into competent and virtuous personnel who contribute to SCG's competitiveness and sustainable growth.

1. SCG encourages its employees to develop an enthusiasm to learn more and hone their adaptability, which will enhance the organization's capability, support its business direction, and keep it equipped to navigate the rapidly shifting business landscape.

2. SCG is committed to creating a fundamental learning system and other related human resources systems in support of employee development as well as to enhancing the competence and skills of its employees in accordance with their roles, responsibilities, and standards prescribed by SCG, in order that they can achieve both their personal goals and the goals defined by SCG.

3. SCG encourages learning through the experiences of others, seminars, and self-studies. Therefore, it is vital that all employees take responsibility for self-learning in order to unlock their potential and accomplish their career goals. At each level, the supervisor will play a key role in providing learning opportunities and supporting their subordinates as coaches and mentors to create mutual success and growth.

In 2019, in response to the rapid changes and fierce competition in the industry and a clear shift in customer needs, SCG developed and shaped its employee learning in anticipation of both current and future changes, with an emphasis on the following areas:

1. Re-skilling and Up-skilling in anticipation of business changes
2. Shifting learning methods towards action learning, experiential learning, and project-based learning
3. Cultivating a mindset of Customer Centricity and Circular Economy in SCG employees
4. Deploying its courses on international levels, with rigorous control over the quality and instruction management to ensure uniformity

At the end of 2019, The Siam Cement Public Company Limited had 1,739 employees, while the total number of SCG employees was 54,224.

Number of Employees in Each Business Unit As of December 31, 2019

Companies/Business Units	Number of Employees
The Siam Cement Public Company Limited	1,739
Cement-Building Materials Business	31,009
Chemicals Business	5,764
Packaging Business	15,617
Other	95
Total	54,224

11

THE GOVERNANCE AND NOMINATION COMMITTEE'S REPORT

The Governance and Nomination Committee in 2019 performed their duties as assigned by the Board of Directors. Chief among them were the recommendation of policies and guidelines with regard to the corporate governance of SCG to the Board of Directors and the nomination of qualified candidates to replace the retiring directors in 2020.

In 2019, the Governance and Nomination Committee convened a total of four meetings, with an attendance record of 96%. The significant duties performed by the committee in 2019 were as follows:

1. Recommendations of policies and guidelines with regard to the corporate governance of SCG

In 2019, the Board of Directors resolved to approve the recommendations of the Governance and Nomination Committee to prescribe and review policies and guidelines regarding the corporate governance of SCG as follows:

- Reviewed the adoption of the Corporate Governance Code for Listed Companies 2017 (the CG Code), developed by the Securities and Exchange Commission (SEC), in SCG business operations thoroughly to bring benefits to the Company and ensure sustainable value creation. In 2019, the Board of Directors also stipulated that substitute measures be set forth where SCG corporate governance practices fell short of the CG Code.

- Aligned SCG's guidelines and policies with the principles outlined in Part 1 and the guidelines set forth in Part 2 of the CG Code, particularly in the five following areas:

- (1) Revised the Board Skill Matrix, specifying the core qualifications and the diversity of specific knowledge, skills, and experiences for the Company's directors.

- (2) Established a new director nomination and selection process and revised policies on qualification specification and director nomination to enhance clarity and systematicity.

- (3) Established policies on appointing directors and executives to the Company's subsidiaries to ensure that they have appropriate qualifications, knowledgeability, competence, a strong moral compass, a sense of responsibility, and demonstrate strong leadership with which to efficiently manage the subsidiaries.

- (4) Established, as with the other committees, a charter and a performance assessment scheme for the CSR Committee for Sustainable Development to clarify the scope of roles and responsibilities, committee composition, qualifications, terms of office, quorum, and other relevant matters, with the assessment scheme implemented in 2019.

- (5) Established a systematic director training and development planning process in writing, with training records to inform the knowledge enhancement and development plans for the directors.

2. Knowledge and competency enhancement of directors for more efficient performance of duties

- In 2018, the Company appointed an independent external consulting firm to evaluate the performance of the Board in addition to the evaluation undertaken annually by the Board of Directors, the committees, and the Chairman. In 2019, the evaluation results and recommendations of the consulting firm were taken into consideration to enhance the efficiency of the Board of Directors in their performance of duties.

- Held two director seminars on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG; and on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.

- Organized an exhibition showcasing innovations, products, and services developed by the R&D arms of SCG's core businesses during Medium Term Plan workshop meeting for the Board.

- Encouraged the board members to attend conferences and seminars beneficial to the performance of their duties. Among these were Director Briefing "Digital Transformation: Stories and Strategies for Success," Director Forum "Tips and Tricks for Dealing with Questions in AGM" and the Director Accreditation Program (DAP) organized by the Thai Institute of Directors (IOD), and Forum Session "Robotic Process Automation (RPA) – Next Generation Workforce," organized by KPMG Phoomchai Audit Ltd.

- Briefed the new directors on the essence of SCG Corporate Governance, the Handbook for New Directors, as well as other information essential for the directors' performance as part of director induction, and held a session where the new directors met with the CEO, the executives, and the relevant division directors to acquire in-depth information and inquire about SCG's business operation.

3. Promotion of awareness and compliance with SCG Principles of Corporate Governance and Code of Conduct among SCG employees

- Encouraged the directors to play critical roles in setting the tone at the top and provide useful advice to employees. In 2019, SCG produced a video clip featuring Mr. Sumet Tantivejkul, Vice Chairman, Chairman of the Governance and Nomination Committee, and Member of CSR Committee for Sustainable Development, who shared the lessons he had learned from his experience overseeing the governance of SCG and following His Majesty King Bhumibol Adulyadej's guidance on work ethics on the occasion of his birthday anniversary and Father's Day in Thailand, with the goal of encouraging SCG employees, both in Thailand and overseas, to apply these lessons for their own benefit and for the benefit of the public.

- Heightened awareness of SCG Code of Conduct and encouraged SCG employees to express their opinions on the topic by holding Janya On Tour at the plants of the Cement-Building Materials Business in Saraburi, producing an induction video clip on SCG Code of Conduct in English for SCG employees overseas, and organizing activities that raised awareness of integrated GRC (Governance, Risk, and Compliance) through various channels for use as guidance.

4. Fostering good relations and understanding between SCG and shareholders through socially-responsible activities

- Encouraged shareholders to join site visits and observe the operations of SCG's core businesses to foster a better understanding of the Company, focusing on its innovation development, application of technologies to the business, and circular economy-driven management.

5. Nomination of qualified candidates to replace the retiring directors in 2020

- Established the Policy on Director Qualifications and Nomination based on the Corporate Governance Code for Listed Companies published by the Securities and Exchange Commission (SEC), the governance guides of the IOD, and the DJSI Sustainability Assessment regarding Corporate Governance, and taking into account the diversity of the Board of Directors' composition, the candidates' qualifications and knowledge, and the Board Skill Matrix to ensure correspondence with SCG's business strategies.

- Allowed minority shareholders to propose agenda items and nominate directors prior to the 2020 Annual General Meeting of Shareholders during 16 August–15 November, 2019.

- Proceed a succession pool of qualified candidates for directorship and independent directorship to be proposed to the Board of the Directors for consideration in accordance with SCG's business strategies and operations.

- Reviewed the qualifications of independent directors to ensure alignment with the criteria set forth by the Capital Market Supervisory Board.

On behalf of the Governance and Nomination Committee

Sumet Tantivejkul

Chairman of the Governance and Nomination Committee

12

CORPORATE GOVERNANCE

12.1 Corporate Governance Policy

SCG conducts business with responsibility, transparency, and fairness, adhering to the long practiced business principles defined in the SCG Code of Conduct and dedication to 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 Vision with the conviction that SCG's corporate governance will ensure 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 corporate governance practices as well as periodically reviews related guidelines to ensure their alignment with business operations and corporate governance practices at national and international levels. Moreover, corporate governance is specified as one of the main items on the agenda at the Board of Directors Meeting.

Practices in Accordance with SCG's Corporate Governance

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 and the Stock Exchange of Thailand, 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 (ASEAN CG Scorecard) and DJSI Sustainability Assessment. The Governance and Nomination Committee takes charge of 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 covered or implemented, the Management is to report to the Governance and Nomination Committee for review on an annual basis.

The Board of Directors compiled knowledge and practices in management passed down from generation to generation and proven to be in alignment with the corporate governance principles. They were codified into SCG's corporate governance guidelines, first published in 2003. Last updated in 2017, the booklet is now also published as an e-book on the Company's website.

In 2019, SCG was rated on corporate governance practice by various agencies and achieved awards as follows:

- Rated "Excellent" in the Corporate Governance Report of Thai Listed Companies 2019, carried out by the Thai Institute of Directors Association (IOD).
- Scored 100 points in the evaluation of the quality of Annual General Meeting of Shareholders for the year 2019 (AGM checklist) of listed companies by the Thai Investors Association.
- SCG received two sustainability excellence awards at SET Awards 2019, hosted by the Stock Exchange of Thailand, marking its fifth consecutive year of being a SET Award recipient. The two awards were the Sustainability Award of Honor, presented to listed companies that have won sustainability awards for over three consecutive years, and the Thailand Sustainability Investment Award, given to listed companies that demonstrate outstanding commitment to sustainable development and are models of respect towards stakeholders and contributions to society and the environment. The awards mark recipients out as alternatives for investors looking to invest in businesses that place significance on environmental, social, and governance (ESG) issues.

• SCG won excellence awards bestowed by Her Royal Highness Princess Maha Chakri Sirindhorn at the Thailand Corporate Excellence Awards 2019, 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.

- Innovation Excellence (13 consecutive years)
- Human Resource Management Excellence (17 consecutive years)
- Sustainable Development Excellence (10th time)

SCG also earned distinguished awards, presented to runners-up, in the following categories;

- Financial Management Excellence
- Leadership Excellence
- Product / Service Excellence

The other distinguished awards received (Chemicals Business) were as follows.

- Innovation Excellence
- Leadership Excellence

- SCG received two awards at MAT Awards

2019, hosted by the Marketing Association of Thailand (MAT), namely a Bronze Award in CSR for “Paper Bags for Circularity and Sustainability” by the Packaging Business and a Bronze Award in real estate and construction for “SCG Concrete Fabric” by the Cement-Building Materials Business.

1. The Rights of Shareholders

SCG has the policy to provide support and facilitation 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 and fixing 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, etc.

Apart from the abovementioned rights of the shareholders, SCG has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. 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

2. 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.

3. For the convenience of shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as 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 for 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.

4. 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 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:** 66-2586-3605, 66-2586-6456
- **Fax:** 66-2586-3007
- **E-mail:** corporatesecretary@scg.com

5. In 2019, 12 members of the Board of Directors, or an equivalent of 100% of the Board, attended the Annual General Meeting of Shareholders.

6. The 2019 Annual General Meeting of Shareholders was held at Athenee Crystal Hall, 3rd Floor, The Athenee Hotel, Bangkok. The venue was easily accessible by shareholders as it is located on Wireless Road within close reach of Ploenchit BTS Skytrain station.

7. On the date of the Meeting, the Company used a barcode system for registration based on the reference number already included in the registration form and proxy form to ensure convenience for shareholders and facilitate the registration. In addition, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the Meeting started no less than two hours prior to the Meeting.

8. To ensure transparency and verifiability, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards and raise their hands to notify the Company's officers so as to have their barcodes scanned and their voting cards collected. All shareholders who voted to approve needed to mark the voting cards but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition.

9. 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.

10. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.

11. Shareholders arriving after the Meeting had commenced were allowed to vote on the agenda item being considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

12. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, the Company's officers were available to answer queries under the authority of the Board.

13. For any item on the agenda at the Shareholders' Meeting, the shareholders can call for a casting of votes by secret ballot if at least five shareholders have made such request and the Shareholders' Meeting resolve to approve the casting of votes by secret ballot upon a majority of votes.

14. The agenda of the 2019 Annual General Meeting of Shareholders was considered chronologically as it appeared 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.

15. The Company disclosed the voting results and resolutions for each agenda item at the 2019 Annual General Meeting of Shareholders to the public via SET link and SCG website after the Meeting ended.

16. 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 2019 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 law.

17. 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 2019 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	Response Measures
(1) Improving carbon footprint reporting	SCG should improve the accuracy and clarity of its carbon footprint reporting.	SCC's carbon emission reporting complies with international guidelines and has been verified by third parties since 2009. The latest report was verified by KPMG Phoomchai Audit Company Limited, and as such, it can be trusted that the procedure employed and the figures reported are consistent with relevant international standards.
(2) Increasing debenture ceiling	SCG should consider increasing the debenture ceiling to reduce financing costs resulting from borrowings from financial institutions, which have higher interest rates. In addition, the increase would answer the enormous demand for debentures, which are more secure and pay higher interest compared to banks.	For each debenture issuance, SCC determines the ceiling based on its investment plans in conjunction with its estimated cash balance at the time.

2. Equitable Treatment of Shareholders

SCG is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:

Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members prior to the date of the Shareholders' Meeting

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company for three months until the end of its financial year. Such rules and procedures are posted on SET link and the Company's website.

For the 2020 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during August 16 – November 15, 2019. The Agenda Item Proposal Form and/or Nomination

for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at ind_dir@scg.com. The criteria are as follows:

Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company (no less than 60 million shares) have the right to propose in advance agenda items. The Governance and Nomination Committee takes responsibility for screening the issues before presenting them to the Board of Directors for consideration. Should the proposed agenda item be included on the Meeting agenda, the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

Moreover, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. The Governance and Nomination Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee then presents the nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval.

In the past year, no shareholder proposed any agenda item or candidate for the election of Board members prior to the 2020 Annual General Meeting according to the above-mentioned criteria and procedures.

Preventing Misuse of Internal Information

SCG attaches significance to preventing the misuse of internal information that has not yet been disclosed to the public or confidential information that could have any impact on the Company's share price for one's own benefit or others. In SCG business operations, the Board of Directors, top executives, employees, and other involved parties must consider and deal with information that could reasonably be expected to affect the value of the Company's share or material information that has not yet been disclosed to the public. As a consequence, it is imperative that the internal information be appropriately managed and handled to prevent any information leaks that might be misused to take unfair advantage of other persons, which might constitute breaches of laws and cause damage to SCG's reputation.

In 2017, as proposed by the Governance and Nomination Committee, the Board of Directors approved the establishment of Insider Trading Policy and Insider Trading Guideline to provide guidelines for the performance of duty for the Board of Directors, top executives, SCG employees and contractors who know or possess SCG material confidential information to prevent them from committing offenses. Such policy and guidelines are published on SCG website and communicated to all concerned persons for them to strictly uphold.

Furthermore, the Company reviewed the measures to prohibit trading in the securities of SCG or other listed companies related to insider information (Blackout Period) to comply with the Securities and Exchange Act amended B.E. 2559 and to align SCG practices with the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) best practices. They are as follows:

- The Board of Directors, top executives, and employees responsible for related functions (as well as their spouses, partners in a de facto relationship, and minor children) are prohibited from trading the securities (securities subject to disclosure include shares, convertibles, share warrants, futures, and derivatives underlain by the share of a listed company) of SCG or other listed companies related to insider information one month prior to the public disclosure of quarterly and annual financial statements and until 24 hours after the disclosure of the information.

SCG Corporate Secretary Office will notify all involved persons of the Blackout Period in advance.

The Company has made it imperative to review share trading of the concerned persons on a regular basis and

to prevent employees involved with the preparation of the financial statements from disclosing the information to outsiders from the closing date of the financial statements to the public disclosure of the information. Moreover, the concerned persons who have knowledge of confidential information that could have effect on the Company's share price are prohibited from trading the Company's shares until 24 hours after the public disclosure.

- Directors and executives (Top Executives) as defined by SEC are required to report any changes in securities holding as a result of the purchase, sale, transfer or acceptance of transfer of securities (Form 59) within three business days of the date of any changes through the SEC website.

The Board of Directors will monitor to ensure compliance with such measures. It is stipulated that any changes in their shareholding be reported in the Board of Directors' meeting. The number of shares held by the directors and top executives both directly and indirectly as of the beginning and end of the year as well as those traded during the year shall be reported in the Annual Report. In 2019, there were no insider trading cases concerning the director, top executives, and employees involved with internal information.

In addition, in 2018 and 2019, the Insider Trading Checklist was developed, revised, and disseminated to relevant units for use in the self-assessment of their standard to work efficiently and in compliance with the aforementioned policy, which in turn promotes sustainability in SCG's prevention against misuse and abuse of insider information.

Preventing Conflicts of Interests

The Company realizes the importance of managing the conflicts of interests of related persons, namely, the Board of Directors, SCG top executives, and employees in a prudent, fair, and transparent manner. As a consequence, the Board of Directors has established policies and measures regarding conflicts of interests as follows:

- Directors, top executives, and their related persons must 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 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. In addition, the reports must be delivered to the Director of Internal Audit Office to use such information for monitoring and preventing any conflict of interests.

- At the 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 Articles of Association.

3. 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 in 2017 approved the review and revision of 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 the 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 Section 1 'The Rights of Shareholders' and Section 2 'The Equitable Treatment of Shareholders' of 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 sends 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 notify them via phone to confirm their participation.

In 2019, SCG organized a total of three site visits and CSR activities as follows:

1. A site visit to Central Distribution Center: CDC, Wang Noi, SCG Logistics in Phra Nakhon Si Ayutthaya was organized on June 5, 2019 to show the participating shareholders the operational system of SCG Logistics Distribution Center, a business of SCG equipped with cutting-edge technology and a leader in integrated logistics and transportation services. The shareholders also observed the SAP-EWM warehouse management system and the automated storage and retrieval system (AS-RS), which ensured delivery efficiency.



**SCG Smiling:
Physical Sand Bag**



2. A showcase of robotic innovations and circular economy initiatives by the Chemicals Business and a CSR activity with a community enterprise in Rayong were organized at the RIL Industrial Estate (Site 7) on October 9, 2019 to show the participating shareholders the technologies and smart robotic innovations employed in the industrial operations of the Chemicals Business, which not only operated with great efficiency and precision but could also perform high-risk tasks in place of humans, as well as to inform them of the circular economy-driven initiatives undertaken by the Chemicals Business, such its waste management practices. In addition, the shareholders also participated in an activity with members of a local community enterprise.

3. A showcase of innovations and circular economy initiatives by the Packaging Business was organized at the Ban Pong Complex of Siam Kraft Industry Company Limited, along with a CSR activity at Ban Rang Plub Community, a model community for waste management and waste-based value creation, on November 28, 2019. The objective was to show the participating shareholders the new technologies and innovations introduced to the operation of the Packaging Business. During the site visit, the shareholders also observed the control room, paper machine No. 16, and the automated warehouse. Furthermore, the shareholders attended an educational exhibit in the Ban Rang Plub Community, which demonstrated its circular economy-driven initiatives, such as waste management programs, green composting bins, and vermicomposting.

Debenture Holder Activities

Since 2000, SCG has consistently demonstrated its commitment to its debenture holders through a vast array of activities and privileges that cater to their lifestyles. In 2019, the Company continued to offer a wide range of activities and privileges as follows:

- Two expert-led seminars entitled “The Future of the Thai Economy after Election” and “Warning Signs from the Body”
- Skill development and craft workshops “Stretching for Health” and “Mosaic Fruit Trays”
- “Kan-la-Krang-Nan” Concert, an exclusive annual concert, with two shows performed at the Royal Paragon Hall, attended by over 8,500 persons for debenture club members and attendants
- Domestic trips to Surat Thani, Yasothon, Kanchanaburi, and a temple-palace tour in Bangkok
- Overseas trips to Myanmar, Georgia, Poland, and Japan
- CSR activities

1) The SCG Debenture Club for Schools Project: SCG and its debenture holders raised over 1.3 million Baht to purchase school supplies for small primary schools, namely Ban Khana School and Ban Nong Choop School in Surin, to support basic education.

2) CSR Workshop: SCG Debenture Club members made 120 donut cushions for pressure sores, which were donated to Priest Hospital, and 200 physical therapy sand bags, which were given to Veteran General Hospital.



**Mass Activity:
The Ancient City of Malika R.E. 124**



- An exclusive one-day trip to Mallika City in Kanchanaburi, where 500 debenture holders, led by expert guides, were given an opportunity to dress in traditional Thai attire and learn about Thai cuisine, local history, and other aspects of Thai culture

In addition, SCG Debenture Club members are eligible for exclusive discounts from long-term business partners, such as Central Food Hall – Tops Market, Au Bon Pain, Samitivej Hospital, Seefah, Bangchak Petrol Stations, (redeemable with SCG-Bangchak Partnership Card only) and SCG Home Solution Stores, among many others, through SCG Debenture Club mobile application. More information on these privileges can be found on the application and in the quarterly magazine Delight. These activities and privileges bear testament to the significance that SCG has consistently attached to its debenture holder and society at large.

2) Employees

Human Rights Respect and Protection

SCG respects and protects the human rights of all its employees, a practice that is embedded in every aspect of its human resources management, from recruitment, remuneration, employee development, to promotion, appointment, and transfer. The Company adheres to the principles of equitable treatment and non-discrimination as well as embraces diversity and differences with regard to

personal preference, appearance, race, religion, skin color, gender, age, and marital status.

SCG's support of human rights runs through its every business activity and applies to every party in its business value chain and joint ventures, abiding by the laws of each country and complying with the UN Guiding Principles on Business and Human Rights; the United Nations Universal Declaration of Human Rights (UNUDHR); the United Nations Global Compact (UNG), which SCG has joined and supported since 2012; the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work; and other international requirements on human rights according to relevant binding treaties. The Board of Directors has prescribed human rights policies and practices, which are disclosed and communicated to all parties involved, to provide clear guidelines in business operations and prevent human rights violations as well as put in place a human rights due diligence process and disclosed the Company's performance in its Sustainability Report.

SCG's human rights due diligence process consists of four steps as follows:

- (1) Identifying areas of risks of human rights violation
- (2) Identifying vulnerable affected groups
- (3) Formulating action plans, solution plans, and remedy measures for affected parties
- (4) Monitoring results

Care of Employees

Remuneration Management

SCG oversees its remuneration management to ensure that its employees are offered appropriate, fair, and competitive remuneration both across the organization and in comparison with other companies in the same industry, determined by performance level and positions held and paid in the form of salary, bonus, and variable pay. The Company has also formulated an appropriate compensation structure for each position level, with adjustments made in accordance with economic circumstances, inflation rates, the Consumer Price Index, and remuneration packages of other companies, the data on which is obtained through surveys that SCG consistently conducts into the remuneration of external organizations for employees at each level.

In addition, SCG budgets its compensation in accordance with the Company's short- and long-term operating results. In the short term, the annual operating results, such as revenues from sales, net profit, and EBITDA, will be factored into the equation, while in the long term, the Company's performance of its medium- and long-term plans, including business expansion rates, profit growth, market shares, overall sustainable development performance, and ongoing operational enhancement, is taken into consideration.

Employee Benefits Management

In addition to appropriate and fair financial remuneration, SCG has also established an employee benefit policy with comprehensive coverage to elevate the quality of life of its employees and enhance their security in life. The employee benefits are also regularly reviewed to ensure alignment with current circumstances, needs, and cost of living and are extended to the employee's family members. These benefits are intended to assist them in fulfilling their duties, lighten their burden of medical care expenses, and enhance their job security. The employees benefits offered by SCG are as follows:

- Work-related benefits: allowances, travel expenses, accommodations, and uniforms
- Medical benefits: medical and dental expenses, annual checkups, and sports and fitness centers
- Employee assistance benefits: provident funds, accident insurance, loans, and compensation

Long-term Employee Care

To ensure quality of life in retirement, SCG has established provident funds for SCG employees, in which employees who are members are deposit monthly contributions to the fund at the rate of 2-15% of their basic salaries, while the Company contributes 5-13% of

their basic salaries to the fund in accordance with their length of employment. In addition, SCG provides other long-term benefits and support to employees, such as reimbursements of medical expenses after retirement according to the criteria and conditions prescribed by the Company; retirement preparation programs that help employees in the areas of health, finance management, and investment; career promotion; and employee clubs.

Other developments in human resources management

1. Employee development and training hours

To keep itself readily adaptable to the rapid changes in business competition and customer needs at all times, SCG has prioritized reskilling and upskilling and consistently developed new courses to equip its employees for future changes that may impact the Company's business. Examples are courses in digital literacy, developed in collaboration with Thailand's leading educational institutes, such as Kasetsart University and King Mongut's University of Technology North Bangkok, to accommodate new developments in the industry and enable SCG to create innovations, promptly adjust its working methods to new changes, and quickly gain insights into its customers.

Furthermore, SCG has also continued to build on the learning experience of its employees to promote lifelong learning and adapted to a shift in their learning behavior by incorporating new learning processes into its courses, with emphasis on action learning, experiential learning, such as through a visit to various companies in China, and project-based learning. An example of the last type of learning process can be seen in the Business Concept Development course, in which participants learn about theories and fundamentals through a digital platform, put those lessons to practice, share their opinions through case studies, and finally apply all the knowledge they have garnered to real-life tasks.

To help SCG employees understand various factors involved in the Company's business and the significance of customers, the contents of the Business Model Canvas (BMC), Design Thinking, and Agile Mindset courses have been applied to various courses for employees at all levels through new learning activities, including case study analysis, peer-to-peer knowledge exchange, and practical application.

In addition to its employees in Thailand, SCG is also committed to the development of its international employees. To this end, it has introduced its Flagship Programmes to international employees, such as the Business Concept Development (BCD) course, in which the learning process and contents are the same as in Thailand, along with contents from several professional

courses, such as human resources management, safety, the environment, marketing and sales. Furthermore, SCG staff members who are key talents have also been given an opportunity to learn and attend Flagship Programmes, such as MDP, in Thailand.

SCG has also put a premium on the circular economy and has thus integrated it into employee development, cultivating the circular economy mindset to new employees to raise awareness right from the beginning of their employment.

Furthermore, SCG has also implemented various skill development initiatives to prepare its employees for new work formats, such as the introduction of “test and learn” method – a consumer-focused practice commonly employed by startups that places emphasis on obtaining customer insights and eliminating unnecessary steps to prevent wastage of resources.

In 2019, each SCG employee had 17 days of training on average. The learning and development expenses, both internal and external, amounted to 1,298 million Baht.

2. Human Resources Transformation in Accordance with Business

- SCG has introduced initiatives to streamline its human resources management processes and make them leaner through the use of shared services and digitization, such as the use of QR code for identity verification in obtaining medical care or annual checkups in hospitals to obviate the need for referral notes from the Company. Another example is the Employee Connect mobile application developed by SCG, where the Company can check the status of its employees in case of unexpected events with far-reaching impact, such as explosions, fires, or severe earthquakes, through the Call Tree system in the application. In addition, SCG has also transitioned from paper-based to automated and digital systems to reduce errors, data transfer time, and wastage, as well as introduced Healthcare System 4.0 software, with which the Company analyzes health data and develops preventive measures and health activities in collaboration with a medical team of Ramathibodi Hospital.

- SCG has ensured human resources preparedness for the business both at present and in the future, especially with regard to key talents, where SCG top executives have expanded talent management to include section managers up, which are considered critical positions for SCG. In 2019, about 4,000 SCG employees were included in this group.

- SCG has revised its job evaluation system for management positions to reflect the significance of their duties to the organization and form the basis for other areas of human resources management, such as rewards management, learning development, and career management.

- SCG has researched various employment types other than regular employment to enable itself to hire workers whose skills are in alignment with business needs and trends in labor markets, particularly new generations of workers who look for flexible hiring schemes, on the basis of legal and fair employment.

- SCG has adjusted its recruitment and selection of employees, increasing the proportion of mid-career recruits with experience and expertise in digital-related areas, retail, and logistics to accommodate SCG's future businesses.

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. An example is the development of an innovation encompassing the knowledge management system, e-Service, e-Selling, and the business Warehouse for the customer feedback process, resulting in a central database of customer information to facilitate sales and service providing. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers. According to the 2019 customer satisfaction survey through 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.

SCG drew up the 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. 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 the acknowledgment of the SCG Supplier Code of Conduct before conducting business with the Company.

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. This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the SCG 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 straight forwardly.
 4. The Company will pay loans plus interests to all types of creditor 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 creditors abreast of the Company's business status and maintain sustainable relations with creditors.

7) Communities

As it is SCG's conviction that strong communities and society form the foundation for the prosperity of the country, the Company strives to elevate the quality of life in the communities where it operates in both Thailand and other ASEAN nations, first and foremost in accordance with the needs of the local residents, as well as cultivate social responsibility in its employees and all parties involved, with the goal of fostering harmonious and sustainable co-existence between industry and communities. To this end, the CSR Committee for Sustainable Development is tasked with formulating policies, directing projects, promoting the involvement of employees, government agencies, affiliated organizations, and communities in carrying out activities. SCG has divided its community development management into two parts as described below.

- Society and communities around the plants: SCG encourages communities to learn and adapt to new changes in the world as well as enhance their self-reliance and serve as role models to expand their practices to other areas. For instance, in response to climate change, which results in low rainfalls and reserved water insufficiency during dry spells in some areas while triggering heavy rain and floods in others, directly affecting the productivity of local farmers, SCG has promoted community water management as well as improved existing water sources and connected waterways systematically. These initiatives have enabled the communities to handle the issues of droughts and floods by themselves and reserve a sufficient amount of water for consumption and farming. These projects, which have been scaled up and implemented in other communities around SCG's plants, have also created an additional source of income that helps communities them against economic volatility and led to community product and service development programs, which, as they have increased income for several communities, have been expanded to the communities in other provinces.

- Society at large: SCG encourages the dissemination and further development of successful projects to bring about changes in society at large. An example is the Company's initiative to parlay the success of its circular economy-driven resource efficiency campaign, which seeks to create behavioral change among its employees, into a project aimed at changing at-source waste management behaviors in different communities, which could reduce waste – one of the major issues in Thailand. The project has since been expanded to various communities across different regions. SCG also strives to better the quality of life for people in the ASEAN community. It has thus collaborated with external organizations to launch the "Sharing a Bright Vision" Project, in which operations are performed on underprivileged cataract sufferers to restore their sight, allowing these patients, many of whom were not able to take care of themselves and believed they would be a burden for their family, to take care of themselves and live a happier life.

Additional details on SCG's community, environmental, and social responsibility are provided in the Sustainability Report.

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 has a policy 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, impede or limit fair competition.

11) Civil Society Sector, Scholars, and Thought Leaders

SCG conducts business with concern 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 society. Since 2010, the Sustainable Development Committee has held opinion panels comprising esteemed figures from government and private sectors, as well as independent entities. These panels focus on the care and the creation of value for 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.

Contacts 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

Email: corporatesecretary@scg.com

Investor relations Tel: 0-2586-4299

Email: 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 the Whistleblowing System via SCG intranet (for employees) and 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

4. 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 defined a Disclosure Policy in writing to provide guidelines for all employees since 2008, revised in 2017 under the resolution of the Board of Directors to keep it in 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.

In 2018 and 2019, 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:

1. Compile reports as required by laws related to directors and chief executives and submit such reports to the Securities and Exchange Commission.

2. Establish 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.

3. Established 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 Annual Report.

4. Prepare a report on the Board's responsibility for financial statements and present it along with the Audit Committee's report in the Annual Report.

5. Publish Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end.

6. Publish minutes of the latest and previous Annual General Meeting of Shareholders on the Company's website.

7. Disclose 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.

8. Disclose the date of the director's appointment in the Company's Annual Report.

9. Disclose the Board member selection process and the Board's performance assessment.

10. Disclose the policy on the remuneration of directors and top executives, including forms, types and amount of remuneration for each committee member.

11. Disclose details of each individual director's attendance of courses offered by the Thai Institute of Directors Association (IOD).

12. Disclose detailed information on the operations and investment structure of subsidiaries, associates, joint ventures and other companies.

13. Disclose the audit fee and other fees in the Company's Annual Report.

14. Disclose the Company's Memorandum of Association and Articles of Association on the Company's website.

15. Disclose policy on environmental and social responsibility and related performance.

16. Disclose corporate governance policies and related performance.

17. Reveal 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.

Furthermore, the Board of Directors approved the establishment of Code of Conduct for Investor Relations (IR) to ensure that SCG's investor relations practices are appropriate and fair to all stakeholders. The Code of Conduct for IR compiled all SCG's best practices related to investor relations to provide clear guidelines for IR officers in their performance of duties in compliance with SCG Corporate Governance Principles. The endeavors will add value to the Company and create confidence among shareholders, investors, the general public, and all stakeholders, leading to sustainable business operations.

The Company'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:

1. The Investor Relations Department, which is responsible for direct communication with both local and international investors.

2. Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities.

3. Analyst conference to announce quarterly operating results to investors and analysts.

4. Activities to disseminate policy and operational guidelines to employees.

5. Activities to meet both local and international investors and other stakeholders.

6. Knowledge sharing with others on a certain topic in national and international forums.

7. Company visits and plant tours for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders.

8. Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media.

9. Periodical publications and media, such as annual reports, sustainability reports, debenture holder, magazines, customer journals, dealer journals, and employee journals.

10. Electronic channel for communications with employees, such as intranet, e-mail and social media.

11. 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. Shareholders requiring additional information can contact the Investor Relations Department directly via invest@scg.com. In 2019 SCG organized various activities in order that the president & CEO and the vice president could meet retail 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. These activities included:

- Domestic roadshows and conferences for the President & CEO and Vice President 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 ten such events were held.

- Three briefings by the President of each business unit, aimed at providing analysts and institutional domestic investors with knowledge and insights into SCG business units with respect to their strategies and business directions

- Four Analyst Conferences and Press Conferences, held on a quarterly basis

- Thirteen overseas Roadshows

- Four site visits in the Group's major business units, aimed at fostering a basic understanding of the production process, with emphasis on the production from the beginning to the finished product

- Company visits, including 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.

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

5. Responsibilities of the Board of Directors

5.1 The Structure of the Board of Directors

The Board of Directors comprises respected, knowledgeable, and competent persons who are responsible for drawing up corporate objectives and goals and collaborating with the top executives to formulate short-term and long-term strategies, policies, and operations, define the Company's financial policy, risk management policy, and organizational overview, and review the Company's policies and key operating plans annually. The Board plays a vital role in allocating its key resources in accordance with the corporate goals as well as 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 nine but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders. The names of the directors are as follows:

1. Air Chief Marshal	Chairman
Satitpong Sukvimal	
2. Mr. Sumet Tantivejkul	Vice Chairman and Independent Director
3. Mr. Kasem Watanachai	Director
4. Police Colonel	Director
	Thumnithi Wanichthanom
5. Mr. Pritch Attavipach	Independent Director
6. Mr. Chumpol NaLamlieng	Independent Director
7. Mrs. Tarisa Watanagase	Independent Director
8. Mr. Kan Trakulhoon	Director
9. Mr. Prasarn Trairatvorakul	Independent Director
10. Mr. Pasu Decharin	Independent Director*
11. Mrs. Parnsiree Amatayakul	Independent Director*
12. Mr. Roongrote Rangsiyopash	President & CEO

Remarks: * Assumed the directorship on March 27, 2019

** Average Board tenure is 8.9 years

The Board of Directors is composed of an executive director, which is the President & CEO, and 11 non-executive directors, who have prior experience related to the Company's main business, the industrial sector, or the management of a large organization beneficial to the directing of the Company. None of the non-executive directors were the President & CEO in the past two years. The profiles of each member of the Board can be found in the Annual Report.

In addition, the Board of Directors is composed of seven independent directors, constituting more than half of the total number of directors, and two of these independent directors are female. 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 a priority in order to enhance its ability to nominate individuals with qualifications for directorship in line with the Company's business. In 2018, the Company's Articles of Association were amended, whereby the restriction on the nationality of a director was removed. In addition, based on the nomination of the Company's directors and IOD's list of chartered directors, the Governance and Nomination Committee created a pool of 26 candidates qualified to replace the directors due to retire by rotation in 2020. Of these, two were women and two were not Thai nationals, consistent with the Company's policy on director qualification and nomination.

5.2 Scope of Authority of the Board of Directors

(Revised as of December 20, 2017 by the Board of Directors' resolution)

The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:
 - 1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
 - 1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty)
 - 1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).
 - 1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).
2. Defining and reviewing the structure of the Board of Directors, number of directors, proportion of independent directors as well as Board diversity and director qualifications to align with SCG's business operations.
3. Directing SCG's visions, missions, and business strategies, with an annual revision and approval.
4. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of SCG to reach a globally competitive level.
5. 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.
6. 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 highest interests of the Company with fairness to all involved parties.

7. Overseeing and supporting the creation of innovations that create value for SCG as well as all stakeholders.

8. Overseeing and monitoring IT management and the implementation of the IT security system.

9. Specifying risk management policies and overseeing 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.

10. Overseeing and developing SCG's corporate governance to keep it consistent with international standards to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and SCG Code of Conduct.

11. Encouraging 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 overseeing the proper internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

12. Overseeing and monitoring the Company's liquidity and debt service coverage together with emergency plans and mechanisms in case of problems arising.

13. 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.

14. 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.

15. 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.

16. Assessing the performance of the Board of Directors annually by performing three types of assessments, namely that of the Board and its Sub-committees as a whole, that of each individual director as a self-assessment, and that of the Chairman together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors as well as reviewing the assessment results of the Board and Sub-committees on a regular basis.

17. Overseeing and monitoring 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.

18. Devoting sufficient time to performing their duties, attending all meetings of the Board of Directors 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.

19. 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.

20. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge.

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.

5.3 Scope of Authority of the Chairman of the Board of Directors

(Revised as of December 20, 2017 by the Board of Directors' resolution)

The Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with the President & CEO and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

- 2.1. Conducts a Board meeting according to the agenda, the Company's Articles of Association, and applicable laws.

- 2.2. Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

- 2.3. Sums up the Board meeting resolutions and the actions to take clearly.

- 2.4. Sets up a Board meeting without the presence of the Executive Director.

3. Chairs meetings of shareholders according to the agenda, 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. Supports and be a role model in compliance with the principles of good corporate governance and SCG Code of Conduct.

5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.

6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.

7. Oversees to ensure the Board of Directors has appropriate structure and composition.

8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.

5.4 The Board of Directors' Authorization

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 and reviewing corporate vision, mission, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium-range 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.

5.5 Separation of the Roles of the Board of Directors and the Management

The Company has defined clear roles and responsibilities regarding 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 not be the same 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.

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 supervision 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.

5.6 Directors' Term of Service

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 should be considered, so that those who have served longest are most eligible to retire. As the Board comprises 12 members, four 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

The Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms, with the first term starting from the Board's approval date on May 25, 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent.

5.7 Policy on Directors and Top Executives Holding 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. The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over four other listed companies. In addition, SCG has a guideline in case the President & CEO is appointed as the director of another company. The matter will be proposed to the Board of Directors for approval.

Policy and Guidelines on SCG Top Executive's 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 the Company's subsidiaries or associates or to spend the Company work hours carrying out directorships for external institutes for the three following 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 purposes but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous for the Company.

The President & CEO is to propose a directorship in other companies or external institutes for approval from the Board of Directors. As for management employees, the proposal must be submitted for approval in accordance with the Company's Delegation of Authority Manual, 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 ethical guidelines regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competitive with the Company's business. The approval of directorships or the use of the Company's working time on duties in external institutes/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.

5.8 Performance Assessment and Knowledge Enhancement

Assessment of the Board's Performance

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. In 2019 the Board of Directors has approved a performance assessment scheme for the CSR Committee for Sustainable Development with the assessment scheme implemented in 2019. The Company, therefore, has a performance assessment scheme for every sub-committee.

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 needs 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 distributed the assessment forms to each director for assessing the performance of the Board of Directors and the Sub-committees in which he serves. Afterwards, the Corporate Secretary Office summarized and presented the results of the performance assessment to the Governance and Nomination Committee and the Board of Directors for acknowledgment and later submitted the assessment results to the Chairman of the Board and the Chairman of each Sub-committee.

In 2019, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows:

Board of Directors/Sub-committees	Performance Assessment Results (As a Whole)	Performance Assessment Results (Self-Assessment)
	(%)	(%)
1. The Board of Directors	96	95
2. The Audit Committee	97	97
3. The Governance and Nomination Committee	98	98
4. The Remuneration Committee	95	95
5. The CSR Committee for Sustainable Development	100	99

The 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.

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 guidance 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 2017, on the suggestion of the Governance and Nomination Committee, the Board of Directors selected EY Corporate Services Company Limited as the independent external consultant who would conduct the performance assessment of the Board in 2018. The assessment would compare the structure as well as the roles and responsibilities of the Board with international standards to determine the direction of knowledge and competency enhancement for the Board and to elevate the standards of the performance assessment of the Board to be in line with international practices and corporate governance codes. The details of the assessment are described below:

Rationale and assessment methods

The independent external consultant established assessment factors and components covering all facets of the Board, including its structure, composition, roles and responsibilities, performance, and competency development, and held a meeting with the project's head and coordinator to create an assessment questionnaire and conduct interviews, both in Thai and English, with the Company's directors, executives, the management relevant to the aforementioned assessment factors and components. After having compiled and reviewed relevant documents, information published on the Company's website, and other information vital for the assessment, including SCG Code of Conduct, the external consultant then proceeded to conduct a performance assessment of the Board of Directors, making comparisons with relevant corporate governance codes as well as other leading listed companies in Thailand and other countries.

Assessment results

The average score from the questionnaire and the interviews of the Company's Board of Directors and executives was 96%.

In 2019, The Governance and Nomination Committee reviewed the suggestions of the external consultant that could be applied to the Company to further improve the performance of the Board of Directors, benefit the Company, and keep up with the higher expectations of various stakeholders, including Rating Agencies, Governance Watchdogs, and Regulators. According to the suggestion of the external consultant, the Governance and Nomination Committee then submitted guidelines and policies of SCG to the Board of Directors for the development of SCG's corporate governance as follows;

- Revised the Board Skill Matrix
- Established a new director nomination and selection process and revised policies on qualification specification and director nomination
- Established policies on appointing directors and executives to the Company's subsidiaries
- Established a charter and a performance assessment scheme for the CSR Committee for Sustainable Development

- Established a systematic director training and development planning process

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.

In 2019, the Board of Directors approved the formulation of a systematic director training and development plan in writing. In addition, training records would also be kept to inform the knowledge and competency development plan 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 2019, the Governance and Nomination Committee organized two director and executive development activities as follows:

1) Two seminars on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats to SCG; and on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take were held on June 19 and September 25, 2019, respectively. The objective was to keep the directors and executives informed of the U.S.-China trade war, which could grow more severe in impact. During the seminars, which were led by experts on international affairs, the directors and executives exchanged their opinions extensively and were given advice on preparations for potential impact on SCG.

2) An exhibition showcasing innovations, products, and services developed by the R&D arms of both SCG and its core businesses was organized on August 16, 2019 to coincide with Medium Term Plan workshop meeting for the Board with the goal of sparking an exchange of ideas among the Board of Directors, executives, researchers, developers, and innovation executives and obtaining suggestions that could help expand SCG's projects and increase their business value.

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, such as the courses for the Board of Directors offered by the Thai Institute of Directors (IOD). This is so that they can apply the knowledge and experienced gained to the development of the organization.

Development Activities and Training Attended by Each Director in 2019

Directors	Development and Consulting
1. Air Chief Marshal • Satitpong Sukvimal	<ul style="list-style-type: none"> • Shared his vision and provided consultation on the medium-term business plans of every business of SCG. • Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. • Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. • Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.
2. Mr. Sumet Tantivejkul •	<ul style="list-style-type: none"> • Shared his vision and provided consultation on the medium-term business plans of every business of SCG. • Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. • Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. • Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.
3. Mr. Kasem Watanachai •	<ul style="list-style-type: none"> • Shared his vision and provided consultation on the medium-term business plans of every business of SCG. • Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. • Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. • Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take. • Director Accreditation Program (DAP) 164/2019, hosted by IOD.

Directors	Development and Consulting
4. Police Colonel • Thumnithi Wanichthanom	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.
5. Mr. Pricha Attavipach •▲■	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.
6. Mr. Chumpol NaLamlieng •▲■	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses.
7. Mrs. Tarisa Watanagase •	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take. Attended ID Forum 1/2019 "Tips and Tricks for dealing with questions in AGM" hosted by IOD. Attended Director Breakfast Talk 2/2019 "Digital Transformation Stories and Strategies for Success" hosted by IOD. Attended Executive Briefing 6/2019 (Growing Clean Business in a Corrupt Environment Briefing) hosted by IOD. Attended the seminar on Robotic Process Automation (RPA) – Next Generation Workforce hosted by KPMG. Attended Seoul Regional Meeting of the Trilateral Commission Asia Pacific Group.

Directors	Development and Consulting
8. Mr. Kan Trakulhoon •▲■	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.
9. Mr. Prasarn Trairatvorakul •	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take. Attended Director Breakfast Talk 2/2019 "Digital Transformation "Stories and Strategies for Success" hosted by IOD.
10. Mr. Pasu Decharin •	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take. Attended Directors Certification Program (DCP) 280/2019, hosted by IOD. Attended Audit Committee Forum 1/2019, hosted by IOD.

Directors	Development and Consulting
11. Mrs. Parnsiree Amatayakul •	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take. Attended ID Forum 1/2019 "Tips and Tricks for dealing with questions in AGM", hosted by IOD.
12. Mr. Roongrote Rangsiyopash •▲■	<ul style="list-style-type: none"> Shared his vision and provided consultation on the medium-term business plans of every business of SCG. Provided support and consultation for an exhibition showcasing innovation, products and services and the development of research of SCG's core businesses. Attended the seminar on the U.S.-China trade war and the adaptation of the government and private sectors, and the opportunities and threats of SCG. Attended the seminar on the impact of the trade war on the global economy and a change in trade and investment directions that Thai private sectors and SCG should take.

Remarks: The experience of each director in the material industry meets the criteria of the Global Industry Classification Standard (GICS Level 1 sector classification), divided into four categories, namely

■ Management, ▲ Academia, • Consulting, ★ Research.

The attendance of the directors in courses offered by the Thai Institute of Directors (IOD) is shown in the individual profile of each director under Management Structure.

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 coordinator for the legal matters, relevant standard practices and activities of the Board to ensure implementation of the Board's resolutions.

SCG has prepared a Director Manual, which includes the summary of laws, rules and regulations related to the directors as well as Charter of the Board of Directors and Sub-committee, policies on SCG corporate governance and practices to keep directors informed of roles, duties, principles, responsibilities and practices for a director. The Manual is distributed to all directors for use as reference regarding basic information. In addition, directors are also kept abreast of laws related to or promoting good corporate governance.

SCG Director Induction

In 2019, 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, Director Manual, the handbook for directors of listed companies, 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.

12.2 The Sub-committees

The Board has further established the Audit Committee, 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 reference. In this regard, SCG 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. Moreover, the Board of Directors is entitled to form other sub-committees to handle any specific situations as deemed appropriate.

1. The Audit Committee

The Audit Committee comprises four independent directors, all of whom are well accepted and have a full understanding of, and experience in, accounting or finance. Mrs. Tarisa Watanagase, Mr. Pasu Decharin and Mrs. Parnsiree Amatayakul with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. 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 and to ensure 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 Internal Audit Office, with Mr. Pitiya Chanboonmi as its Director, acts as an operations 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 must set up meetings with the Company's external auditor, which exclude 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.

The Audit Committee of the Company comprises the following four members:

1.	Mrs. Tarisa Watanagase	Chairman*
2.	Mr. Pricha Attavipach	Member
3.	Mr. Pasu Decharin	Member**
4.	Mrs. Parnsiree Amatayakul	Member**

Remark: * Assumed the chairmanship of the Audit Committee on March 27, 2018

** Assumed the member of the Audit Committee on March 27, 2018

The Audit Committee's Term on Board

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, so that 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 of December 20, 2017 by the Board of Directors' resolution)

The Audit Committee is authorized to fulfill the following duties:

Corporate governance, risk management, compliance, and internal control

1. Review the appropriateness of the financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards and promote the development of financial reporting systems in compliance with International Financial Reporting Standards.

2. Consider connected transactions, acquiring or selling of assets, or those with possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Securities and Exchange Commission, Thailand.
3. Review the presence of the Company's risk management, work processes, control, oversight of performance of duties, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and in compliance with international standards.
4. Review the Company's Anti-corruption procedures to ensure the effective compliance with the guidelines of the governance bodies including Collective Action Coalition Against Corruption (CAC), Thai Institute of Directors (IOD), and The National Anti-Corruption Commission. The efforts start from promoting and raising awareness, assessing the risks, internal controls, incorporating the proactive preventive system, reporting frauds, auditing as well as reviewing the self-assessment form regarding anti-corruption measures as audited and assessed by the Internal Audit Office.
5. Review the Company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business.
6. Review the compliance of the Company's Internal Control System with Internal Control Framework (COSO 2013) and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards. Also, review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
7. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblowing system.
8. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.

Others

9. Select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the remuneration of the Company's auditor and evaluate the effectiveness of auditor's performance.
 10. Prepare the audit committee's report to be disclosed in the Company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by SET.
 11. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with the Company's auditors. Also, organize meetings with the Company's auditor, without the attendance of management, at least once a year.
 12. Approve the internal audit plan, budget and manpower of the Internal Audit Office. Also, provide recommendations in respect of appointment, removal, transfer, or dismissal of the Director of Internal Audit Office.
 13. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command. Also, review the execution of the Internal Audit Office for the performance assessment according to international standards.
 14. Review the presence of the Audit Committee's performance assessment as a whole and as self-assessment on an annual basis.
 15. Perform other actions as required by law or as assigned by the Board of Directors.
- To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order the Management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company's expense.
- The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

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. The Governance and Nomination Committee

The Governance and Nomination Committee comprises seven of the Company's directors, all of whom are non-executive directors and five of whom are independent directors. The Chairman of the Governance and Nomination Committee is an independent director. 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 be 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 the Sub-committees, as well as the succession plan of the President.

The Governance and Nomination Committee of the Company comprises the following seven members:

1.	Mr. Sumet Tantivejkul	Chairman
2.	Mr. Pricha Attavipach	Member
3.	Mr. Chumpol NaLamlieng	Member*
4.	Mrs. Tarisa Watanagase	Member
5.	Air Chief Marshal Satitpong Sukvimol	Member
6.	Police Colonel Thumnithi Wanichthanom	Member
7.	Mr. Pasu Decharin	Member**

Remark: * Assumed the member of the Governance and Nomination Committee on August 17, 2019

** Assumed the member of the Governance and Nomination Committee on March 27, 2019

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

The Governance and Nomination Committee is authorized to fulfill the following duties:

1. Define the scope and policy of SCG Corporate Governance and propose to the Board of Directors for consideration 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 Management 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. Oversee the presence of appropriate and sufficient anti-corruption policy for business operations.
6. Review the independence of the Board of Directors, as well as any potential conflicts of interest in the performance of its duties.
7. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.
8. 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.
9. Report regularly on progress and performance results to the Board of Directors after every meeting of the Governance and Nomination Committee.
10. Specify qualifications of any person to be nominated for directorship to align with SCG's business strategies and lay down the director nomination process to replace the retiring director, considering diverse candidates with skills, experience, gender and expertise useful for the Company.

11. Identify qualified candidates to replace directors retiring at the end of their terms, or whatever the case may be, with the diversity of the structure of the Board taken into account, and submit a list of nominees to the Board of Directors and/or Shareholders' Meeting for resolution.

12. Recommend a plan for succession of the Company's President & CEO and the top executives to the Board of Directors for consideration.

13. 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. Should there be an alteration to the Charter of the Board of Directors and the committees, the Governance and Nomination Committee shall review and make appropriate recommendations in keeping it up-to-date.

14. Conduct the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as self-assessment.

15. 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. The Remuneration Committee

The Remuneration Committee comprises three independent directors. The Committee is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors and SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success as well as to retain smart and ethical employees within the organization.

The Remuneration Committee of the Company comprises the following three members:

1. Mr. Prasarn Trairatvorakul Chairman*

2. Mr. Chumpol NaLamlieng Member

3. Mrs. Parnsiree Amatayakul Member*

Remark: * Assumed the Chairmanship of Remuneration Committee to replace Mrs. Parnsiree Amatayakul on August 17, 2019

** Assumed the member of the Remuneration Committee on March 27, 2019

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

The Remuneration Committee is authorized to fulfill the following duties:

1. 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.

2. Recommend the policy on the Management remuneration including salary and annual bonus, in line with the Company's operating results and the performance of each top executive. Whenever it deems appropriate, the Committee shall consider the hiring of consulting firms to advise on project implementation.

3. 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.

4. Assess the performance of each SCG top executive on an annual basis, based on the recommendation of the President & CEO, in order to determine his/her remuneration before proposing this to the Board of Directors for approval.

5. Consider the annual budget for the salary increase, changes of wage and compensation, and bonus of top executives before proposing to the Board of Directors.

6. Review, study, and track regularly the changes

and trends in remuneration for the Board of Directors and SCG top executives in order to propose for the approval of the Board of Directors.

7. Consider the remuneration of the Board of Directors and 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.

8. Report regularly on 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. The CSR Committee for Sustainable Development

The CSR Committee for Sustainable Development comprises eight members, five of whom are the Company's directors and three are the Management. The Committee is responsible for establishing policies and guidelines on CSR activities for sustainable development, 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 eight members:

1. Mr. Kasem Watanachai	Chairman*
2. Mr. Sumet Tantivejkul	Member
3. Mr. Prasarn Trairatvorakul	Member
4. Mr. Kan Trakulhoon	Member
5. Mr. Roongrote Rangsiyopash	Member
6. Mr. Yuttana Jiamtragan	Member
7. Mr. Chaovalit Ekabut	Member*
8. Mr. Tanawong Areratchakul	Member**

Remark: * Assumed the member of the CSR Committee for Sustainable Development on March 27, 2019

** Assumed the member of the CSR Committee for Sustainable Development on November 27, 2019

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

The duties of the CSR for SD Committee are as follows:

1. Define the policy, direction and budget for socially-responsible activities and propose to the Board of Directors for approval on a yearly basis.
2. Follow up to ensure that the policy implementation is effectiveness according to plan and target setting by the Company's Board of Directors and the CSR for SD Committee.
3. Report regularly a progress and performance to the Board of Directors after every meeting of the CSR for SD Committee.
4. Conduct the performance appraisal of the CSR for SD Committee and report the performance results to the Board of Directors.
5. Review and recommend the revision of the Charter of the CSR for SD Committee to the Board of Directors for approval in order that the Charter retains its appropriateness and up-to-date.
6. 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.

12.3 Nomination and Appointment of Directors and Top Executives

Independent Directors

The Company mandates that at least half of the total number of directors be independent directors. Currently, the Board of Directors consists of seven independent directors as follows: Mr. Sumet Tantivejkul, Mr. Pricha Attavipach, Mr. Chumpol NaLamlieng, Mrs. Tarisa Watanagase, Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin and Mrs. Parnsiree Amatayakul.

The Board of Directors resolved to revise the Qualifications of Independent Directors of SCC on July 26, 2019. This provision is more stringent than the requirements of the Office of Securities and Exchange Commission, as follows:

Qualifications of Independent Directors of SCC

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 2019, all the seven 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.

Nomination and Appointment of Directors and Top Executives

Nomination of Board Members Guideline

The Governance and Nomination Committee is responsible for the nomination of candidates qualified for directorship and independent directorship to serve as a succession pool and for reviewing candidates proposed by shareholders and the Company's directors as well as IOD Chartered Directors to ensure that they are knowledgeable and have expertise as required by the Company's Board Skill Matrix, which is reviewed annually to maintain its correspondence with SCG's business strategies and directions.

In 2019, 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. In addition, several areas of expertise were also added to the Board Skill Matrix, namely expertise on the management of regional/global organizations, global vision, crisis management, expertise on overseas markets; technology; human capital management; and expertise or experience on environmental, social, and governance (ESG) issues.

In 2018, on the suggestion of the Governance and Nomination Committee, the Board of Directors formulated the Policy on Director Qualifications and Nomination, based on the Corporate Governance Code for Listed Companies of SEC, Corporate Governance guideline of IOD and the corporate governance criteria in the DJSI Sustainability Assessment (DJSI). The policy also takes into account the diversity in the Board's composition; as well as the qualification, knowledge, and expertise of the directors required by the Board Skill Matrix and in line with SCG's business strategies. In 2019, the Board of Directors resolved to revise the Policy on Director Qualifications and Nomination as well as the nomination and selection processes and record them in writing, with the goal of improving systematicity, clarity, and transparency and ensuring that both the policy and the processes take into account the needs of the business and its stakeholders. The revision also ensures that the qualifications and characteristics required are in line with SCG's business strategies, so that the nominated candidates would have the preferred qualifications, expertise, skills, and experience.

Policy on Director Qualifications and Nomination

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 should be composed of Directors who have all qualifications prescribed by the law 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, and nationality, so as to enable the Company to achieve its objectives and business goals and promote a management system guided by SCG Corporate Governance Principle in order to bring about fairness and transparency as well as the ability to generate returns and added values in the long term to shareholders and inspire 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 2019, in the nomination of qualified candidates to replace directors due to retire by rotation in 2020, the Governance and Nomination Committee selected a total of 26 qualified candidates without discrimination based on gender, age, ethnicity, nationality, country of origin, skin color, religion, cultural background, or customs, consisting of those nominated by the Company's directors and those listed as IOD's chartered directors. Of these, two were women and two were non-Thai nationals, 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 opinion
- 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 resources management
- Risk management
- Crisis management
- Industry knowledge
- International marketing
- Vision and Strategic planning
- Knowledge and specializations in 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, 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, and nationality.

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, in 2019 stipulated the nomination and selection process of new directors in writing, consisting of four steps, namely planning, nomination, selection, and appointment, with the timeframe of each step clearly 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 he holds or represents.

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.

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 Governance and Nomination 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 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.

12.4 Oversight of 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 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

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 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 Delegation of 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

Mechanisms for overseeing disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; acquisition or disposal of assets; or complete and accurate material transactions are in compliance with the rules and procedures stipulated by the announcement of the Stock Exchange of Thailand.

In addition to the Delegation of 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 through the operations of the Internal Audit Office. 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. The assessment reports are then presented to the Management Meeting with a copy submitted to the Internal Audit Office as supporting information for future audit plans according to the level of risk. In addition, external auditors are to submit assessment reports on the internal control system to the Audit Committee every quarter.

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 Department 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 concluded a Shareholders' Agreement with other shareholders which 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.

12.5 Internal Information Control

The Company has established measures to prevent misuse of internal information and incorporated them into SCG Code of Conduct and Regulations for Employees in writing. 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 managing internal information that could have any impact on the Company's share price. They prescribe how the internal information can be appropriately managed and handled to minimize the risks associated with the misuse of such information. The policy and guidelines regarding the use of internal information are disclosed under the topic 'Corporate Governance' under Section 'The Equitable Treatment of Shareholders of the Annual Report' and published on the SCG websites.

12.6 Audit Fees

For the fiscal year 2019, The Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 59.07 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.

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 2019

1. Annual audit fees and the quarterly review fees for the Company's financial statements and consolidated financial statements totaling 5.98 million Baht

Audit Fees		
1. Annual audit fee for the Company's financial statements		276,000 Baht
2. Quarterly review fee for the financial statements of the Company and annual audit fee, and quarterly review fee of the Company consolidated financial statements		5.70 Million Baht
Total audit fees of the Company		5.98 Million Baht

2. Annual audit fees for the financial statements of the Company's subsidiaries, and the quarterly review fees of listed subsidiaries audited by KPMG in Thailand and other countries, the fees of which are borne by each subsidiary as follows:

Audit Fees		
1. Annual audit fees of the Company's subsidiaries in Thailand and quarterly review fees of listed subsidiaries		
- Number of subsidiaries		131 Companies
- Amount		26.66 Million Baht
2. Annual audit fees of the subsidiaries outside Thailand		
- Number of subsidiaries		82 Companies
- Amount		26.43 Million Baht
Total audit fees of the Company		53.09 Million Baht

Non-audit fees

The Company paid for the assurance fee of Sustainability Development Report amounting to 2.30 Million Baht. The subsidiaries paid for reviewing compliance with the conditions of the BOI Promotion Certificate amounting to 2.98 Million Baht and for tax consulting and other services amounting to 42.60 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

12.7 Reviewing the Implementation of SEC's Corporate Governance Code

As suggested by the Governance and Nomination Committee, the Board of Directors has been reviewing 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. The CG Code consists of eight main principles as follows.

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

Principle 2: Define Objectives that promote Sustainable Value Creation

Principle 3: Strengthen Board Effectiveness

Principle 4: Ensure Effective CEO and People Management

Principle 5: Nurture Innovation and Responsible Business

Principle 6: Strengthen Effective Risk Management and Internal Control

Principle 7: Ensure Disclosure and Financial Integrity

Principle 8: Ensure Engagement and Communication with Shareholders

For Principles that are not readily applicable to SCG's businesses, 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 2019, areas in which the company had yet to adopt these principles in full details are shown in 12.8.

12.8 Other corporate governance practices

The Company has consistently adopted and complied with the Principles of Good Corporate Governance for Listed Companies 2012, recommended by the Stock Exchange of Thailand. Furthermore, the Board of Directors has resolved to apply the Corporate Governance Code for Listed Companies 2017 (the CG Code) developed by the Securities and Exchange Commission (SEC) to SCG business operations where deemed appropriate. In 2019, the areas where the CG Code had yet to be adopted and were governed by comparable replacement measures were as follows:

1. The Chairman of the Board is not an Independent Director.

- The current Chairman of the Board is an executive of the major shareholders. However, 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. In addition, all Board members required to assess the performance of duties of the Chairman on a yearly basis.

2. The Board of Directors resolved to limit the number of terms for which an individual may serve as an independent director to a maximum of three consecutive terms, with the first term starting from the Board's approval date on May 25, 2011 and the end of each term on the date of the Annual General Meeting of Shareholders in which they are due to retire by rotation. The Board of Directors may nominate their names to be re-elected at the Annual General Meeting of Shareholders as deemed fit, in which case they will no longer be deemed independent and Board of Directors will duly consider the necessity of such nomination.

- Currently, the Board of Directors reviews the terms of a member of the Board of Directors and Sub-committees based on each individual's qualifications, the resulting diversity, and needed areas of knowledge and expertise, in tandem with the use of the Board Skill Matrix as additional information.

+ SCG employees joined to test their understanding on Governance, Risk and Compliance (GRC).



- At the 2019 Annual General Meeting of Shareholders, independent directors who held the office exceeding nine consecutive years and were due to retire by rotation were Mr. Tarrin Nimmanahaeminda and Mr. Pramon Suthiwong , who expressed their intention not to be re-elected as directors.

Currently, SCG has two independent directors with over nine consecutive years in office, namely Mr. Sumet Tantivejkul and Mr. Pricha Attavipach, both due to retire by rotation in 2020 who expressed their intention not to be re-elected as directors.

In addition to the practices implemented in compliance with The Principles of Good Corporate Governance for Listed Companies, the Company has in place other practices relating to good corporate governance as follows:

Raising Awareness of Corporate Governance, Risk, and Compliance (Integrated GRC)

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 a list of principles 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. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

To further raise awareness of and to promote strict adherence to SCG Code of Conduct among employees, the Company provides lessons on SCG Code of Conduct to employees at all levels and gives new employees SCG Code of Conduct Handbook on their first day of employment. In addition, SCG regularly organizes activities to foster code of conduct awareness and has included it as one of the key factors in the annual employee evaluation. In 2019, the following activities were carried out.

- SCG encouraged the Company's directors to set the tone at the top by being a good example and providing useful advice to employees. In 2019, SCG produced a video clip featuring Mr. Sumet Tantivejkul, Vice Chairman, Chairman of the Governance and Nomination Committee, and Member of CSR Committee for Sustainable Development, who shared the lessons he had learned from his experience overseeing SCG and following His Majesty King Bhumibol Adulyadej's guidance on work ethics on the occasion of His Majesty's birthday anniversary and Father's Day in Thailand, with the goal of encouraging SCG employees, both in Thailand and overseas, to apply these lessons for their own benefit and the benefit of the public.



Communication on being professional and ethical at work
from a board of director to SCG employees.



- SCG heightened awareness of SCG Code of Conduct and encouraged SCG employees to express their opinions on the topic by holding Janya On Tour at the plants of the Cement-Building Materials Business in Saraburi.

- SCG produced an induction video clip on SCG Code of Conduct in English for SCG employees overseas and organized activities that raised their awareness of integrated GRC (Governance, Risk, and Compliance) through various channels for use as guidance in their fulfillment of duties.

Moreover, 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.

SCG also established the whistleblowing policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company's Articles of Association, SCG Code of Conduct, and Anti-corruption Policy. In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with SCG Code of Conduct. This 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, which can be found on the SCG website under "SCG Code of Conduct" and "SCG Code of Conduct Consultation System".

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 Governance and Nomination Committee. Integrated into the corporate culture, this policy serves as 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 available for download at www.scg.com)

Thanks to its continuous pursuit of its anti-corruption policy, the Siam Cement Public Company Limited has recognized as a certified company by Thailand's Private Sector Collective Action against Corruption (CAC). It was first certified on July 5, 2013 and has since passed all subsequent recertifications, most recently on February 4, 2019. Furthermore, SCG's subsidiaries that are listed companies have also received the status of certified companies (except SCG Ceramics Public Company Limited, which successfully underwent a merger on August 1, 2018 and is currently on certification filing process.)



Induction video clip on SCG Code of Conduct in English for SCG employees overseas.



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" under section 123/5 of the Organic Act on Counter Corruption B.E. 2542, SCG has since 2017 been raising awareness among its employees of actions that might lead to corruption risks and regularly conducting risk indicators analyses and assessments of corruption risks, considered one of compliance risks. The Board of Directors has also approved to implement practices in compliance with the notification of NACC, as previously approved by the Audit Committee and the President & CEO, and communicated the significance it attaches to this matter with SCG employees through "Message from CEO," effectively setting the "Tone at the Top."

In addition, SCG has created a proactive 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, with the Internal Audit Office entrusted with the oversight of the assessment and monitoring of good governance practices and compliance with the SCG Code of Conduct and Anti-corruption Policy in each audit period.

In 2019, to continuously cultivate an awareness and understanding among the Directors, Executives, and employees and bring about actual implementation of the Company's Anti-corruption Policy in accordance with Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 announced by NACC, SCG carried out the following activities:



An activity to raised awareness of GRC for SCG employees at the plants of the Cement Building Materials Business in Saraburi.



1. Awareness promotion activities were continuously organized to educate employees and develop proactive and preventive anti-corruption systems.

1) SCG created "Ethics e-testing," divided into three levels according to the roles and responsibilities of the employees' levels. The e-testing tests employees on their knowledge of ethics, SCG's 4 Core Values, Code of Conduct, and Anti-corruption Policy. The contents of the test have been designed to encourage employees to learn and understand how to follow the policy in practice. The content on SCG Anti-corruption Policy has been revised to align with the notification of the National Anti-Corruption Commission (NACC) on Section 123/5 of the Organic Act on Counter Corruption B.E. 2542. All Thai employees are required to pass the test at 100%. In addition, the answers given have also been analyzed, so that common misunderstandings among employees can be rectified.

2) SCG cultivated an awareness of role, responsibility and accountability regarding risk management and control in accordance with the Three Lines of Defense.

3) SCG communicated important corruption cases to employees to illustrate responsibility and accountability in accordance with the Three Lines of Defense.

2. A Compliance Management System (CMS) for controlling and monitoring anti-corruption operations was introduced to define clear roles and responsibilities, including law and regulation compilation, risk assessment, control, monitoring, inspection, and reporting, for both internal and external reports.



SCG Code of Conduct being communicated through a mascot named Mr.Janya and Facebook fanpage "Dee Dee Club".



SCG employees expressed their opinions through the online survey on SCG Code of Conduct which was a part of "Janya on Tour 2019" activity.



3. An “Anti-corruption Compliance Assessment Form” was created for units involving high risks, such as project procurement unit, project sales unit, government affairs, engineering units. The assessment form defined indicators/signs of corruption risks as well as provided solutions for risk mitigation and control both for process and employee operations so as to enable operators and supervisors of the unit to analyse 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 control and penalties specified in the notification of the National Anti-Corruption Commission (NACC) in 2017 on Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 were also communicated to employees.

4. SCG extended its anti-corruption efforts to its key suppliers by encouraging them to participate in the CAC SME Certification Program by Thailand’s Private Sector Collective Action against Corruption and hosting a public seminar session for suppliers focusing on anti-corruption practices.

Activities Constantly Carried out by SCG

1. Distribution and communication of SCG Code of Conduct and Anti-corruption Policy to all employees for acknowledgment and adoption via a series of VDO clips: “Good life with SCG Code of Conduct,” “Janya on Tour,” and “Anti-corruption”.

2. Executives meeting with employees to communicate details about the Company’s business operations and its Anti-corruption Policy and providing them with opportunities to make any inquiries to enhance their understanding.

3. Training employees on compliance with the Corporate Governance and the Anti-corruption Policy through various courses/channels to reaffirm SCG’s corporate culture, which are as follows:

- New Employee Orientation Course
- SCG Ready Together Course
- Business Concept Development Course
- Good Corporate Governance Course for supervisors and management employees (in each business unit)

4. IA Letter e-pamphlets delivered to the email of every employee.

5. SCG Code of Conduct and Anti-corruption Policy Consultation System, accessible via GRC Helpline banner on SCG Intranet website.

6. SCG extends its anti-corruption practices to its suppliers, so that, with the synergy of SCG and its suppliers, the ethical practices and the corporate governance for communities, society, and the environment SCG had compiled the “SCG Supplier Code of Conduct” as guidelines for SCG suppliers in 2013, which has been in use since. The code of conduct reaffirms SCG’s commitment to social responsibility and consists of five major principles: 1) Business Ethics Practices, 2) Labor Protection and Human Rights, 3) Occupational Health and Safety, 4) The Environment, and 5) Laws and Regulations. In 2019, the number of participating suppliers saw a further increase, bolstering SCG’s confidence and commitment to developing good citizens for society.

Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, the Company’s Articles of Association, SCG Code of Conduct, and Anti-corruption Policy (Whistleblowing Policy)

SCG has given priority to good corporate governance and provided opportunities for employees and stakeholders to report or inform 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 the investigation of complaints is conducted according to the process

Consulting system on SCG Code of Conduct allows employees to conveniently ask questions about Code of Conduct.



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 cause trouble to 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. The Internal Audit Office, which is responsible for the security of the Whistleblowing System, has designated a separate server to ensure independence from other usage.

SCG has provided channels for filing complaints as follows:

- Internal channels for employees, complainants can choose either to specify their names or remain anonymous.

1. The banner on the first page of SCG Intranet website, which is accessible to every employee. Informants can direct their complaints to any of the following:

- Trusted supervisors
- The Director of the Corporate Human Resources Division
- The Director of Internal Audit Office
- The Secretary to the Board of Directors
- The Company’s Director

2. Submission of a formal document to any of the aforementioned persons or

3. Email submission to an independent director at ind_dir@scg.com

- For external parties, complaints can be lodged on www.scg.com under the “SCG Whistleblowing System.” 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
- Any member of the Audit Committee

Complaints can also be lodged in the form of a formal document submitted to any of the aforementioned parties.

Informants can keep track of their complaint investigation through a dedicated system, which is a vital mechanism in the control and prevention of corruption. In 2019, a total of 30 cases involving non-compliance with laws, the Company’s regulations, policy, SCG 4 Core Values, or Employee Code of Conduct, were filed through SCG Whistleblowing System for external parties and employees, as summarized below.

1. Total number of investigated cases 29 cases (including 4 pending cases from 2018)

The fully investigated cases consists of non-compliance with

• Anti-corruption policy	None
• Anti-Trust policy	None
• Human Right	None
• Others issues of	
SCG Code of Conduct	3 cases
Company’s regulations	8 cases

2. Damages and disciplinary actions

- Total damages 0.67 Million Baht
- Disciplinary actions
 - Employment termination (discharge/dismissal)
17 employees
 - Others 41 employees

3. At SCG, assessments of risks of corruption and non-compliance of laws, rules, and SCG Code of Conduct are regularly performed by first-line operators, with every relevant party reviewing the complaints to specify control points in order to improve the efficiency and the Internal Audit Office is responsible for evaluating the efficiency and effectiveness of risk assessment and internal control and reports its findings to the Audit Committee on a regular basis. In addition, the Company also consistently cultivates an anti-corruption corporate culture and promotes awareness among its employees, with the top executives serving as role models.

THE REMUNERATION COMMITTEE'S REPORT

13

The Remuneration Committee performed their duties as prescribed in the Charter of the Remuneration Committee by the Board of Directors with prudence, fairness, and rationality. The Committee considered the remuneration in comparison with the remuneration offered by other listed companies or leading corporations in the same business.

In 2019, the Committee held a total of six meetings to consider the remuneration of the Board of Directors and Sub-committees before proposing to the Board and the Shareholders' Meeting for approval. The Committee also considered the remuneration of SCG President & CEO and top executives in alignment with the performance of each executive and SCG's operating results to retain SCG leadership in the industry.

Moreover, the Remuneration Committee also provided views and recommendations to the Management with regard to human resources management to foster the morale and retention of highly capable employees with the Company.

On behalf of the Remuneration Committee



Prasarn Trairatvorakul

Chairman of the Remuneration
Committee

THE CSR COMMITTEE FOR SUSTAINABLE DEVELOPMENT REPORT

Keeping pace with the constantly changing world has become essential for empowering communities to become self-reliant according to SCG's commitment to carrying out socially-responsibility activities for sustainable development.

SCG pledges its commitment to conducting socially-responsible activities with an emphasis on uplifting the quality of life and empowering communities to become self-reliant, self-supporting, and harmonious, on top of sustained efforts to pursue innovation development, maintain financial security, and help communities to stay relevant amidst the inevitable change.

The world has faced numerous significant environmental changes and cumulative greenhouse gas emissions. As a result, these impacts had induced extreme weather events, triggering brutal heatwave in some areas, especially in Europe, which are unfamiliar with such harsh weather conditions, resulting in many deaths. The Amazon, the world's largest sources of oxygen, had been devastated by severe fires for months. The United States and Australia. Even the Arctic ice at the earth's North Pole has been rapidly melting.

Thailand is also affected by climate change, evidenced by untimely rains, lower rainfall, and prolonged drought or floods in many areas. The waste problems aggravated by the lack of appropriate management, leading to another national crisis. The PM 2.5 air pollution has put Thai people's health at risk in the past two years.

Not only businesses are affected by changes, but also communities and society.

Amid rapid change and fluctuations, SCG encourages communities to keep up and adapt to the transition to foster communities to grow healthy and sustainably along with SCG's business operations.

"Conserving Water from Mountain to the Mighty River Project," Empowering Through Water Management and Technology Application to Build Self-Reliance to Drought and Floods

From the initiative of constructing check dams in tune with the royal initiative to prevent forest fire, since 2007, SCG has coherently worked with communities carrying out the project "Conserving Water from Mountain to Mighty River." The initiative aims to encourage community participation, opinion exchange, and action to bring about the participatory learning process, leading to grouping for solving the community problems and becoming self-reliant, including establishing a water management system built upon science, technology, and local wisdom. As a result, the communities are sufficiently supplied with water for consumption and agriculture whereby the optimal water management help communities, such as four villages in Ban Sa subdistrict, Chae Hom district in Lampang province, escape drought and flood that they had suffered in the past 20 years. Equipped with knowledge, analysis, and self-sustained solutions, the communities transformed Nong Pong reservoir into Nong Pong Monkey Cheek to systematically link water routes in seeking to save rainwater for later use in drought season, ensuring sufficient, year-round water supply for agricultural use. The effort helps prevent flooding during flood season and generate an additional income of 100,000 Baht per head per year.

SCG promotes the implementation of water management in communities surrounding the plants in Khon Kaen, Kanchanaburi, Saraburi and Nakhon Si Thammarat. Plus, the company will reinforce its commitment to expanding this successful program to trouble-prone areas with the aim of empowering communities to have proper self-sustained water management to alleviate drought and floods.

In addition, SCG has partnered with Utokapat Foundation under Royal Patronage of H.M. the King and Hydro-Informatics Institute (Public Organization) to promote water management in tune with the royal-initiated approach. The partnership has strengthened the community to learn and use information technology to efficiently find water sources, water planning, and water balance method. At present, SCG along with Utokapat Foundation under Royal Patronage of H.M. the King and Hydro-Informatics Institute fosters a network of 9 communities nationwide, resulting in adequate water supply for consumption and agricultural use for 6,700 households. The network also serves to embolden other communities to create a self-reliant water management system.

Last year, Thai people celebrated the auspicious occasion of the royal coronation 2019. SCG invited associated networks from public sector, private sector and volunteers to honor His Majesty the King in a series of volunteer projects, including a drought relief initiative of "Commemorate His Majesty the King, Volunteers Alleviating Drought," in which drought-hit communities were given 1,000 water tanks and water supply for consumption provided by the Royal Thai Army, and "Commemorate His Majesty the King, Volunteers Conserving Water," in which communities are empowered to implement self-reliant water management system and given forestation to restore an ecological balance with the goal to tackle drought problems in the long term and mitigate global warming.

Empowering through water management and implementation of information technology enables communities to shift from seasonal dependency to self-reliance with adequate water planning for farming. As a result, villagers are provided with better financial security and quality of life as well as year-round water supply, resolving drought problems.

"Enterprise and Moral Community," Adopting Trade and Online Network to Improve Job and Income Security

Once the communities achieve in water security and better crop production, SCG aims to add value to community's local processed outputs and makes it a side business. The approach is a great way to build community immunity to become self-reliant amid economic struggles and technological disruption where villagers can benefit from trade apart from relying solely on agriculture. With training courses of Enterprise and Moral Community called "Mini MBA for Community" provided, farmers can be transformed into entrepreneurs. Course attendees will learn how to develop a business mindset and ways to explore business opportunities and wide-ranging business knowledge and strategies ranging from marketing, distribution, business management, success stories, and product differentiation. The effort is to ensure financial security and enhance morality with product

development and commerce with great care to the consumer and environment, becoming moral entrepreneurs.

In the past 2 years, about 200 villagers from communities surrounding the plants in Lampang, Saraburi, Kanchanaburi and Nakhon Si Thammarat passed the training and prosperously developed products with local identities, generating more income. Some products are further promoted at a provincial level, such as pineapple pie with white roster logo, resembling the Lampang province's symbol of the white roster. In the past year, the household income has increased by 100,000 Baht. Furthermore, the Ham La Na brown rice, which can only grow in Lampang and contains antioxidant compounds seven times higher than jasmine rice, made an increased sales of 50,000 Baht in a year.

To keep ahead of disruption, the community learned e-commerce techniques and formed an online network of 4 provinces to serve as a space for experience exchange and online trade. The approach helps boost extra income for communities like Ban Wang Hon community in Nakhon Si Thammarat that sells mangosteen online, earning an addition of 480,000 Baht in the past year.

The Enterprise and Moral Community training course has transformed subsistence farmers into entrepreneurs, producing value-added local products and various e-commerce channels while providing job security where community youngsters no longer need to find a job in the city.

"SCG Circular Way": Resource Maximization, Correct Sorting, Proper Disposal, Adopting Green Mindset with Waste Management at Source

The twin crisis of resource scarcity and waste overload has given rise to resource efficiency approaches based on the Circular Economy. SCG has practiced "SCG Circular Way" to purposely promote green behaviors among employees through the "Bang Sue Model" with the concept of "Resource Maximization, Correct Sorting, Proper Disposal." The model fruitfully helps divert 20 tons per month from landfill, increases the amount of recyclable waste from 10 percent to 45 percent per month, and cuts greenhouse gas emission by more than 50 percent per month. The company will extract lessons learned and provide practice guidelines to the public accordingly.

SCG also promotes waste management at Ban Rang Plub community in Ratchaburi's Bang Pong district. The approach has favorably achieved zero landfills. The effort led to the winning of the 1st place of Zero Waste Community Award 2019, presented by the Department of Environmental Quality Promotion in 2020. The approach will be expanded to cover all areas of Bang Pong district. The company will work in collaboration with Bang Pong district in Ratchaburi province to establish the Zero Waste community model at a district level and set an eye to achieve at a provincial level.

To make the Circular Economy a reality, it requires the participation of all sectors. SCG has allied with 45 partners from the global organization, government sector, private sector, schools, and communities to drive the circular economy in order to bring about resource efficiency approaches and concrete waste solutions. Besides, the application "KoomKah" a digital technology is implemented to streamline waste bank management and manage waste trade, making waste sorting and recycling a motivational action and reducing landfill.

SCG Circular Way is carried out with the concept of "Resource Maximization, Correct Sorting, Proper Disposal." SCG has placed a greater emphasis on waste value toward people's mindset. In this regard, not only waste is recycled in a closed-loop system; it will reduce greenhouse gas emissions, which is the main cause of climate change.

"Ruen Suk Jai," Uplifting Quality of Life That Meets Actual Needs with Data Analysis and Digital Technology

On occasion of the royal coronation ceremony in 2019, SCG Foundation, in collaboration with the government, private sector, and volunteer network nationwide, carried out socially-responsibility activities to honor His Majesty the King and provide facilitation to uplift the quality of life. With the project "Commemorate His Majesty the King, Volunteers Developing Nationwide Crown Prince Hospitals," the services areas and facilities at 21 Crown Prince Hospitals nationwide would be remodeled into the waiting hall "Ruen Suk Jai" where the renovation will make the area friendlier to patients, their families, doctors, nurses, and anyone receiving services at the hospital. The construction embedded the participatory design process through a cultural lens and real needs of users with the objective to provide functional comfort and meaningful experience.

In 2019, the renovation efforts kicked off at four pilot hospitals: Nakhonthai Crown Prince Hospital in Phitsanulok, Ban Dung Crown Prince Hospital in Udon Thani, Kranuan Crown Prince Hospital in Khon Kaen, and Weingsra Crown Prince Hospital in Surat Thani. The team of Built Environment for Health and Well-Being Research Unit under the Faculty of Architecture, Kasetsart University, launched a survey collecting data from the staff and hospital's service recipients over hospital's areas for improvement, environmental data analysis, and master plan, of which has resulted in participatory design. SCG's Cement and Construction Solution provided the construction using the technology "Building Information Modelling (BIM)," which enables an effective construction plan where it can detect pre-construction mistakes. The technology also helps minimize time and construction costs and retrieve construction leftovers such as concrete scraps back as raw materials in the production process, turning waste to value based on the Circular Economy. The project received excellent support from the local SCG dealers as they donate building materials.

The analysis of data obtained from Crown Prince Hospital's staff members and service recipients has given birth to the design that caters to users' needs. The BIM digital technology helps transform the construction process from traditional to digital, which delivers a more efficient and faster construction process with fewer errors as well as reducing resource consumption, making "Ruen Suk Jai" a delightful place for creators and users.

"Sharing the Dream," Enhancing Society and ASEAN Citizens

Throughout 13 years, the "Sharing the Dream" program has provided educational opportunities and dreams for a better future for students in six ASEAN nations, namely Vietnam, Indonesia, Myanmar, Lao PDR, Cambodia, and the Philippines. A total of 14,697 scholarships were granted.

Last year, SCG organized "SCG Sharing the Dream – ASEAN Camp" in Thailand for Thai and ASEAN students who were awarded scholarships. The camp gave the youths opportunities to make friends from neighboring countries and create a sense of solidarity and ASEAN citizenship as well as nurturing the learning and potentiality of ASEAN youth to become talented and moral. The camp provided youths with insights into business operations, innovation creation, socially-responsible activities, SCG's top executive meetup. They also participated in environmental work at SCG SD Symposium 10 Years "Circular Economy: Collaboration for Action" in which they were inspired to pay attention to environmental problems and leverage experiences to benefit their countries as ASEAN citizens who are ready to adapt to the global change in pursuit of creating sustainable growth in ASEAN nations.

SCG believes that empowering communities and ASEAN citizens to learn and adapt will be a viable solution to enhance adaptability for secure and sustainable growth.

On behalf of the CSR Committee for Sustainable Development

Kasem Watanachai

Kasem Watanachai

Chairman of the CSR Committee
for Sustainable Development

CORPORATE SOCIAL RESPONSIBILITY

15

Empowering community to keep up and adapt to the rapid change induced by climate change and speedily diminishing resources in contrast with the ever-growing demand for resources is another SCG's commitment to bringing healthy and harmonious living among community, society, and SCG.

Being Prepared to Cope with Drought and Flood Caused by Climate Change

The soaring temperatures have prompted harsh inclement weather. Many countries were gripped by uncontrollable extreme heat events, while some countries experienced episodes of severely cold weather, resulting in many deaths. In the meantime, Thailand has suffered an early prolonged and severe drought, and some areas were hit by widespread flooding. To keep communities well prepared for drought and flood episodes and build a sense of resilience to tackle the rapidly changing climate, SCG carried out "Conserving Water from Mountain to the Mighty River Project" in collaboration with communities to cope with inevitable change by proving knowledge on water management and application of science and information technology. The effort has led to grouping for solving the community problems and becoming self-reliant.

Increase water reserve and reservoir storage by improve water retention

With upgraded reservoir to store water during rainy season and systematically allocate water during dry season.

- *Ban Saphae Neua in Chae Hom district, Lampang province has collaborated with Huay Kaew Basin Restoration Community to improve water reserve with the help of subsurface dam, reservoir and weir maintenance and irrigation control gate improvement. As a result, the effort helps added up to 51,000 cubic meters of water. The community also fruitfully uses pipe system to link water routes, reserving water from Huay Kaew basin for later agricultural use in 1,100 rais of farmland, benefiting over 150 households.*

- *Ban Sa Sob Hok in Chae Hom district, Lampang province has worked with the community arranging water tanks to reserve hill water by supplying water from check dams to community and implementing hill water supply system for consumption. The method can store water up to 220 cubic meters for 133 households.*



A prototype model of SCG Smart Litter Trap 4.0 that improves waste collecting efficiency and facilitates waste collection



Khot Hin Mittaphap 42 School in Rayong province encouraged students to wash milk cartons before recycling based on the concept Resource Maximization, Correct Sorting, Proper Disposal



Apply Science and Information Technology, Analysis and Water Planning by partnering

With Utokapat Foundation under Royal Patronage of H.M. the King and Hydro-Informatics Institute (Public Organization) to improve water retention capability, water supply, and efficient drainage in order to achieve optimal allocation of water, resolving recurrent droughts and floods.

- Pa Phu Tham community in Phu Katae, Wang Noi district, Khon Kaen province, has suffered a continued combination of 4 years of drought following 2 years of good rains. The community has been plagued by recurring droughts for more than four decades. The area is typified by undulating sandplains known for weak water holding capacity. After being equipped with knowledge and information technology to evaluate the height and area, the community managed to build a canal to catch water at the peak point coming from higher grounds and distribute water to existing reservoirs at diverse altitudes. As a result, the community can save an additional 70,000 cubic meters of water that can ensure sufficient water supply for consumption and agriculture for 2,000 households during four years of no rains.

Reforest with the program “Mountain to Mighty River: Restoring Ecological Balance and Solving Long-term Drought”

By working in collaboration with the community, government agencies, and volunteers. Over 34,000 trees were planted in land areas of Saraburi, Lampang, Samut Sakhon, Khon Kaen, Kanchanaburi, Ratchaburi, Kamphaeng Phet, and Bangkok, while over 16,000 mangrove trees and seagrass were added in Trang, Surat Thani, and Rayong.

Shifting to Resource-Efficient Behaviors and Waste Management at Source

The demand for resources is growing dramatically due to the rapidly increasing global population. As a result, the world is facing resource scarcity and waste overload. Increasing the amount of waste directed to recycling based on the Circular Economy has become a commendable option to reduce resource consumption and greenhouse gas emissions, which is the main cause of climate change.

The “Bang Sue Model,” a concept built upon efficient waste management at source

Encourages adoption of green action among SCG employees with two key priorities: 1) Increasing environmental awareness and embracing behavioral change, providing understanding and promoting the campaign “Resource Maximization, Correct Sorting and Proper Disposal;” and 2) Upgrading internal waste separation system at SCG and establishing waste trade for recycling with the core focus on proper waste separation such as wet/dry waste, waste categorization. The waste separation approach will add value to waste and generate further benefits, rescuing over 240 tons from landfill per year.



Khot Hin temple in Rayong province campaigned on sorting out clean plastic waste



“Community Likes Waste” is a collaborative project involving home, temple, school and waste bank

Aimed at increasing recyclable waste amount and reducing landfill with waste separation at source. The project has created community leaders and hands-on practice methods to build a sustainable network by encouraging public participation, making the temple and school the learning center to impart knowledge to other villagers and communities. The project was piloted at Map Ta Phut municipality in Rayong through a collaborative network of “Boworn” (home, temple and school) at Khot Hin 2 community, Khot Hin Mlittaphap community, Khao Phai community, and Wat Khot Hin Mlittaphap 42 school. Over 80 households have participated in this project, and over 6,500 kilograms of waste has been directed to recycling.



Young fans of SCG Muang Thong United are Saving the World Champion who can correctly put waste into the right bins for recycling based on the concept Resource Maximization, Correct Sorting, Proper Disposal



“Saving the World Champion” is an environmentally friendly model for football stadium that incorporated waste separation

Approach in line with “SCG Circular Way.” Nearly ten thousands of fans watch a football match at the stadium, and each time the crowd generates over 1,000 kilograms of waste. To solve the issue, SCG joined hands with SCG Muangthong United F.C. to advance SCG Stadium into a Circular Economy Stadium where fans can become “Saving the World Champion” by correctly putting wastes into provided four bin types for plastic, paper, food, and hazardous wastes placed in many locations with dedicated staff providing knowledge on the proper garbage disposal. The campaign aims at achieving waste management goal for recycling process which is an effective way to maximize the resources. In the previous year, the model helped slash 9,034 kilograms of waste going to landfill plus 1,796 kilograms of which were recycled. Football fans were encouraged to apply this approach in their daily routines and spread the idea to their friends. The campaign is set to become a model for other teams and other sports accordingly.

Incorporating Technology for Increased Productivity, Time Reduction and Energy Saving

SCG believes that the use of technology has become essential in coping with rapid change in terms of enhancing productivity, minimizing time, and facilitating workers. In this regard, SCG develops work practices that are in line with all activities SCG operates.



Floating Litter Trap uses tidal movement to collect waste



Ruen Suk Jai, a hospital's waiting hall constructed using the technology Building Information Modelling (BIM) to cut waste and minimize construction time



“Floating Litter Trap” is an innovation developed to solve marine waste

Chemicals Business has joined forces with Department of Marine and Coastal Resources (DMCR) developing and installing SCG-DMCR Litter Traps in river mouths and canals. The litter trap is designed with a 2-way entrance system using natural water current and pressure to effectively collect floating waste and preventing the leak influenced by tidal movement. Each litter trap is capable of collecting and containing 7.7 kilogram of river debris per day. At present, 20 litter traps are installed in 13 seaside provinces, including Rayong, Chachoengsao, Samut Songkhram, Prachuap Khiri Khan, Phetchaburi, Surat Thani, Songkhla, Nakhon Si Thammarat, Pattani, Phang Nga, Phuket, Satun, and Ranong, and they are expected to reduce at least 30 tons of marine wastes entering the oceans in 6 months.

In addition, SCG has harnessed robotics in the development of “SCG Smart Litter Trap 4.0” Prototype to collect wastes in the still water or hard-to-reach areas by implementing the Machine Learning (ML) and Internet of Things (IoT) techniques. The technology will help increase the efficiency of waste management and facilitate officers. It is also powered by solar panels to save energy.

“Ruen Suk Jai” is an output of the technology “Building Information Modelling (BIM)”

Cement-Building Materials Business, SCG, SCG Foundation, the Foundation For The Crown Prince Hospitals and Built Environment for Health and Well-Being Research Unit under the Faculty of Architecture, Kasetsart University collectively remodeled service areas and facilities at Crown Prince Hospital into the waiting hall where the renovation will make the area friendlier to patients, their families, doctors, nurses, and anyone receiving services at the hospital. A research team launched a survey collecting data from the staff and hospital’s service recipients over hospital’s areas for improvement, environmental data analysis, and master plan, of which has resulted in participatory design. SCG’s Cement and Construction Solution provided the construction using the technology “Building Information Modelling (BIM),” which enables an effective construction plan where it can detect pre-construction mistakes. The technology also helps minimize time and construction costs based on the Circular Economy. The project has been carried out in four hospitals: “Ruen Suk Jai” at Ban Dung Crown Prince Hospital in Udon Thani, “Huen Suk Jai” at Kranuan Crown Prince Hospital in Khon Kaen, “Chan Suk Jai” at Nakhonthai Crown Prince Hospital in Phitsanulok, and “Lan Suk Jai” at Weingsra Crown Prince Hospital in Surat Thani. The construction was designed to truly meet users’ needs.



Sharing a Brighter Vision, a cataract surgery project for the needy



Dental examination and treatment were provided to 999 monks and novices in Lao PDR as part of the celebration of the royal coronation ceremony



Passing on Opportunities to Improve Quality of Life of ASEAN People

Uplifting the quality of life for people in ASEAN is another mission of SCG and networks because only togetherness will maximize benefits for communities.

Vocational Skills Build the Nation

Scholarship program for vocational students who are in-demand workers for Thailand 4.0 Development Plan. Due to the shortage of vocational graduates that inadequately meet the workforce demand, SCG Foundation has awarded scholarships since 2013 to vocational students with no obligation to repay. The 5-year scholarships (Vocational certificate level 1 to high vocational certificate level 2) are granted to students who wish to pursue industrial training, services, agriculture with a combination of hard skill and soft skill improvement. Besides, the vocational teachers will be upskilled with educational trips in the hope of applying the techniques in the teaching, resulting in the production of efficient graduates and force of the nation. To date, 2,014 vocational students were awarded the scholarships.

Sharing a Brighter Vision

A program that provides cataract surgery services for the needy. Vision loss from cataracts has adverse impacts on daily lives of the people in Myanmar. Restoring sight is life-changing. Before the surgery, cataract patients couldn't take care of themselves and felt they became a burden for the family. Once the vision is restored, patients can do activities they prefer such as going to temple. The project has uplift the happiness and quality of life of the people in Myanmar. SCG in collaboration with Banphaeo Hospital (Public Organization) has carried out the Sharing

a Brighter Vision program for the 5th consecutive year at Mawlamyine General Hospital, Mawlamyine township, Mon state. In 2019, a total of 263 patients have been treated. Throughout 5 years of the program, eyesight of a total of 1,135 has been restored. This is another mission that SCG is pledging to carrying out along with conducting business operations in ASEAN. SCG aims to expand the project to other ASEAN nations.

Thailand's mobile dental care unit for monks and novices in Lao PDR

The dental care services were part of the celebration of the royal coronation ceremony and H.M. the Queen's birthday in 2019 led by a group of 70 people from SCG, the Royal Thai Embassy, Thai entrepreneurs in Lao PDR, a team of dentists from the Faculty of Dentistry of Chulalongkorn University, supporting staff and volunteers. All worked hand in hand to offer the free services for 999 monks and novices at Wat Ong Teu Mahawihan in Vientiane, Lao PDR. SCG is intended to mitigate health problems occurred in monks and support them to perform religious duties and pursue Buddhism in a sustainable manner.

INTERNAL CONTROL AND INTERNAL AUDITING

1. Internal Control

SCG's vision is to be a regional market leader by contributing to the sustainable progress of ASEAN and all communities where SCG operates. Through its world-class business practices, corporate governance, and uncompromising safety standards, the Company is committed to creating value for its customers, employees, and all stakeholders and strives to elevate the quality of life for all through its quality products and services, developed by SCG's operational excellence, technological development, and innovation. It is the conviction of SCG's top executives that to become a leading organization, SCG must have efficient and effective corporate governance, risk management, compliance and internal control systems that complied with international standards both on the operational and information technology system. To this end, the Audit Committee has been appointed and is responsible for formulating policies related to corporate governance, risk management, compliance, internal control and internal auditing in reference to the following international standards and relevant entities:

- **Corporate Governance:** The Organization for Economic Co-operation and Development (OECD) / The Stock Exchange of Thailand (SET) / The Securities and Exchange Commission, Thailand (SEC) / Thai Institute of Directors Association (IOD)
- **Risk Management**: COSO Enterprise Risk Management / ISO 31000
- **Compliance**: Relevant laws and regulations / ISO 19600
- **Internal Control**: COSO Internal Control Framework 2013 / COBIT5

SCG consistently cultivates an awareness of corporate governance, risk management, compliance, and internal

control (GRC) among the Management, supervisors, and employees. The Board of Directors has deemed that SCG has a sufficient number of personnel for GRC implementation, along with sufficient internal control systems for the monitoring of SCG subsidiaries' operations, to protect SCG and subsidiaries' assets against misuse or unauthorized acts and against transactions that might result in a conflict of interest or connected transactions.

In the part of SCG's internal control, it has been defined in accordance with the COSO 2013 internal control framework (The Committee of Sponsoring Organization of Treadaway Commission), with the Internal Audit Office tasked with assessing its Sufficiency according to the Securities and Exchange Commission's sufficiency internal assessment form and submitting the results to the Audit Committee for consideration prior to reporting to the Board of Directors in the 235 (9/2562) Board of Directors meeting on November 27, 2019. The meeting was attended by 7 independent directors, 4 of them are members of the Audit Committee.

After having considered all items in the assessment form and made inquiries to the Audit Committee and the Management, the Board of Directors deemed that SCG's internal control system was sufficient, appropriate and effective for SCG's business operations; complied with relevant laws, regulations, policies, and procedures; and contributed to the efficient safeguarding of assets and resources utilization. There was no material deficiency found in the internal control system.

Through the delegation of responsibilities from the Board of Directors, the Management has encouraged the development of tools in response to ever-shifting risks to create proactive preventive systems for the Company's domestic and overseas businesses. In 2019, to accommodate changes in the risk environment, the Management approved the following governance/internal control principles or tools:

1.1 Proactive and Preventive System

Given SCG's business expansion both domestic and overseas, the key factor enabling SCG to achieve its goals and remains sustainable is its "employees," who perform their duties with integrity and ethics. To further foster integrity, ethics, and code of conduct among its employees, SCG has established the "Proactive and Preventive System," which comprises:

1.1.1 Ethics e-Testing: The Ethics e-Testing fosters awareness of and educates SCG employees about ethics, SCG 4 Core Values, SCG Code of Conduct, and SCG Anti-corruption Policy, so that they could put them to practice appropriately and effectively. In 2019, the Ethics e-Testing and SCG e-Policy e-Testing were conducted for the 5th and 3rd consecutive year respectively, with 100% SCG employees achieving a passing score. The test answers were also analyzed, then communicated to the employees to ensure an accurate understanding.

1.1.2 Forster risk management and internal control responsibilities concept through the internationally accepted model “Three Lines of Defense” SCG has encouraged the officers and supervisors of each company/business unit (First Line), the business supporting functions (Second Line), and the Internal Audit Office (Third Line) to continuously apply the model to their operations, from risk assessment, control specification to result monitoring and assessment. The first line officers are considered to have the greatest role in the successful and efficient implementation of this model. SCG also fosters their awareness through various methods, such as assigning the top first-line person of the company or the function to communicate with employees or subordinates and holding workshops for practical use in operation (execution).

1.1.3 Communicating case studies involving fraud and non-compliance with laws, regulations, the Company’s policies, and SCG Code of Conduct to employees to raise awareness and prevent similar cases from reoccurring.

1.2 Integrated Governance, Risk Management, Compliance, and Internal Control (Integrated GRC)

SCG has elevated its governance, risk management, compliance and internal control practices to meet international standards as “Integrated GRC” with the goal of enhancing the efficiency and effectiveness as well as reducing redundant activities in the Company’s operations, from governance, strategy formulation, and risk management to results monitoring, with the Management communicating to all employees the importance of adopting Integrated GRC in their performance of duties for the sustainable growth of the business. In 2019, GRC Helpline was introduced on SCG Intranet as a channel where SCG employees may submit their inquiries on best practices related to governance, risk management, compliance and internal control and have them answered by experts.

1.3 Governance and Compliance

SCG has consistently followed its Compliance Policy & Guidelines, with the Compliance Management System (CMS) as an important mechanism for efficient and effective compliance monitoring. The system has been designed to ensure that the operating processes employees as the First line are capable of preventing compliance risks, while the Corporate Compliance Unit (Second Line) act as a supporting role in ensuring that the operating processes are concretely implemented by educating employees, fostering awareness, providing consultancy, and establishing controls to prevent compliance risks on a regular basis. In 2019, SCG revised its guidelines and checklists to ensure more efficient and effective compliance with SCG’s key policies, namely Anti-trust Policy, Insider Trading Policy, and Disclosure Policy.

Furthermore, the Company introduced a transfer and assessment system for new laws and amendments to ensure that all employees remained informed of all new and amended laws and able to fully perform and promptly complied with them.

1.4 Anti-corruption Efforts

SCG formulated an Anti-corruption Management Procedure in accordance with ISO19600 to serve as a systematic operational guideline for companies/ business functions (First Line) with high corruption risks. In this system, business supporting functions (Second Line) serve as consultants, while the Internal Audit Office (Third Line) is responsible for assessing the efficiency and effectiveness of SCG Anti-corruption Policy to further bolster the confidence of the Management, the Audit Committee, and the Board of Directors. Furthermore, through his communications to the Board of Directors, the Management, and employees, the President & CEO declared that all employees must comply with Section 123/5 of the Organic Act on Counter Corruption, with the Management (High-level First Line) tasked with assessing risks, establishing practical controls, communicating, encouraging, and operating in accordance with SCG Anti-corruption Policy. In addition, the Internal Audit Office organized a workshop on the Anti-Corruption Compliance Checklist for high-risk units to assess their risks and formulate the corruption risk prevention/control.

SCG also extended its anti-corruption efforts to its suppliers by hosting a public seminar session for suppliers on anti-corruption practices to encourage them to join the CAC SME Certification Program of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC).

1.5 Business Self-Audit

As an authority responsible for ensuring effective internal control, the Audit Committee resolved to initiate business self-audit with the goal of encouraging business units to start building up protection against ever-shifting risks in line with the COSO Internal Control Framework 2013, which specifies the roles and responsibilities in the Three Lines of Defense Model. In addition, the Internal Audit Office, together with the Company's business supporting functions and the Business Self-Audit team (Second Line), also reviewed current operational practices and served as a consultant for employees (First Line) with regard to the assessment of business risks, sufficiency and effectiveness of the internal control system as well as shared success cases so as to enhance operational efficiency, reduce redundant operations, and build up a proactive preventive system, enabling employees to promptly respond to the fast-changing risks in the current business environment.

1.6 Information Technology Governance and Data and Network Security

1.6.1 SCG has appointed the SCG IT Governance Committee and assigned to it the responsibility of establishing policies and regulations regarding the use of IT and communication technology of SCG (SCG e-Policy) in accordance with ISO 27001 in order to ensure uniform practice among SCG employees. In 2019, the following initiatives were undertaken:

- Three standards in Cloud Computing Security, Vulnerability Scanning, and Patch Management, were revised, and two standards in Penetration Testing and IoT Security were added to accommodate the Company's operations.
- The change management of each business was improved, with an Internal Change Advisory Board (Internal CAB) appointed to review the impact and risks related to sudden changes that affect work systems that are on production.
- A web application firewall was installed to enhance data security and reduce risks of cyberattacks.
- A Disaster Recovery Plan (DRP) was formulated in preparation of crises, allowing users to carry out their work through a backup site.

1.6.2 SCG Personal Data Protection Steering Committee was appointed to establish the personal data management policies, guidelines, and systems of SCG to ensure that its personal data protection practices are safe and in compliance with international standards as well as relevant Thai and international laws. In 2019,

SCG appointed SCG Project Team: SCG Personal Data Protection, which was responsible for developing and implementing plans to ensure SCG had a personal data management system that was effective, safe, and in compliance with Thailand's personal data protection laws as prescribed by the SCG Personal Data Protection Steering Committee.

1.6.3 The Cybersecurity Governance Committee was appointed to oversee SCG's information technology governance, ensure its alignment with the Company's business operations, and put in place efficient cyberattack protection. In 2019, the Business Continuity Management (BCM) unit developed cybersecurity incident response plans and organized drills to test responses to the steps and processes needed to be carried to promptly solve problems and restore normal operations.

1.7 Development and Promotion of a Continuous Monitoring & Continuous Auditing System for Business Units

SCG utilizes various information technology systems to help promptly detect irregularities. The Internal Audit Office has established a Continuous Monitoring & Continuous Auditing system to generate reports that each business unit/function within SCG can use as a tool for analyzing, tracking, and correcting irregularities as well as developing preventive measures. The reports present analyzed data in graphs for greater ease of use and efficiency.

1.8 SCG Whistleblowing System

SCG has continuously improved its SCG Whistleblowing System for employees and other stakeholders as a channel to report non-compliance with corporate governance, Code of Conduct, rules, regulations, laws, and Anti-corruption Policy, as well as fraudulent acts. SCG employees can file complaints via SCG Intranet, while external stakeholders can report such incidents via www.scg.com or submit written documents by e-mail or letter. SCG has set forth a clear procedure for handling complaints, starting from conducting confidential fact finding, forming a fact-finding team, appointing an investigation committee, reviewing and approving disciplinary actions, and reporting results. Complainants may follow up on their complaints via the system. The whistleblowing system helps promote ethical business conduct in a more sustainable basis. To ensure the security of the system and prevent data leakage to related parties, the Internal Audit Office has implemented two-step password verification and dedicated a separate server for the whistleblowing system.

2. Internal Audit

The Audit Committee oversees the operation of the Internal Audit Office to ensure its independence, integrity, ethical conduct, and professional expertise in accordance with relevant professional standards for internal auditing, including both international standards for professional internal auditing (The Institute of Internal Auditors: IIA) and international standards for information technology system auditing (The Information Systems Audit and Control Association: ISACA and The Global Technology Audit Guide: GTAG). The Audit Committee Charter and the Internal Audit Office Charter, which are annually reviewed, clearly state the missions, scope of work, authority, duties, and responsibilities, as well as guidelines on auditing.

In addition to risk-based audit planning, the Internal Audit Office has also developed various proactive and preventive systems to enhance the efficiency and effectiveness and protect the Company's value, elevating the provision of assurance, advice, and business insights. The key operations in 2019 are summarized as follows:

2.1 Audit Development to create Sustainable High Value Services

To promote corporate governance, risk management, compliance, and internal control (GRC) in the operation of all business units and functions, the Internal Audit Office performs the following:

2.1.1 Application of digital technology

- Data analytics were introduced to auditing to identify red flags or risk factors in each business process, which in turn helped inform planning and ensure that auditing could be conducted more promptly and accurately for each project. In addition, robotics process automation (RPA) was also introduced to auditing, for the repetition task. Machine learning was also used experimentally to analyze data irregularities.

- Encouraging each business to employ data analytics in analyzing and assessing red flags in its operations, the results could be used to create proactive preventive systems or reduce potential risks.

2.1.2 Promoting the Three Lines of Defense Model

Raising awareness of the Three Lines of Defense model and promoted its adoption by organizing workshops to communicate to supervisors and employees their roles within the model, how the model could be applied to their operations, how to collaborate with business supporting functions (Second Line), such as the Risk Management

function, the Compliance function, and the Business Self Audit team to create integrated operations and exchange perspective on the sustainable creation of added value for SCG.

2.1.3 Assessment of internal control effectiveness according to COSO 2013

Assessing the effectiveness and the efficiency of SCG's internal control to ensure its alignment with COSO 2013 to achieve objectives in three areas, namely operations, reporting, and compliance with laws and regulations as well as in compliance with the Sufficiency Internal Control Assessment Form issued by the Securities and Exchange Commission (SEC). The results were submitted to the Audit Committee and the Board of Directors for consideration prior to disclosure in the Annual Report and Annual Registration Statement (Form 56-1).

2.1.4 Risk and internal control assessment for new business operational systems

The Internal Audit Office is responsible for auditing, assessing, and providing recommendations to employees and supervisors (First Line) as well as business supporting functions (Second Line) to assure the Board of Directors and the Audit Committee that SCG has effective and efficient risk management, compliance, and internal control. In addition, the Internal Audit Office performs risk and internal control assessment on new operational systems of SCG and its subsidiaries. Once room for improvement is identified, the Internal Audit Office holds workshops and provides recommendations on appropriate operations and internal controls, as well as monitor the performance results after the consultation. In 2019, the Internal Audit Office assessed operations where blockchain robotic process automation was deployed and formulated risk reduction guidelines for operations such as procurement through e-commerce and payment via corporate credit cards.

2.1.5 Formation of Overseas Internal Audit Teams

SCG has been expanding its overseas investments according to its vision of becoming a regional leader. To ensure that overseas operations are efficient and comply with SCG policies, the Audit Committee resolved to set up overseas internal audit teams in order to assess the effectiveness and efficiency of the corporate governance, risk management, compliance and internal control of these operations and reduce risks related cultural and linguistic differences as well as differences in laws and regulations that may affect compliance. Currently, these teams operate under the supervision of the Internal Audit Office in Thailand. At present, the Internal

Audit Office has appointed Vietnamese and Indonesian auditors. To develop these Country Internal Auditors through on-the-job training (OJT), and assigned to perform an internal audit on task other oversea subsidiaries in the same business to broaden their perspective and enhance experience, which can subsequently be applied to auditing in their countries. Furthermore, they have been given opportunities to develop their skills in an advisory role by giving talks in their local language.

2.1.6 Information Technology System Auditing

Given the emphasis on digital transformation and innovation creation for added value in the Company's plans and its continuous investment expansion both in Thailand and overseas, which has resulted in unique changes for each business and exposed to greater cybersecurity risks, it is necessary to introduce new IT systems to support business operations. To this end, SCG has developed new IT systems with the Internal Audit Office providing consultation on appropriate controls and testing the control system. Once the installation of these systems is complete, IT auditors will carry out the auditing once again. As part of the efforts to reduce IT risks, the Internal Audit Office carried out the following:

- Organized training sessions entitled "e-Policy Mobile Devices Security Awareness: Think Before You Click 7 Habits for IT Safety," and "Cybersecurity Awareness" for employees at different levels
- Administered SCG e-Policy e-Testing in collaboration with the IT business unit for the 3rd consecutive year to foster an understanding of the Company's IT policies and regulations among general users and enable them to follow these policies and regulations correctly
- Prepared internal control documents for "System development and outsourcing system development with agile methodology" which each business can employ to reduce risks in their agile IT-related operations
- Examining compliance with SCG e-Policy in key process systems to provide assurance of the Company's internal IT security
- Provided recommendations in the assessment of risks and key control points for the businesses that had adopted the New Application / ERP as their operating system
- Encouraged the use of data visualization tools in report preparation to better detect irregularities in sales and inventory management and reduce risks connected to digital transformation

2.1.7 Anti-corruption Efforts

SCG constantly emphasize the conducting of business with transparency and fairness. In 2012, SCG was a signatory company of Thailand's Private Sector Collective Action Coalition Against Corruption's (CAC) Declaration of Intent and became a certified company on July 5, 2013. Recently, on February 4, 2019, SCG and its listed subsidiaries passed as the Certified Company, (except for SCG ceramics Public Company Limited, which was in the process of certification as the merger was completed on August 1, 2018). Furthermore, SCG strives to consistently pursue SCG Anti-corruption Policy. In collaboration with different businesses, the Internal Audit Office has consistently conducted workshops to share knowledge on corruption risk assessment and control for high-risk business units and functions. In addition, additional efforts were made by communicating with employees and keep them informed of the penalties stipulated in Section 123/5 of The Organic Act on Counter Corruption.

SCG also extended its anti-corruption efforts to its suppliers by hosting a public seminar session for suppliers on anti-corruption practices to encourage them to join the CAC SME Certification Program of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).

2.2 Evaluation of the Internal Audit Office's Performance

2.2.1 Quality Assurance Review (QAR)

To ensure that the Company's auditing is efficient, effective, and consistent with international standards for professional internal auditing, IIA Code of Ethics, and the industry's best practices as well as contributes to sustainable and continuous value creation, the Internal Audit Office has prescribed that as part of quality assurance, the Company's internal auditing is to be self-assessed annually and reviewed by external auditors every five years.

2.2.2 Auditee satisfaction survey

The Internal Audit Office has prescribed auditee satisfaction surveys to provide a clear performance measurement and ensure that the internal auditing is effective and consistent with relevant policies and plans. The Key Performance Indicators (KPIs) for assurance services are set at no less than 85% for each audit project. In 2019, the satisfaction level met the defined criteria. The result are presented to the Audit Committee every year and used to inform further development of internal auditing.

2.3 Development of Auditors' Competencies

To promote the professional and business competence of internal auditors, the Internal Audit Office has undertaken the following initiatives:

2.3.1 Development of Internal Audit Global Knowledge

- Keep abreast of best practices in corporate governance, risk management, compliance and internal controls among leading audit professional institutes, both local and international, and apply appropriate practices in line with SCG business operations
- Encourage internal auditors to regular attend internal and external training so as to be well-equipped with knowledge, competence, and professional expertise in internal auditing, as well as other skills necessary for SCG
- Promote self-development and encourage internal auditors to become certified as professional internal auditors or attain other related professional certifications. In 2019, the Internal Audit Office achieved its goal in supporting its internal auditors in obtaining professional internal auditor certifications.

2.3.2 Development of business knowledge

- Enhance the business acumen of internal auditors by inviting experts from each business unit and external organizations to share and discuss current business trends and major business changes, so that the auditors can better assess risks and provide practical advice.
- Recruit competent persons from other business units to serve as internal auditors according to recruitment policy and rotate the internal auditors to business units to broaden their knowledge.
- Organize knowledge-sharing sessions on interesting issues or significant findings in the Internal Audit Office on a regular basis.

2.3.3 Information technology knowledge

- Promote the use of digital technology, tools, forster awareness among internal auditors, and encourage them to adapt to the digital era by organizing Data Analytics Hackathon, in which the auditors were asked to propose projects that involved applying digital technology to auditing.
- Apply IT knowledge to the auditing process and the creation of analytics tools, so that warning signals/red flags could be detected faster and more comprehensively, thereby enhancing the efficiency and quality of auditing and diminishing damage caused by operational errors and frauds.

- Encourage internal auditors to enrich their competencies so as to be able to conduct audits and provide recommendations on IT auditing on international levels, such as by supporting them in obtaining the Certified Information System Auditor (CISA) certification.

2.3.4 Development of Integrated Audit

The Internal Audit Office has continuously encouraged integrated auditing by forming a team comprising both function and IT internal auditors, who collaboratively conduct audits, make suggestions for operational improvement, and monitor irregularities through the use of IT tools for the enhancement of audit efficiency.

2.3.5 Establishment of IA Academy

Individual development plans were formulated in accordance with each employee's role and responsibilities, based on the 70:20:10 Learning Model (70% direct experience; 20% instruction and mentoring; 10% self-learning) through appropriately designed learning solutions.

2.3.6 Soft side development

Soft side development seminars were conducted to change the participants' mindsets and inspire them to develop new beliefs that will enable them to tap into their true potential which leading to plan their path of self-improvement for success in both personal life and career.

RISK MANAGEMENT

SCG believes that effective enterprise risk management significantly contributes to the achievement of business goals, ensure the organizations' ability to adapt to changes, enable not only to capture business opportunities and respond to changing customer needs but also cope with uncertainties and risks that have grown increasingly complex and severe. Besides, SCG continues to raise risk management awareness throughout the organization consistently and aims for better risk management efficiency of strategy formulation, operation and decisions on new investments to create value to the organizations, shareholders, and all stakeholders.

SCG Enterprise Risk Management Framework

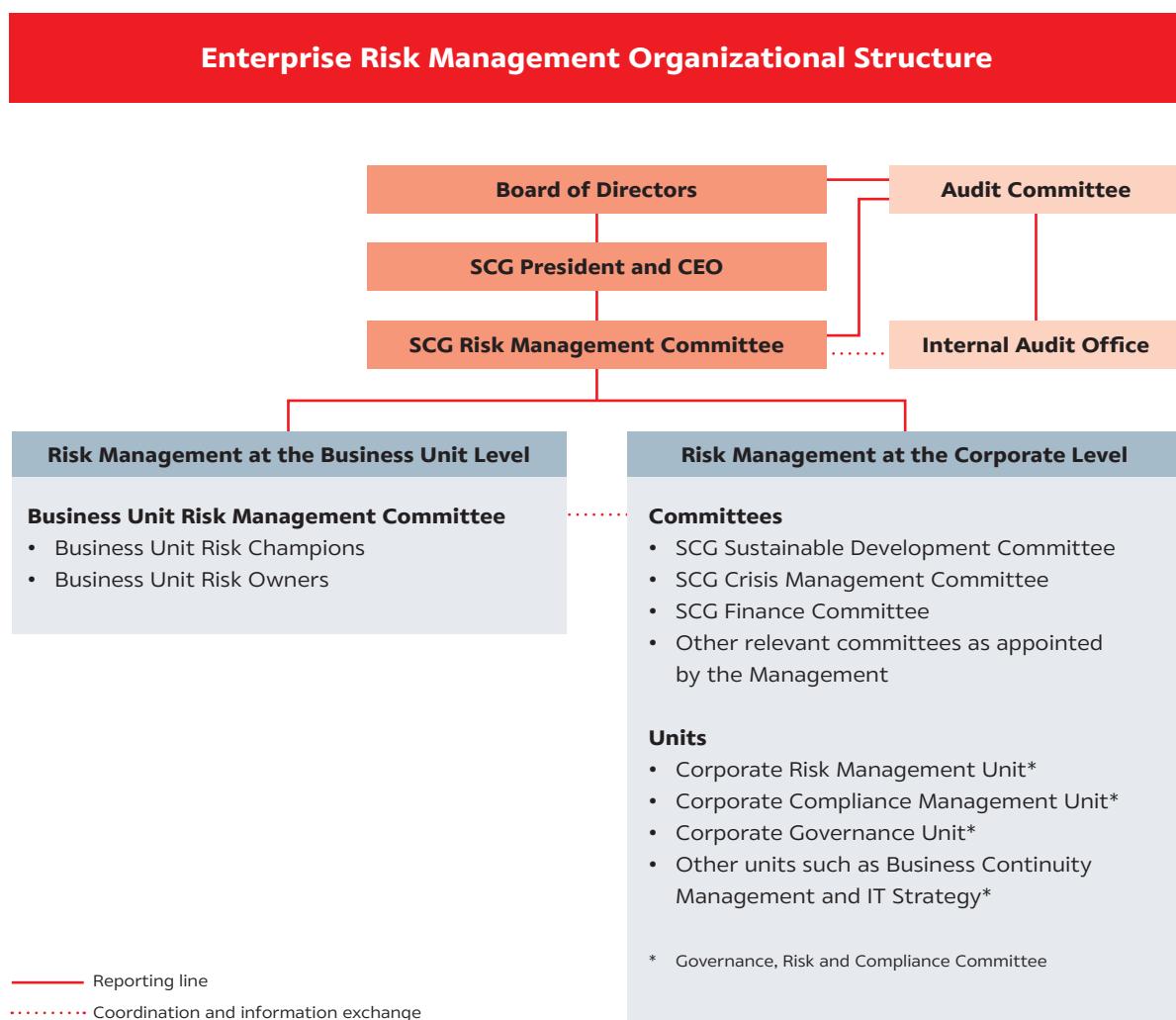
SCG has implemented Enterprise Risk Management Framework in alignment with international standards. The framework consists of:

1. Strategy Establishment

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

2. SCG Risk Management Structure and Responsibilities

The organizational structure of SCG's risk management is illustrated below:



The Board of Directors and the Audit Committee

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, effectiveness, and compliance with established guidelines.

Internal Audit Office

SCG Internal Audit is responsible for conducting an audit of the first line (operating units) and the second line (management level, risk management and compliance, and other supporting functions) to provide assurance on the efficiency and effectiveness of risk management. Internal Audit Office also reports the outcomes to the Audit Committee as well as provides consultation and communicates the Audit Committee's opinions and recommendations to the first line and functions that are being audited for improvement.

SCG Risk Management Committee

SCG Risk Management Committee consists of the SCG President and CEO who serves as the Committee Chairman, the President and Vice President of each business unit. SCG Risk Management Committee has the following core responsibilities:

- Determine risk management structure and assign accountabilities for risk management
- Consider and approve risk management policies, strategies, framework, and plans
- Review and monitor the SCG risk profile

3. Risk Management Process

SCG risk management framework is applied in three primary areas: medium and long-term strategic risk management, investment project risk management, and operational risk management. The risk management process for the above areas, documented in the "SCG Risk Management Manual," comprises 1) Risk/Opportunity Identification, 2) Risk Assessment, 3) Risk Response (including defining the Key Risk Indicators and Key Performance Indicators, which are the leading and lagging indicators, in order to anticipate risk events and to manage risk levels to be in line with the targets), 4) Risk Reporting to the Business Unit Risk Management Committee and SCG Risk Management Committee, respectively. Then, the reports are presented to the Audit Committee, on a quarterly basis.

4. Building a Corporate Risk Culture

SCG recognizes that risk culture is a critical component of risk management. SCG has, therefore, assigned top executives to communicate the significance of risk management (tone at the top) and be role models in risk management. This includes establishing practical guidelines on the common risk language, risk appetite, common risk assessment systems, and accountability of each risk owner. Moreover, SCG has encouraged each company to include risk management as part of the agenda in major meetings. Apart from that, risk management was designated as a component of training and development programs for directors, top executives and SCG employees. SCG has also encouraged experience sharing across departments and companies to improve risk management practices through lessons learned. In addition, learning materials in digital format was developed to increase risk awareness and coverage for SCG employees from the commencement of employment. SCG has also continuously communicated the objectives and benefits of GRC, with the collaboration of the Corporate Governance Unit, Risk Management Unit, and Compliance Management Unit, to foster a better understanding of Integrated GRC concept and its importance to all SCG employees.

Key Risks, Business Opportunities, and Risk Management Strategies

In 2019, SCG assessed and mitigated the significant risks in alignment with material sustainability issues as described below.

Safety, Health, and Environment Risk

1. Safety and Health Risks

Overseas operations in countries where working environment, safety and health standards are not the major concerns and the expansion of logistic and transportation business domestically and overseas may incur workplace, transportation, and road safety risks, which may affect SCG's employees, business partners, communities, and society.

- Developed SCG Safety Framework and a safety performance assessment program as guidelines to elevate the occupational health and safety standards of every company under SCG in Thailand and overseas.
- Extends contractor safety management to business partners and encouraged them to put in place an occupational health and safety system. The Company's safety management practices have also been applied and expanded to community and societal levels.

- Enforced “9 Life-Saving Rules” to all employees and business partners to promote operational and road safety. Safety awareness is constantly promoted and disciplinary actions are also imposed on violators to induce behavioral change and promote safety culture.

- Encourages top executives and supervisors on being a safety role model and prescribes performance assessment on operational and transportation safety for employees at management level.

- Introduced GPS technology to monitor SCG Logistics Management drivers’ behavior. The system is also connected to the Logistic Command Center, which is staffed around the clock, to alert drivers, for instance, when they exceed speed limits, park on road shoulders, or have been driving for over four consecutive hours.

- Developed the Good Transportation Safety Standard and the Road Safety Corporate Standard. These standards are regularly communicated all employees to elevate the transporation and road safety practice and to reduce accident cases of domestic and overseas companies.

2. Climate Change and Environmental Risks

The climate emergency has triggered a series of natural disasters, such as droughts, wildfires, landslides, and flash floods, in many areas across the world. At the same time, stakeholders and investors have shown higher demand and expectations on private sector regarding environmental, social, and governance (ESG) consciousness in its business management practices as well as the disclosure of risks associated with climate change. These challenges could affect the continuity of business operations and the organization’s reputation as well as the increased costs and compensatory damages.

- Established plan to decrease greenhouse gas emissions by 28% by 2030 compared to the amount of 2007, in line with the Paris Agreement which aims to keep the rise in the global average temperature under 2 degrees Celsius. Moreover, SCG aims to eventually limit the temperature increase to under 1.5 degrees Celsius.

- Developed action plan for geenhouse gas emission reduction, which includes relevant compliance processes, strategy formulation, risk management, and goal and indicator establishment in accordance with TCFD (Task Force on Climate-related Financial Disclosures) framework.

- Increases usage of alternative fuels and renewable energy, such as solar energy and biofuels, with a focus on cutting emissions by launching the Waste Heat Power Generation Project and specific thermal and electrical energy consumption project.

- Develops Eco-friendly products, such as hydraulic cement which is a low carbon products that has properties comparable to Type 1 Portland Cement but emits less carbon dioxide, a floating solar farm consisting of buoys which allow solar panels to be installed on different water surfaces, and SCG Solar Roof Solutions to cater to customer needs related to rooftop solar energy.

- Joined the Natural Climate Solution Project to push for an increase of natural areas, which help absorb greenhouse gases.

- Promotes activites that help mitigate global warming, such as mangroves reforestation to increase carbon capture and reduce greenhouse gas emissions. This includes fostering awareness and habits of resource efficiency in youths.

Compliance Risk

3. Compliance Risks from Changes in Laws & Regulations

Risks from noncompliance or partial compliance caused by changes in laws and regulations could negatively affect the organization’s reputation and result in significant penalties and fines or loss of business opportunities.

- Established SCG compliance policy and communicated to all SCG employees.

- Closely monitors and reports changes in government policies as well as laws 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 operations remain in strict compliance with relevant laws and regulations.

- Regularly revises SCG Code of Conduct to align with updated laws and regulations and administer the “Ethics e-Testing,” based on SCG 4 Core Values, Anti-Corruption Policy, Human right Policy, Compliance Policy, Anti-trust Policy, Insider trading Policy, and Information disclosure Policy.

- Communicates risk management and control practices in accordance with the “Three Lines of Defense” concept to SCG employees at all levels to prevent noncompliance.

- Encourages SCG employees to respect the right to privacy of customers, stakeholders, other employees, and other individuals. SCG has also developed relevant systems, steps, and guidelines in preparation for compliance with Personal Data Protection Law to ensure uniform practices.

Reputation Risk

4. Reputation Risks from Eco-consciousness Trend

As consumers grow more conscious of the impact of global warming and show greater demand for eco-friendly products and services, business owners are required to adjust their business operations and develop products and services that answer these needs. Fail to adapt to this shift in customer needs in an appropriate and timely fashion, long-term competitiveness and reputation may be negatively affected.

- Lead the charge in advocating businesses to adopt the Circular Economy principles and collaborate with public and private sectors, communities, and other relevant agencies. An example is Thailand SD Symposium, which has been held for 10 consecutive years to promote and communicate the principles of sustainable development and circularity to all sectors and the general public in an effort to foster a better understanding, which will enable them to put these principles to practice in tangible ways.

- Implemented The Bang Sue Model at SCG Headquarters as a model waste management program to embed a consciousness of the circular economy principles and the SCG Circular Way within employees through promoting and cultivating correct behavior of sorting wastes among SCG employees.

- Develops new products, services, and solutions based on the principles of circular economy. (More details are provided under the “Emerging Risks” Section.)

Hazard Risk

5. Geopolitical Risks

Interstate conflicts have grown more severe, resulting in 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 its business continuity.

- Closely monitors situations and builds a network of geopolitical experts locally and overseas to obtain up-to-date information in order to timely mitigate risks and review business continuity plans.

- Conducts scenario analysis to identify and assess likelihood and impacts that could impact SCG's operations and prepare response plans accordingly.

- The Business Continuity Management (BCM) Units at 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 timely make necessary preparations in accordance with business continuity plans.

6. Drought

In the past year, the accumulated rainfall was lower than average, while the demand for water appeared to be on the rise in anticipation of industrial and investment expansion in areas where SCG operates, such as the Eastern Economic Corridor (EEC), leading to risks of water shortages, which could affect SCG's ability to deliver products to customers and thus tarnish company's image.

- Established Water Management policies, goals, and strategies to reduce reliance on external water sources. Also, the company has formed a working team responsible for developing water management plan and keeping track of their implementation.

- Adheres strictly to water management policy by minimizing water consumption (Reduce), treating and reusing wastewater (Reuse/Recycle), and replenishing its water sources (Replenish) in the production process in its plants.

- Collaborates with government agencies, such as joining the Water War Room for the eastern region to manage water resources with consideration to risks that may arise and push water storage expansion projects to completion in a timely manner.

- Organizes socially and environmentally responsible activities such as carrying out the Conserving Water from Mountain to the Mighty River Project in alignment with the royal initiatives, with a focus on promoting the participation of local communities to ensure appropriate water management in each area.

Production Cost Risk

7. Fluctuation in Energy and Major Raw Material Prices Risk

The volatility of global crude oil price from U.S.-China trade war affecting economic growth and oil demand, has resulted in the fluctuation of energy and commodity prices such as naphtha and fuel oil.

- Appointed the Commodity Hedging Committee in the Chemicals Business to deploy appropriate risk management strategies, such as the use of hedging instruments to reduce the fluctuation of commodity prices and maintain competitive costs as well as inventory management.

- Applies the Integrated Business Excellence (IBE) system to enhance production efficiency and integrate plan throughout the value chain.

- Develops high value-added (HVA) products and services capable of increasing sales and profits to reduce the risk of fluctuating raw material prices.

- Improves manufacturing process to accommodate a greater range of raw materials, which can help reduce raw material costs.

Process Risk

8. Human Resources Management and Capability Risks

SCG businesses expansion in Thailand and overseas as well as a shift in business model have resulted in an increasingly diverse range of employees. Therefore, SCG has adjusted its human resources management strategies and made efforts to quickly enhance the capabilities of human resources to ensure that their knowledge and skills are in alignment with business strategies.

- Develops overseas employees' capability with various Flagship Programmes, such as the Business Concept Development (BCD) course and professional courses on human resources management, safety, environment, marketing, and sales. In addition, learning opportunity has been provided to SCG's international employees who are key talents to attend Flagship Programmes, such as Management Development Programme (MDP) and Management Acceleration Programme (MAP), in Thailand.

- Prepares human resources for change in business landscape by adjusting employee recruitment practice, increasing the proportion of mid-career recruits with experience and expertise in digital-related areas, retail, and logistics to accommodate SCG's future businesses.

Business Environment Risk

9. Foreign Exchange Rates Fluctuation Risks

In 2019, the Thai bath continued to appreciate as a result of Thailand's massive current account surplus, for which the Thai baht was considered a safe asset in Asia amid the volatile economic climate, possibility of a severe economic slowdown, risk arising from the U.S.-China trade war, and the uncertainty surrounding Brexit. For 2020, the Thai baht is projected to fluctuate as these global risks will persist and will be compounded by domestic factors, such as an economic slump and revenues from tourism.

- SCG's Financial Committee considers using financial instruments to hedge foreign exchange rate exposure when appropriate. This includes matching revenues and expenses in foreign currency (Natural Hedges), making agreements with trading partners using local currencies, and considering foreign exchange hedging for investment projects at an appropriate level.

10. Risks from Global Economic Slowdown

The global economy is likely to experience a slowdown due to various factors, such as the Chinese economic downturn, which might grow more severe than expected; the prolonged U.S.-China conflict, which is still shrouded in uncertainty; the ongoing trade and technology war with far-reaching impact, as well as the uncertainty surrounding Brexit, which affects the overall economy of the European Union and the global financial market. However, it has also been forecasted that the countries in Southeast Asia where SCG operates, namely Vietnam, Cambodia, and Thailand, will benefit from the situation and see a move of investments towards them as a result of a shift in the global production chain. This will potentially cause the economies of these countries to expand and spur the demand for SCG's products and services. Therefore, SCG has adjusted its strategic plans in preparation for business opportunities as well as management strategies for risks related to these factors.

- Develops high value-added (HVA) products and services as well as product designs in accordance with the circular economy principles. SCG has also fostered networks of innovation, such as a collaborative program with the Chinese Academy of Sciences for product and service development and exchange of knowledge and technology in five main areas, namely smart cities, artificial intelligence and robotics, high value chemicals, new energy businesses, and environment and sustainable development.

- Implemented digital technology to enhance operational efficiency and competitive capability. For instance, blockchain has been adopted in procurement with external suppliers, while robotic process automation (RPA) has been deployed to reduce errors and the time required for repetitive tasks. In addition, data analytics have been used to assess prices and place oil orders to manage raw material costs.

- Enhances the growth potential of the Packaging Business across Southeast Asia, both in terms of production bases and marketing, to accommodate the increased consumption rate and purchasing power.

- Expedites key investment projects to achieve growth as planned and focuses on the efficient management of company's working capital.

Emerging Risks

1. Risks from Digital Technology Transformation

The rapid technological transformation has played an increasingly vital role in people's everyday life and business operations. For example, consumers' easy access to information through digital media, digital marketing, doing online business, and logistics could pose risks and have impact on market conditions, consumer behavior in making buying decisions for products and services, as well as higher business competition. The transformation could also lead to a change in business models and operations costs. Risks from digital technology transformation may affect SCG businesses as follows:

- Impact on productions, business model, and SCG's conventional distribution channels. For instance, instead of buying building and construction materials from traditional distributor outlets, more customers are turning to purchasing from modern building and construction stores or via online channels.
- More competitors driven by digital technology from other industries due to less entry barriers such as owners of online building and construction distribution channels.
- SCG needs to adapt to digital transformation trend in a timely manner to avoid losing its competitiveness as well as revenue.

Digital technology, however, opens up opportunities to create new value-added business for the organization. Therefore, SCG closely monitors and analyzes the trends in digital technology transformation to collect information for use in developing work processes and streamlining business strategy to enhance competitiveness. The efforts encompass the followings:

- Adopted the Active Omni-Channel retailing to provide home building customers with a unified experience across online and offline channels, making it more convenient for customers to access to SCG products and services, as well as to serve lifestyle of younger generations who embrace digital life, preferring to browse and purchase products or services via both <http://scghome.com> and SCG HOME SOLUTION physical stores. Information on customer purchases and preferences can aid SCG to improve offerings to customers.
- Differentiated the logistics business through order fulfillment, which is defined as the steps involved in inventory management, packaging, and delivering orders to end customers to allow online sellers to have more time to focus on managing sales strategies.

- Prepares employees to acquire skill sets necessary for the rapidly changing technology and new business approaches. For example, the establishment of a startup within the organization through the "Hatch-Walk-Fly" project, which allows employees to develop skills as a startup entrepreneur and expands to build new businesses for SCG.

- Employs automation technology and robots in the production processes to create production cost advantage and enhance efficiency in business operations.

- Embraces the Open Innovation concept such as searching for technologies from startups around the globe to better meet customer needs.

- In 2019, Cement-Building Materials Business established the Digital Office with an objective to build digital capabilities and increase CBM competitiveness in today's digital world. These capabilities will enable the Company to develop and provide full range of innovative and appealing products and services to meet customer needs.

2. Risks from Consumers' Behavior Change due to Circular Economy Trend

Issues related to climate change, resource scarcity, and environmental issues, including plastic wastes in oceans, have garnered significant attention worldwide, causing a spike in global sensitivity to plastic consumption. Additionally, governments in various countries have started to enforce laws in banning plastic bags, as well as raising plastic-related tariff to plastic producers. Accordingly, consumers are becoming more mindful about environmental issues, particularly plastic waste management, which could cause their behaviors to shift in the next three to five years. For instance, consumers have begun to prefer products and services that are eco-friendly, resource efficiency as well as looked for products and services from manufacturers who minimize resource consumption or use recycled materials in their productions. Both public and private sectors are also stepping up efforts from linear to circular economy, which present significant opportunities for SCG. However, these changes could also disrupt existing business models because products made from plastics are perceived as one of the causes to environmental pollutions, potentially resulting in decreases in revenues of existing products, such as single-use plastics, and increases in production costs, expenditures on research and development activities, and tariffs related to environmental issues, as well as impact on the Company's reputation.

To address these issues, SCG has begun adopting the circular economy principles in all stages of the value chain such as strategy formulation, products and services design and development, supply chain management, and production processes by shifting from the “Take-Make-Dispose” linear supply chains that produce disposable products to the “Make-Use-Return” circular supply chains that produce ongoing services. The Company has also been actively promoting awareness and understanding about waste management. The key goals are to protect environment, societies and communities for future generations, as well as to sustainably increase our competitiveness and growth in a long run. Examples of key collective efforts are as follows:

- Established plans to curb the amount of single-use plastic sold and produced in 2025 to 9% by the Chemicals Business, as well as to increase production allocation of recyclable plastic packaging to 100% by 2025 for the Packaging Business

- Adopted the Circular Economy principles in operations following the 3 strategies:

- 1) Reduce and Durable: Reduces resource use in the product design and production processes for long life use of products such as designing Micro Flute corrugated packaging, which requires less paper, while maintains the same product strength and lowers overall logistic costs for customers.

- 2) Upgrade and Replace: Develops innovation to replace existing products and raw materials with new ones that offer higher efficiency while minimizing resource usage or making them recycle-friendly such as developing new materials that eliminate waste generation such as modular toilet, precast wall, cut-to-size autoclaved aerated concrete, and the development of plastic resins used as automotive-components which is lighter in weight yet provides strength and energy-saving benefits.

- 3) Reuse and recycle: Enhances recyclability or develops products with higher proportion of recycled materials in the production, for example, developing plastic formulation that allows a mixture of higher proportion of recycled plastics by leveraging the SMX Technology. This innovation can enhance recycled plastic properties which now makes up 30% of plastic resin materials used in the manufacturing process.

- Forms partnerships with trading partners and alliances to actively manage and resolve plastic waste issues. In 2019, SCG partnered with Dow Thailand Group to develop solutions related to recycled plastic by recycling plastic waste to other benefits with an objective to minimize plastic waste leakage to the environment. Moreover, SCG started developing innovative products related to Post-Consumer Recycled Resin (PCR) such as collaborating with Bangchak Public Company Limited for Greenovative Lube Packaging to develop a lubricant packaging recycling scheme.

- Collaborated with government agencies and private companies to promote and implement business operations that are in line with the Circular Economy principles. For example, collaborating with Industrial Estate Authority of Thailand to establish the “Eco World Class with Circular Economy Concept” Project with an objective to eliminate industrial waste by building industrial waste power plants to convert garbage and industrial waste into fuel for power generation with a closed system to control pollutions and waste in accordance with global standards. In addition, SCG also signed the Memorandum of Understanding with Amata Corporate Public Company Limited to develop the Yangon AMATA Smart and ECO City in Myanmar, with SCG focusing on developing building materials and related solutions for modern constructions that are environmentally friendly in accordance with the Circular Economy principles.

3. Risks from a changing business landscapes

Major shifts in the competitive landscape of industries that SCG operates are under way, and these upcoming structural shifts present a number of challenges and opportunities for the company to manage and capture, potentially resulting in changes in SCG strategies and operations.

Chemicals Business: Major global oil producers joining the petrochemical industry could cause naphtha prices to fluctuate in the future. Moreover, the self-reliant policy in China could increase supply of petrochemicals products to meet increasing domestic demands, thereby potentially leading an oversupply of petrochemical products in the market.

Packaging Business: Economic expansion, demographic transition, and rapid e-commerce penetration in Southeast Asia have moved sellers and manufacturers in the market to demand more of packaging that is customized and innovative to add values to their products, improve corporate image and enhance experience for their customers. At the same time, consumers are also becoming more environmentally conscious and increasingly choosing eco-friendly products.

Cement and Building Materials Business: Shift in the construction industry as well as consumers' lifestyles and needs result in higher demand for convenience and a comprehensive range of building materials-related products and services from designing, constructing to delivering. Customers increasingly look for products and services that can eliminate inefficiencies and problems that could arise during the construction process such as inaccurate design selection, poor collaboration and communication, and breach of contracts by contractors.

SCG strives to actively transform and adapt to these readjustments to capture opportunities, as well as to mitigate impacts that the Company could face within three to five years. Potential impacts could include higher costs of productions and provisions of services from possible competitive disruption, decrease of revenues and loss of competitive advantage if companies could not appropriately and timely adapt business strategies and operations. Key mitigation strategies include the followings:

Chemicals Business: Extensively analyzes market demand and collaborates with product owners to develop and innovate high value-added products and services to accurately and timely offer solutions that cater to the need of their customers. Improving facilities to increase cracker feedstock flexibility is also essential for the business to remain cost competitive. Moreover, SCG continuously deploys advanced technologies throughout the value chain, including the production process to increase competitive advantage.

Packaging Business: Becomes a fully integrated packaging chain solution provider in Southeast Asia through development of various innovative products and services as well as efforts on designing the products to address customers' various needs throughout the entire supply chain. Solutions to meet special needs of customers include design and printing solutions, small lot solutions,

convenience solutions, smart and functional solutions, E-commerce solutions, products display and promotion solutions, and solutions for providing products and services from environmentally friendly and cost-effective production process.

Cement and Building Materials Business: Enhances business operations to provide customers with a better living quality through developing various innovative products, services and solutions to address customer needs such as providing construction solution and living solution and deploying advanced technologies to be a reliable partner for customers. For instance, the Building Information Modeling (BIM) technology allows projects to be built virtually before they are constructed physically, eliminating many of the inefficiencies that arise during the construction process and providing greater level of assurance for cost and scheduling control. Additionally, the establishment of the CPAC Solution Center provides a place for knowledge sharing, as well as provision of advices and solutions for contractors and related parties in the construction business. Based on the Open Innovation concept, CPAC utilizes its comprehensive database through innovations and technologies to connect partners and industry experts in the construction business to raise the quality and working standard and to address customers' and project owners' requirements, including construction quality and cost control.

18

RELATED TRANSACTIONS AND CONNECTED TRANSACTIONS

The Board of Directors emphasizes the need for careful review and consideration before granting approval for connected transactions, related transactions or transactions that may cause conflict of interest. The SCG Code of Conduct has set forth a policy regarding such transactions as follows:

Connected Transactions between the Company and its Subsidiaries

SCG comprises a large number of companies whose businesses are bound to conduct transactions with one another in such ways as providing services, trading raw materials and products, or providing financial support, technical assistance, human resources, etc. In doing business or performing duties related to such matters, all employees and parties concerned are required to comply with the law, the rules and regulations of government agencies, compliance-related agencies and other related agencies as well as the rules and the Delegation of Authority Manual SCG in addition to any criteria or conditions prescribed by local communities.

Transactions with Outside Entities

In undertaking transactions with outside entities or other companies, the Company shall proceed by implementing fair methods and complying with the procedures as prescribed by law, rules, and regulations of government agencies, compliance-related agencies, and other related agencies, as well as SCG policies. To carry out transactions with outside entities, in addition, the Company is required to have an approval strictly in line with the Delegation of Authority Manual of SCG, and act in accordance with the terms and conditions as agreed upon with honesty, transparency and accountability. The Company shall also avoid making transactions that may cause trouble or damage to SCG or outside parties.

The Company has designated the Stakeholder Engagement Policy and practice guidelines towards stakeholders by specifying that the Company conduct itself according to the framework of trading and competing honestly, consider a proper and fair purchase price taking into account the appropriateness in terms of price, quality and service obtained. The Company shall also be able to give reasonable explanation upon examination.

Furthermore, the Company has specified guidelines and procedures on how to consider the granting of approval for connected transactions, related transactions or transactions with potential conflict of interest, to ensure the Company's best interests and in accordance with the rules and regulations as prescribed by law. The directors and management shall disclose to the Company in advance whether they hold any stakes involving potential conflict of interest. The Company, in turn, shall consider the appropriateness of any transaction, and in cases where such transactions need approval in accordance with the regulations and procedures prescribed by law, the management shall propose such matters to the Board of Directors or at the Shareholders' Meetings, and shall disclose the information to investors in a transparent manner. Under no circumstances shall the directors or management concerned be allowed to participate in the process of considering approval.

Policy or Trend of Future Connected Transactions

Connected transactions in the future will be continually carried out based on traditional business practices and will follow the policy of the market determining prices in negotiated transactions, as in the past. No special benefit will accrue either to companies or relevant individuals from connected transactions.

Connected Transactions

The Company strictly follows the policy to comply with the Notification of Capital Market Supervisory Board regarding Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions, as well as the laws, regulations, notifications or orders relating to the execution of related transactions.

Details of connected transactions between the Group and a company or a person which/who may have a potential conflict.

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2019 (Million Baht)											
			SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other							
1. Transactions with joint ventures and associates														
1.1 Cement-Building Materials Business														
Sales	Sekisui-SCG Industry Co., Ltd. Noritake SCG Plaster Co., Ltd. Green Siam Resources Corporation The Siam Gypsum Industry Co., Ltd. The Siam Gypsum Industry (Saraburi) Co., Ltd. The Siam Gypsum Industry (Songkhla) Co., Ltd.	49 40 40 29 29 29	-	3,484	-	5	-							
Purchases	Sekisui-SCG Industry Co., Ltd. Siam Global House Public Company Limited The Siam Gypsum Industry (Saraburi) Co., Ltd. The Siam Gypsum Industry (Songkhla) Co., Ltd.	49 32 29 29	-	2,023	267	641	-							
Service expenses and others	Thai Connectivity Terminal Co., Ltd.* Sekisui-SCG Industry Co., Ltd. Noritake SCG Plaster Co., Ltd. The Siam Gypsum Industry (Saraburi) Co., Ltd.	51 49 40 29	31	58	-	-	1							
Loans from	Sekisui-SCG Industry Co., Ltd. Mariwasa Holdings, Inc. PT M Class Industry	49 40 28	-	153	-	-	-							
Guarantees	Anhui Conch-SCG Refractory Co., Ltd.	30	-	-	-	-	-							
1.2 Chemicals Business														
Sales **	Siam Synthetic Latex Co., Ltd. Siam Polyethylene Co., Ltd. Bangkok Synthetics Co., Ltd. Siam Tohcello Co., Ltd. PT Chandra Asri Petrochemical Tbk. Mehr Petrochemical Company (P.J.S.C.) ***	50 50 49 45 31 -	-	-	10,788	146	-							
Purchases **	SCG Plastics (China) Co., Limited SCG Plastics (Shanghai) Co., Ltd. Siam Styrene Monomer Co., Ltd. Siam Synthetic Latex Co., Ltd.	60 60 50 50	-	-	37,048	134	-							

* Change status from associate to subsidiary in January 2019

*** Divest in July 2018

Amount as at 31 December 2018 (Million Baht)					Pricing policy
SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other	
-	3,334	-	30	-	Market price applied with third party transactions
-	1,542	282	678	-	Market price applied with third party transactions
25	121	-	-	-	Market price applied with third party transactions
-	166	-	-	-	Agreed interest rate
-	115	-	-	-	Contract rate
-	15	16,580	152	-	Market price applied with third party transactions ** Most transactions are from selling goods to subsidiaries as follows: SCG Chemicals Co., Ltd. SCG Plastics Co., Ltd. SCG Performance Chemicals Co., Ltd. SCG Chemicals Trading Singapore Pte. Ltd.
-	80	50,696	176	-	Market price applied with third party transactions ** Most transactions are from purchasing goods from subsidiaries as follows: SCG Performance Chemicals Co., Ltd. Rayong Olefins Co., Ltd. Map Ta Phut Olefins Co., Ltd.

Type of transaction	Connected companies / Relationship	Total Direct / Indirect Holding (%)	Amount as at 31 December 2019 (Million Baht)				
			SCC	Cement- Building Materials Business	Chemicals Business	Packaging Business	Other
	Siam Polyethylene Co., Ltd.	50					
	Bangkok Synthetics Co., Ltd.	49					
	Thai MMA Co., Ltd.	47					
	Grand Siam Composites Co., Ltd.	46					
	Thai MFC Co., Ltd.	45					
	Siam Tohcello Co., Ltd.	45					
	PT Chandra Asri Petrochemical Tbk.	31					
	PT Styrindo Mono Indonesia	31					
	Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20					
	Thai PET Resin Co., Ltd.*	-					
	MTP HPPO Manufacturing Co., Ltd. **	-					
Service expenses and others			85	593	1,271	-	6
	Siam Styrene Monomer Co., Ltd.	50					
	Siam Synthetic Latex Co., Ltd.	50					
	Siam Polyethylene Co., Ltd.	50					
	Rayong Terminal Co., Ltd.	50					
	Bangkok Synthetics Co., Ltd.	49					
	Thai MMA Co., Ltd.	47					
	Grand Siam Composites Co., Ltd.	46					
	Thai MFC Co., Ltd.	45					
	PT Chandra Asri Petrochemical Tbk.	31					
	PT Chandra Asri Perkasa	31					
	Mehr Petrochemical Company (P.J.S.C.)***	-					
	Siam Mitsui PTA Co., Ltd.*	-					
	Thai PET Resin Co., Ltd.*	-					
Loans from					39	-	-
	Da Nang Plastics Joint Stock Company	16	-	-			
	GTC Technology International, LP ****	-	-	-			
Guarantees					-	-	-
	Siam Tohcello Co., Ltd.	45	-	-			
	Mehr Petrochemical Company (P.J.S.C.)***	-	-	-			

1.3 Packaging Business

Sales								
	Siam Toppan Packaging Co., Ltd.	49	-	-	-	-	284	-
	Siam Nippon Industrial Paper Co., Ltd.	31						

* Divest in December 2018

** Divest in October 2019

*** Divest in July 2018

**** Divest in April 2019

Amount as at 31 December 2018 (Million Baht)					Pricing policy
SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other	
89	642	1,492	-	39	Market price applied with third party transactions
-	-	41	-	-	Agreed interest rate
-	-	20	-	-	Contract rate
-	-	-	360	-	Market price applied with third party transactions

Type of transaction	Connected companies / Relationship	Total	Amount as at 31 December 2019 (Million Baht)				
		Direct / Indirect Holding (%)	SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other
Purchases	Siam Toppan Packaging Co., Ltd. Siam Nippon Industrial Paper Co., Ltd. Saha Green Forest Co., Ltd.	49 31 17	-	42	-	669	-
Service expenses and others	Siam Nippon Industrial Paper Co., Ltd.	31	11	18	-	10	-
Guarantees	Siam Nippon Industrial Paper Co., Ltd.	31	-	-	-	264	-

1.4 Other

Sales	Siam Kubota Corporation Co., Ltd.	40	-	1,243	-	-	-
Purchases	Siam Kubota Corporation Co., Ltd. Aisin Takaoka Foundry Bangpakong Co., Ltd. The Nawaloha Industry Co., Ltd. The Siam Nawaloha Foundry Co., Ltd.	40 30 30 25	-	88	9	18	-
Service income	IT One Co., Ltd.	20	141	442	163	93	-
Service expenses and others	Siam Kubota Corporation Co., Ltd.	40	1,169	122	-	-	8

2. Transactions with other companies which have SCG executives holding**2.1 Cement-Building Materials Business**

Purchases	Asia Cement Public Company Limited Mr. Nithi Patarachoke / Director	10	-	-	-	41	-
------------------	--	----	---	---	---	----	---

Amount as at 31 December 2018 (Million Baht)					Pricing policy
SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other	
-	-	-	979	-	Market price applied with third party transactions
11	4	-	11	-	Market price applied with third party transactions
-	-	-	330	-	Contract rate
<hr/>					
-	1,486	-	-	-	Market price applied with third party transactions
-	87	8	26	-	Market price applied with third party transactions
117	340	115	99	-	Market price applied with third party transactions
1,182	170	-	-	9	Market price applied with third party transactions
<hr/>					
-	-	-	63	-	Market price applied with third party transactions

Type of transaction	Connected companies / Relationship	Total	Amount as at 31 December 2019 (Million Baht)				
		Direct / Indirect Holding (%)	SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other

2.2 Packaging Business

Sales	Thai British Security Printing Public Company Limited *	-	-	-	-	-	-
Purchases	Thai British Security Printing Public Company Limited *	-	-	-	-	-	-
Service expenses and others	Thai British Security Printing Public Company Limited *	-	-	-	-	-	-

2.3 Other

Sales	Siam Yamato Steel Co., Ltd. Mr. Aree Chavalitcheewingul / Director Mr. Yuttana Jiamtragan / Director	10	-	2,514	-	-	-
Purchases	Siam Yamato Steel Co., Ltd. Mr. Aree Chavalitcheewingul / Director Mr. Yuttana Jiamtragan / Director	10	-	140	5	2	-
Service expenses and others	Siam Yamato Steel Co., Ltd. Mr. Aree Chavalitcheewingul / Director Mr. Yuttana Jiamtragan / Director	10	371	64	-	-	4

* Divest in May 2018

Amount as at 31 December 2018 (Million Baht)					Pricing policy
SCC	Cement-Building Materials Business	Chemicals Business	Packaging Business	Other	
-	1	-	-	-	Market price applied with third party transactions
-	-	-	17	-	Market price applied with third party transactions
-	-	-	5	-	Market price applied with third party transactions
-	2,649	-	-	-	Market price applied with third party transactions
-	176	8	2	-	Market price applied with third party transactions
372	70	5	-	2	Market price applied with third party transactions

FINANCIAL POSITION AND OPERATING PERFORMANCE



19 REPORT ON THE BOARD
OF DIRECTOR'S

166

20 THE AUDIT COMMITTEE'S
REPORT

167 - 169

21 OPERATING RESULTS
AND FINANCIAL STATUS

170 - 172



22 CONSOLIDATED
FINANCIAL STATEMENTS
173 - 271

23 FINANCIAL
STATEMENTS
272 - 327

REPORT ON THE BOARD OF DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

19

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

20

THE AUDIT COMMITTEE'S REPORT

The Audit Committee independently performed its duties, in accordance with the Audit Committee Charter, which is reviewed to keep in line with current business situations and approved by the Board of Directors on an annual basis. In 2019, the Audit Committee placed an emphasis both on its role as the Strategic and Monitoring Audit Committee and on applying digital technology to auditing, governance, strategy identification, business operations, and monitoring in order to ensure that SCG achieved its goals and conduct business sustainably. To accomplish these goals, the Management and all SCG employees must have ethics, integrity, and a good understanding of their roles and responsibilities as specified by the Three Lines of Defense Model, as well as fulfill their duties in adherence to the Integrated Governance Risk Compliance and Control (Integrated GRC).

In 2019, the Committee convened a total of six meetings, with attendance by all members every time. The annual year-end performance assessment of the Audit Committee as a whole and self-assessment were conducted, and the results were satisfactory. The areas under assessment were namely the structure and qualifications of the committee, the roles and responsibilities, the performance of duties and meeting, overall opinions, the performance of the Audit Committee's secretary, and the performance of the Internal Audit Office. In 2019, the Committee's duties could be summarized as follows:

1. Review of Financial Statements The Audit Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2019 as well as the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries, which were prepared in accordance with the Thai Financial Reporting Standards (TFRS), which is in conformance with the International Financial Reporting Standards (IFRS). The Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Director of the Internal Audit Office. Having verified that the financial statements and the disclosure of the notes to the financial statements were in compliance with the relevant laws and financial reporting standards, the Audit Committee approved the financial statements, reviewed and audited by the external auditors, without reservation. In addition,

the Committee held a meeting with the external auditors without the Management so as to freely discuss the acquisition and review of material information involved in the preparation of the financial statements, the disclosure of information in accordance with relevant financial reporting standards for the benefits of the user of the financial statements, and Key Audit Matters (KAM), as well as to see whether there was any suspicious information indicating potential fraud according to Section 89/25 of the Securities and Exchange Act B.E. 2535, as amended by the Securities and Exchange Act (No.4) B.E. 2551.) In 2019, the external auditors made no remarks and did not find any indications of suspicious incidents. Furthermore, to ensure that no such incidents were discovered, the Audit Committee resolved that the President & CEO report the results of compliance with the aforementioned Act received from the Presidents and relevant responsible parties in all business units to the Audit Committee. In 2019, the President & CEO confirmed that no indication of such suspicious incidents was found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability transparency and complied with standards, and the external auditors performed their duties independently and with verifiability.

2. Review of Connected Transactions, Acquisition and Disposition Transactions and Transactions which might result in Conflicts of Interests The Audit Committee reviewed the connected transactions and transactions which might result in conflicts of interest, as well as reports by relevant directors. These transactions and information were correctly reviewed and disclosed to the Stock Exchange of Thailand in a timely manner.

3. Review of Corporate Governance SCG continued to conduct its business in accordance with Sustainable Development and Corporate Governance principles, with reference to international standards including the Organization for Economic Co-operation and Development (OECD), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Thai Institute of Directors Association (IOD). The Audit Committee reviewed the efficiency and effectiveness of corporate governance and found that the directors, the Management, and all employees had strictly complied with the policy, with the Board of Directors and the Management serving as role models. 31,800 employees passed the Ethics

e-testing, implemented for the fifth consecutive year, with the score of 100%. Furthermore, the anti-corruption policy continued to be seriously implemented. In addition to its third recertification by the Private Sector Collective Action Coalition Against Corruption Council (CAC) on February 4, 2019, SCG extended its commitment to its suppliers by compiling the SCG Supplier Code of Conduct for use as guidelines, with the goal of encouraging its suppliers to be good citizens and make concrete social and environmental commitments beyond legal and regulatory requirements. There were over 5,900 suppliers who had signed an agreement to comply with the SCG Supplier Code of Conduct. Furthermore, the Board of Directors also approved compliance with the "Guidelines on Appropriate Internal Control Measures to Prevent Bribery of State Officials, Foreign Public Officials and Agent of Public International Organization" according to Section 123/5 of the Organic Act on Counter Corruption B.E. 2542 (1999), issued by the National Counter Corruption Commission, as approved by the Audit Committee. These efforts were communicated to every employee through Message from CEO, which set the tone at the top and showed that the management attached great significance to the matter.

4. Review of Risk Management Assessment

The Audit Committee reviewed the efficiency and effectiveness of the Company's risk management process, overseen by SCG Risk Management Committee, consisting of the President and CEO, serving as the Chairman of Committee, and the Management, serving as the members. The committee is responsible for reviewing risk management structures and policies, risk management frameworks, risk management plans, as well as reviewing risk profiles and monitoring the Company's risk management on a monthly or quarterly basis, while the Corporate Risk Management Unit is responsible for compiling reports of risks and SCG's risk management, presented in the form of risk dashboard. In 2019, SCG focused on emerging risks, such as digital transformation, cybersecurity, the global economic slowdown, changing consumer behaviors in response to the concept of circular economy, all of which were considered risks of significance and were likely to materialize in the future. In preparation, SCG Risk Management Committee has formulated risk management measures by developing medium-term plans and annual plans as well as taking investment projects.

5. Review of Compliance SCG developed its Compliance Management System (CMS) in accordance with ISO19600, which was applied and integrated into the management system of each business unit as appropriate. SCG also formulated guidelines and checklists with regard to compliance with key policies of SCG,

including Antitrust Policy, Insider Trading Policy, and Disclosure Policy. Furthermore, SCG appointed SCG Personal Data Protection Steering Committee, tasked with putting in place policies, guidelines, and systems related to personal data management for internal use to ensure that the Company's personal data protection was in compliance with relevant laws and international standards. In 2019, SCG introduced a transfer and assessment system for new laws and amendments to its compliance management system to ensure full and prompt compliance with all new and amended laws.

6. Review of Internal Control System

The Audit Committee reviewed the results of internal control assessment for both operational and information technology systems, both as reported on a monthly and quarterly basis by the Internal Audit Office and as assessed with the internal control adequacy assessment of the Securities and Exchange Commission (SEC). The Committee concluded that SCG's internal control was sufficient for its business operations. This corresponded with the external auditor's opinion that there was no material deficiency that might impact the Company's financial statements, one of the missions stipulated in the Internal Audit Office Charter. This year, the Management continued to foster awareness and promote moral principles, ethical behavior and adherence to the code of conduct. To this end, the Management focused its efforts on developing a preventive system, comprising Ethics e-testing, e-Policy e-testing, and good risk management and control practices in accordance with the "Three Lines of Defense" model, as well as on communicating case studies related to fraud and non-compliance with laws, the Company's regulations, policies, and code of conduct to employees. In addition, each business, both domestic and overseas, was also encouraged to adopt appropriate control self-assessment (CSA) tools or appoint a self-audit team in accordance with their level of readiness and in compliance with relevant laws and regulations. To further mitigate risks for overseas companies, workshops were organized for the executives/staff of each company to raise awareness on governance, risk, compliance and controls. In addition, the Internal Audit Office, in collaboration with business units (First Line), continued to develop Continuous Monitoring & Continuous Auditing reports, which each business could use to ensure the compliance of the business units within its sphere of responsibility and which auditors could use in the auditing process. Workshops were also organized for different business units, using case studies based on key findings to give person in charge at all levels a better understanding of the risks, impacts, and key internal controls involved in each step of their operations.

7. Internal Audit The Audit Committee conducted an annual review of the Audit Committee Charter and the Internal Audit Office Charter to ensure their relevancy to SCG's current risk and business environment. In 2019, the Internal Audit Office introduced various digital technologies to its auditing process and utilized them to support the Business Units, such as the use of Data Analytics and Robotics Process Automation (RPA) for data analysis and the preparation. The Internal Audit Office also created the internal control documents entitled "System Development and Outsourcing System Development with Agile Methodology", provided suggestions for the assessment of risks and key control points to businesses that used the new application/ERP as operating system, and recommended the use of data visualization tools in report preparation. Furthermore, continuous efforts were made to promote the implementation of the Three Lines of Defense model, in which the first-line top management were encouraged to take key roles and serve as role models for employees as well as communicate with their subordinates and provide suggestions for collaborative risk assessment, control identification, and performance monitoring for SCG's current systems new systems, new businesses, or new information technology systems. In addition, the Internal Audit Office also established internal auditor teams in Vietnam and Indonesia, which were responsible for assessing the efficiency and effectiveness of the governance, risk management, compliance, and internal controls of SCG and its overseas subsidiaries, under the supervision of the Internal Audit Office in Thailand. Internal audit documents were prepared or revised to support changes in work processes brought on by technology integration. Also, workshops were organized for IT-BU representatives to disseminate knowledge about international standards, risks, internal control, and IT audit results, and a quality assurance review (QAR) by an independent external expert was also conducted.

8. Review of Fraud Investigations In addition to the internal whistleblowing system for employees, SCG has developed a whistleblowing system for external parties, through which they may file complaints via www.scg.com into addition to the existing channels, which include phone calls and submission of emails or letters to the Independent Directors, the Audit Committee, the Internal Audit Office, and the Secretary to the Board. In 2019, a total of 30 cases involving non-compliance with laws, the Company's regulations, anti-corruption policy, corporate governance policy, SCG Four Core Values, SCG Code of Conduct, and SCG Supplier Code of Conduct were filed through SCG Whistleblowing System for external parties and employees. Of these, 29 were fully investigated cases (including four pending

cases from the previous year), consisting of 8 cases involving non-compliance with the company's regulations and 3 cases involving non-compliance with SCG Code of Conduct. None was related to non-compliance with Anti-corruption Policy, Anti-trust Policy or Human Right Policy. The damages were non-materiality. Finding from the investigation were taken into consideration for determination of future procedure and preventive guideline. In addition, the Audit Committee reviewed the results of fraud investigations and fraud risk assessment as well as the impact of fraud cases in order to prescribe preventive guidelines for potential risks in operational systems, and consistently reviewed the measures for the revision of investigation protocols to ensure that they were up-to-date and appropriate for the business environment.

9. Appointment of the External Auditor and Review of the Audit Fee for 2020 KPMG Phoomchai Audit Ltd. has been selected and appointed as the external audit firm of SCG period from 2018 to 2022. Based on their satisfactory performance, qualification as independent auditors, as well as their professional expertise, knowledge, experience in auditing SCG's businesses, and ability to share knowledge related to the Company's businesses in addition to auditing, the Audit Committee recommended that the Board of Directors seek approval at the Shareholders' Meeting for the appointment of Mr. Wairoj Jindamaneepitak, Certified Public Accountant Registration No.3565; or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; or Ms. Thanyalux Keadkaew, Certified Public Accountant Registration No. 8179; all of whom are auditors at KPMG Phoomchai Audit Ltd., as the Company's auditors for the year 2020; as well as for the approval of the Company's audit fee for the fiscal year 2020 and the annual audit and quarterly review fees for SCG's consolidated financial statements amounting to 4.58 Million Baht; and the acknowledgement of the annual audit fees for the year 2020 of the subsidiaries' financial statements and quarterly review fees for the financial statements of the listed subsidiaries audited by KPMG in Thailand and KPMG overseas. SCG subsidiaries were responsible for the audit fees totaling 64.01 Million Baht.

On behalf of the Audit Committee



Tarisa Watanagase

Chairman of the Audit Committee

OPERATING RESULTS AND FINANCIAL STATUS

21.1 Business Overview

SCG's revenue from sales decreased mainly from lower chemicals product prices and profit for the year also decreased mainly due to the decline in performance from the Chemicals business in light of continued trade war concerns and market volatility which resulted in decreased margins.

In 2019, SCG's revenue from sales decreased 8% from the previous year to 437,980 Million Baht, due to the aforementioned drop in Chemical prices. While EBITDA decreased 13% from the previous year to 74,960 Million Baht attributed to the lower chemicals earnings which outweighed EBITDA improvements seen at both, the Cement-Building Materials and Packaging businesses. Profit for the year registered 32,014 Million Baht a decrease of 28% from the previous year and profit before recognition of severance pay adjustment registered at 34,049 Million Baht a decrease of 24% from the previous year.

Share of profit of associates and joint ventures for 2019 amounted to 11,632 Million Baht, a decrease of 3,415 Million Baht from the previous year with details as follows:

- Chemicals associates: Share of profit amounted to 7,225 Million Baht, decreased 3,958 Million Baht from the previous year.
- Other associates: Share of profit amounted to 4,407 Million Baht, increased 543 Million Baht from the previous year.

21.2 Operating Results of Strategic Business Segments

Cement-Building Materials Business

In 2019, revenue from sales increased 1% from the previous year to 184,690 Million Baht, mostly driven by the growth of distribution and retail businesses. EBITDA grew by 3% from the previous year to 20,991 Million Baht and profit for the year increased 3% from the previous year to 5,455 Million Baht. However, if we were to exclude severance pay adjustment and ceramic business restructuring expenses, EBITDA would increase 5% from the previous year to 21,461 Million Baht and profit would increase 29% from the previous year to 6,809 Million Baht.

Chemicals Business

In 2019, revenue from sales decreased 20% from the previous year to 177,634 Million Baht due to lower product prices. EBITDA dropped 29% from the previous year to 32,258 Million Baht and profit for the year declined by 46% from the previous year to 15,480 Million Baht as a result of lower product margins as well as lower equity income from Associates.

Packaging Business

In 2019, revenue from sales increased 2% from the previous year to 89,070 Million Baht while revenue from Integrated packaging chain grew 5% from the previous year. EBITDA increased 3% from the previous year to 15,036 Million Baht. Profit for the year dropped 13% from the previous year to 5,268 Million Baht due to lower margin of Fibrous chain, higher financial cost, and higher depreciation expense.

21.3 Financial Status

Assets

Continued solid financials, with cash and cash under management of 45,729 Million Baht.

Total assets of SCG as at December 31, 2019 was 634,733 Million Baht, with an increase of 8% from the previous year. Key components of total assets were property, plant and equipment at 48%, current assets at 26%, investments at 16% and other non-current assets at 10%. Ranking of asset values by business segments are Chemicals Business, Cement-Building Materials Business, and Packaging Business, respectively.

Current assets: amounted to 164,386 Million Baht as at December 31, 2019, with a decrease of 7% from the previous year, comprising largely of trade and other current receivables, inventories, cash and cash equivalents, and current investments. At December 31, 2019, SCG's working capital was 70,626 Million Baht with working capital days at 60 days.

Cash and cash under management: amounted to 45,729 Million Baht as at December 31, 2019, decreased 12,208 Million Baht from the previous year, with CAPEX and investments of 77,475 Million Baht during the year.

Investments in associates and joint ventures: amounted to 94,352 Million Baht as at December 31, 2019, a decreased of 5,024 Million Baht or 5% from the previous year with the following reasons:

- Decreased from dividends received amounted to 14,318 Million Baht mainly from the chemicals associates' dividend income.
- Increased from share of net profit of investments using equity method amounted to 11,632 Million Baht, attributed to earnings from the chemicals associates.

In addition, significant movements during the year on investments in associates were as follows:

- Increased from investments in Cement-Building Materials Business totaling 1,648 Million Baht.
- Decreased from disposals of investments in associates in Chemicals Business totaling 2,146 Million Baht.
- Decreased from exchange differences on translating financial statement amounted to 1,271 Million Baht.

Property, plant and equipment: amounted to 305,986 Million Baht as at December 31, 2019, an increase of 58,520 Million Baht from the previous year from project constructions and acquisitions in 2019.

Liabilities and shareholders' equity

Net debt increased 34,173 Million Baht from project constructions and acquisitions in 2019.

Total liabilities as at December 31, 2019 amounted to 306,990 Million Baht an increase of 13% from the previous year. During the year, SCG had issued new debentures totaling 25,000 Million Baht to replace the matured debentures. Finance costs were 6,442 Million Baht, a decrease of 394 Million Baht from the previous year.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2019 increased 34,173 Million Baht from the previous year to 181,684 Million Baht. EBITDA generation of 74,960 Million Baht while significant cash outflow during 2019 amounted to 111,734 Million Baht, comprising CAPEX and investments of 77,475 Million Baht, dividend payments of 20,772 Million Baht, interest payment of 7,366 Million Baht and corporate tax of 6,121 Million Baht.

Shareholders' equity as at December 31, 2019 amounted to 327,743 Million Baht, comprising Equity attributable to owners of the parent of 280,215 Million Baht, book value 233.5 Baht per share, and Non-controlling interests of 47,528 Million Baht.

21.4 Taxes to government and local government authorities

Unit : MB	Year	Country					
		Thailand	Vietnam	Indonesia	Cambodia	Philippines	Consolidated
Revenue from sales *	2018	274,270	43,465	31,407	12,796	11,384	478,438
	2019	260,008	39,463	35,031	13,999	9,652	437,980
Profit (loss) before tax **	2018	39,626	4,034	(1,218)	1,674	857	44,869
	2019	23,073	3,254	(1,099)	1,878	297	27,731
Reported Taxes	2018	6,088	648	38	326	260	7,269
	2019	4,790	613	411	219	65	6,167
Effective Tax Rate (%) ***	2018	15%	16%	N/A	19%	30%	16%
	2019	21%	19%	N/A	12%	22%	22%
Headline CIT Tax Rate (%)		20%	20%	25%	20%	30%	N/A
Cash Taxes Paid	2018	5,709	465	287	212	105	6,840
	2019	4,341	612	656	252	201	6,121
Cash Tax Rate (%)	2018	14%	12%	N/A	13%	12%	15%
	2019	19%	19%	N/A	13%	68%	22%
Additional information : Total liability of taxes to government and local government authorities							
Corporate Income Tax	2018	4,759	652	137	259	232	6,113
	2019	4,086	628	421	193	153	5,553
Property Tax	2018	193	-	2	-	27	229
	2019	205	1	2	-	32	255
Specific Business Tax	2018	19	-	6	0.1	22	46
	2019	2	-	15	0.1	29	47
Others Tax	2018	17	139	13	0.3	0.3	241
	2019	20	164	16	0.1	0.1	289
Total Taxes	2018	4,988	791	158	260	282	6,630
	2019	4,313	793	454	193	214	6,143

* Revenue from sales from geographical segment

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

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

In 2019, SCG recognized income tax expenses amounted to 6,167 Million Baht and the calculated effective tax rate was 22%. The higher tax rate in Thailand comparing to the corporation income tax rate mainly due to the deferred tax assets reversal which is disclosed in note 15 on consolidated financial statements. In the other hand, the lower tax rate in oversea comparing to the corporation income tax rate in each country was mainly from tax privileges. Total tax paid to government and local government authorities for the year 2019 amounted to 6,143 Million Baht.

21.5 Financial ratios

SCG's financial ratios remain solid.

In 2019, current ratio registered 1.3 times decreased from 1.6 times in the previous year and net debt to EBITDA ratio registered 2.4 times increased from 1.7 times in the previous year. At the end of 2019, debt to equity ratio remained at 0.9 times.

From the Company's operating results for the year 2019, the Board of Directors Meeting held on Wednesday, April 29, 2020 resolved to propose the Annual General Meeting of Shareholders to acknowledge the two interim dividend payments at the rate of 14.00 Baht per share, totaling 16,800 million Baht, or 52% of profit for the year on consolidated financial statements,

comprising the 1st interim dividend payment for the first half of year 2019 at the rate of 7.00 Baht per share, totaling 8,400 million Baht, on Friday, August 23, 2019, and the 2nd interim dividend payment, paid from the Company's profit as at December 31, 2019, at the rate of 7.00 Baht per share, totaling of 8,400 million Baht, on Friday, April 17, 2020. The second interim dividend payment was approved by the Board of Directors meeting held on Wednesday, March 18, 2020 in order to relieve the impact of the indefinite postponement of the Annual General Meeting of shareholders scheduled on Wednesday, April 1, 2020, to the Company's shareholders.

22

CONSOLIDATED FINANCIAL STATEMENTS

THE SIAM CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

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 2019, the consolidated income statement and statement 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 2019, 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 issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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.

The acquisitions of business	
Refer to Notes 2, 3 (a) and 4 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
During the year 2019, the Group acquired companies, both in Thailand and overseas in Packaging Business. These result in the increase in production capacity, customer base in region, and competitive advantages of the Group. The accounting for the business acquisition requires management to make judgments on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition comparing with the consideration transferred to the seller, resulting in the differences that give rise to goodwill recognition. The Group engaged independent appraisers to determine the fair values of assets acquired and liabilities assumed from a business acquisition. Therefore, this is an area of focus in my audit.	<p>My audit procedures focused on assessing the reasonableness of the key assumptions used to determine the fair values of assets acquired and liabilities assumed from a business acquisition with reference to its operating environment, my knowledge of the acquired business and industry, and other information obtained during the audit. The audit procedures included a combination of inquiry of management about the nature and objective for a business acquisition, inspecting share transfer agreement and relevant minutes of meetings of management in order to understand the significant terms and conditions, and the features relevant to the acquisition accounting. I consulted with KPMG valuation specialists when considering the appropriateness of the valuation methodology and approach. I evaluated the appropriateness of identifying assets acquired and liabilities assumed from a business acquisition, including the consideration transferred to the seller. I examined the relevant purchase and disbursement documents. I verified the mathematical accuracy of calculation of goodwill. In addition, I evaluated the independence and professional competence of the independent appraisers engaged by the Group.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

<p>The impairment testing of goodwill</p> <p>Refer to Notes 2, 3 (k), and 14 to the financial statements.</p>	
<p>The key audit matter</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 and 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>How the matter was addressed in the audit</p> <p>My audit procedures focused on assessing the reasonableness of the key assumptions used to evaluate the recoverable amount of cash generating unit and impairment indicator.</p> <p>I evaluated the reasonableness and tested key assumptions which supported discounted cash flows projection, appropriateness of the valuation methodology and discount rate by management concerning market situations and operating environment, industry knowledge and other information obtained during the audit. I tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical estimation to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

Recognition of deferred tax assets	
Refer to Notes 2, 3 (q) and 15 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the appropriateness of the recognition of the Group's deferred tax assets. This involved the management's judgment and assumptions used for the estimation of sufficient future taxable profits and the utilization of deferred tax assets, particularly on deferred tax assets from unused tax loss carryforward. Judgmental aspects depend on assumptions of future profitability. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on the assessment of deferred tax assets recognition method and assumptions used in forecasting future taxable profits as provided by management. I compared key inputs used to forecast future taxable profits by management to both internal and external available data, such as market and economic forecasts, the Group's historical data and performance and future business plans. In addition, I took into account the reasonableness of historical estimation of tax profit in comparison to actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

<p>The impairment testing of property, plant and equipment</p> <p>Refer to Notes 2, 3 (i), and 13 to the financial statements.</p>	
<p>The key audit matter</p> <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>How the matter was addressed in the audit</p> <p>My audit of impairment testing of property, plants and equipment focused on assessing the reasonableness of impairment indicator and the key assumptions which underpin management's forecast.</p> <p>I evaluated the reasonableness of impairment indicator with reference to current market situations and operating environment, industry knowledge, and other information obtained during the audit.</p> <p>I tested significant assumptions which supported discounted cash flows projection, appropriateness of the valuation methodology and discount rate by management concerning recent performance, trend analysis, and tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical forecasts to the actual operating results.</p> <p>I also considered the adequacy of the Group's disclosures in accordance with the financial reporting standard.</p>

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, related safeguards.

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
12 February 2020

Consolidated statement of financial position

As at 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

Assets	Note	2019	2018
		(in thousand Baht)	
Current assets			
Cash and cash equivalents	8	27,626,960	28,788,510
Current investments	8	16,594,814	21,592,701
Trade and other current receivables	5, 6	62,165,760	63,915,003
Short-term loans	5	151,312	169,413
Inventories	7	56,411,269	60,817,214
Other current assets		1,248,034	1,861,692
Non-current assets classified as held for sale		187,771	126,008
Total current assets		164,385,920	177,270,541
Non-current assets			
Investments held as available for sale	8	1,509,917	7,492,403
Investments in associates	9	93,175,503	98,315,930
Investments in joint ventures	9	1,176,669	1,060,578
Other long-term investments	10	4,171,269	3,395,750
Other non-current receivables	11	8,709,540	13,787,806
Long-term loans	5	93,374	107,214
Investment property	12	1,622,344	1,716,735
Property, plant and equipment	13	305,985,804	247,466,379
Goodwill	14	34,301,273	19,886,101
Other intangible assets	14	11,754,490	11,183,462
Deferred tax assets	15	4,617,541	5,073,579
Other non-current assets		3,229,584	3,030,907
Total non-current assets		470,347,308	412,516,844
Total assets		634,733,228	589,787,385

On behalf of the Board of Direct

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

Consolidated statement of financial position

As at 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

Liabilities and shareholders' equity	Note	2019	2018
		(in thousand Baht)	
<i>Current liabilities</i>			
Bank overdrafts and short-term borrowings			
from financial institutions	17	18,796,802	21,751,815
Trade and other current payables	5	55,886,926	48,991,888
Current portion of long-term borrowings	5, 18	2,849,575	678,903
Current portion of debentures	19	49,935,088	31,429,659
Short-term borrowings	5	470,554	272,595
Current income tax payable		2,190,509	2,398,971
Other current liabilities		1,375,773	2,276,064
Total current liabilities		131,505,227	107,799,895
<i>Non-current liabilities</i>			
Long-term borrowings	5, 18	30,613,743	1,585,864
Debentures	19	124,747,621	149,729,533
Deferred tax liabilities	15	4,716,704	2,154,736
Non-current provisions for employee benefits	20	14,195,446	9,347,742
Other non-current liabilities		1,211,358	1,300,518
Total non-current liabilities		175,484,872	164,118,393
Total liabilities		306,990,099	271,918,288
<i>Shareholders' equity</i>			
Share capital	21		
Authorized share capital			
- Ordinary share		1,600,000	1,600,000
Issued and paid share capital			
- Ordinary share		1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	22	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		301,995,414	290,938,903
Other components of shareholders' equity	22	(33,656,000)	(25,718,376)
Total equity attributable to owners of the parent		280,215,414	277,096,527
Non-controlling interests	23	47,527,715	40,772,570
Total shareholders' equity		327,743,129	317,869,097
Total liabilities and shareholders' equity		634,733,228	589,787,385

The accompanying notes are an integral part of these financial statements.

Consolidated income statement

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2019 (in thousand Baht)	2018
Revenue from sales	5	437,979,879	478,437,643
Cost of sales	5	(355,752,304)	(383,463,213)
Gross profit		82,227,575	94,974,430
Other income	5, 25	8,846,886	11,823,275
Profit before expenses		91,074,461	106,797,705
Distribution costs	26	(22,904,726)	(23,541,323)
Administrative expenses	27	(31,459,065)	(31,551,711)
Employee benefit expense from the amended severance pay of the Labor Law	20, 28	(2,537,775)	-
Total expenses		(56,901,566)	(55,093,034)
Profit from operations		34,172,895	51,704,671
Finance costs	29	(6,441,688)	(6,835,204)
Share of profit of associates and joint ventures		11,632,059	15,046,519
Profit before income tax		39,363,266	59,915,986
Tax expense	30	(6,166,734)	(7,268,620)
Profit for the year		33,196,532	52,647,366
Profit attributable to			
Owners of the parent		32,014,283	44,748,337
Non-controlling interests		1,182,249	7,899,029
		33,196,532	52,647,366
Basic earnings per share (in Baht)			
Attributable to owners of the parent	31	26.68	37.29

On behalf of the Board of Direct

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

Consolidated statement of comprehensive income

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2019 (in thousand Baht)	2018
Profit for the year		33,196,532	52,647,366
Other comprehensive income			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Exchange differences on translating financial statement		(7,007,450)	(3,124,227)
Gains (losses) on remeasuring investments			
held as available for sale	8	38,090	(42,364)
Share of other comprehensive income of associates			
and joint ventures		(1,512,621)	317,927
Income tax relating to components of other comprehensive income			
that will be reclassified to profit or loss	30	(7,629)	8,473
Total components of other comprehensive income			
<i>that will be reclassified to profit or loss</i>		(8,489,610)	(2,840,191)
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Defined benefit plan actuarial losses	20	(1,396,473)	(1,392,894)
Share of other comprehensive income of associates			
and joint ventures		(99,582)	(5,795)
Income tax relating to components of other comprehensive income			
that will not be reclassified to profit or loss	30	256,591	210,587
Total components of other comprehensive income			
<i>that will not be reclassified to profit or loss</i>		(1,239,464)	(1,188,102)
Other comprehensive income for the year, net of tax		(9,729,074)	(4,028,293)
Total comprehensive income for the year		23,467,458	48,619,073
Total comprehensive income attributable to			
Owners of the parent		23,029,421	41,350,472
Non-controlling interests		438,037	7,268,601
		23,467,458	48,619,073

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

			Retained earnings	
			Appropriated	Unappropriated
	Note	Issued and paid share capital	Legal reserve	General reserve
Balance at 1 January 2018		1,200,000	160,000	10,516,000
Transactions with owners, recorded directly				270,131,718
in shareholders' equity				
<i>Contributions by and distributions to owners of the parent</i>				
Dividends	32	-	-	(22,799,660)
Total contributions by and distributions to owners of the parent		-	-	(22,799,660)
<i>Changes in ownership interests in subsidiaries</i>				
Changes that do not result in a loss of control		-	-	-
Changes that result in an acquisition or a loss of control		-	-	-
Total changes in ownership interests in subsidiaries		-	-	-
Total transactions with owners, recorded directly				
in shareholders' equity				
Comprehensive income for the year				
Profit or loss		-	-	44,748,337
Other comprehensive income		-	-	(1,141,492)
Total comprehensive income for the year		-	-	43,606,845
Balance at 31 December 2018		1,200,000	160,000	10,516,000
				290,938,903

Other components of shareholders' equity

Other comprehensive income							
Translation of financial statement	Investments held as available for sale	Share of other comprehensive income of associates and joint ventures	Changes in other components from shareholders	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Non- controlling interests	Total shareholders' equity
(in thousand Baht)							
(11,260,837)	33,098	(440,126)	(9,242,283)	(20,910,148)	261,097,570	40,727,343	301,824,913
-	-	-	-	-	(22,799,660)	(7,382,457)	(30,182,117)
-	-	-	-	-	(22,799,660)	(7,382,457)	(30,182,117)
-	-	-	(2,551,855)	(2,551,855)	(2,551,855)	(1,280,621)	(3,832,476)
-	-	-	-	-	-	1,439,704	1,439,704
-	-	-	(2,551,855)	(2,551,855)	(2,551,855)	159,083	(2,392,772)
-	-	-	(2,551,855)	(2,551,855)	(25,351,515)	(7,223,374)	(32,574,889)
(2,540,427)	(33,873)	317,927	-	(2,256,373)	44,748,337	7,899,029	52,647,366
(2,540,427)	(33,873)	317,927	-	(2,256,373)	41,350,472	7,268,601	48,619,073
(13,801,264)	(775)	(122,199)	(11,794,138)	(25,718,376)	277,096,527	40,772,570	317,869,097

Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

			Retained earnings		
			Appropriated	Unappropriated	
		Issued and			
		paid	Legal	General	
	Note	share capital	reserve	reserve	
Balance at 1 January 2019		1,200,000	160,000	10,516,000	290,938,903
Transactions with owners, recorded directly					
in shareholders' equity					
<i>Contributions by and distributions to</i>					
<i> owners of the parent</i>					
Dividends	32	-	-	-	(19,798,926)
Total contributions by and distributions to		-	-	-	(19,798,926)
<i>Changes in ownership interests in subsidiaries</i>					
Changes that do not result in a loss of control		-	-	-	-
Changes that result in an acquisition		-	-	-	-
or a loss of control		-	-	-	-
Total changes in ownership interests		-	-	-	-
<i>in subsidiaries</i>					
Total transactions with owners, recorded directly		-	-	-	(19,798,926)
in shareholders' equity		-	-	-	(19,798,926)
Comprehensive income for the year					
Profit or loss		-	-	-	32,014,283
Other comprehensive income		-	-	-	(1,158,846)
Total comprehensive income for the year		-	-	-	30,855,437
Balance at 31 December 2019		1,200,000	160,000	10,516,000	301,995,414

Other components of shareholders' equity

Other comprehensive income								
		Share of other comprehensive income of financial statement	Changes in other components	Total other components	Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity	
Translation of financial statement	Investments held as available for sale	income of associates and joint ventures	from shareholders	equity	the parent	interests	equity	
(in thousand Baht)								
(13,801,264)	(775)	(122,199)	(11,794,138)	(25,718,376)	277,096,527	40,772,570	317,869,097	
-	-	-	-	-	(19,798,926)	(964,941)	(20,763,867)	
-	-	-	-	-	(19,798,926)	(964,941)	(20,763,867)	
-	-	-	(111,608)	(111,608)	(111,608)	162,593	50,985	
-	-	-	-	-	-	7,119,456	7,119,456	
-	-	-	(111,608)	(111,608)	(111,608)	7,282,049	7,170,441	
-	-	-	(111,608)	(111,608)	(19,910,534)	6,317,108	(13,593,426)	
-	-	-	-	-	32,014,283	1,182,249	33,196,532	
(6,343,856)	30,461	(1,512,621)	-	(7,826,016)	(8,984,862)	(744,212)	(9,729,074)	
(6,343,856)	30,461	(1,512,621)	-	(7,826,016)	23,029,421	438,037	23,467,458	
(20,145,120)	29,686	(1,634,820)	(11,905,746)	(33,656,000)	280,215,414	47,527,715	327,743,129	

Consolidated statement of cash flows

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

	2019	2018
	(in thousand Baht)	
Cash flows from operating activities		
Profit for the year	33,196,532	52,647,366
Adjustments for		
Tax expense	6,166,734	7,268,620
Depreciation and amortization	23,931,502	23,747,337
Loss on inventories devaluation	255,097	288,545
Employee benefit expense	4,477,575	1,260,521
Unrealized gain on foreign currency exchange	(118,935)	(32,718)
Share of profit of associates and joint ventures	(11,632,059)	(15,046,519)
Dividend income	(1,889,797)	(2,479,401)
Interest income	(936,800)	(955,601)
Interest expense	6,465,902	6,600,845
Loss on impairment of assets	853,482	1,509,287
Loss (gain) on sales of investments and others	<u>669,205</u>	<u>(2,588,264)</u>
Cash flows generated from operations		
before changes in operating assets and liabilities	<u>61,438,438</u>	<u>72,220,018</u>
Decrease (increase) in operating assets		
Trade and other current receivables	5,975,049	(2,760,283)
Inventories	6,324,835	(3,039,229)
Other assets	404,447	(165,752)
Net decrease (increase) in operating assets	<u>12,704,331</u>	<u>(5,965,264)</u>

Consolidated statement of cash flows

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2019 (in thousand Baht)	2018
<i>Increase (decrease) in operating liabilities</i>			
Trade and other current payables		(6,428,563)	2,280,532
Provisions for employee benefits		(1,110,566)	(782,334)
Other liabilities		(665,589)	485,501
Net increase (decrease) in operating liabilities		(8,204,718)	1,983,699
 Net cash flows generated from operations			
Income tax paid		(6,121,404)	(6,551,713)
Net cash flows provided by operating activities		59,816,647	61,686,740
 Cash flows from investing activities			
Proceeds from sales of subsidiaries		179,623	1,141,490
Acquisition of subsidiaries, net of cash acquired	4	(24,469,101)	(3,844,232)
Investments in associates and joint ventures		(1,648,070)	(2,778,782)
Proceeds from sales of investments		62,048,674	51,789,605
Current investments		(42,092,290)	(55,068,017)
Investments held as available for sale and other long-term investments		(7,613,561)	(3,034,716)
Proceeds from sales of property, plant and equipments		654,718	621,368
Acquisition of property, plant and equipment		(48,056,700)	(33,591,005)
Acquisition of intangible assets		(1,357,634)	(982,483)
Proceeds from (payment of) repayment of loans		25,880	(3,555)
Dividends received		16,213,225	13,610,853
Interest received		1,060,924	851,736
Income tax paid from sales of investments		-	(288,379)
Net cash flows used in investing activities		(45,054,312)	(31,576,117)

Consolidated statement of cash flows

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

	Note	2019	2018
		(in thousand Baht)	
Cash flows from financing activities			
Proceeds from changes in ownership interests in subsidiaries			
that do not result in a loss of control		466,949	377,337
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control	4	(233,901)	(4,202,609)
Proceeds from (payments of) borrowings			
Proceeds from (payments of) bank overdrafts and			
short-term borrowings		(5,486,374)	2,118,380
Proceeds from long-term borrowings		26,794,078	447,505
Payments of long-term borrowings		(2,090,204)	(6,321,663)
Payments of finance lease liabilities		(118,225)	(176,876)
Proceeds from issuance of debentures		24,905,176	39,913,000
Redemption of debentures		(31,381,659)	(39,888,015)
Net increase (decrease) in borrowings		12,622,792	(3,907,669)
Dividends paid			
Dividends paid to owners of the parent		(19,798,926)	(22,799,660)
Dividends paid to non-controlling interests		(973,078)	(7,425,805)
Total dividends paid		(20,772,004)	(30,225,465)
Interest paid and front-end fee		(7,366,269)	(7,027,037)
Net cash flows used in financing activities		(15,282,433)	(44,985,443)
Net decrease in cash and cash equivalents		(520,098)	(14,874,820)
Effect of exchange rate changes on cash and cash equivalents		(641,452)	(273,315)
Cash and cash equivalents at beginning of the year		28,788,510	43,936,645
Cash and cash equivalents at end of the year		27,626,960	28,788,510
Supplementary information for cash flows			
Non-cash transactions			
Account payables from purchase of assets		13,693,731	3,284,095
Accrued investments		1,254,672	925,400

Notes to the financial statements

For the year ended 31 December 2019

The Siam Cement Public Company Limited and its Subsidiaries

Note	Content	Page
1	General information	192
2	Basis of preparation of the financial statements	198
3	Significant accounting policies	201
4	Acquisitions of business and changes in ownership interests in subsidiaries	214
5	Related parties	220
6	Trade and other current receivables	226
7	Inventories	228
8	Cash and cash equivalents and other investments	229
9	Investments in associates and joint ventures	230
10	Other long-term investments	234
11	Other non-current receivables	235
12	Investment property	235
13	Property, plant and equipment	236
14	Goodwill and other intangible assets	238
15	Deferred tax assets (deferred tax liabilities)	239
16	Changes in liabilities arising from financing activities	241
17	Bank overdrafts and short-term borrowings from financial institutions	241
18	Long-term borrowings	242
19	Debentures	244
20	Non-current provisions for employee benefits	245
21	Share capital	248
22	Reserves and other components of shareholders' equity	248
23	Non-controlling interest	249
24	Business segment information	250
25	Other income	255
26	Distribution costs	255
27	Administrative expenses	256
28	Employee benefit expenses	256
29	Finance costs	257
30	Income tax	257
31	Basic earnings per share	258
32	Dividends	259
33	Financial instruments	259
34	Commitments and contingent liabilities	265
35	Capital management	267
36	Others	267
37	Events after the reporting period	268
38	Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective	269

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 12 February 2020.

1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its 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 and Packaging Business.

Details of the Company's subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

Cement-Building Materials Business	Direct /Indirect Holding (%)	Cement-Building Materials Business	Direct /Indirect Holding (%)
SCG Cement Co., Ltd.	100	The Concrete Products and Aggregate (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100
The Concrete Products and Aggregate Co., Ltd.	100	SCG Cement-Building Materials Vietnam	
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Limited Liability Company	
The Siam Cement (Ta Luang) Co., Ltd.	100	(Incorporated in Vietnam)	100
The Siam Cement (Thung Song) Co., Ltd.	100	Vietnam Construction Materials Joint Stock Company	
The Siam Cement (Lampang) Co., Ltd.	100	(Incorporated in Vietnam)	100
Khammouane Cement Co., Ltd. (Incorporated in Lao PDR)	100	Song Gianh Cement Joint Stock Company	
The Siam Refractory Industry Co., Ltd.	100	(Incorporated in Vietnam)	100
Eco Plant Services Co., Ltd.	100	Mien Trung Cement One Member Company Limited	
SCI Eco Services Co., Ltd.	100	(Incorporated in Vietnam)	100
Q Mix Supply Co., Ltd.	100	Danang Cement One Member Company Limited	
Silathai Sanguan (2540) Co., Ltd.	100	(Incorporated in Vietnam)	100
Silasanon Co., Ltd.	100	Phu Yen Cosevco Cement Company Limited	
PT SCG Pipe and Precast Indonesia (Incorporated in Indonesia)	100	(Incorporated in Vietnam)	100
PT Semen Lebak (Incorporated in Indonesia)	100	SCG Building Materials Co., Ltd.	100
PT SCG Readymix Indonesia (Incorporated in Indonesia)	100	Cementhai Gypsum Co., Ltd.	100
PT CPAC Surabaya (Incorporated in Indonesia)	100	MRC Roofing Co., Ltd.	100
CPAC Lao Co., Ltd. (Incorporated in Lao PDR)	100	Cementhai Ceramics Co., Ltd.	100
		Cementhai Ceramics Philippines Holdings, Inc. (Incorporated in the Philippines)	100
		Cementhai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
		The Siam Fibre-Cement Co., Ltd.	100

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
Cement-Building Materials Business		Cement-Building Materials Business	
Siam Fibre Cement Group Co., Ltd.	100	SCG Marketing Philippines Inc.	
SCG Landscape Co., Ltd.	100	(Incorporated in the Philippines)	100
Siam Fiberglass Co., Ltd.	100	SCG International Malaysia Sdn. Bhd.	
The CPAC Roof Tile Co., Ltd.	100	(Formerly: SCGT Malaysia Sdn. Bhd.)	
SCG Concrete Roof (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	(Incorporated in Malaysia)	100
SCG Concrete Roof (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	SCG International (Cambodia) Co., Ltd. (Formerly: SCG Trading (Cambodia) Co., Ltd.)	100
Thai Ceramic Roof Tile Co., Ltd.	100	SCG Trading Middle East Dmcc	
SCG Cement-Building Materials Philippines, Inc. (Formerly: Cementhai Roof Holdings Philippines, Inc.) (Incorporated in the Philippines)	100	(Incorporated in the United Arab Emirates)	100
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100	SCG International Vietnam Co., Ltd. (Formerly: SCG Trading Vietnam Co., Ltd.)	100
SCG Distribution Co., Ltd.	100	(Incorporated in Vietnam)	
SCG Cement-Building Materials Company Limited	100	SCG International India Private Limited	
SCG International Corporation Co., Ltd.	100	(Incorporated in India)	100
SCG International Australia Pty. Ltd. (Formerly: SCG Trading Australia Pty. Ltd.) (Incorporated in Australia)	100	SCG Logistics Management Co., Ltd.	100
SCG International China (Guangzhou) Co., Ltd. (Incorporated in China)	100	SCG Logistics Lao Co., Ltd. (Incorporated in Lao PDR)	100
SCG International Hong Kong Limited (Formerly: SCG Trading Hong Kong Limited) (Incorporated in China)	100	SCG Logistics Management (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100
SCG International (Philippines) Corporation Co., Ltd. (Formerly: SCG Trading Philippines Inc.) (Incorporated in the Philippines)	100	Unify Smart Tech Joint Stock Company (Incorporated in Vietnam)	100
SCG International USA Inc. (Formerly: SCG Trading USA Inc.) (Incorporated in USA)	100	Nexter Living Co., Ltd. (Formerly: SCG Trading Services Co., Ltd.)	100
PT SCG International Indonesia (Formerly: PT SCG Trading Indonesia) (Incorporated in Indonesia)	100	Myanmar CBM Services Co., Ltd. (Incorporated in Myanmar)	100
SCG International Laos Co., Ltd. (Formerly: SCG Trading Lao Co., Ltd.) (Incorporated in Lao PDR)	100	Nexter Digital Co., Ltd. BetterBe Marketplace Co., Ltd. Rudy Technology Co., Ltd. Nexter Ventures Co., Ltd. (Formerly: SCG Sourcing Co., Ltd.)	100
		Nexter Retail Co., Ltd. SCG Experience Co., Ltd. SCG Skills Development Co., Ltd. SCG Retail Holding Co., Ltd. Prime Group Joint Stock Company (Incorporated in Vietnam)	100

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
Cement-Building Materials Business			
Prime Trading, Import and Export One Member Limited Liability Company (Incorporated in Vietnam)	100	The Siam Sanitary Fittings Co., Ltd. Prime Dai Viet Joint Stock Company (Incorporated in Vietnam)	91 90
Prime International Import-Export and Service Trading Company Limited (Incorporated in Vietnam)	100	Prime Thien Phuc Joint Stock Company (Incorporated in Vietnam)	90
Prime - Ngoi Viet Joint Stock Company (Incorporated in Vietnam)	100	Prime Phong Dien Joint Stock Company (Incorporated in Vietnam)	90
Prime Pho Yen Joint Stock Company (Incorporated in Vietnam)	100	Prime Dai Loc Joint Stock Company (Incorporated in Vietnam)	90
Prime - Yen Binh Joint Stock Company (Incorporated in Vietnam)	100	CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	90
Prime - Tien Phong Joint Stock Company (Incorporated in Vietnam)	100	Saraburirat Co., Ltd. Mariwasa-Siam Ceramics, Inc. (Incorporated in the Philippines)	83 83
Prime - Vinh Phuc Joint Stock Company (Incorporated in Vietnam)	100	SCG Myanmar Concrete and Aggregate Co., Ltd. (Incorporated in Myanmar)	80
Prime - Truong Xuan Joint Stock Company (Incorporated in Vietnam)	99	PT Surya Siam Keramik (Incorporated in Indonesia)	80
Buu Long Industry and Investment Joint Stock Company (Incorporated in Vietnam)	99	Green Conservation Solution Co., Ltd. Siam Sanitary Ware Co., Ltd.	74 71
PT Semen Jawa (Incorporated in Indonesia)	98	Siam Sanitary Ware Industry Co., Ltd. Siam Sanitary Ware Industry (Nongkao) Co., Ltd.	71 71
Prime Dai An Joint Stock Company (Incorporated in Vietnam)	95	Mawlamyine Cement Limited (Incorporated in Myanmar)	70
Kampot Cement Co., Ltd. (Incorporated in Cambodia)	94	Prime Hao Phu Joint Stock Company (Incorporated in Vietnam)	69
PT KIA Serpih Mas (Incorporated in Indonesia)	94	Quality Construction Products Public Company Limited	68
PT Tambang Semen Sukabumi (Incorporated in Indonesia)	93	Q-Con Eastern Co., Ltd. SCGT Automobile Co., Ltd.	68 67
PT KIA Keramik Mas (Incorporated in Indonesia)	92	SCG Yamato Express Co., Ltd. SCG-PSA Holdings Co., Ltd.	65 60
PT Keramika Indonesia Assosiasi, Tbk. (Incorporated in Indonesia)	92	Prime Dai Quang Joint Stock Company (Incorporated in Vietnam)	56
SCG Ceramics Public Company Limited	91	Guangxi SCG Logistics Co., Ltd. (Incorporated in China)	55
PT Kokoh Inti Arebama Tbk. (Incorporated in Indonesia)	91		

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
Cement-Building Materials Business			
SCG-Shwe Me Logistics (Myanmar) Co., Ltd. (Incorporated in Myanmar)	55	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
Panel World Co., Ltd.	55	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
Jumbo Barges and Tugs Co., Ltd.	55	PT Pion Quarry Nusantara (Incorporated in Indonesia)	49
Jumbo Barges (Cambodia) Co., Ltd. (Incorporated in Cambodia)	55	Sosuco Ceramic Co., Ltd. Home Center Quang Ninh Joint Stock Company	49
Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.)	51	Bangkok Interfreight Forwarding Co., Ltd. (Incorporated in Vietnam)	49
SCG-Sekisui Sales Co., Ltd.	51	PT SCG Barito Logistics (Incorporated in Indonesia)	49
SCG-Boonthavorn Co., Ltd.	51	Smart Build Bangladesh Co., Ltd. (Incorporated in Bangladesh)	46
Mingalar Motor Co., Ltd. (Incorporated in Myanmar)	50	Kampot Land Co., Ltd. (Incorporated in Cambodia)	
Chemicals Business			
SCG Chemicals Co., Ltd.	100	Norner Holding AS (Incorporated in Norway)	100
Thai Polyethylene Co., Ltd.	100	SCG Plastics Co., Ltd. (Incorporated in Norway)	100
SCG Performance Chemicals Co., Ltd.	100	SCG Chemicals Trading Singapore Pte. Ltd. (Incorporated in Singapore)	100
Rayong Engineering & Plant Service Co., Ltd.	100	Protech Outsourcing Co., Ltd. (Formerly: Norner IP AS)	100
RIL 1996 Co., Ltd.	100	Texplore Co., Ltd. (Incorporated in Norway)	100
Vina SCG Chemicals Co., Ltd.	100	Long Son Petrochemicals Co., Ltd. (Incorporated in Vietnam)	100
SCG Chemicals (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Tuban Petrochemicals Pte. Ltd. (Incorporated in Singapore)	100
Hexagon International, Inc. (Incorporated in USA)	100	SMH Co., Ltd. PT TPC Indo Plastic and Chemicals (Incorporated in Indonesia)	100
		Thai Plastic and Chemicals Public Company Limited TPC Paste Resin Co., Ltd.	100

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
<i>Chemicals Business</i>		<i>Chemicals Business</i>	
The Nawaplastic Industries Co., Ltd.	100	TPC Vina Plastic and Chemicals Corporation Ltd.	
Nawa Intertech Co., Ltd.	100	(Incorporated in Vietnam)	70
Chemtech Co., Ltd. (Incorporated in Vietnam)	100	Rayong Olefins Co., Ltd.	68
Total Plant Service Co., Ltd.	100	Map Ta Phut Olefins Co., Ltd.	67
SENFI UK Limited (Incorporated in the United Kingdom)	100	Nawaplastic (Cambodia) Co., Ltd. (Incorporated in Cambodia)	60
SENFI Swiss GmbH (Incorporated in Switzerland)	100	PT Nusantara Polymer Solutions (Incorporated in Indonesia)	55
Rayong Pipeline Co., Ltd.	92	Binh Minh Plastics Joint Stock Company (Incorporated in Vietnam)	54
SCG Ico Polymers Company Limited	87	Northern Binh Minh Plastics One Member	
Map Ta Phut Tank Terminal Co., Ltd.	82	Limited Company	
Grand Nawaplastic Myanmar Co., Ltd. (Incorporated in Myanmar)	80	(Incorporated in Vietnam) PT Berjaya Nawaplastic Indonesia	54
Viet-Thai Plastchem Co., Ltd. (Incorporated in Vietnam)	72	(Incorporated in Indonesia) Flowlab & Service Co., Ltd.	51
<i>Packaging Business</i>		<i>Packaging Business</i>	
SCG Packaging Public Company Limited	99	Vina Kraft Paper Co., Ltd.	
Siam Kraft Industry Co., Ltd.	99	(Incorporated in Vietnam)	69
Invenique Co., Ltd.	99	New Asia Industries Co., Ltd.	
SCGP Excellence Traning Center Co., Ltd.	99	(Incorporated in Vietnam)	69
SCG Paper Energy Co., Ltd.	99	Alcamax Packaging (Vietnam) Co., Ltd.	
SCGP Solutions Co., Ltd.	99	(Incorporated in Vietnam)	69
SCGP Solutions (Singapore) Pte. Ltd. (Incorporated in Singapore)	99	AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	69
SCGP Rigid Plastics Company Limited	99	Packamex (Vietnam) Co., Ltd.	
SKIC International Company Limited	99	(Incorporated in Vietnam)	69
United Pulp and Paper Co., Inc. (Incorporated in the Philippines)	99	Dyna Packs Co., Ltd.	69
Thai Cane Paper Public Company Limited	97	Orient Containers Co., Ltd.	69
Visy Packaging (Thailand) Limited	79	D-In Pack Company Limited	69
Precision Print Co., Ltd.	74	PT Indoris Printingdo (Incorporated in Indonesia)	69
Thai Containers Group Co., Ltd.	69	PT Indocorr Packaging Cikarang	
Thai Containers Khonkaen Co., Ltd.	69	(Incorporated in Indonesia)	69
Thai Containers Rayong Co., Ltd.	69		

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
Packaging Business		Packaging Business	
Phoenix Pulp & Paper Public Company Limited	69	PT Primacorr Mandiri	
Phoenix Utilities Co., Ltd.	69	(Incorporated in Indonesia)	67
Thai Paper Co., Ltd.	69	PT Fajar Surya Wisesa Tbk.	
The Siam Forestry Co., Ltd.	69	(Incorporated in Indonesia)	55
Panas Nimit Co., Ltd.	69	PT Dayasa Aria Prima	
Thai Panason Co., Ltd.	69	(Incorporated in Indonesia)	55
Thai Panadorn Co., Ltd.	69	TC Flexible Packaging Co., Ltd.	52
Thai Panaram Co., Ltd.	69	SCGP-T Plastics Company Limited	51
Suanpa Rungsaris Co., Ltd.	69	Tawana Container Co., Ltd.	50
Siam Panawes Co., Ltd.	69	Tin Thanh Packing Joint Stock Company	
Thai Panaboon Co., Ltd.	69	(Incorporated in Vietnam)	47
Thai Wanabhum Co., Ltd.	69	Conimex Co., Ltd.	38
Interpress Printers Sendirian Berhad (Incorporated in Malaysia)	68	Prepack Thailand Co., Ltd.	37
Other		Other	
Cementhai Holding Co., Ltd.	100	SCG Learning Excellence Co., Ltd	100
Cementhai Property (2001) Public Company Limited	100	SCG Vietnam Co., Ltd. (Incorporated in Vietnam)	100
Property Value Plus Co., Ltd.	100	PT SCG Indonesia	
SCG Accounting Services Co., Ltd.	100	(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
Siam Innovation Product and Solution Co., Ltd.	100	Siam GNE Solar Energy Co., Ltd	50

Details of the Company's subsidiaries with insignificant operations that were included in the consolidated financial statements are as follows:

	Direct /Indirect Holding (%)		Direct /Indirect Holding (%)
The CPAC Ready Mixed Concrete (South) Co., Ltd.	100	Siam TPC Co., Ltd.	100
Siam Mortar Co., Ltd.	100	Siam TPC (Singapore) Pte. Ltd.	
The Siam White Cement Co., Ltd.	100	(Incorporated in Singapore)	100
CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	SCG Holding Co., Ltd. The Nawaloha Foundry Bangpakong Co., Ltd.	100
SCG Roofing Philippines, Inc. (Incorporated in the Philippines)	100	The Siam Iron and Steel Co., Ltd. Dhara Pipe Co., Ltd.	100
Cementhai Energy Conservation Co., Ltd.	100	SCG Corporation S.A.	
Siam Research and Innovation Co., Ltd.	100	(Incorporated in Panama)	100
SCG Trading (Jordan) L.L.C. (Incorporated in Jordan)	100	PT Karya Makmur Kreasi Prima (Incorporated in Indonesia)	91
Ceramic research Institution (Incorporated in Vietnam)	100	Thai Union Paper Public Company Limited TCG Rengo (S) Limited	69
Siam Paraffins Co., Ltd.	100	(Incorporated in Singapore)	69

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2018, except as discussed in note 4.

During 2019, the Group acquired the ordinary shares of PT Fajar Surya Wisesa Tbk. and its subsidiary incorporated in Indonesia, Visy Packaging (Thailand) Limited, Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.) and Bangkok Interfreight Forwarding Co., Ltd., which are incorporated in Thailand. These companies are included in the Group's consolidated financial statements, as discussed in note 4.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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 new and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs have resulted in no material impact on the Group's accounting policies, calculation method, financial performance and position.

The Group has initially applied TFRS 15 Revenue from Contracts with Customers ("TFRS 15") since 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognized. It replaced TAS 18 Revenue ("TAS 18"), TAS 11 Construction Contracts ("TAS 11") and related interpretations.

Under TFRS 15, the Group recognizes revenue 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 to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The Group has a timing of revenue recognition mainly from sales of goods which is recognized at a point in time.

In addition, the Group has not early adopted a number of new and revised TFRSs which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRSs that are relevant to the Group's operations are disclosed in note 38.

(b) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following material items in the consolidated statement of financial position:

- available-for-sale financial assets are measured at fair value.
- contingent consideration assumed in a business combination are measured at fair value.
- defined benefit obligations are measured at the present value of non-current provisions for defined benefit plans.

(c) Functional and presentation currency

The consolidated financial statements are prepared and 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.

(d) Use of estimates and judgments

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 are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical assumptions in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note 4	Acquisition of subsidiary: fair value of the consideration transferred (including contingent consideration) and fair value of the assets acquired and liabilities assumed;
Note 9, 10, 12, 13 and 14	Impairment test: key assumptions underlying recoverable amounts;
Note 6, 7, 8, 9, 10, 11, 12, 13 and 14	Measurement of the recoverable amounts of each asset and cash-generating units;
Note 15 and 30	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
Note 20	Measurement of non-current provision for defined benefit plans: - key actuarial assumptions; and
Note 34	Recognition and measurement of provisions and contingent liabilities.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which these valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

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 (unadjusted) in active markets for identical assets or liabilities that the entity 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 4 Acquisitions of business and changes in ownership interests in subsidiaries
- Note 8 Cash and cash equivalents and other investments
- Note 12 Investment property
- Note 19 Debentures
- Note 33 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Group and the Group's interests in associates and joint ventures.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated. Unrealized gains arising from transactions with equity-accounted investees 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.

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.

Non-controlling interests

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Group's interests in equity-accounted investees comprise interests in associates and joint ventures.

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.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include 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.

Business combinations

The Group applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

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.

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 for the period immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration and share-based payment awards of the acquiree that are replaced mandatorily in the business combination.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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 during the measurement period, or additional assets or liabilities are recognized, 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) 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 that are readily convertible to known amounts of cash and which 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) Trade and other receivables and contract assets

A receivable is recognized when the Group has an unconditional right to receive consideration. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable and a contract asset are measured at value less allowance for doubtful accounts which is assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(d) Inventories

Inventories are measured at the lower of cost and net realizable value.

Cost is calculated using the following formula:

Finished goods	- at standard cost which approximates actual production cost
Merchandise	- at average cost
Goods in process	- at standard cost
Raw materials, spare parts, stores, supplies and others	- at average cost

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and goods in process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(e) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) 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 and measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once non-current assets classified as held for sale are no longer depreciated or amortized, and any equity-accounted investee is no longer equity accounted.

(f) Investments

Investments in associates and joint ventures

Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Group has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost, less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign exchange differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences on available-for-sale monetary items are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

(g) Investment property

Investment properties are properties which are held to earn rental income, for capital appreciation or for 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 and 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 charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5 - 20	years
Buildings and structures	5 - 40	years

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.

(h) Finance lease

The Group recognized finance leases as assets and liabilities in the consolidated statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Lease payments are apportioned between the finance charge and the reduction of the outstanding liabilities. The finance charge is allocated to the periods during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(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 and 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.

When parts of an item of property, plant and equipment have different consumption patterns and useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the 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 if it is probable that 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 charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 - 50	years
Buildings and structures		
- Cement-Building Materials Business	3 - 47	years
- Chemicals Business	5 - 30	years
- Packaging Business	5 - 40	years
- Other	5 - 40	years
Machinery and equipment		
- Cement-Building Materials Business	2 - 30	years
- Chemicals Business	2 - 30	years
- Packaging Business	3 - 30	years
Transportation and equipment	3 - 20	years
Furniture, fixtures and office equipment	2 - 20	years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(f) Goodwill and other intangible assets

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.

Research and development

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 activities involve a plan or design for the production of new or substantially improved products and processes. 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. The expenditure capitalized includes the cost of materials, direct labor, other costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs of a qualifying 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.

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

Amortization

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

Concession and license fees	Term of agreements
Software licenses	2 – 20 years
Others	3 – 25 years

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(k) Impairment

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 assets' recoverable amounts are estimated. For goodwill and 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 if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of a non-financial asset 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.

Reversals of impairment

An impairment loss in respect of financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss 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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

(l) Trade and other payables

Trade and other payables are stated at cost.

(m) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is 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.

(n) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

Remeasurements of the net defined benefit liability, actuarial gain or loss 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, 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 when 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 service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are 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 and 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.

(o) 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 costs.

(p) Revenue

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 or other sales taxes 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 when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Therefore, the amount of revenue recognized is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognized as services are provided on the basis of stage of completion of the transaction.

For bundled packages, the Group accounts for individual products and services separately if they are distinct (i.e. 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.

Granting options to purchase additional goods or services

The consideration received are 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 option expire. The stand-alone selling prices of the points is estimated based on discount provided to customers and the likelihood that the customers will redeem the points, and the estimate shall be reviewed at the end of the reporting period.

Interest and dividend income

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss on the date the Group's right to receive payments is established.

Royalty fee income

Royalty fee income is recognized throughout the royalty period.

(q) Expenses

Operating leases

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognized at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognized using the Group's incremental borrowing rate.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

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 expense

The Group offered certain qualifiable employees the option to take early retirement from the Group. 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.

(r) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following 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 and joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(s) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the foreign 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 that date. Foreign exchange differences are recognized in profit or loss.

Non-monetary assets and liabilities which include arising from the payment or receipt of advance consideration measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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 measured.

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.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are stated at exchange rates at the date of the transaction for acquisition occurred before the date 1 January 2013, and stated at exchange rates at the end of reporting period for acquisition beginning on or after 1 January 2013.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions and using the weighted average method.

Foreign exchange differences arising on translation are recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation, except to extent that the translation difference is allocated to non-controlling interest.

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 and are recognized in other comprehensive income, and presented in other components of equity until disposal of the foreign operation.

(t) *Derivative financial instruments*

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Group operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Group uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

(u) *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.

4 Acquisitions of business and changes in ownership interests in subsidiaries

Year 2019

(a) *Acquisitions*

During the year 2019, the Group acquired the significant businesses as follows:

(1) *Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.) and Bangkok Interfreight Forwarding Co., Ltd., Thailand*

On 11 January 2019, subsidiary companies in Cement-Building Materials Business acquired an additional 50% of shares in Thai Connectivity Terminal Co., Ltd. ("TCT"), which provides commercial port operation management services for both import and export consisting of Phra Pradaeng Port and Map Ta Phut Port and acquired an additional 50% of shares in Bangkok Interfreight Forwarding Co., Ltd. ("BIFC"), which provides water transportation services for containers and container moving services at the ports of TCT, for a total consideration of Baht 71 million.

Consequently, the Group's ownership interests in TCT and BIFC increased from 50% to 100%, resulted in the Group determining the fair value of the previously held equity interest in TCT and BIFC before changing the status from associates to subsidiaries as follows:

	(in million Baht)
Fair value of previously held equity interest in associate before changing to subsidiary	71
Less carrying amount of investment at equity method	(54)
Gain on fair value adjustment of investment	17

Obtaining control in TCT and BIFC will allow the Group to provide seamless logistics services in the areas of port and freight forwarding while enhancing asset utilization and domestic port to port expansion.

In October 2019, the Group transferred its stakes in TCT and BIFC to newly established joint venture company; therefore the investments in TCT and BIFC decreased from 100% to 51% and remained as subsidiaries of the Group.

(2) PT Fajar Surya Wisesa Tbk., and its subsidiary, Indonesia

On 28 June 2019, a subsidiary company in Packaging Business acquired 55% of ordinary shares of PT Fajar Surya Wisesa Tbk. ("Fajar"), which is a leading Indonesian packaging paper company and is also listed on the Indonesia Stock Exchange, for a total consideration of Rupiah 9.6 trillion or equivalent to approximately Baht 20,817 million.

Obtaining control in Fajar will allow the Group to enhance its ASEAN growth platform, especially in Indonesia that provides tremendous future growth opportunity for Packaging business.

(3) Visy Packaging (Thailand) Limited, Thailand

On 30 August 2019, a subsidiary company in Packaging Business acquired 80% of ordinary shares of Visy Packaging (Thailand) Limited ("Visy Thailand"). Visy Thailand is an Asia's leading producer of thermoformed barrier food packaging which is also recyclable, serving established global brand owners that require high quality packaging products. Also, the acquired company possesses global scale with a highly-automated production facility, including proprietary technology to produce packaging that can preserve food and fruit, as well as an integrated process to minimize waste, for a total consideration of Baht 4,305 million.

Obtaining control in Visy Thailand further reinforces the Group's continued growth and capabilities as a total packaging solution provider, especially in the Asian food and fruit segments where the world's major plantations are based.

According to the above acquisitions, the Group has engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. As at 31 December 2019, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently, the adjustments on accounting transactions of such acquisition will be made.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	Note	Fair value			
		TCT and BIFC	Fajar	Visy Thailand	Total
(in million Baht)					
Cash and cash equivalents	23	295	23	341	
Trade and other current receivables	69	3,932	263	4,264	
Inventories	3	2,594	235	2,832	
Investment Property	-	-	44	44	
Property, plant and equipment	340	22,550	1,406	24,296	
Intangible assets	-	3	528	531	
Non-current assets	46	783	19	848	
Interest-bearing borrowings	18	(170)	(9,421)	(75)	(9,666)
Trade and other current payables		(92)	(3,167)	(154)	(3,413)
Non-current liabilities	(35)	(3,109)	(173)	(3,317)	
Net identifiable assets and liabilities	184	14,460	2,116	16,760	
Less non-controlling interests	-	(6,506)	(423)	(6,929)	
Less fair value of previously held equity interest in associate before changing to subsidiary	(71)	-	-	(71)	
Recognized value of net assets acquired	113	7,954	1,693	9,760	
Goodwill	-	12,863	2,612	15,475	
Gain on a bargain purchase	(42)	-	-	(42)	
Total consideration transferred	71	20,817	4,305	25,193	
Cash acquired				(341)	
Net cash outflows				24,852	
Less cash in escrow account				(922)	
Net cash outflows in 2019				23,930	

Cash in escrow account amounting to Baht 922 million are presented net with accrued investment. The amount will be released to the former shareholders when certain conditions are met within March 2020.

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the year ended 31 December 2019. The subsidiaries contributed revenue from sales and services of Baht 9,526 million and profit for the period of Baht 625 million to the Group's operating results. Revenue from sale of those subsidiaries since 1 January 2019 to the acquisition date amounting to Baht 10,723 million and profit for the period of Baht 1,595 million.

The Group incurred acquisition costs totaling Baht 43 million which has been included in administrative expenses in the consolidated income statement.

(b) Change in ownership interests in subsidiaries

In the second quarter of 2019, a subsidiary in Packaging Business has restructured its stake in Rigid Plastic Packaging Business by having Toppan Printing Company Limited, a Japanese packaging company, join in SCGP-T Plastics Company Limited (“SCGP-T”), a holding company for the rigid plastic packaging business. With this portfolio adjustment, a transaction valued of Baht 194 million, the Group’s investment in SCGP-T has decreased from 100% to 51%, SCGP-T has remained a consolidated subsidiary of the Group.

Year 2018

(a) Acquisitions

During the year 2018, the Group acquired the significant businesses as follows:

(1) Interpress Printers Sendirian Berhad, Malaysia

On 19 January 2018, a subsidiary company in Packaging Business acquired 68% of shares in Interpress Printers Sendirian Berhad (“IPSB”), which is a sector-leading food-grade paper packaging company, highly accredited and vetted by the global leading fast food restaurant chain, located in Malaysia, for a total consideration of Ringgit 63 million or equivalent to approximately Baht 511 million.

Obtaining control in IPSB emphasizes the Group’s commitment in becoming a total packaging solutions provider in ASEAN countries and will further enhance the overall portfolio while exhibiting its potential to serve the burgeoning region’s fast food consumption, evolving lifestyle and preferences of consumers.

(2) Binh Minh Plastics Joint Stock Company, Vietnam

On 19 March 2018, a subsidiary company in Chemicals Business acquired an additional 30% of shares in Binh Minh Plastics Joint Stock Company (“BMP”), which is a PVC pipes and fittings market leader in southern part of Vietnam, for a total consideration of Vietnamese Dong 2,330 billion or equivalent to approximately Baht 3,208 million.

Consequently, the Group’s ownership interests in BMP increased from 20% to 50%, resulted in the Group determining the fair value of the previously held equity interest in BMP before changing the status from associate to subsidiary as follows:

(in million Baht)	
Fair value of previously held equity interest in associate	
before changing to subsidiary *	1,696
Less carrying amount of investment at equity method	(1,158)
Gain on revaluation of investment	538

* Fair value of previously held equity interest in associate before changing to subsidiary of BMP calculated by using price reference from stock price in stock exchange at acquisition date.

As a result of obtaining control of BMP, the Group will have capability to expand PVC pipe and fitting business in Vietnam and create value from integration within Vinyl chain. These are the main factors that generate goodwill from acquisition.

In the second quarter and the third quarter of 2018, the Group has purchased BMP shares in Ho Chi Minh City Stock Exchange of additional 4% for a total consideration of Vietnamese Dong 228 billion or equivalent to approximately Baht 323 million which made the Group existing stake in BMP become 54%.

According to the above acquisitions, the Group has engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. As at 31 December 2018, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

The Group has continuously determined its review of fair values of the business acquired within one year from the acquisition date, taking into accounts additional information, facts as well as circumstances that existed at the acquisition date. Consequently, the adjustments on accounting transactions of such acquisition will be made. In the first quarter of 2018, the Group revised the conditions and reviewed assets acquired and liabilities assumed of Vietnam Construction Materials Joint Stock Company which was the business acquisition in the first quarter of 2017. Identifiable assets and liabilities decrease of Baht 257 million and total consideration transferred decrease of Baht 267 million remaining amount Baht 5,318 million, resulting in the decrease in goodwill arising on acquisition of Baht 10 million. The revision was made in accordance with the conditions for adjusting the acquisition accounting as previously mentioned.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	Fair value		
	IPSB	BMP	Total
(in million Baht)			
Cash and cash equivalents	2	353	355
Current Investment	-	275	275
Trade and other current receivables	161	852	1,013
Inventories	57	817	874
Other current assets	-	27	27
Property, plant and equipment	347	1,126	1,473
Non-current assets	-	1,088	1,088
Interest-bearing debts	(244)	(79)	(323)
Trade and other current payables	(28)	(302)	(330)
Non-current liabilities	(13)	(161)	(174)
Net identifiable assets and liabilities	282	3,996	4,278
Less non-controlling interests	(89)	(2,002)	(2,091)
Less fair value of previously held equity interest in associate before changing to subsidiary	-	(1,696)	(1,696)
Recognized value of net assets acquired	193	298	491
Goodwill	318	2,910	3,228
Total consideration transferred	511	3,208	3,719
Cash acquired			(355)
Net cash outflows			3,364
Less accrued investment			(88)
Net cash outflows in 2018			3,276

The Group has agreed to pay total consideration payables of Baht 88 million to the former shareholder when certain conditions are achieved within May 2021.

The assets, liabilities and operating results since acquisition date of those subsidiaries have been included in the Group's consolidated financial statements for the year ended 31 December 2018. The subsidiaries contributed revenue from sales of Baht 5,000 million and profit for the period of Baht 476 million to the Group's operating results. Revenue from sale of those subsidiaries since 1 January 2019 to the acquisition date amounting to Baht 681 million and profit for the period of Baht 125 million.

The Group incurred acquisition costs totaling Baht 14 million which has been included in administrative expenses in the consolidated income statement.

(b) Change in ownership interests in subsidiaries

(1) Acquisition of ownership interests in subsidiaries without change of control

During the year 2018, the Group had purchased additional shares of Long Son Petrochemicals Co., Ltd. increased from 71% to 100%, Dyna Packs Co., Ltd. and Orient Containers Co., Ltd. increased from 75% to 100% and other subsidiaries, amounting to Baht 4,203 million.

The following summarizes the effect of the change in the Group's ownership interests:

	(in million Baht)
Carrying amount of non-controlling interests acquired	1,914
Less consideration paid to non-controlling interests	<u>(4,203)</u>
Decrease in equity attributable to owners of the Group from additional investments in subsidiaries	(2,289)

(2) Divestment all of ownership interests in subsidiaries

In the third quarter of 2018, a subsidiary company in Chemicals Business had divested all of its 65% stake in Alliance Petrochemical Investment (Singapore) Pte. Ltd. ("API"), a holding company which held shares in Mehr Petrochemical Company (P.J.S.C.), for a total consideration of US Dollars 83 million or equivalent to approximately Baht 2,757 million, and recognized a gain on sale of investment before tax Baht 1,005 million. In addition, the Group had divested all of its 60% stake in Siam Stabilizers and Chemicals Co., Ltd. ("SSC"), which is a manufacturer of stabilizers for PVC in Thailand, for a total consideration of US Dollars 5.4 million or equivalent to approximately Baht 178 million, and recognized a gain on sale of investment before tax Baht 48 million. The gain on sale of investment has been included in other income in the consolidated income statement.

As at 31 December 2018, the Group had receivable from sale of investment in API for US Dollars 52 million or equivalent to approximately Baht 1,681 million. The installment payments are received under the agreement. The Group will receive full payment within July 2020. In the fourth quarter of 2019, negotiations were made to revise the payment term and the contract value was decreased by US Dollars 23 million or equivalent to approximately Baht 676 million which has been included in administrative expenses in the consolidated income statement.

5 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.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2019	2018	Pricing policies
	(in million Baht)		
<i>Associates and joint ventures</i>			
Purchases	15,950	21,957	Market price
Service fee	841	671	Market price
Revenue from sales	40,939	54,554	Market price
Revenue from transportation and other services	1,735	1,800	Market price
Management fee and others	1,648	1,995	Mainly based on percentage of revenue from sales
Dividend income	14,318	11,189	Upon declaration
<i>Other related parties</i>			
Purchases	2,887	2,933	Market price
Service fee	276	226	Market price
Revenue from sales	519	915	Market price
Revenue from transportation and other services	123	148	Market price
Management fee and others	373	402	Mainly based on percentage of revenue from sales
Dividend income	1,880	2,476	Upon declaration

Balances as at 31 December with related parties were as follows:

<i>Trade receivables</i>	2019	2018
	(in million Baht)	
<i>Associates and joint ventures</i>		
Siam Polyethylene Co., Ltd.	1,005	1,277
Bangkok Synthetics Co., Ltd.	453	548
Thai MMA Co., Ltd.	424	318
Siam Styrene Monomer Co., Ltd.	397	404
Grand Siam Composites Co., Ltd.	288	362
Siam Synthetic Latex Co., Ltd.	286	319
PT Styrindo Mono Indonesia	233	77
PT Chandra Asri Perkasa	177	125
PT Chandra Asri Petrochemical Tbk.	170	219
Others	377	668
	<hr/>	<hr/>
	3,810	4,317
	<hr/>	<hr/>
<i>Other related parties</i>		
Siam Yamato Steel Co., Ltd.	69	81
Asia Cement Public Company Limited	10	23
Nippon Paper Industries Co., Ltd.	2	58
Other companies	22	31
	<hr/>	<hr/>
Total	3,913	4,510
	<hr/>	<hr/>

Other current receivables

	2019	2018
	(in million Baht)	
<i>Associates and joint ventures</i>		
Siam Kubota Corporation Co., Ltd.	323	322
Anhui Conch-SCG Refractory Co., Ltd.	97	-
Aisin Takaoka Foundry Bangpakong Co., Ltd.	77	110
Siam Nippon Industrial Paper Co., Ltd.	41	7
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	39	48
The Nawaloha Industry Co., Ltd.	30	36
Thai MMA Co., Ltd.	30	30
Siam AT Industry Co., Ltd.	25	19
Rayong Terminal Co., Ltd.	20	15
PT Chandra Asri Petrochemical Tbk.	1	62
Others	<u>104</u>	<u>190</u>
	<u>787</u>	<u>839</u>

Other related parties

	2019	2018
	(in million Baht)	
Siam Yamato Steel Co., Ltd.	25	5
Siam Toyota Manufacturing Co., Ltd.	5	6
Others	<u>13</u>	<u>12</u>
	<u>43</u>	<u>23</u>
Total	<u>830</u>	<u>862</u>

Short-term loans

	2019	2018
	(in million Baht)	
<i>Associates</i>		
PT M Class Industry	63	67
Da Nang Plastics Joint Stock Company	39	-
GTC Technology International, LP	<u>-</u>	<u>41</u>
	<u>102</u>	<u>108</u>
<i>Other related parties</i>		
Jumbo International Co., Ltd.	<u>7</u>	<u>18</u>
Total	<u>109</u>	<u>126</u>

Long-term loans

Current and non-current portion

	2019	2018
	(in million Baht)	
Associates		
Mariwasa Holdings, Inc.	82	82
Sekisui-SCG Industry Co., Ltd.	8	17
	<hr/>	<hr/>
	90	99
	<hr/>	<hr/>
Other related parties		
Jumbo Jetty Co.,Ltd.	16	22
Total	106	121
	<hr/>	<hr/>

Movements during the years on loans to related parties were as follows:

	2019	2018
	(in million Baht)	
<i>Short-term</i>		
At 1 January	126	134
Increase	40	-
Decrease	(57)	(8)
At 31 December	109	126
	<hr/>	<hr/>
<i>Long-term</i>		
At 1 January	121	141
Increase	-	1
Decrease	(15)	(21)
At 31 December	106	121
	<hr/>	<hr/>

Trade payables

	2019	2018
	(in million Baht)	
Associates		
PT Chandra Asri Petrochemical Tbk.	487	361
Siam Polyethylene Co., Ltd.	325	417
Siam Kubota Corporation Co., Ltd.	279	422
Bangkok Synthetics Co., Ltd.	190	214
Thai MMA Co., Ltd.	182	134
The Siam Gypsum Industry (Saraburi) Co., Ltd.	161	174
IT One Co., Ltd.	125	54
Others	279	309
	<u>2,028</u>	<u>2,085</u>
 <i>Other related parties</i>		
Siam Yamato Steel Co., Ltd.	92	185
Rengo Co., Ltd.	20	75
	<u>112</u>	<u>260</u>
Total	<u>2,140</u>	<u>2,345</u>
 <i>Other current payables</i>		
	2019	2018
	(in million Baht)	
Associates		
IT One Co., Ltd.	36	18
Thai MMA Co., Ltd.	14	14
Bangkok Synthetics Co., Ltd.	10	-
Others	23	14
	<u>83</u>	<u>46</u>
 <i>Other related parties</i>		
Nippon Paper Industries Co., Ltd.	39	40
Others	3	1
	<u>42</u>	<u>41</u>
Total	<u>125</u>	<u>87</u>

	2019	2018
	(in million Baht)	
Associate		
Binh Minh Viet Trading Investment Real Estate Joint Stock Company	71	76
Other related parties		
Sekisui Southeast Asia Co., Ltd.	203	-
Yamato Holding Co., Ltd.	123	-
PT Trans-Pacific Polyethylene Indonesia	74	77
Sekisui Chemical Co., Ltd.	-	120
	400	197
Total	471	273
 Long-term borrowings		
Current and non-current portion		
	2019	2018
	(in million Baht)	
Other related parties		
Global New Energy Co., Ltd.	6	7
Movements during the years on borrowings from related parties were as follows:		
	2019	2018
	(in million Baht)	
<i>Short-term</i>		
At 1 January	273	197
Acquisitions through business combinations	-	79
Increase	443	3
Decrease	(245)	(6)
At 31 December	471	273
 <i>Long-term</i>		
At 1 January	7	9
Acquisitions through business combinations	74	-
Decrease	(75)	(2)
At 31 December	6	7

The Board of Directors and key management compensation

	2019	2018
	(in million Baht)	
<i>For the years ended 31 December</i>		
Short-term employee benefits	325	396
Post-employment benefits	78	36
Total	403	432

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 staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

6 Trade and other current receivables

	Note	2019	2018
		(in million Baht)	
<i>Trade receivables</i>			
Related parties	5	3,913	4,510
Other companies		40,944	45,112
Less allowance for doubtful accounts		(1,253)	(1,165)
Net		39,691	43,947
		43,604	48,457
<i>Other current receivables</i>			
Related parties	5	830	862
Other companies		17,732	14,596
Total		18,562	15,458
		62,166	63,915
<i>For the years ended 31 December</i>			
Doubtful debts expenses		(559)	(294)
Bad debts recovery		86	47

	2019	2018
	(in million Baht)	
<i>Trade receivables</i>		
Related parties		
Within credit terms	3,768	4,379
Overdue:		
Less than 3 months	143	124
3 - 6 months	2	7
Total	3,913	4,510
 Other companies		
Within credit terms	33,855	38,261
Overdue:		
Less than 3 months	4,729	4,063
3 - 6 months	400	631
Over 6 - 12 months	329	608
Over 12 months	1,631	1,549
Less allowance for doubtful accounts	40,944	45,112
Net	(1,253)	(1,165)
Total	39,691	43,947
	43,604	48,457

The normal credit term granted by the Group is 15 - 90 days.

As at 31 December 2019, the outstanding overdue amounts of above accounts receivable have credit bank guarantees amounting to Baht 1,275 million (2018: Baht 1,008 million).

7 Inventories

	2019 (in million Baht)	2018
Finished goods	22,207	22,567
Goods in process	3,088	3,084
Raw materials	12,552	14,120
Spare parts	8,722	8,033
Stores, supplies and others	5,944	6,337
Raw materials in transit	5,211	7,673
Total	57,724	61,814
Less allowance for decline in value	(1,313)	(997)
Net	56,411	60,817
Cost of inventories recognized as an expense in cost of sales	343,573	372,469
Write-down to net realizable value	1,586	381
Reversal of write-down	(1,410)	(335)
Changes in inventories of finished goods and goods in process	356	(227)
Raw materials and supplies used	181,952	207,755

8 Cash and cash equivalents and other investments

	2019 (in million Baht)	2018
Cash and cash equivalents		
Cash on hand and at banks	24,020	25,207
Highly liquid short-term investments	3,607	3,582
Total	27,627	28,789
Current investments		
Fixed deposits with financial institutions	7,158	6,322
Available-for-sale debt securities	9,437	15,271
Total	16,595	21,593
Investments held as available for sale		
Available-for-sale debt securities	1,508	7,490
Marketable equity securities	2	2
Total	1,510	7,492

As at 31 December 2019, available-for-sale debt securities are mainly in private funds which invested by 3 independent assets management companies have invested in debt securities which had high liquidity and rating as investment grade with return rates from 1.12% to 1.95% per annum (2018: from 1.25% to 3.23% per annum).

Fair values

The fair values of available-for-sale securities together with the carrying amounts in the consolidated statement of financial position as at 31 December 2019 are as follows:

	Carrying amount	Fair value		
		Level 1	Level 2	Total
(in million Baht)				
Current investments				
Available-for-sale debt securities	9,437	-	9,437	9,437
Investments held as available for sale				
Available-for-sale debt securities	1,508	-	1,508	1,508
Marketable equity securities	2	2	-	2
Total	1,510	2	1,508	1,510

The table above analyzes recurring fair value measurements for available-for-sale securities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The levels applicable to the Group's investments are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets (Stock Exchange) for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Group determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

9 Investments in associates and joint ventures

Movements for the years ended 31 December in investments in associates and joint ventures accounted for using the equity method were as follows:

	Note	2019 (in million Baht)	2018 (in million Baht)
At 1 January		99,376	98,331
Share of net profit of investments - equity method		11,632	15,047
Increase in investment - net		1,648	2,760
Dividend income		(14,318)	(11,189)
Disposals and return on capital		(2,146)	(4,120)
Change of the status to subsidiaries	4	(54)	(1,158)
Transfer to non-current assets held for sale		(162)	-
Others		(1,624)	(295)
At 31 December		94,352	99,376

Investments in associates and joint ventures as at 31 December and dividends from these investments for the years then ended at the same date were as follows:

	Total direct /		indirect holding		Paid-up capital		Cost method		Equity method		Dividend income													
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018												
	(%)		(in million Baht)																					
Associates																								
Cement-Building Materials Business																								
Siam Global House Public Company Limited	32	30	4,202	4,001	10,913	9,414	13,233	11,391	247	213														
PT Catur Sentosa Adiprana Tbk	30	29	1,030	1,030	2,634	2,591	2,635	2,623	11	-														
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	745	697	129	152														
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	472	498	-	-														
Anhui Conch-SCG Refractory Co., Ltd.	30	30	497	497	148	148	388	401	107	-														
Noritake SCG Plaster Co., Ltd.	40	40	405	405	134	134	217	242	41	-														
PT M Class Industry	28	28	222	222	106	106	90	91	-	-														
Green Siam Resources Corporation	40	40	95	95	38	38	32	37	3	5														
China ASEAN Supply Chain																								
Management Co., Ltd.	49	-	23	-	29	-	27	-	-	-														
Mariwasa Holdings, Inc.	40	40	235	235	94	94	25	25	-	-														
CMPI Holdings, Inc.	40	40	55	55	18	18	15	15	-	7														
Thai Connectivity Terminal Co., Ltd.																								
(Formerly: Thai Prosperity Terminal Co., Ltd.)	51	50	-	63	-	31	-	32	-	-														
Other companies			149	151	38	39	26	48	-	14														
			9,388	9,229	15,337	13,798	17,905	16,100	538	391														
Chemicals Business																								
PT Chandra Asri Petrochemical Tbk	31	31	27,248	27,248	18,090	18,090	21,766	23,021	296	746														
Bangkok Synthetics Co., Ltd.	49	49	1,173	1,173	10,800	10,800	10,943	12,184	1,489	1,661														
Siam Polyethylene Co., Ltd.	50	50	4,366	4,455	2,183	2,183	6,050	6,148	1,050	-														
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,127	3,502	1,344	2,576														
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	2,801	3,117	1,449	2,030														
Siam Styrene Monomer Co., Ltd.	50	50	1,189	4,755	594	2,375	1,831	6,823	5,622	1,539														
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	1,057	1,083	614	386														
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	1,049	1,005	89	66														
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	503	497	147	147														
PT Siam Maspion Terminal	50	50	327	327	163	163	312	303	59	30														
Mitsui Advanced Composites																								
(Zhongshan) Co., Ltd.	20	20	596	596	119	119	242	267	39	47														
Siam Tohcello Co., Ltd.	45	45	406	592	266	266	182	137	-	-														
Thai MFC Co., Ltd.	45	45	200	200	87	87	107	112	10	13														
GTC Technology International, LP	-	25	-	191	-	107	-	267	-	-														
GTC Technology US, LLC	-	25	-	102	-	160	-	56	-	-														
Other companies			351	401	120	142	154	187	1	202														
			48,414	52,598	38,483	40,553	50,124	58,709	12,209	9,443														

	Total direct / indirect holding (%)											
	2019		2018		Paid-up capital 2019		Cost method 2019		Equity method 2019		Dividend income 2019	
	2018		2018		2018		2018		2018		2018	
	(in million Baht)											
Packaging Business												
Siam Toppan Packaging Co., Ltd.	49	49		500	500	245	245	430	427	10	11	
Siam Nippon Industrial Paper Co., Ltd.	31	31		1,100	1,100	495	495	269	239	-	-	
Saha Green Forest Co., Ltd.	17	17		190	190	48	48	72	64	2	5	
Other companies				263	263	105	105	-	-	-	-	
				2,053	2,053	893	893	771	730	12	16	
Other												
Siam Kubota Corporation Co., Ltd.	40	40		2,739	2,739	1,120	1,120	20,603	18,686	1,088	880	
Thai Engineering Products Co., Ltd.	30	30		85	85	76	76	957	1,246	215	158	
The Nawaloha Industry Co., Ltd.	30	30		300	300	90	90	802	716	44	59	
Aisin Takaoka Foundry												
Bangpakong Co., Ltd.	30	30		475	475	142	142	754	694	101	143	
Siam AT Industry Co., Ltd.	30	30		240	240	72	72	736	723	37	21	
The Siam Nawaloha Foundry Co., Ltd.	25	25		308	308	74	74	409	400	5	10	
Lysando AG	20	20		39	39	355	355	240	252	-	-	
Muang Thong United Co., Ltd.	30	30		233	233	140	140	90	104	-	-	
IT One Co., Ltd.	20	20		80	80	16	16	49	43	69	68	
				4,499	4,499	2,085	2,085	24,640	22,864	1,559	1,339	
Total				64,354	68,379	56,798	57,329	93,440	98,403	14,318	11,189	
Less accumulated impairment losses								(103)	(87)			
Less classified as assets held for sale								(162)	-			
Investments in associates - net				64,354	68,379	56,798	57,329	93,175	98,316	14,318	11,189	
Joint ventures												
Cement-Building Materials Business												
Global House International Company Limited	66	65		1,519	1,519	760	760	816	787	-	-	
SCG Nichirei Logistics Co., Ltd.	51	51		720	570	367	291	346	258	-	-	
Siam Smart Data Co., Ltd.	51	51		30	30	15	15	15	15	-	-	
Investments in joint ventures				2,269	2,119	1,142	1,066	1,177	1,060	-	-	
Investments in associates and joint ventures - net				66,623	70,498	57,940	58,395	94,352	99,376	14,318	11,189	

Acquisitions

In the first quarter of 2019, the Group acquired the additional 50% stake in Thai Connectivity Terminal Co., Ltd. (Formerly: Thai Prosperity Terminal Co., Ltd.) and Bangkok Interfreight Forwarding Co., Ltd. and changed its status from associate to subsidiary, as disclosed in note 4.

Disposals

In the second quarter of 2019, the Group sold all of its 25% stake in GTC Technology International, LP and GTC Technology US, LLC with the proceeds from sale totaling Baht 322 million.

Immaterial associates and joint ventures

The following is summarized financial information for the Group's interest in immaterial associates and joint ventures based on the amounts reported in the Group's consolidated financial statements:

	Associates		Joint ventures	
	2019	2018 (in million Baht)	2019	2018
Carrying amount of interests in associates and joint ventures	93,175	98,316	1,177	1,060
The Group's share of:				
- Profit for the year	11,592	14,909	40	138
- Other comprehensive income for the year	(1,612)	312	-	-
- Total comprehensive income for the year	9,980	15,221	40	138

Common stock dividend payment

In the second quarter of 2019, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2018 of cash dividend and common stock dividend with the date of dividend payment on 23 May 2019. The Group is entitled to receive common stock dividend of 60 million shares at the par value Baht 1 per share, totaling Baht 60 million.

10 Other long-term investments

	Total direct / indirect holding (%)		Investment		Dividend income (in million Baht)	
	2019	2018	2019	2018	2019	2018
Cement-Building Materials Business						
Asia Cement Public Company Limited	10	10	942	942	111	82
Finfloor S.p.A.	10	10	299	299	76	49
Others			362	114	-	-
			1,603	1,355	187	131
Chemicals Business						
PT Trans-Pacific Petrochemical Indotama	5	5	2,002	2,002	-	-
PT Trans-Pacific Polyethylene Indonesia *	39	39	184	184	-	-
PT Trans-Pacific Polyethylindo *	39	39	131	131	-	-
Others			459	187	9	6
			2,776	2,504	9	6
* No existence of significant influence						
Packaging Business						
			33	33	-	-
Other						
Toyota Motor Thailand Co., Ltd.	10	10	881	881	1,546	2,234
Siam Yamato Steel Co., Ltd.	10	10	484	484	50	50
Siam Toyota Manufacturing Co., Ltd.	4	4	178	178	88	44
Others			644	389	10	3
			2,187	1,932	1,694	2,331
Total			6,599	5,824	1,890	2,468
Less accumulated impairment losses			(2,428)	(2,428)	-	-
Net			4,171	3,396	1,890	2,468

The aggregate values of the above investments based on the latest available audited financial statements as at 31 December 2019 are as follows:

	Cost	less accumulated impairment losses	Interests in carrying amount (in million Baht)
Other long-term investments	4,171		12,162

11 Other non-current receivables

	2019 (in million Baht)	2018
Land lease prepayments	3,896	4,216
Advance payment for construction contract and others	2,767	7,799
Prepaid expenses	1,240	406
Others	807	1,367
Total	8,710	13,788

12 Investment property

	Land and land improvements	Buildings and structures	Total
<i>(in million Baht)</i>			
<i>Cost</i>			
At 1 January 2018	1,402	588	1,990
Additions	70	5	75
Disposals	(5)	2	(3)
Transfers from property, plant and equipment	165	65	230
Transfers to land development for sales	(13)	-	(13)
At 31 December 2018	1,619	660	2,279
Acquisitions through business combinations	44	-	44
Additions	-	3	3
Disposals	(1)	-	(1)
Transfers to property, plant and equipment	(114)	(3)	(117)
At 31 December 2019	1,548	660	2,208
<i>Accumulated depreciation and accumulated impairment losses</i>			
At 1 January 2018	111	387	498
Depreciation charge for the year	10	26	36
Transfers from property, plant and equipment	-	28	28
At 31 December 2018	121	441	562
Depreciation charge for the year	3	21	24
At 31 December 2019	124	462	586
<i>Carrying amount</i>			
At 31 December 2018	1,498	219	1,717
At 31 December 2019	1,424	198	1,622

The Group determined fair value of investment properties as at 31 December 2019 at open market values on an existing use basis. The fair value was Baht 7,381 million (2018: Baht 8,349 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.

13 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
Cost	(in million Baht)						
At 1 January 2018	32,157	79,966	420,797	12,715	7,549	16,436	569,620
Acquisitions through business combinations	-	885	1,807	43	37	26	2,798
Decrease from sold of subsidiary	(27)	(76)	(216)	(2)	(5)	-	(326)
Additions	841	941	5,732	205	240	15,540	23,499
Disposals/written off	(136)	(159)	(5,518)	(266)	(306)	(95)	(6,480)
Transfers to investment property	(165)	(65)	-	-	-	-	(230)
Transfers to assets held for sales	-	(225)	(45)	-	(4)	-	(274)
Transfers in (out)	429	1,473	8,495	279	194	(11,748)	(878)
Currency translation differences	(318)	(789)	(2,058)	(97)	(42)	76	(3,228)
At 31 December 2018	32,781	81,951	428,994	12,877	7,663	20,235	584,501
Acquisitions through business combinations	3,790	1,774	25,142	194	208	1,495	32,603
Additions	265	979	5,705	237	336	53,120	60,642
Disposals/written off	(151)	(115)	(2,925)	(235)	(259)	(77)	(3,762)
Transfers from investment property	114	3	-	-	-	-	117
Transfers in (out)	492	1,547	6,445	396	193	(10,733)	(1,660)
Currency translation differences	(221)	(1,043)	(2,992)	(106)	(33)	(519)	(4,914)
At 31 December 2019	37,070	85,096	460,369	13,363	8,108	63,521	667,527

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total						
	(in million Baht)												
<i>Accumulated depreciation and accumulated impairment losses</i>													
At 1 January 2018													
Acquisitions through business combinations	-	194	1,069	30	32	-	1,325						
Decrease from sold of subsidiary	-	(67)	(193)	(2)	(4)	-	(266)						
Depreciation charge for the year	1,034	2,688	17,306	767	594	-	22,389						
Impairment losses (reversal)	(5)	117	528	-	3	-	643						
Disposals/written off	(125)	(111)	(5,220)	(190)	(265)	-	(5,911)						
Transfers to investment property	-	(28)	-	-	-	-	(28)						
Transfers to assets held for sales	-	(145)	(3)	-	(4)	-	(152)						
Transfers in (out)	26	(72)	(686)	(7)	(11)	(3)	(753)						
Currency translation differences	(28)	(139)	(716)	(68)	(34)	-	(985)						
At 31 December 2018	10,811	41,503	269,485	9,023	6,179	34	337,035						
Acquisitions through business combinations	215	670	7,134	147	141	-	8,307						
Depreciation charge for the year	853	2,792	17,544	696	562	-	22,447						
Impairment losses	1	181	594	1	3	34	814						
Disposals/written off	(140)	(76)	(2,721)	(219)	(235)	(30)	(3,421)						
Transfers in (out)	93	(186)	(1,392)	(1)	(4)	-	(1,490)						
Currency translation differences	(49)	(202)	(1,791)	(86)	(23)	-	(2,151)						
At 31 December 2019	11,784	44,682	288,853	9,561	6,623	38	361,541						
<i>Carrying amount</i>													
At 31 December 2018	21,970	40,448	159,509	3,854	1,484	20,201	247,466						
At 31 December 2019	25,286	40,414	171,516	3,802	1,485	63,483	305,986						

In 2019, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment were capitalized as part of the cost of construction in progress, amounting to Baht 287 million (2018: Baht 158 million), rates of interest capitalized at 1.95% to 5.45% per annum (2018: 1.60% to 5.65% per annum).

As at 31 December 2019, the cost of land, machinery and equipment held under finance leases was Baht 3,059 million (2018: Baht 1,207 million) and has carrying amount of Baht 2,550 million (2018: Baht 884 million).

During 2019, the Group has recognized an impairment loss on property, plant and equipment totaling Baht 814 million mainly from the regional non-Thai Ceramics business (2018: Baht 643 million), which is included in administrative 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 its value in use, determined by discounting the future cash flows which included estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on the long-term compound annual EBITDA growth rate estimated by management. Discount rate was determined by using weighted average cost of capital of the Group.

14 Goodwill and other intangible assets

	Goodwill	Intangible assets				(in million Baht)
		Software		Concession	Total	
		licenses & license fees	Development cost	and others	intangible assets	
<i>Cost</i>						
At 1 January 2018	18,099	10,255	500	8,077	18,832	
Acquisitions through business combinations	3,228	15	-	-	15	
Additions	-	369	399	526	1,294	
Disposals/written off	-	(197)	(9)	(21)	(227)	
Transfers in (out)	-	504	(326)	(157)	21	
Currency translation differences	(4)	(12)	-	(42)	(54)	
At 31 December 2018	21,323	10,934	564	8,383	19,881	
Acquisitions through business combinations	15,475	442	-	153	595	
Additions	-	698	513	306	1,517	
Disposals/written off	-	(567)	(1)	(72)	(640)	
Transfers in (out)	-	279	(260)	39	58	
Currency translation differences	(1,060)	(20)	(2)	(85)	(107)	
At 31 December 2019	35,738	11,766	814	8,724	21,304	
<i>Accumulated amortization and accumulated impairment losses</i>						
At 1 January 2018	622	5,904	-	1,525	7,429	
Acquisitions through business combinations	-	2	-	-	2	
Amortization charge for the year	-	892	-	438	1,330	
Impairment losses (reversal)	815	17	(3)	2	16	
Disposals/written off	-	(161)	-	(1)	(162)	
Transfers in (out)	-	102	3	(22)	83	
At 31 December 2018	1,437	6,756	-	1,942	8,698	
Acquisitions through business combinations	-	64	-	-	64	
Amortization charge for the year	-	932	-	490	1,422	
Impairment losses	-	10	-	1	11	
Disposals/written off	-	(560)	-	(66)	(626)	
Transfers in (out)	-	(5)	-	(14)	(19)	
At 31 December 2019	1,437	7,197	-	2,353	9,550	
<i>Carrying amount</i>						
At 31 December 2018	19,886	4,178	564	6,441	11,183	
At 31 December 2019	34,301	4,569	814	6,371	11,754	

In the third quarter of 2018, the Group recognized loss on goodwill impairment from investment in subsidiaries of Cement-Building Materials Business, totaling Baht 815 million which have been included in administrative expenses in the consolidated income statement.

For the purpose of impairment testing of goodwill, the Group determined the recoverable amount was based on its value in use by discounting the future cash flows which included estimates for five years and a terminal growth rate thereafter. The terminal growth rate was determined based on the long-term compound annual EBITDA growth rate estimated by management. Discount rate was determined by using weighted average cost of capital of the Group.

15 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:

	2019 (in million Baht)	2018 (in million Baht)
Deferred tax assets	4,618	5,073
Deferred tax liabilities	(4,717)	(2,155)
Net	(99)	2,918

Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2018	Credited (charged) to			Increase through business combinations	Currency translation differences	At 31 December 2018				
		other	comprehensive income	Increase through business combinations							
		profit or loss (note 30)	(note 30)	(note 30)							
(in million Baht)											
Deferred tax assets											
Loss carry forward	3,823	(1,204)	-	-	-	-	2,619				
Investments	85	(17)	-	-	-	-	68				
Property, plant and equipment	554	(72)	-	-	-	(7)	475				
Provisions for											
employee benefits	1,573	107	211	-	(26)	1,865					
Others	659	(112)	-	35	(1)	581					
Total	6,694	(1,298)	211	35	(34)	5,608					
Deferred tax liabilities											
Investments	(165)	125	8	-	-	-	(32)				
Property, plant and equipment	(2,452)	50	-	(54)	16	(2,440)					
Others	(121)	26	-	(121)	(2)	(218)					
Total	(2,738)	201	8	(175)	14	(2,690)					
Net	3,956	(1,097)	219	(140)	(20)	2,918					

	Credited (charged) to					
	At 1 January 2019	profit or loss <small>(note 30)</small>	other comprehensive income	Increase through business combinations	Currency translation differences	At 31 December 2019
(in million Baht)						
Deferred tax assets						
Loss carry forward	2,619	(1,535)	-	57	(2)	1,139
Investments	68	(1)	-	-	-	67
Property, plant and equipment	475	221	-	-	10	706
Provisions for						
employee benefits	1,865	591	252	148	(16)	2,840
Others	581	4	-	5	(3)	587
Total	5,608	(720)	252	210	(11)	5,339
Deferred tax liabilities						
Investments	(32)	-	(8)	-	-	(40)
Property, plant and equipment	(2,440)	26	-	(2,743)	48	(5,109)
Others	(218)	29	-	(110)	10	(289)
Total	(2,690)	55	(8)	(2,853)	58	(5,438)
Net	2,918	(665)	244	(2,643)	47	(99)

In the third quarter of 2019, a subsidiary reversed deferred tax assets on unused tax losses because the probability that future taxable profits will not be available for utilization within the specified period. The subsidiary recognized income tax expense amounting to Baht 1,581 million in the consolidated income statement, resulting in the decrease in net profit amounted to Baht 1,063 million.

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets (liabilities) are as the following items:

	2019	2018
	(in million Baht)	
Deductible temporary differences		
- Inventories	72	62
- Property, plant and equipment	653	743
- Provisions for employee benefits	572	238
- Others	829	489
Unused tax losses	<u>30,472</u>	<u>13,565</u>
Total	32,598	15,097

The unused tax losses on which the Group has not recognized deferred tax assets are the tax losses which do not expire under tax legislation and would be expired within 2025.

As at 31 December 2019 and 2018, 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.

16 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities were as follows:

	Note	Bank overdrafts and short-term borrowings	Long-term borrowings	Debentures	Total
		(in million Baht)			
At 1 January 2018		19,783	8,246	181,134	209,163
Changes from financing cash flows		2,118	(6,051)	25	(3,908)
Changes arising from obtaining subsidiaries	4	237	86	-	323
The effect of changes in foreign exchange rates		(114)	(16)	-	(130)
At 31 December 2018		22,024	2,265	181,159	205,448
Changes from financing cash flows		(5,487)	24,591	(6,476)	12,628
Changes arising from obtaining subsidiaries	4	2,935	6,731	-	9,666
The effect of changes in foreign exchange rates		(205)	(124)	-	(329)
At 31 December 2019		19,267	33,463	174,683	227,413

17 Bank overdrafts and short-term borrowings from financial institutions

	2019	2018
	(in million Baht)	
Promissory notes	12,416	17,776
Short-term borrowings	6,312	3,902
Bank overdrafts and others	69	74
Total	18,797	21,752

As at 31 December 2019, the Group has overdraft lines with several banks amounting to approximately Baht 7,975 million (2018: Baht 8,734 million).

18 Long-term borrowings

	2019	2018
	(in million Baht)	
Current		
- Secured		
Current portion of long-term borrowings	2,038	-
- Unsecured		
Current portion of long-term borrowings	668	621
Current portion of finance lease liabilities	144	58
	2,850	679
Non-current		
- Secured		
Long-term borrowings	8,230	-
- Unsecured		
Long-term borrowings	22,210	1,515
Finance lease liabilities	173	71
	30,613	1,586
Total	33,463	2,265

The currency denomination of interest-bearing borrowings is as follows:

	2019	2018
	(in million Baht)	
Thai Baht	21,584	815
US Dollars	10,798	953
Ringgit	366	328
Vietnamese Dong	293	143
Rupiah	230	-
Peso	192	25
Others	-	1
Total	33,463	2,265

The average interest rates are 1.91% to 6.05% per annum (2018: 3.00% to 6.25% per annum). Some of the above long-term loans are guaranteed by the Company and the long-term loan from the business acquisition in Indonesia are guaranteed by its property, plant and equipment. The Group has already signed facility agreement for unsecured long-term borrowings from financial institutions to refinance existing loans.

As at 31 December 2019, the Group has undrawn credit facilities totaling equivalent to Baht 114,953 million (2018: Baht 106,165 million) included facilities for the petrochemical complex project in Vietnam amounting to US Dollars 3,078 million, equivalent to approximately Baht 92,816 million. Before the approval date of financial statements, the Group has drawn down under the loan agreements made equivalent to Baht 17,717 million.

The average interest rate of long-term borrowings in foreign currency is approximately 4.87% per annum in 2019 (2018: 4.07% per annum).

The interest-bearing borrowings, excluding finance lease liabilities, can be classified by periods to maturity as follows:

	2019 (in million Baht)	2018
Within 1 year	2,706	621
After 1 year but within 5 years	21,366	1,397
After 5 years	9,074	118
Total	33,146	2,136

Finance lease liabilities

Subsidiaries entered into leased machinery and equipment agreements. Lease terms are for a period of 3 - 9 years. Finance lease liabilities as at 31 December are as follows:

	Principal (in million Baht)	Interest	Payments
Year 2019			
Within 1 year	144	18	162
After 1 year but within 5 years	173	11	184
Total	317	29	346
Year 2018			
Within 1 year	58	7	65
After 1 year but within 5 years	71	5	76
Total	129	12	141

19 Debentures

As at 31 December 2019, the Company had issued unsubordinated and unsecured debentures totaling Baht 175,000 million (2018: Baht 181,500 million) as follows:

Debentures no.	2019 (in million Baht)	2018 (in million Baht)	Interest rate (% p.a.)	Term	Maturity date	Fair value *	
						2019	2018
Debentures - The Siam Cement Public Company Limited							
3/2012	-	6,500	4.40	7 years	12 October 2019	-	1,028
1/2015	-	15,000	3.90	4 years	1 April 2019	-	1,006
2/2015	-	10,000	3.40	4 years	1 November 2019	-	1,019
1/2016	25,000	25,000	3.00	4 years	1 April 2020	1,004	1,014
2/2016	25,000	25,000	3.00	4 years	1 November 2020	1,018	1,024
1/2017	25,000	25,000	3.25	4 years	1 April 2021	1,020	1,023
2/2017	10,000	10,000	2.97	7 years	30 August 2024	1,055	1,025
3/2017	25,000	25,000	3.05	4 years	1 October 2021	1,020	1,021
1/2018	30,000	30,000	3.00	4 years	1 April 2022	1,032	1,016
2/2018	10,000	10,000	3.10	4 years	1 October 2022	1,050	1,026
1/2019	15,000	-	3.10	4 years	1 April 2023	1,044	-
2/2019	10,000	-	3.00	4 years	1 November 2023	1,044	-
Total	175,000	181,500					
Less debentures							
held by a subsidiary	(317)	(341)					
Net	174,683	181,159					
Less current portion	(49,935)	(31,430)					
Net	124,748	149,729					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2019 and 2018.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

20 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

	2019	2018
	(in million Baht)	
Post-employment benefits		
Legal severance payments plan	13,341	8,574
Pension	91	82
Other long-term employee benefits	645	596
Total non-current provisions for defined benefit plans	14,077	9,252
Other employee benefits	224	198
Total	14,301	9,450
Less plan assets of foreign subsidiaries	(106)	(102)
Total non-current provisions for employee benefits - net	14,195	9,348

Movements in the present value of non-current provisions for defined benefit plans

	2019	2018
	(in million Baht)	
Non-current provisions for defined benefit plans at 1 January	9,252	7,478
Included in profit or loss		
Current service costs	771	519
Interest on obligation	410	275
Actuarial losses	32	69
Past service cost from the amended severance pay of the Labor Law	2,538	-
	3,751	863
Included in other comprehensive income		
Actuarial losses	1,396	1,387
Currency translation differences	(42)	(70)
	1,354	1,317
Others		
Benefits paid	(874)	(443)
Acquisitions through business combinations	594	-
Others	-	37
	(280)	(406)
Non-current provisions for defined benefit plans at 31 December	14,077	9,252

On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the maximum rate of 300 days. The Group recognized the effect of this change as the expense amounted to Baht 2,538 million in consolidated income statement, resulting in the decrease in net profit amounted to Baht 2,035 million.

Movements in the fair value of plan assets of foreign subsidiaries

	2019	2018
	(in million Baht)	
Plan assets at 1 January	102	110
Contributions paid into the plan	13	11
Benefits paid	(11)	(9)
Expected return on plan assets	5	5
Actuarial losses	-	(6)
Currency translation differences	(3)	(9)
Plan assets at 31 December	106	102

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2019	2018
	(in million Baht)	
For the years ended 31 December		
Demographic assumptions	(160)	222
Financial assumptions	1,202	144
Experience adjustment	354	1,027
Total	1,396	1,393

Actuarial assumptions

Principal actuarial assumptions as of the end of the reporting period

	2019	2018
	(%)	
Discount rate *		
- Thailand	1.46 - 2.05	2.65 - 3.72
- Vietnam	4.01	5.10
- Indonesia	5.43 - 8.50	8.24 - 8.98
- Others	4.91 - 7.53	6.17 - 7.36
Salary increase rate	2.00 - 7.00	3.00 - 7.00
Employee turnover rate **	1.50 - 20.00	1.50 - 33.00
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

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)	
	2019	2018
(in million Baht)		
Discount rate		
0.5% increase	(743)	(464)
0.5% decrease	813	507
Salary increase rate		
1.0% increase	1,623	1,000
1.0% decrease	(1,391)	(860)
Employee turnover rate		
10.0% increase	(405)	(248)
10.0% decrease	424	260

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.

Plan assets of foreign subsidiaries

	2019	2018
(%)		
For the years ended 31 December		

Discount rate	4.91 - 5.50	6.17 - 7.36
---------------	-------------	-------------

21 Share capital

		2019		2018	
		Par Value (in Baht)	Number of shares	Par Value (in million shares / million Baht)	Number of shares Value
<i>Authorized</i>					
At 1 January					
- ordinary shares	1		1,600	1,600	1,600
At 31 December					
- ordinary shares	1		1,600	1,600	1,600
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1		1,200	1,200	1,200
At 31 December					
- ordinary shares	1		1,200	1,200	1,200

22 Reserves and other components of shareholders' equity

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.

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of the Group's foreign operations until disposal of investment.

Fair value changes in available-for-sale investments

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

23 Non-controlling interests

The following table summarizes the information relating to each of the Group's subsidiaries that has a material non-controlling interest, before any intra-group eliminations:

	Rayong Olefins Co., Ltd.	Map Ta Phut Olefins Co., Ltd.		
	2019	2018	2019	2018
(in million Baht)				
<i>Non-controlling interests at 31 December</i>				
Non-controlling interest percentage	49.46%	49.46%	45.27%	45.27%
Current assets	8,980	9,675	9,990	12,852
Non-current assets	8,014	8,196	39,184	33,342
Current liabilities	(3,689)	(5,361)	(13,222)	(17,130)
Non-current liabilities	(656)	(691)	(8,564)	(48)
Net assets	12,649	11,819	27,388	29,016
Carrying amount of non-controlling interest	6,256	5,846	12,399	13,136
<i>For the years ended 31 December</i>				
Revenue	51,068	68,336	62,458	84,994
Profit (loss) for the year	850	5,989	(1,615)	6,351
Other comprehensive income for the year	(20)	(7)	(13)	2
Total comprehensive income for the year	830	5,982	(1,628)	6,353
Profit (loss) for the year:				
- Attributable to owners of the parent	430	3,027	(884)	3,476
- Attributable to non-controlling interest	420	2,962	(731)	2,875
Other comprehensive for the year:				
- Attributable to owners of the parent	(10)	(4)	(7)	1
- Attributable to non-controlling interest	(10)	(3)	(6)	1
830	5,982	(1,628)	6,353	
Cash flows from operating activities	(71)	7,112	4,222	9,372
Cash flows from investing activities	(301)	(101)	(7,141)	(2,131)
Cash flows from financing activities	369	(7,004)	2,922	(7,233)
Net increase (decrease) in cash and cash equivalents	(3)	7	3	8
Dividends to non-controlling interest	-	3,371	-	2,956

24 Business segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal 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.

In 2019, the management has changed the presentation on business segment information by including the intellectual property charges in each business segment's performance. The business segment information in 2018 has been adjusted to conform to the presentation in 2019.

Business segments

The Group comprises the following main business segments:

Cement-Building Materials Business	Manufacture and sale of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribution of cement, building and decorative products of the Group companies through distributors, as well as importing fuel products and waste paper.
Chemicals Business	Manufacture and sale of olefins, polyolefins and other chemical products.
Packaging Business	Manufacture and distribute packaging paper, various types of packaging including paper packaging (corrugated container and food packaging) and plastic packaging (flexible packaging and rigid plastic packaging), as well as manufacture and distribute pulp, dissolving pulp, and printing and writing paper.
Other	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components and steel, as well as 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)	
	2019	2018	2019	2018	2019	2018
	(in million Baht)					
Consolidated SCG	634,733	589,787	437,980	478,438	74,960	86,641
Business Segments						
Cement-Building Materials Business	211,573	218,316	184,690	182,952	20,991	20,382
Chemicals Business	230,543	213,263	177,634	221,538	32,258	45,237
Packaging Business	139,513	93,246	89,070	87,255	15,036	14,566
Other	307,424	312,828	117	100	6,711	6,512
Profit for the year (2)						
	2019	2018	2019	2018	Depreciation and amortization	
(in million Baht)						
Consolidated SCG	32,014	44,748	23,931	23,747		
Business Segments						
Cement-Building Materials Business	5,455	5,277	10,496	10,608		
Chemicals Business	15,480	28,410	6,679	6,835		
Packaging Business	5,268	6,066	5,991	5,402		
Other	5,861	5,064	765	902		

- (1) Represents profit before share of profit of associates and joint ventures, finance costs, income tax expense, depreciation and amortization and includes dividends from associates.
- (2) Represents profit for the year attributable to owners of the parent.

Operating results of business segments

	Cement-Building		Chemicals Business		Packaging Business		
	Materials Business	2019	2018	2019	2018	2019	2018
(in million Baht)							

Information from

statements of financial position

Current assets	59,539	64,031	49,258	55,241	35,383	30,074
Investments in associates and joint ventures	18,928	17,168	50,108	58,709	771	730
Other long-term investments	1,574	1,325	408	136	16	16
Property, plant and equipment	105,815	109,585	115,513	77,455	82,864	58,379
Other non-current assets	25,717	26,207	15,256	21,722	20,479	4,047
Total assets	211,573	218,316	230,543	213,263	139,513	93,246
Short-term borrowings	67,417	74,973	27,564	28,221	43,230	27,894
Other current liabilities	22,164	23,420	26,776	21,239	10,784	9,297
Long-term borrowings	926	943	17,962	4,667	16,354	602
Other non-current liabilities	7,977	6,439	4,062	2,901	6,329	2,193
Total liabilities	98,484	105,775	76,364	57,028	76,697	39,986
Shareholders' equity	113,089	112,541	154,179	156,235	62,816	53,260
Total liabilities and shareholders' equity	211,573	218,316	230,543	213,263	139,513	93,246

Supplementary information

Increase in non-current assets	9,380	8,827	45,330	13,740	47,273	7,728
--------------------------------	-------	-------	--------	--------	--------	-------

	Intersegment		Consolidated SCG	
	Other	Elimination	2019	2018
	2019	2018	2019	2018
(in million Baht)				

Information from

statements of financial position

Current assets	145,342	146,850	(125,136)	(118,925)	164,386	177,271
Investments in associates and joint ventures	24,553	22,777	(8)	(8)	94,352	99,376
Other long-term investments	129,587	135,020	(125,904)	(125,609)	5,681	10,888
Property, plant and equipment	2,657	2,946	(863)	(899)	305,986	247,466
Other non-current assets	5,285	5,235	(2,409)	(2,425)	64,328	54,786
Total assets	307,424	312,828	(254,320)	(247,866)	634,733	589,787
Short-term borrowings	50,485	32,990	(116,644)	(109,945)	72,052	54,133
Other current liabilities	2,414	2,872	(2,685)	(3,161)	59,453	53,667
Long-term borrowings	124,752	149,736	(4,633)	(4,633)	155,361	151,315
Other non-current liabilities	2,557	2,096	(801)	(826)	20,124	12,803
Total liabilities	180,208	187,694	(124,763)	(118,565)	306,990	271,918
Shareholders' equity	127,216	125,134	(129,557)	(129,301)	327,743	317,869
Total liabilities and shareholders' equity	307,424	312,828	(254,320)	(247,866)	634,733	589,787

Supplementary information

Increase in non-current assets	524	260	-	-	102,507	30,555
--------------------------------	-----	-----	---	---	---------	--------

		Cement-Building		Materials Business		Chemicals Business		Packaging Business	
		2019	2018	2019	2018	2019	2018	2019	2018
(in million Baht)									

Information from**income statements**

Revenue from sales									
External customers	174,540	172,867	176,942	220,766	86,381	86,381	84,705		
Intersegment	10,150	10,085	692	772	2,689	2,689	2,550		
Total revenue from sales	184,690	182,952	177,634	221,538	89,070	89,070	87,255		
Cost of sales	(146,001)	(145,762)	(151,722)	(182,056)	(71,651)	(71,651)	(69,074)		
Gross profit	38,689	37,190	25,912	39,482	17,419	17,419	18,181		
Other income	2,353	2,400	1,924	4,393	841	841	515		
Profit before expenses	41,042	39,590	27,836	43,875	18,260	18,260	18,696		
Operating expenses	(32,255)	(30,207)	(15,030)	(14,916)	(9,754)	(9,754)	(9,548)		
Profit before finance costs									
and income tax	8,787	9,383	12,806	28,959	8,506	8,506	9,148		
Finance costs	(2,630)	(2,905)	(783)	(721)	(1,619)	(1,619)	(1,039)		
Profit before income tax	6,157	6,478	12,023	28,238	6,887	6,887	8,109		
Tax expense	(1,605)	(1,827)	(3,304)	(4,239)	(1,049)	(1,049)	(1,268)		
Profit after income tax	4,552	4,651	8,719	23,999	5,838	5,838	6,841		
Share of profit (loss) of associates									
and joint ventures	947	924	7,225	11,183	53	53	(15)		
Profit for the year	5,499	5,575	15,944	35,182	5,891	5,891	6,826		
Profit attributable to:									
Owners of the parent	5,455	5,277	15,480	28,410	5,268	5,268	6,066		
Non-controlling interests	44	298	464	6,772	623	623	760		
	5,499	5,575	15,944	35,182	5,891	5,891	6,826		

		Intersegment					
		Other		Elimination		Consolidated SCG	
		2019	2018	2019	2018	2019	2018
(in million Baht)							

Information from**income statements**

Revenue from sales

External customers	117	100	-	-	437,980	478,438
Intersegment	-	-	(13,531)	(13,407)	-	-
Total revenue from sales	117	100	(13,531)	(13,407)	437,980	478,438
Cost of sales	(86)	(47)	13,708	13,476	(355,752)	(383,463)
Gross profit	31	53	177	69	82,228	94,975
Other income	10,544	11,176	(6,815)	(6,661)	8,847	11,823
Profit before expenses	10,575	11,229	(6,638)	(6,592)	91,075	106,798
Operating expenses	(6,464)	(6,958)	6,601	6,536	(56,902)	(55,093)
Profit before finance costs						
and income tax	4,111	4,271	(37)	(56)	34,173	51,705
Finance costs	(1,447)	(2,222)	37	51	(6,442)	(6,836)
Profit before income tax	2,664	2,049	-	(5)	27,731	44,869
Tax income (expense)	(209)	65	-	-	(6,167)	(7,269)
Profit after income tax	2,455	2,114	-	(5)	21,564	37,600
Share of profit of associates						
and joint ventures	3,407	2,951	-	4	11,632	15,047
Profit for the year	5,862	5,065	-	(1)	33,196	52,647
Profit attributable to:						
Owners of the parent	5,861	5,064	(50)	(69)	32,014	44,748
Non-controlling interests	1	1	50	68	1,182	7,899
	5,862	5,065	-	(1)	33,196	52,647

Geographical segment

The Group has expanded its investment and operating 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	
	2019	2018	2019	2018
	(in million Baht)			
Thailand	260,008	274,270	216,765	197,637
Vietnam	39,463	43,465	69,183	40,183
Indonesia	35,031	31,407	39,871	14,071
China	20,412	30,723	1	1
Others	83,066	98,573	27,844	28,361
Total	437,980	478,438	353,664	280,253

Major customer

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

25 Other income

	2019		2018	
	(in million Baht)			
Dividend income from other companies		1,890		2,479
Management fee income		1,834		1,985
Gain on exchange rate from operations		1,437		1,205
Interest income from financial institutions		1,037		1,005
Gain on disposals of scrap and others		461		497
Gain on sales of fixed assets		326		224
Gain on sales of investments and others		59		2,693
Others		1,803		1,735
Total	8,847		11,823	

26 Distribution costs

	2019		2018	
	(in million Baht)			
Freight		11,273		11,553
Salary, welfare and personnel expenses		6,098		5,829
Sales promotion and advertising expenses		2,067		2,584
Rental expenses		639		597
Commission expenses		497		548
Others		2,331		2,430
Total	22,905		23,541	

27 Administrative expenses

	2019	2018
	(in million Baht)	
Salary, welfare and personnel expenses	18,263	18,153
IT fees and outside wages	1,976	1,750
Depreciation and amortization expenses	1,710	1,784
Idle capacity costs	1,187	1,316
Impairment loss on goodwill and other assets	1,124	1,798
Tax, license fees and others	1,005	911
Professional fees	996	1,008
Publication and donation	867	1,075
Others	4,331	3,757
Total	31,459	31,552

28 Employee benefit expenses

	2019	2018
	(in million Baht)	
Salaries and wages	36,751	36,073
Welfares and others	4,865	4,521
Contribution to defined contribution plans	2,156	2,148
Contribution to defined benefit plans	1,208	858
Early retirement expenses	621	360
Employee benefit expense from the amended severance pay of the Labor Law	2,538	-
Total	48,139	43,960

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

29 Finance costs

	Note	2019 (in million Baht)	2018
Interest - Thai Baht loans		6,255	6,502
Interest - Foreign loans		451	239
Interest - Provident funds and others		23	253
		6,729	6,994
Capitalized as cost of construction in progress	13	(287)	(158)
Net		6,442	6,836

30 Income tax*Income tax recognized in profit or loss*

	Note	2019 (in million Baht)	2018
Current tax			
Current tax		5,346	6,188
Under (over) provided in prior years		156	(16)
		5,502	6,172
Deferred tax			
Movement in temporary differences	15	665	1,097
Total		6,167	7,269

Income tax recognized in other comprehensive income

	Note	2019 (in million Baht)	2018
Actuarial losses		(257)	(211)
Gains (losses) on remeasuring available-for-sale investments		8	(8)
Total	15	(249)	(219)

Reconciliation of effective tax rate

For the years ended 31 December 2019 and 2018, the Group's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code and utilized the tax losses carried forward from prior years and also had the exemption from payment of corporate income tax on the net profit derived from the promoted business.

		2019	2018	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		39,363		59,916
Share of profit of associates and joint ventures		(11,632)		(15,047)
		<u>27,731</u>		<u>44,869</u>
Income tax using the Thai corporation tax rate	20	5,546	20	8,974
Effect of different tax rates in foreign jurisdictions		(43)		(27)
Income not subject to tax		(432)		(643)
Tax privileges		(1,179)		(1,823)
Expenses deductible at a greater amount		(623)		(934)
Expenses not deductible for tax purposes and others		1,596		926
Tax losses increase (decrease)		481		(285)
Current tax		5,346		6,188
Under (over) provided in prior years		156		(16)
Movement in temporary differences		665		1,097
Income tax expense	22	6,167	16	7,269

31 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the years as follows:

	2019 (in million Baht / million shares)	2018 (in million Baht / million shares)
Profit for the year attributable to owners of the parent	<u>32,014</u>	<u>44,748</u>
Weighted average number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	26.68	37.29

32 Dividends

The dividends paid by the Company to the shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2019				
Annual dividend 2018	27 March 2019	19 April 2019	9.50	11,400
Interim dividend	26 July 2019	23 August 2019	7.00	8,399
Total			16.50	19,799
2018				
Annual dividend 2017	28 March 2018	20 April 2018	10.50	12,600
Interim dividend	25 July 2018	22 August 2018	8.50	10,200
Total			19.00	22,800

33 Financial instruments

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Credit risk

Credit risk arises from the possibility that customers may not be able to settle obligations to the Group as per contracts which may cause financial loss. The Group has a policy to protect this risk by assessing the credit of customers, defining the credit limit, asking for bank guarantees and/or personnel guarantees, credit terms, controlling credit utilization and reviewing collections. Fair value of receivables which is presented in the statement of financial position is the balances net of allowance for doubtful accounts.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Group manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivables mature were as follows:

Loans receivable

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
<i>Year 2019</i>					
Current					
Short-term loans	4.50 - 7.70 MLR plus 0.50	137	-	-	137
Long-term loans	3.75 MLR plus 0.50	15	-	-	15
Non-current					
Long-term loans	2.00 - 8.00 MLR plus 0.50	-	11	82	93
Total		152	11	82	245
<i>Year 2018</i>					
Current					
Short-term loans	3.75 - 7.00 MLR plus 0.50	155	-	-	155
Long-term loans	3.75 MLR plus 0.50	15	-	-	15
Non-current					
Long-term loans	2.00 - 5.50 MLR plus 0.50	-	24	83	107
Total		170	24	83	277

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Financial liabilities

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
Year 2019					
Current					
Bank overdrafts and short-term borrowings from financial institutions	1.28 - 9.50 MMR / MLR minus 0.50 Cost of fund plus (0.50 - 2.50) LIBOR plus (1.25 - 3.00)	18,797	-	-	18,797
Short-term borrowings	1.80 , 3.50	470	-	-	470
Long-term borrowings from financial institutions	4.00 - 10.90 MLR minus (1.00 - 2.75) VNIBOR plus 0.50 LIBOR plus (0.70 - 3.75) Cost of fund plus (0.65 - 2.00)	2,706	-	-	2,706
Finance lease liabilities	3.78 - 15.00	144	-	-	144
Debentures	3.00	49,935	-	-	49,935
Non-current					
Long-term borrowings from financial institutions	2.34 - 10.90 MLR minus (1.00 - 2.75) VNIBOR plus 0.50 LIBOR plus (0.70 - 3.75) THBFIIX plus (1.01 - 1.10) Cost of fund plus (0.65 - 4.35)	-	21,366	9,074	30,440
Finance lease liabilities	3.78 - 15.00	-	173	-	173
Debentures	2.97 - 3.25	-	124,748	-	124,748
Total		72,052	146,287	9,074	227,413

	Effective interest rates (% p.a.)	Within 1 year	but within 5 years	After 5 years	After 1 year (in million Baht)	Total
Year 2018						
Current						
Bank overdrafts and short-term borrowings from financial institutions	1.58 - 8.75 MOR / MMR Cost of fund plus (0.50 - 1.50)	21,752	-	-	21,752	
Short-term borrowings	2.54	272	-	-	272	
Long-term borrowings from financial institutions	MLR minus (0.50 - 2.35) LIBOR plus 0.70 VNIBOR plus 0.50 Cost of fund plus 0.75	621	-	-	621	
Finance lease liabilities	1.04 - 8.90	58	-	-	58	
Debentures	3.40 - 4.40	31,430	-	-	31,430	
Non-current						
Long-term borrowings from financial institutions	MLR minus (0.50 - 2.35) LIBOR plus 0.70 VNIBOR plus 0.50 Cost of fund plus (0.75 - 1.75)	-	1,397	118	1,515	
Finance lease liabilities	1.04 - 8.90	-	71	-	71	
Debentures	2.97 - 3.25	-	139,729	10,000	149,729	
Total		54,133	141,197	10,118	205,448	

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

As at 31 December, the Group's foreign currency interest-bearing financial liabilities are as follows:

	Current		Non-current		Total	
	2019	2018	2019	2018	2019	2018
	(in million Baht)					
US Dollars	4,935	1,337	8,407	572	13,342	1,909
Rupiah	2,202	79	125	-	2,327	79
Peso	982	988	173	18	1,155	1,006
Vietnamese Dong	739	1,072	231	85	970	1,157
Ringgit	60	-	366	328	426	328
Others	30	40	-	-	30	40
Total	8,948	3,516	9,302	1,003	18,250	4,519

The Group uses derivative financial instruments to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

The financial derivatives considered to apply are forward exchange contract, cross currency swap and interest rate swap to hedge the foreign exchange rate and interest rate risks of short-term and long-term borrowings as discussed in note 34. Furthermore, the Group also has adequate export and other income in foreign currencies to reduce the impact of exchange rate fluctuations.

Fair values of financial assets and liabilities

The fair value of current portion of financial assets and liabilities are taken to approximate the carrying value due to the relatively short-term maturity of these financial instruments.

The fair value of long-term loans and borrowings carrying a floating rate, which is considered to be market rate, are taken to approximate their fair values.

Other financial assets and liabilities not stated above had the fair and carrying value at 31 December as follows:

	2019		2018	
	Contract amount	Fair Value Level 2	Contract amount	Fair Value Level 2
(in million Baht)				
<i>Current</i>				
Current portion of long-term borrowings	2,706	2,706	621	621
Forward exchange contracts *				
Forward receivable	14,917	14,809	19,598	19,370
Forward payable	9,036	8,938	13,507	13,464
Forward loans to	47	45	-	-
Forward loans	270	268	361	358
Commodity contracts *	351	388	1,364	736
<i>Non-current</i>				
Long-term borrowings	30,440	30,440	1,515	1,515

* The fair values of 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 Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.

34 Commitments and contingent liabilities

As at 31 December, the Group had:

	2019 (in million Baht)	2018
(a) Guarantees on loans of non-consolidated related parties	264	465
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	1,451	803
(c) Unused letters of credit	420	441
(d) Commitments		
- for purchase of raw material contracts	31,359	34,713
- for rental and service agreements	9,023	8,905
- for land purchase agreements, construction, installation of machinery contracts, and others	75,934	115,701

Commitment for construction and installation of machinery contracts included engineering, procurement and construction of petrochemical complex in Vietnam and debottlenecking of olefins plant in Thailand amounting to US Dollars 1,491 million, Vietnamese Dong 15,065 billion and other currencies, total equivalent to approximately Baht 66,902 million.

- (e) The Group has entered into currency forward contracts and currency swap contracts with several local and foreign banks to hedge against the risk from foreign investment, payment of borrowings, payment for goods, machinery and equipment purchased, proceed from loans to and money received from sales of goods. The details of the contracts are as follows:

	Contract amount							
	Forward loan to				Forward loan			
	Currency		Equivalent to		Currency		Equivalent to	
	2019	2018	2019	2018	2019	2018	2019	2018
	(in million)		(in million Baht)		(in million)		(in million Baht)	
US Dollars	-	-	-	-	9	11	270	361
Others			47	-			-	-
Total			47	-			270	361

The above contracts will be gradually due within May 2020 (2018: due within April 2019).

	Contract amount							
	Forward receivable				Forward payable			
	Currency		Equivalent to		Currency		Equivalent to	
	2019	2018	2019	2018	2019	2018	2019	2018
			(in million)	(in million Baht)		(in million)		(in million Baht)
US Dollars	482	575	14,581	18,736	243	333	7,403	10,832
Euro	6	12	216	455	29	51	1,010	1,922
Yen	123	57	35	17	1,487	2,482	431	724
Others			85	390			192	29
Total			14,917	19,598			9,036	13,507

The above contracts will be gradually due within June 2021 (2018: due within January 2020).

- (f) The Group has entered into interest rate swap contracts with local banks to hedge against the risk of interest on 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.
- (g) The Group has entered into raw material and energy hedging contracts with several local and foreign banks to hedge against the risk of price changes amounting to US Dollars 12 million, equivalent to Baht 351 million (2018: US Dollars 42 million, equivalent to Baht 1,364 million). These contracts will be gradually due within December 2020 (2018: due within December 2019).
- (h) The Company has entered into the service agreements with two local companies. Those companies will provide information and technology outsourcing services to the Group. The commencement price is approximately Baht 6,500 million. The agreements period is for 7 years with the commencement date in June 2016.
- (i) During the year 2018, a subsidiary has entered into the contracts for purchasing raw materials and utilities from certain foreign companies with the supply period of 15 years. Both parties are obligated to supply and take such raw materials and utilities at the price, quantity and conditions specified in the contract.
- (j) 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.

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. Thailand Securities Depository Co., Ltd. is considering whether to appeal the judgment.

35 Capital Management

The management of the Group has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Group considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

36 Others

- (a) On 29 September 2009, the Central Administrative Court ordered 8 governments authorities to order the temporary suspension of the projects or activities representing a total of 76 projects in the Map Ta Phut Industrial Estate and vicinity of Rayong Province. Thereafter, the Supreme Administrative Court and the Central Administrative Court ordered the 12 projects to resume construction. However, the 64 projects were still suspended according to the order of the Central Administrative Court, including 18 projects totaling approximately Baht 57,500 million which mainly are joint ventures projects of SCG Chemicals.

On 2 September 2010, the Central Administrative Court delivered its judgment to revoke permits of the projects, for which such permits were issued after the Constitution B.E. 2550 came into force, and fall within the list of 11 types of serious impact projects issued on 31 August 2010 by the Ministry of Natural Resources and Environment. As a result of the judgment, almost all projects of the Group which are considered as non-serious impact projects are able to continue their operations, except for 1 project of the Group which fall within the list. Around the end of 2012, such project has complied with the paragraph 2 of Article 67 of the Constitution B.E. 2550. The Industrial Estate Authority of Thailand (IEAT) was of the opinion that the project has fulfilled the requirements and accordingly, IEAT has submitted the issue to the prosecutor, requesting the prosecutor to request the Supreme Administrative Court to revoke the temporary suspension order in order to allow the project to resume construction. On 1 April 2013, the prosecutor has filed the petition to the Supreme Administrative Court. Later, in July 2014, the Supreme Administrative Court has revoked the temporary suspension of the project. In October 2014, the Group obtained a permit from IEAT and the project is able to operate as normal.

At present, the plaintiffs and the government authorities have already appealed the judgment of the Central Administrative Court to the Supreme Administrative Court.

- (b) On 28 October 2019, The Board of Directors' Meeting No. 234 (8/2019) has approved the plan to issue and offer newly issued ordinary shares in SCG Packaging Public Company Limited ("SCGP") as an initial public offering (IPO) and to list the ordinary shares in SCGP on the Stock Exchange of Thailand. The portion of the shares to be offered for sale in the IPO will not exceed 30% of SCGP's paid-up capital after its capital increase. The Group will remain as the major and controlling shareholder of SCGP, holding not less than 70% of SCGP's paid-up capital after its capital increase and SCGP will remain the Group's subsidiary.

On 17 December 2019, SCGP submitted to Thai SEC a registration statement and draft prospectus for the IPO. In connection with the IPO, SCGP will issue and offer no more than 1,374,000,000 ordinary shares with a par value of 1 Thai Baht per share.

37 Events after the reporting period

- (a) At the Board of Directors' Meeting of the Company held on 29 January 2020, the directors approved the following matters:
 - (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2019 at the rate of Baht 14.00 per share, totaling approximately Baht 16,800 million. An interim dividend of Baht 7.00 per share was paid on 23 August 2019, as discussed in note 32. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 8,400 million and is scheduled for payment on 27 April 2020. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 1 April 2020.
 - (2) To issue debentures No.1/2020 on 1 April 2020, amount of Baht 25,000 million. Term of the new debenture is 4 years with fixed interest rate at 2.80% per annum and is to replace the debenture No.1/2016 amount of Baht 25,000 million to be retired for redemption.
- (b) On 31 January 2020 United Pulp and Paper Co., Inc. ("UPPC"), a subsidiary in Packaging Business has entered into a conditional share subscription agreement with Rengo Co., Ltd. whereby Rengo will subscribe to the newly issued shares at the total value of approximately Baht 2,500 million. The Group's investment in UPPC will decrease from 99% to 74%, UPPC will remain consolidated subsidiary of the Group. The transaction is expected to be completed in the second quarter of 2020.

38 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The new and revised TFRSs, which are relevant to the Group's operations, become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020. The Group does not adopt these TFRSs early. The new TFRSs are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinquishing Financial Liabilities with Equity Instruments

* TFRSs - Financial instruments standards

(a) TFRSs - Financial instruments standards

These TFRSs - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRSs - Financial instruments depends on the Group's financial instruments by following TFRSs - Financial instruments as follows:

(1) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Group on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The Group made an assessment of classification - Financial assets under TFRS 9. This adoption has no material effect on trade receivables, current investments, investments held as available for sale and derivatives. However, the Group has long-term investments recognized at cost less any impairment losses. On 1 January 2020, the Group classified them as FVTPL which are recognized increasing in the long-term investments approximately Baht 8,000 million and net deferred tax liabilities resulting in the retained earnings increase approximately Baht 6,400 million.

(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(3) Impairment - Financial assets

TFRS 9 introduces forward-looking Expected Credit Loss ("ECL") model whereas currently the Group estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires consideration about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

The Group made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the consolidated financial statements of the Group.

(4) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Group classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the consolidated financial statements of the Group.

(5) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Group is required to ensure that hedge accounting relationships are aligned with the Group's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness. Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of the first time adoption, the Group has no effect on this matter.

Transition

The Group applied these TFRSs for the first time by adjusting the cumulative impact to retained earnings on 1 January 2020 with no restatement of comparative information.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains to the current standard. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled. Currently, the Group recognizes payments made under operating leases in income statement on a straight-line basis over the term of the lease.

The Group made an assessment of TFRS 16 adoption. On 1 January 2020, the Group recognized the increase in right-of-use assets approximately Baht 16,000 million while the prepaid rental expenses decrease approximately Baht 4,000 million and affect to increase in lease liabilities approximately Baht 12,000 million. The nature of expenses related to those leases will change as the Group will recognize depreciation of right-of-use assets and interest expenses on lease liabilities.

Transition

The Group applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing right-of-use assets and lease liabilities with no restatement of comparative information.

FINANCIAL STATEMENTS

23

THE SIAM CEMENT PUBLIC COMPANY LIMITED

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 2019, the income statement and statement 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 2019, 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 issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 associates and subsidiaries	
Refer to Notes 2 and 6 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
<p>The management assessed the impairment indicators of investments in associates and subsidiaries given rise to impairment testing by focusing on the business that its performance was below expectations. The impairment testing of investments in associates and subsidiaries 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 associates and subsidiaries, 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 focused on assessing the reasonableness of impairment indicators and the key assumptions which underpinned the recoverable amount of investment in associates and subsidiaries.</p> <p>I evaluated the reasonableness of impairment indicator with reference to current market situations and operating environment, industry knowledge, and other information obtained during the audit.</p> <p>I tested significant assumptions which supported discounted cash flows projection, appropriateness of the valuation methodology and discount rate by management concerning recent performance, trend analysis, and tested the mathematical accuracy of the recoverable amount and impairment calculations. Moreover, I evaluated the reasonableness of the forecasting of financial performances by comparing historical forecasts to the actual operating results.</p> <p>I also considered the adequacy of the Company's disclosures in accordance with the financial reporting standard.</p>

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, related safeguards.

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.



(Vairoj Jindamaneepitak)
Certified Public Accountant
Registration No. 3565

KPMG Phoomchai Audit Ltd.
Bangkok
12 February 2020

Statement of financial position

As at 31 December 2019

The Siam Cement Public Company Limited

Assets	Note	2019	2018
<i>(in thousand Baht)</i>			
<i>Current assets</i>			
Cash and cash equivalents	5	11,691,164	14,128,414
Current investments	5	9,437,013	15,271,317
Other current receivables	4	1,578,049	1,909,869
Short-term loans	4	114,660,391	106,721,407
Other current assets		206,977	571,579
Total current assets		137,573,594	138,602,586
<i>Non-current assets</i>			
Investments held as available for sale	5	1,507,534	7,490,341
Investments in associates	6	373,441	373,441
Investments in subsidiaries	6	133,047,875	132,752,125
Other long-term investments	7	3,030,058	3,030,058
Investment property	8	1,903,911	1,915,562
Property, plant and equipment	9	2,583,959	2,861,147
Other intangible assets	10	2,287,087	2,270,215
Deferred tax assets	11	333,388	360,480
Other non-current assets		349,811	265,658
Total non-current assets		145,417,064	151,319,027
Total assets		282,990,658	289,921,613

On behalf of the Board of Direct

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

Statement of financial position

As at 31 December 2019

The Siam Cement Public Company Limited

Liabilities and shareholders' equity	Note	2019	2018
<i>(in thousand Baht)</i>			
<i>Current liabilities</i>			
Other current payables	4	860,823	812,316
Accrued interest expense		1,283,231	1,384,920
Current portion of debentures	13	50,000,000	31,500,000
Short-term borrowings	4	6,568,982	8,403,127
Other current liabilities		75,089	77,162
Total current liabilities		58,788,125	42,177,525
<i>Non-current liabilities</i>			
Debentures	13	125,000,000	150,000,000
Non-current provisions for employee benefits	14	1,205,130	824,395
Other non-current liabilities	4	1,305,671	1,238,239
Total non-current liabilities		127,510,801	152,062,634
Total liabilities		186,298,926	194,240,159
<i>Shareholders' equity</i>			
Share capital	15		
Authorized share capital - Ordinary share		1,600,000	1,600,000
Issued and paid share capital - Ordinary share		1,200,000	1,200,000
Retained earnings			
Appropriated			
Legal reserve	16	160,000	160,000
General reserve		10,516,000	10,516,000
Unappropriated		84,784,283	83,804,264
Other components of shareholders' equity		31,449	1,190
Total shareholders' equity		96,691,732	95,681,454
Total liabilities and shareholders' equity		282,990,658	289,921,613

Income statement

For the year ended 31 December 2019

The Siam Cement Public Company Limited

	Note	2019	2018
		(in thousand Baht)	
Revenues			
Dividend income	4	20,303,381	24,906,970
Intellectual property income	4	2,704,256	2,552,584
Management fees for administration and service income	4	5,706,070	5,715,102
Other income	17	460,291	711,752
Total revenues		29,173,998	33,886,408
Expenses			
Administrative expenses	18	(6,300,403)	(7,205,467)
Employee benefit expense from the amended severance pay of the Labor Law	14, 19	(265,735)	-
Finance costs	4, 20	(1,558,859)	(2,328,624)
Total expenses		(8,124,997)	(9,534,091)
Profit before income tax		21,049,001	24,352,317
Tax income (expense)	21	(174,197)	103,209
Profit for the year		20,874,804	24,455,526
Basic earnings per share (in Baht)	22	17.40	20.38

On behalf of the Board of Direct

Air Chief Marshal

Satitpong Sukvimon

Chairman

Roongrote Rangsiyopash

President & CEO

Statement of comprehensive income

For the year ended 31 December 2019

The Siam Cement Public Company Limited

	Note	2019	2018
		(in thousand Baht)	
Profit for the year		20,874,804	24,455,526
Other comprehensive income			
<i>Components of other comprehensive income</i>			
<i>that will be reclassified to profit or loss</i>			
Gains (losses) on remeasuring investments held as available for sale	5	37,823	(42,155)
Income tax relating to components of other comprehensive			
income that will be reclassified to profit or loss	21	(7,564)	8,430
Total components of other comprehensive income		30,259	(33,725)
<i>Components of other comprehensive income</i>			
<i>that will not be reclassified to profit or loss</i>			
Defined benefit plan actuarial losses	14	(119,823)	(108,153)
Income tax relating to components of other comprehensive			
income that will not be reclassified to profit or loss	21	23,964	21,631
Total components of other comprehensive income		(95,859)	(86,522)
Other comprehensive income for the year, net of tax		(65,600)	(120,247)
Total comprehensive income for the year		20,809,204	24,335,279

Statement of changes in shareholders' equity

For the year ended 31 December 2019

The Siam Cement Public Company Limited

		Issued and paid Note
		share capital
Balance at 1 January 2018		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
<i>Contributions by and distributions to owners of the Company</i>		
Dividends	23	-
<i>Total contributions by and distributions to owners of the Company</i>		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2018		1,200,000
Balance at 1 January 2019		1,200,000
Transactions with owners, recorded directly in shareholders' equity		
<i>Contributions by and distributions to owners of the Company</i>		
Dividends	23	-
<i>Total contributions by and distributions to owners of the Company</i>		-
Comprehensive income for the year		
Profit or loss		-
Other comprehensive income		-
Total comprehensive income for the year		-
Balance at 31 December 2019		1,200,000

				Other components of shareholders' equity	
Legal reserve	General reserve			Investments held as available for sale	Total shareholders' equity
		(in thousand Baht)			
160,000	10,516,000	82,234,920		34,915	94,145,835
-	-	(22,799,660)		-	(22,799,660)
-	-	(22,799,660)		-	(22,799,660)
-	-	24,455,526		-	24,455,526
-	-	(86,522)		(33,725)	(120,247)
-	-	24,369,004		(33,725)	24,335,279
160,000	10,516,000	83,804,264		1,190	95,681,454
160,000	10,516,000	83,804,264		1,190	95,681,454
-	-	(19,798,926)		-	(19,798,926)
-	-	(19,798,926)		-	(19,798,926)
-	-	20,874,804		-	20,874,804
-	-	(95,859)		30,259	(65,600)
-	-	20,778,945		30,259	20,809,204
160,000	10,516,000	84,784,283		31,449	96,691,732

Statement of cash flows

For the year ended 31 December 2019

The Siam Cement Public Company Limited

	2019	2018
(in thousand Baht)		
Cash flows from operating activities		
Profit for the year	20,874,804	24,455,526
Adjustments for		
Tax expense (income)	174,197	(103,209)
Depreciation and amortization	730,394	870,877
Employee benefit expense	378,087	59,948
Unrealized loss (gain) on foreign currency exchange	(9,878)	2,803
Dividend income	(20,303,381)	(24,906,970)
Interest income	(4,478,793)	(4,146,744)
Interest expense	5,700,252	5,980,931
Gain on sales of investments and others	(13,213)	(137,371)
Cash flows generated from the operations		
before changes in operating assets and liabilities	3,052,469	2,075,791
Decrease (increase) in operating assets		
Other current receivables	235,951	396,629
Other assets	3,382	(32,337)
Net decrease in operating assets	239,333	364,292
Increase (decrease) in operating liabilities		
Other current payables	(20,358)	(47,778)
Provisions for employee benefits	(94,875)	(49,879)
Other liabilities	(119,378)	31,572
Net decrease in operating liabilities	(234,611)	(66,085)
Net cash flows generated from the operations	3,057,191	2,373,998
Income tax paid	(108,608)	(311,346)
Net cash flows provided by operating activities	2,948,583	2,062,652

Statement of cash flows

For the year ended 31 December 2019

The Siam Cement Public Company Limited

	Note	2019	2018
		(in thousand Baht)	
Cash flows from investing activities			
Investments in subsidiaries	6	(295,750)	(4,570,595)
Proceeds from sales of investments		59,207,349	48,912,479
Current investments		(40,188,834)	(52,342,922)
Investments held as available for sale		(6,826,011)	(2,616,209)
Acquisition of property, plant and equipment, and intangible assets		(257,401)	(553,755)
Loans to related parties		(7,938,984)	(10,972,167)
Dividends received		20,304,917	24,886,204
Interest received		4,544,880	4,119,833
Net cash flows provided by investing activities		28,550,166	6,862,868
Cash flows from financing activities			
<i>Proceeds from (payments of) borrowings</i>			
Proceeds from (payments of) short-term borrowings from related parties		(1,834,145)	2,028,490
Proceeds from issuance of debentures		25,000,000	40,000,000
Redemption of debentures		(31,500,000)	(40,000,000)
Net increase (decrease) in borrowings		(8,334,145)	2,028,490
<i>Dividends paid</i>			
Dividends paid		(19,798,926)	(22,799,660)
Interest paid		(5,802,928)	(6,061,180)
Net cash flows used in financing activities		(33,935,999)	(26,832,350)
Net decrease in cash and cash equivalents		(2,437,250)	(17,906,830)
Cash and cash equivalents at beginning of the year		14,128,414	32,035,244
Cash and cash equivalents at end of the year		11,691,164	14,128,414

Notes to the financial statements

For the year ended 31 December 2019

The Siam Cement Public Company Limited

Note	Content	Page
1	General information	285
2	Basis of preparation of the financial statements	285
3	Significant accounting policies	288
4	Related parties	299
5	Cash and cash equivalents and other investments	303
6	Investments in associates and subsidiaries	305
7	Other long-term investments	306
8	Investment property	307
9	Property, plant and equipment	308
10	Other intangible assets	309
11	Deferred tax assets (deferred tax liabilities)	310
12	Changes in liabilities arising from financing activities	311
13	Debentures	312
14	Non-current provisions for employee benefits	313
15	Share capital	316
16	Reserves and other components of shareholders' equity	316
17	Other income	317
18	Administrative expenses	317
19	Employee benefit expenses	318
20	Finance costs	318
21	Income tax	319
22	Basic earnings per share	320
23	Dividends	320
24	Financial instruments	321
25	Commitments and contingent liabilities	323
26	Capital management	324
27	Events after the reporting period	324
28	Thai Financial Reporting Standards (TFRS) that have been issued but is not yet effective	324

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 12 February 2020.

1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand and has its 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 and Packaging Business.

2 Basis of preparation of the financial statements

(a) Statement of compliance

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 new and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs have resulted in no material impact on the Company's accounting policies, calculation method, financial performance and position.

The Company has initially applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) since 1 January 2019. TFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognized. It replaced TAS 18 Revenue (“TAS 18”), TAS 11 Construction Contracts (“TAS 11”) and related interpretations.

Under TFRS 15, the Company recognizes revenue 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 to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. The Company has a timing of revenue recognition mainly from intellectual property income, management fees for administration and service income which are recognized over time.

In addition, the Company has not early adopted a number of new and revised TFRSs which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRSs that are relevant to the Company's operations are disclosed in note 28.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- available-for-sale financial assets are measured at fair value.
- defined benefit obligations are measured at the present value of non-current provisions for defined benefit plans.

(c) Functional and presentation currency

The financial statements are prepared and 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.

(d) Use of estimates and judgments

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 are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainty and critical assumptions in applying accounting policies that have the most significant effect on the amount recognized in the financial statements is included in the following notes:

Note 5, 6, 7, 8, 9 and 10	Measurement of the recoverable amounts of each asset and cash-generating units;
Note 11 and 21	Recognition of deferred tax assets: availability of future taxable profit against which deductible temporary differences and tax losses carried forward can be utilized;
Note 14	Measurement of non-current provisions for defined benefit plans: - key actuarial assumptions; and
Note 25	Recognition and measurement of provisions and contingent liabilities.

Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Company has an established framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRSs, including the level in the fair value hierarchy in which these valuations should be classified.

Significant valuation issues are reported to the Company's Audit Committee.

When measuring the fair value of an asset or a 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 (unadjusted) in active markets for identical assets or liabilities that the entity 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 (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs are unobservable inputs for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 5 Cash and cash equivalents and other investments
- Note 8 Investment property
- Note 13 Debentures
- Note 24 Financial instruments

3 Significant accounting policies

The accounting policies set out below have been consistently applied to all periods presented in these financial statements.

(a) 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 that are readily convertible to known amounts of cash and which 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.

(b) Trade and other receivables and contract assets

A receivable is recognized when the Company has an unconditional right to receive consideration. If revenue has been recognized before the Company has an unconditional right to receive consideration, the amount is presented as a contract asset.

A receivable and a contract asset are measured at value less allowance for doubtful accounts which is assessed on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(c) Non-current assets classified as held for sale

Non-current assets (or disposal groups comprising assets and liabilities) 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 and measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets and deferred tax assets. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once non-current assets classified as held for sale are no longer depreciated and amortized.

(d) Investments

Investments in associates and subsidiaries

Investments in associates and subsidiaries are accounted for using the cost method.

Investments in other debt and other equity securities

Debt securities and marketable equity securities held for trading are classified as current assets and are stated at fair value, with any resultant gain or loss recognized in profit or loss.

Debt securities that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments, which are stated at amortized cost, less any accumulated impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign exchange differences on available-for-sale monetary items, are recognized directly in equity. Impairment losses and foreign exchange differences on available-for-sale monetary items are recognized in profit or loss. When these investments are derecognized, the cumulative gain or loss previously recognized directly in equity is recognized in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in profit or loss.

Equity securities which are not marketable are stated at cost less any accumulated impairment losses.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the end of the reporting period.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognized in profit or loss.

If the Company disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying amount of the total holding of the investment.

(e) *Investment property*

Investment properties are properties which are held to earn rental income, for capital appreciation or for 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 and 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 charged to profit or loss on a straight-line basis over the estimated useful lives of each property. The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	5, 20, 40 years

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 and 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.

When parts of an item of property, plant and equipment have different consumption patterns and useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized in profit or loss.

Leased assets

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalized at the lower of its fair value or the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and accumulated impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the 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 if it is probable that 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 charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

Land improvements	5 years
Buildings and structures	5, 20, 40 years
Machinery and equipment	5, 10, 20 years
Transportation and equipment	5 years
Furniture, fixtures and office equipment	3, 5 years

Depreciation for the finance lease assets is charged as expense for each accounting period. The depreciation method for leased assets is consistent with that for depreciable assets that are owned.

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(g) Other intangible assets

Research and development

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 activities involve a plan or design for the production of new or substantially improved products and processes. 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. The expenditure capitalized includes the cost of materials, direct labor, other costs that are directly attributable to preparing the asset for its intended use, and capitalized borrowing costs of a qualifying 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.

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

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates.

Amortization

Amortization is calculated based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives are as follows:

License fee	Term of agreements
Software licenses	3, 5, 10 years
Others	5, 10, 25 years

No amortization is provided on assets under development.

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

(h) Impairment

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 assets' recoverable amounts are estimated. 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 if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognized directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognized directly in equity is recognized in profit or loss even though the financial asset has not been derecognized. The amount of the cumulative loss that is recognized in profit or loss is the difference between the current fair value and acquisition cost, less any impairment loss on that financial asset previously recognized in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortized cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of a non-financial asset 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.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized in profit or loss.

Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss 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 accumulated depreciation or accumulated amortization, if no impairment loss had been recognized.

(i) Trade and other payables

Trade and other payables are stated at cost.

(j) Contract liabilities

A contract liability is the obligation to transfer goods or services to the customer. A contract liability is 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.

(k) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method which is based on actuarial valuation method.

Remeasurements of the net defined benefit liability, actuarial gain or loss 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, 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 when 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 service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are 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 and 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.

(l) 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 costs.

(m) Revenue

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.

Rental income

Rental income is recognized in profit or loss on a straight-line basis over the term of the rent. Lease incentives granted are recognized as expenses in which they are incurred.

Interest and dividend income

Interest income is recognized in profit or loss using the effective interest method. Dividend income is recognized in profit or loss on the date the Company's right to receive payments is established.

(n) Expenses*Operating leases*

Payments made under operating leases are recognized in profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognized in profit or loss as an integral part of the total lease expense, over the term of lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Finance costs

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, and dividends on preference shares classified as liabilities.

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 offered certain qualifiable employees the option to take early retirement from the Company. 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.

(o) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following 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 joint ventures to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the end of the reporting period.

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.

In determining the amount of current and deferred tax, the Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Company to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognize a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans of the Company. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(p) Foreign currencies**Foreign currency transactions**

Transactions in foreign currencies are translated to the respective functional currencies of the Company at the foreign 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 that date. Foreign exchange differences are recognized in profit or loss.

Non-monetary assets and liabilities which include arising from the payment or receipt of advance consideration measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

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 measured.

(q) Derivative financial instruments

Financial assets and financial liabilities carried on the statement of financial position include cash and cash equivalents, trade and other receivables and payables, long-term receivables, loans, investments, borrowings and debentures.

The Company operates internationally and is exposed to risks from changes in interest and foreign exchange rates. The Company uses derivative financial instruments to mitigate those risks. All gains and losses on hedge transactions are recognized in profit or loss in the same period as the interest and exchange differences on the items covered by the hedge.

4 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.

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2019	2018	Pricing policies
(in million Baht)			
Associates			
Intellectual property income	521	511	Based on percentage of revenue from sales
Management fees for administration, service income and others	773	795	Based on the service provided and percentage of revenue from sales
Dividend income	499	468	Upon declaration
Subsidiaries			
Intellectual property income	2,182	2,042	Based on percentage of revenue from sales
Management fees for administration, service income and others	4,520	4,549	Based on the service provider
Dividend income	17,933	21,980	Upon declaration
Interest income	4,186	3,708	Contract rate
Interest expense	66	63	Contract rate
Other			
Management fees for administration, service income and others	371	373	Based on the service provided and percentage of revenue from sales
Dividend income	1,871	2,459	Upon declaration

In the income statement for the year ended 31 December 2019, the Company presents finance costs of Baht 1,559 million (2018: Baht 2,329 million), which comprised interest expense and financial charges of Baht 5,745 million (2018: Baht 6,037 million) and interest income from related parties of Baht 4,186 million (2018: Baht 3,708 million).

Balances as at 31 December with related parties were as follows:

Other current receivables

	2019	2018
	(in million Baht)	
<i>Current accounts</i>		
Associates		
Siam Kubota Corporation Co., Ltd.	323	322
The Nawaloha Industry Co., Ltd.	30	36
Siam AT Industry Co., Ltd.	25	19
Others	39	43
	417	420
<i>Subsidiaries</i>		
Thai Polyethylene Co., Ltd.	114	234
The Concrete Products and Aggregate Co., Ltd.	65	76
SCG Chemicals Co., Ltd.	61	86
SCG Cement-Building Materials Co., Ltd.	56	75
SCG Ceramics Public Company Limited	49	16
Nawaplastic Industries Co., Ltd.	46	11
SCG Packaging Public Company Limited	43	43
Thai Plastic and Chemicals Public Company Limited	37	3
Siam Kraft Industry Co., Ltd.	36	102
SCG Cement Co., Ltd.	28	28
The Siam Cement (Ta Luang) Co., Ltd.	27	91
The Siam Cement (Kaeng Khoi) Co., Ltd.	24	70
Mawlamyine Cement Limited	20	1
The Siam Cement (Lampang) Co., Ltd.	10	28
The Siam Cement (Thung Song) Co., Ltd.	5	47
PT Keramika Indonesia Assosiasi, Tbk.	3	28
The Siam Fibre-Cement Co., Ltd.	1	33
Others	387	311
	1,012	1,283

	2019	2018
	(in million Baht)	
Other		
Siam Yamato Steel Co., Ltd.	25	5
Siam Toyota Manufacturing Co., Ltd.	5	6
Others	10	8
	<u>40</u>	<u>19</u>
Total	<u>1,469</u>	<u>1,722</u>

Short-term loans

	2019	2018
	(in million Baht)	
Notes receivable		
Subsidiaries		
The Concrete Products and Aggregate Co., Ltd.	55,151	61,920
SCG Packaging Public Company Limited	33,756	23,310
SCG Chemicals Co., Ltd.	17,785	13,552
SCG Cement-Building Materials Co., Ltd.	5,906	589
The Siam Fibre-Cement Co., Ltd.	445	7,174
Other companies	1,617	176
Total	<u>114,660</u>	<u>106,721</u>

Movements during the years on short-term loans to related parties were as follows:

	2019	2018
	(in million Baht)	
At 1 January	106,721	95,749
Increase	73,208	43,431
Decrease	(65,269)	(32,459)
At 31 December	<u>114,660</u>	<u>106,721</u>

Other current payables and other non-current liabilities

	2019 (in million Baht)	2018 (in million Baht)
Current accounts	76	101
Advance received from software licenses	1,018	1,038
Total	1,094	1,139
 Short-term borrowings		
	2019 (in million Baht)	2018 (in million Baht)
Notes payable		
Subsidiaries		
Cementhai Holding Co., Ltd.	3,206	4,204
The Siam Iron and Steel Co., Ltd.	1,298	1,294
Cementhai Captive Insurance Pte. Ltd.	501	424
SCG Accounting Services Co., Ltd.	358	343
Property Value Plus Co., Ltd.	357	363
SCG Learning Excellence Co., Ltd	227	184
Cementhai Ceramics Co., Ltd.	185	1,190
CTO Management Co., Ltd.	153	120
Bangsue Industry Co., Ltd.	144	167
SCG Legal Counsel Limited	131	100
Others	9	14
Total	6,569	8,403

Movements during the years on short-term borrowings from related parties were as follows:

	2019 (in million Baht)	2018 (in million Baht)
At 1 January	8,403	6,375
Increase	2,348	4,168
Decrease	(4,182)	(2,140)
At 31 December	6,569	8,403

The Board of Directors and key management compensation

	2019	2018
	(in million Baht)	
<i>For the years ended 31 December</i>		
Short-term employee benefits	152	191
Post-employment benefits	23	14
Total	175	205

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 staffs expenses in terms of salary, bonus, others and contribution to defined contribution plans.

5 Cash and cash equivalents and other investments

	2019	2018
	(in million Baht)	
Cash and cash equivalents		
Cash on hand and at banks	11,691	14,128
Current investments		
Available-for-sale debt securities	9,437	15,271
Investments held as available for sale		
Available-for-sale debt securities	1,508	7,490

As at 31 December 2019, available-for-sale debt securities are mainly in private funds which invested by 3 independent assets management companies have invested in debt securities which had high liquidity and rating as investment grade with return rates from 1.12% to 1.95% per annum (2018: from 1.25% to 3.23% per annum).

Fair values

The fair values of available-for-sale securities together with the carrying amounts in the statement of financial position as at 31 December 2019 are as follows:

	Carrying amount	Fair value Level 2
(in million Baht)		
Current investments		
Available-for-sale debt securities	9,437	9,437
<hr/>		
Investments held as available for sale		
Available-for-sale debt securities	1,508	1,508
<hr/>		

The table above analyzes recurring fair value measurements for available-for-sale securities. These fair value measurements are categorized into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The Level 2 to the Company's investments is defined as inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company entity and counterparty when appropriate.

6 Investments in associates and subsidiaries

Movements for the years ended 31 December in investments in associates and subsidiaries accounted for using the cost method were as follows:

	2019	2018
	(in million Baht)	
At 1 January	133,125	128,555
Acquisitions and additional investments	296	4,570
At 31 December	133,421	133,125

Investments in associates and subsidiaries as at 31 December and dividends from these investments for the years then ended at the same date were as follows:

	Total holding		Cost method		Accumulated impairment losses		Net		Dividend income	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(%)						(in million Baht)			
Cement-Building										
Materials Business	100	100	69,952	69,656	(111)	(111)	69,841	69,545	1,358	152
Chemicals Business	100	100	44,084	44,084	-	-	44,084	44,084	12,955	14,261
Packaging Business	99	99	17,363	17,363	-	-	17,363	17,363	1,720	7,698
Other	100	100	2,274	2,274	(141)	(141)	2,133	2,133	2,399	337
Total			133,673	133,377	(252)	(252)	133,421	133,125	18,432	22,448

In the fourth quarter of 2019, the Extraordinary General Meeting of the Shareholders of SCG Packaging Public Company Limited approved interim dividend payment for the year 2019 of cash dividend and common stock dividend. The Company is entitled to receive common stock dividend of 1,548 million shares at the par value Baht 1 per share, totaling Baht 1,548 million.

In January 2020, SCG Distribution Co., Ltd. called for the payment of share capital totaling Baht 1,047 million.

7 Other long-term investments

	Total	(%)	Investment	Dividend	
	holding			2019	2018
At Cost					
Asia Cement Public Company Limited	10	10	1,119	1,119	111
Toyota Motor Thailand Co., Ltd.	10	10	881	881	1,546
Siam Yamato Steel Co., Ltd.	10	10	401	401	50
Siam Toyota Manufacturing Co., Ltd.	4	4	329	329	88
Finfloor S.p.A.	10	10	299	299	76
Other companies	-	-	10	10	-
Total			3,039	3,039	1,871
Less accumulated impairment losses			(9)	(9)	-
Net			3,030	3,030	1,871

The aggregate values of the above investments based on the latest available audited financial statements as at 31 December 2019 are as follows:

	Cost	less accumulated impairment losses	Interests in carrying amount
<i>(in million Baht)</i>			
Non-marketable securities	3,030		10,813

8 Investment property

	Land and land improvements	Buildings and structures	Total			
	(in million Baht)					
<i>Cost</i>						
At 1 January 2018						
At 31 December 2018 and 2019	1,619	616	2,235			
<i>Accumulated depreciation</i>						
At 1 January 2018	107	201	308			
Depreciation charge for the year	-	11	11			
At 31 December 2018	107	212	319			
Depreciation charge for the year	-	12	12			
At 31 December 2019	107	224	331			
<i>Carrying Amount</i>						
At 31 December 2018	1,512	404	1,916			
At 31 December 2019	1,512	392	1,904			

The Company determined fair value of investment properties as at 31 December 2019 at open market values on an existing use basis. The fair value was Baht 4,847 million (2018: Baht 4,943 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.

9 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	(in million Baht)						
Cost							
At 1 January 2018	914	3,204	1,183	22	588	3	5,914
Additions	9	57	34	-	47	1	148
Disposals/written off	-	-	-	-	(7)	-	(7)
Transfers in (out)	-	2	3	-	-	(3)	2
At 31 December 2018	923	3,263	1,220	22	628	1	6,057
Additions	2	12	24	-	24	1	63
Disposals/written off	(4)	(3)	(2)	-	(22)	(1)	(32)
Transfers out	-	-	-	-	-	(1)	(1)
At 31 December 2019	921	3,272	1,242	22	630	-	6,087
Accumulated depreciation							
At 1 January 2018	598	1,389	316	18	427	-	2,748
Depreciation charges for the year	130	166	86	1	71	-	454
Disposals/written off	-	-	-	-	(6)	-	(6)
At 31 December 2018	728	1,555	402	19	492	-	3,196
Depreciation charges for the year	17	149	83	1	54	-	304
Impairment losses	-	-	34	-	-	-	34
Disposals/written off	(4)	(3)	(2)	-	(22)	-	(31)
At 31 December 2019	741	1,701	517	20	524	-	3,503
Carrying amount							
At 31 December 2018	195	1,708	818	3	136	1	2,861
At 31 December 2019	180	1,571	725	2	106	-	2,584

10 Other intangible assets

	Software licenses	Development cost	Others	Total
	(in million Baht)			
<i>Cost</i>				
At 1 January 2018	3,154	11	524	3,689
Additions	43	6	45	94
Disposals/written off	(6)	-	(20)	(26)
Transfers in (out)	1	(4)	(2)	(5)
At 31 December 2018	3,192	13	547	3,752
Additions	311	18	111	440
Disposals/written off	(342)	-	-	(342)
Transfers in (out)	4	(12)	7	(1)
At 31 December 2019	3,165	19	665	3,849
 <i>Accumulated amortization</i>				
At 1 January 2018	1,057	-	19	1,076
Amortization charge for the year	400	-	5	405
Impairment losses	6	-	-	6
Disposals/written off	(5)	-	-	(5)
At 31 December 2018	1,458	-	24	1,482
Amortization charge for the year	386	-	29	415
Impairment losses	7	-	-	7
Disposals/written off	(342)	-	-	(342)
At 31 December 2019	1,509	-	53	1,562
 <i>Carrying amount</i>				
At 31 December 2018	1,734	13	523	2,270
At 31 December 2019	1,656	19	612	2,287

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:

	2019 (in million Baht)	2018 (in million Baht)
Deferred tax assets	341	361
Deferred tax liabilities	(8)	(1)
Net	333	360

Movements in total deferred tax assets and liabilities during the years were as follows:

	Credited (charged) to			At 31 December (note 21) (in million Baht)
	At 1 January 2018	profit or loss	other comprehensive income	
Deferred tax assets				
Loss carry forward	-	101	-	101
Investments held as available for sale	5	(4)	-	1
Investments in subsidiaries and other	52	-	-	52
Provisions for employee benefits	152	5	21	178
Others	28	1	-	29
Total	237	103	21	361
Deferred tax liabilities				
Investments held as available for sale	(9)	-	8	(1)
Total	(9)	-	8	(1)
Net	228	103	29	360

		Credited (charged) to		
	At	other	comprehensive	At
	1 January	profit or	income	31 December
	2019	loss		2019
			(note 21)	
			(in million Baht)	
Deferred tax assets				
Loss carry forward	101	(101)	-	-
Investments held as available for sale	1	(1)	-	-
Investments in subsidiaries and other	52	-	-	52
Provisions for employee benefits	178	53	22	253
Others	29	7	-	36
Total	361	(42)	22	341
Deferred tax liabilities				
Investments held as available for sale	(1)	-	(7)	(8)
Total	(1)	-	(7)	(8)
Net	360	(42)	15	333

12 Changes in liabilities arising from financing activities

	Short-term borrowings	Debentures	Total
(in million Baht)			
Balance at 1 January 2018	6,375	181,500	187,875
Changes from financing cash flows	2,028	-	2,028
Balance at 31 December 2018	8,403	181,500	189,903
Changes from financing cash flows	(1,834)	(6,500)	(8,334)
Balance at 31 December 2019	6,569	175,000	181,569

13 Debentures

As at 31 December 2019, the Company had issued unsubordinated and unsecured debentures totaling Baht 175,000 million (2018: Baht 181,500 million) as follows:

Debentures no.	2019 (in million Baht)	2018	Interest			Fair value *	
			rate (% p.a.)	Term	Maturity date	2019	2018
3/2012	-	6,500	4.40	7 years	12 October 2019	-	1,028
1/2015	-	15,000	3.90	4 years	1 April 2019	-	1,006
2/2015	-	10,000	3.40	4 years	1 November 2019	-	1,019
1/2016	25,000	25,000	3.00	4 years	1 April 2020	1,004	1,014
2/2016	25,000	25,000	3.00	4 years	1 November 2020	1,018	1,024
1/2017	25,000	25,000	3.25	4 years	1 April 2021	1,020	1,023
2/2017	10,000	10,000	2.97	7 years	30 August 2024	1,055	1,025
3/2017	25,000	25,000	3.05	4 years	1 October 2021	1,020	1,021
1/2018	30,000	30,000	3.00	4 years	1 April 2022	1,032	1,016
2/2018	10,000	10,000	3.10	4 years	1 October 2022	1,050	1,026
1/2019	15,000	-	3.10	4 years	1 April 2023	1,044	-
2/2019	10,000	-	3.00	4 years	1 November 2023	1,044	-
Total	175,000	181,500					
Less current portion	(50,000)	(31,500)					
Net	125,000	150,000					

* Latest price (Baht per unit: 1 unit = Baht 1,000) as at 31 December 2019 and 2018.

The Company determined Level 2 fair values for simple over-the-counter financial assets based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

14 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

	2019	2018
	(in million Baht)	
Post-employment benefits		
Legal severance payments plan	1,181	803
Other long-term employee benefits	24	21
Total	1,205	824

Movements in the present value of non-current provisions for defined benefit plans

	2019	2018
	(in million Baht)	
Non-current provisions for defined benefit plans at 1 January	824	701
Included in profit or loss		
Current service costs	57	36
Interest on obligation	33	24
Actuarial losses	3	1
Non-current provisions for defined benefit plans		
transfer to the related company	(13)	(6)
Past service cost from the amended severance pay of the Labor Law	266	-
	346	55
Included in other comprehensive income		
Actuarial losses	120	108
	120	108
Other		
Benefits paid	(85)	(40)
Non-current provisions for defined benefit plans at 31 December	1,205	824

On 5 April 2019, the Labor Protection Act has already been announced in Royal Gazette that became effective on 5 May 2019 to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the maximum rate of 300 days. The Company recognized the effect of this change as the expense amounted to Baht 266 million in income statement, resulting in the decrease in net profit amounted to Baht 213 million.

Actuarial losses (gain) recognized in other comprehensive income at the end of the reporting period arising from:

	2019 (in million Baht)	2018
<i>For the years ended 31 December</i>		
Demographic assumptions	-	(7)
Financial assumptions	72	23
Experience adjustment	48	92
Total	120	108

Actuarial assumptions

Principal actuarial assumptions at the end of the reporting period

	2019 (%)	2018
Discount rate *	1.54 - 1.72	3.02 - 3.15
Salary increase rate	2.00 - 6.00	3.00 - 6.00
Employee turnover rate **	2.50 - 9.00	2.50 - 7.00
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

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)	2019	2018
	(in million Baht)		
Discount rate			
0.5% increase	(67)	(45)	(45)
0.5% decrease	73	49	49
Salary increase rate			
1.0% increase	146	95	95
1.0% decrease	(126)	(82)	(82)
Employee turnover rate			
10.0% increase	(36)	(24)	(24)
10.0% decrease	38	25	25

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.

15 Share capital

		2019		2018	
	Par value (in Baht)	Number of shares	Value	Number of shares	Value
<i>Authorized</i>					
At 1 January					
- ordinary shares	1	1,600	1,600	1,600	1,600
At 31 December					
- ordinary shares	1	1,600	1,600	1,600	1,600
<i>Issued and paid</i>					
At 1 January					
- ordinary shares	1	1,200	1,200	1,200	1,200
At 31 December					
- ordinary shares	1	1,200	1,200	1,200	1,200

16 Reserves and other components of shareholders' equity

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.

Fair value changes in available-for-sale investments

Fair value changes in available-for-sale investments recognized in equity relate to cumulative net changes in the fair value of available-for-sale investments until the investments are derecognized.

17 Other income

	2019	2018
	(in million Baht)	
Interest income from financial institutions	381	491
Gain on sales of investments	54	163
Others	25	58
Total	460	712

18 Administrative expenses

	2019	2018
	(in million Baht)	
Salary, welfare and personnel expenses	3,443	3,710
Depreciation and amortization expenses	703	867
Publication	581	860
IT fees	498	523
Professional fees	221	349
Rent	168	177
Outside wages	162	179
Others	524	540
Total	6,300	7,205

19 Employee benefit expenses

	2019 (in million Baht)	2018
Salaries and wages	2,717	2,879
Welfares and others	209	219
Contribution to defined contribution plans	227	224
Contribution to defined benefit plans	93	61
Early retirement expenses	34	6
Employee benefit expense from the amended severance pay of the Labor Law	266	-
	3,546	3,389
Capitalized as cost of construction in progress	-	(4)
Net	3,546	3,385

The Company 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 Company 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.

20 Finance costs

	2019 (in million Baht)	2018
Interest expense - Thai Baht loans	5,680	5,974
Interest expense (income) - Affiliated companies		
Interest expense - Affiliated companies	66	63
Interest income - Affiliated companies	(4,186)	(3,708)
	1,560	2,329
Capitalized as cost of construction in progress	(1)	-
Net	1,559	2,329

21 Income tax

Income tax recognized in profit or loss

	Note	2019	2018
		(in million Baht)	
Current tax		132	-
Deferred tax			
Movement in temporary differences	11	42	(103)
Total		174	(103)

Income tax recognized in other comprehensive income

	Note	2019	2018
		(in million Baht)	
Actuarial losses		(23)	(21)
Gains (losses) on remeasuring available-for-sale investments		7	(8)
Total	11	(16)	(29)

Reconciliation of effective tax rate

For the years ended 31 December 2019 and 2018, the Company's effective tax rate is not equal to the statutory tax rate of 20% under the Revenue Code because income tax expense is calculated from accounting profit adjusted by non-deductible expenses, deducted income or expense exemption under the Revenue Code.

	2019		2018	
	Rate	(in million Baht)	Rate	(in million Baht)
	(%)		(%)	
Profit before income tax expense		21,049		24,352
Income tax using the Thai corporation tax rate	20	4,210	20	4,870
Income not subject to tax		(4,045)		(4,971)
Expenses deductible at a greater amount		(16)		(33)
Expenses not deductible for tax purposes and others		84		33
Tax losses increase (decrease)		(101)		101
Current tax		132		-
Movement in temporary differences		42		(103)
Income tax expense (benefit)	0.8	174	(0.4)	(103)

22 Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

	2019	2018
	<i>(in million Baht / million shares)</i>	
Profit for the year attributable to ordinary shareholders of the Company	20,875	24,456
Weighted average number of ordinary shares outstanding	<u>1,200</u>	<u>1,200</u>
Basic earnings per share (in Baht)	<u>17.40</u>	<u>20.38</u>

23 Dividends

The dividends paid by the Company to the shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
2019				
Annual dividend 2018	27 March 2019	19 April 2019	9.50	11,400
Interim dividend	26 July 2019	23 August 2019	<u>7.00</u>	<u>8,399</u>
Total			<u>16.50</u>	<u>19,799</u>
2018				
Annual dividend 2017	28 March 2018	20 April 2018	10.50	12,600
Interim dividend	25 July 2018	22 August 2018	<u>8.50</u>	<u>10,200</u>
Total			<u>19.00</u>	<u>22,800</u>

24 Financial instruments

Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

Interest rate risk

Interest rate risk arises from the changing of interest rates in the market which effects net interest expense. The Company manages debts by using both fixed interest rates and floating interest rates, depending on the market circumstances.

The effective interest rates of loans receivable as at 31 December and the periods in which the loans receivable mature were as follows:

Loans receivable

	Effective interest rates (% p.a.)	Within 1 year	Total (in million Baht)
Year 2019			
Current			
Short-term loans to related parties	3.50	114,600	114,600
Total		114,600	114,600
 Year 2018			
Current			
Short-term loans to related parties	3.75	106,721	106,721
Total		106,721	106,721

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

Financial liabilities

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in million Baht)	Total
<i>Year 2019</i>				
Current				
Short-term borrowings from related parties	0.50, 1.00	6,569	-	6,569
Debentures	3.00	50,000	-	50,000
Non-current				
Debentures	2.97 - 3.25	-	125,000	125,000
Total		56,569	125,000	181,569
<i>Year 2018</i>				
Current				
Short-term borrowings from related parties	0.50, 1.00	8,403	-	8,403
Debentures	3.40 - 4.40	31,500	-	31,500
Non-current				
Debentures	2.97 - 3.25	-	150,000	150,000
Total		39,903	150,000	189,903

Foreign exchange risk

Foreign exchange risk arises from the fluctuation of foreign exchange rates.

The Company uses derivative financial instruments to manage its risk on foreign debts. This is in compliance with the policy and guidelines agreed and approved by the Board of Directors of the Company, and there are controls on operating procedures for compliance with the policy.

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 2019 and 2018, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value.

25 Commitments and contingent liabilities

As at 31 December, the Company had:

	2019 (in million Baht)	2018
(a) Guarantees on loans of related parties	4,853	-
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	112	112
(c) Commitments		
- for rental agreements	118	119
- for construction and improvement of office building and implementation project	6	15
- for title sponsor agreement	220	330
(d) The Company has entered into the service agreements with two local companies. Those companies will provide information and technology outsourcing services to the Company and affiliates. The commencement price is approximately Baht 6,500 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 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.		

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. Thailand Securities Depository Co., Ltd. is considering whether to appeal the judgment.

26 Capital Management

The management of the Company has the capital management policy to maintain a strong capital base by emphasis on planning and determining the operating strategies resulting in good business's performance and sustained good cash flows management. In addition, the Company considers investing in projects which have good rate of return, appropriate working capital management, maintain a strong financial position and appropriate investment structure as to maintain sustained future operations of the business and to maintain shareholders, investors, creditors and others interest's confidence.

27 Events after the reporting period

At the Board of Directors' Meeting of the Company held on 29 January 2020, the directors approved the following matters:

- (a) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2019 at the rate of Baht 14.00 per share, totaling approximately Baht 16,800 million. An interim dividend of Baht 7.00 per share was paid on 23 August 2019, as discussed in note 23. The final dividend will be at the rate of Baht 7.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 8,400 million and is scheduled for payment on 27 April 2020. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 1 April 2020.
- (b) To issue debentures No.1/2020 on 1 April 2020, amount of Baht 25,000 million. Term of the new debenture is 4 years with fixed interest rate at 2.80 % per annum, and is to replace the debentures No.1/2016 amount of Baht 25,000 million to be retired for redemption.

28 Thai Financial Reporting Standards (TFRSs) that have been issued but is not yet effective

The new and revised TFRSs, which are relevant to the Company's operations, become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020. The Company does not adopt these TFRSs early. The new TFRSs are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinquishing Financial Liabilities with Equity Instruments

* TFRSs - Financial instruments standards

(a) TFRSs - Financial instruments standards

These TFRSs - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRSs - Financial instruments depends on the Company's financial instruments by following TFRSs - Financial instruments as follows:

(1) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortized cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed. Under TFRS 9, derivatives will be measured at FVTPL. It shall replace current accounting policies of the Company on recognition of revaluation exchange rate at the end of period or when the derivatives were exercised.

The Company made an assessment of classification - Financial assets under TFRS 9. This adoption has no material effect on trade receivables, current investments, investments held as available for sale and derivatives. However, the Company has long-term investments recognized at cost less any impairment losses. On 1 January 2020, the Company classified them as FVTPL which are recognized increasing in the other long-term investment approximately Baht 7,800 million and net deferred tax liabilities resulting in the retained earnings increase approximately Baht 6,300 million.

(2) Measurement at amortized cost

Under TFRS 9, interest income and interest expenses recognized from all financial assets and financial liabilities measured at amortized cost shall be calculated using effective interest rate method. The adoption of TFRS 9 has no material effect on the financial statements of the Company.

(3) Impairment - Financial assets

TFRS 9 introduces forward-looking Expected Credit Loss ("ECL") model whereas currently the Company estimates allowance for doubtful account by analyzing payment histories and future expectation of customer payment. TFRS 9 requires consideration about how changes in economic factors affect ECLs, which is determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortized cost or FVOCI, except for investments in equity instruments.

The Company made an assessment of the impairment of financial assets under TFRS 9. This adoption has no material effect on the financial statements of the Company.

(4) Classification - Financial liabilities

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortized cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

The Company classified other financial liabilities which are not held for trading or derivative measured at amortized cost. The adoption of TFRS 9 has no material effect on the Company's financial statements.

(5) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Company is required to ensure that hedge accounting relationships are aligned with the Company's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assess hedge effectiveness. Accordingly, TFRS 9 provides an option to apply hedge accounting when the transactions are qualified. At the initial date of the first time adoption, the Company has no effect on this matter.

Transition

The Company applied these TFRSs for the first time by adjusting the cumulative impact to retained earnings on 1 January 2020 with no restatement of comparative information.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognizes a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains to the current standard. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled. Currently, the Company recognizes payments made under operating leases in income statement on a straight-line basis over the term of the lease.

The Company made an assessment of TFRS 16 adoption. On 1 January 2020, the Company recognized the increase in right-of-use assets approximately Baht 300 million, while the prepaid expenses decrease approximately Baht 30 million which affect to increase in lease liabilities approximately Baht 270 million. The nature of expenses related to those leases will change as the Company will recognize depreciation of right-of-use assets and interest expenses on lease liabilities.

Transition

The Company applied TFRS 16 for the first time on 1 January 2020 using the modified retrospective approach, by recognizing right-of-use assets and lease liabilities with no restatement of comparative information.

24

REFERENCES

Registrars

Address

Tel.

Fax

e-mail

Website

Thailand Securities Depository Company Limited

The Stock Exchange of Thailand Building

1st Floor, 93 Ratchadapisek Road, Dindaeng, Bangkok, 10400

66-2009-9999

66-2009-9991

SETContactCenter@set.or.th

<http://www.set.or.th/tsd>

Auditors

KPMG Phoomchai Audit Ltd.

Mr. Vairoj Jindamaneepitak (Certificated Public Accountant No. 3565) or

Ms. Pornthip Rimdusit (Certificated Public Accountant No. 5565) or

Ms. Thanyalux Keadkeaw (Certified Public Accountant No. 8179)

1 Empire Tower 50th – 51st Floors,

1 South Sathorn Road, Yannawa, Sathorn,

Bangkok, 10120

66-2677-2000

66-2677-2222

Legal Advisors

Address

Tel.

Fax

SCG Legal Counsel Limited

1 Siam Cement Road, Bangsue, Bangkok 10800

66-2586-5777 or 66-2586-5888

66-2586-2976

Trustee of Debenture Holders

CIMB Thai Bank Public Company Limited

(Only for debenture SCC204A, SCC20NA, SCC214A and SCC21OA)

Capital Financial Markets and Payments Operations Department

Agency Service and Compliance Unit, 15th Floor, 44 Langsuan Road,
Lumpini, Pathum Wan, Bangkok, 10330

66-2626-7508

66-2657-3390

<http://www.cimbthai.com>

Trustee of Debenture Holders

Bank of Ayudhya Public Company Limited

(Only for debenture SCC220A SCC234A and SCC23NA)

1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok, 10120

66-2296-4776

66-2683-1298

<http://www.krungsri.com>

INVESTOR INFORMATION

25

Name	The Siam Cement Public Company Limited	Contacts	
Stock Code	SCC (Listed on the Stock Exchange of Thailand - SET)	Corporate Headquarters	
Registration No.	0107537000114	Tel.	66-2586-3333, 66-2586-4444
Type of Business	Holding Company	Fax	66-2586-2974
Website	www.scg.com	e-mail:	info@scg.com
Year of Establishment	1913		
First Trade Date	April 30, 1975		
Headquarter Address	1 Siam Cement Road, Bangsue, Bangkok, 10800	Corporate Secretary Office	
Registered Capital	1,600 Million Baht	Tel.	66-2586-6098
Paid-up Capital	1,200 Million Baht	Fax	66-2586-3007
	Comprised of 1,200 Million Ordinary shares	e-mail:	corporatesecretary@scg.com
Par value	1 Baht par value		
Preferred Share	None	Investor Relations Department	
Fiscal Year	January 1 - December 31 of each year	Tel.	66-2586-4299
Shareholders	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.	e-mail:	invest@scg.com
		Enterprise Brand Management Office	
		Tel.	66-2586-3770
		Fax	66-2586-2974
		e-mail:	ebmo@scg.com
		Independent Directors as Minority Shareholders' Representative	
		Fax	66-2586-3007
		e-mail:	ind_dir@scg.com

5 YEARS SHARE PRICES (2015 - 2019)

Compared to SET Index



**CORPORATE HEADQUARTERS**

1 Siam Cement Road, Bangsue, Bangkok 10800 Thailand
Tel : 0-2586-3333, 0-2586-4444
Fax : 0-2586-2974
www.scg.com

