

The Siam Cement Public Company Limited

# Annual Report 2021

Form 56-1 One Report\*

## ACHIEVING ESG WHILE GROWING BUSINESS



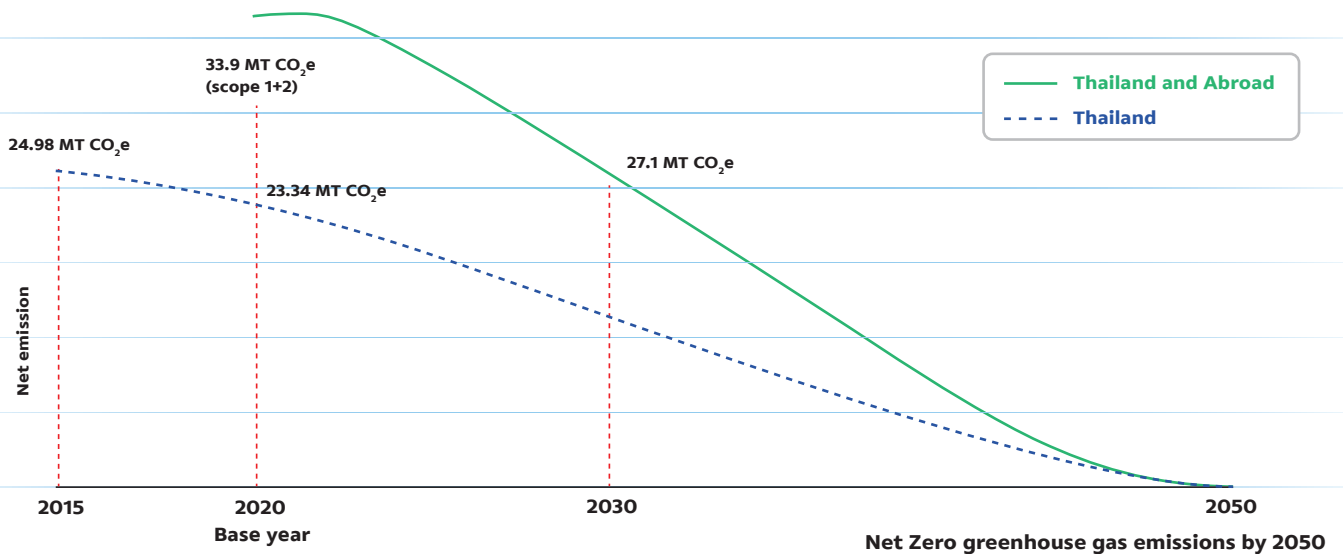
\*Annual Registration Statement/Annual Report



# ESG Pathway

20% Net GHG Reduction by 2030 (from Base Year 2020)

Net Zero by 2050

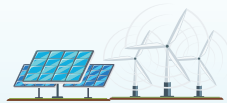


## NET ZERO TRANSITION PATHWAY INITIATIVES



### Energy Efficiency

By using the best available technologies



### Clean and Green Energy

By increasing the share of biomass and renewable energy



### Carbon Capture

By networking with national and international to scale up carbon capture, utilization and storage (CCUS) technologies



### Low - carbon Products

By innovating the low - carbon products based on the principles of circular economy across value chain



### Natural Climate Solution

By collaborating with communities and authorities for reforestation and rehabilitation as carbon sink



# 01

## VISION AND BUSINESS STRATEGIES



**SCG is a leading industrial conglomerate in ASEAN** that has sustained stable growth well into its 109<sup>th</sup> year, thanks to its business resilience and leveraging of technology, enabling the Company to drive its development of innovative products, services, and solutions to meet the diverse application needs of consumers and the rapidly-changing market conditions as well as deal with crisis situations promptly. Currently, SCG comprises three core business units: Cement and Building Materials Business, Chemicals Business, and SCGP (Packaging Business).

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

push forward the ESG 4 Plus target developed by SCG, encompassing “Set Net Zero-Go Green-Reduce Inequality-Embrace Collaboration” with adherence to fairness and transparency.

The relentless commitment to creating value for all stakeholders in accordance with the sustainable development approach resulted in SCG being the first organization in ASEAN to have been included in the prestigious Dow Jones Sustainability Indices (DJSI), a sustainability index used to evaluate leading companies in sustainable business operations since 2004. SCG has been evaluated as a global sustainable company in the category of DJSI World and DJSI Emerging Markets in Construction Materials Industry for the 18<sup>th</sup> consecutive year, demonstrating its sustainable development accomplishments to achieve a balance in economic, social, and environmental growth in line with its promise: “Passion for Better”.

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



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Air Chief Marshal *Satitpong Sukvimol*

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**Satitpong Sukvimol**  
Chairman



*RRR*

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**Roongrote Rangsiyopash**  
President & CEO

## 02

# MESSAGE FROM THE BOARD OF DIRECTORS



## Strong Operating Performance Resulting of Business Transformation to Address 3 Megatrends: ESG, Digital Transformation, and New Solutions to Meet Wellness Trend



In 2021, COVID-19 continued to disrupt the global economy compounded by the rising energy and raw material costs, and the extreme weather events. Nevertheless, SCG stayed the course and achieved satisfactory growth, thanks to the rapid transformation of all its business units to address three megatrends: integrating ESG into business operations, leveraging digital transformation to answer emerging customer needs, reduce production cost, grow e-Commerce, and developing solutions to accommodate trends toward wellness and improving quality of life.

The careful assessment of the situation coupled with swift adjustment and timely creation of emergency response plans resulted in the strong operating performance of SCG. The Company's operating results for 2021 recorded the revenue from sales of 530,112 Million Baht, an increase of 33% from the previous year, attributable mainly to the improved performance of all businesses, particularly the higher price and sales volume of chemical products. Profit for the year amounted to 47,174 Million Baht, up 38% from the previous year due to the improved performance of the Chemicals Business and SCGP (Packaging Business). In 2021, SCG's revenue from sales of High Value Added (HVA) Products & Services

totaled 182,510 Million Baht, representing 34% of total revenue from sales. Net debt to EBITDA ratio stood at 2.6 times while cash flows were stable from strong operating results of SCG's core business units. At the 2022 Annual General Meeting of Shareholders, the Board of Directors resolved to propose a full year dividend payment of 22,200 Million Baht, or 18.50 Baht per share, representing a payout rate of 47% of profit for the year according to the consolidated financial statements. This comprised an interim dividend of 8.5 Baht per share, and a final year-end dividend of 10 Baht per share.



## Achieving Net Zero Target in 2050 by Increasing Proportion of Alternative Energy and Investment in Deep Technology

### Leveraging ESG 4 Plus to Achieve Long-term Sustainability

SCG is resolved to move forward business under an ESG framework, developing the ESG 4 Plus target to “Set Net Zero – Go Green – Reduce Inequality – Embrace Collaboration” with adherence to fairness, transparency, verification in line with the UN Sustainable Development Goals (SDGs) and the circular economy principles as follows:

- 1. Set Net Zero** The Company strives to increase the proportion of alternative energy use and developing low-carbon businesses in addition to driving research and sustaining investment in deep technology and start-ups. The goals are to reduce 20% greenhouse gas emissions by 2030 and achieve a Net Zero target by 2050.
- 2. Go Green** SCG is committed to developing environmentally-friendly innovations and promoting clean energy business, both domestically and overseas. The target is also set to increase the proportion of the SCG Green Choice label products that are friendly to the environment.
- 3. Reduce Inequality** SCG has played an increasingly active role in reducing social inequalities through developing skills and occupations that are in demand among those who lost their jobs due to COVID-19.
- 4. Embrace Collaboration** SCG resolves to drive ESG through collaboration with organizations at national, ASEAN, and international levels to materialize the goals.

### Digital Transformation: The Key to Win Customer's Heart

SCG has built multiple biggest digital network platforms that enable efficient, fast, and convenient distribution management. Chief among them are Prompt

Plus that provides services to over 9,000 building material stores across the country and Rak-mao, an e-Procurement platform that allows more than 50,000 small- and medium-sized contractors and construction project owners nationwide to manage even better costs efficiency. Big Data Analytics and AI have been adopted to analyze customer needs to develop new solutions continually. Furthermore, SCG has leveraged digital transformation to enhance work and production efficiency such as Digital Twin technology that helps improve existing manufacturing processes, and Angel-Maintenance system that helps manage maintenance and reduce manufacturing downtime for maintenance operations.

### Solutions for Wellness and Better Quality of Life

During the COVID-19 pandemic, consumers have paid more attention to health and wellness. In response, SCG has accelerated the development of solutions to address the megatrend toward wellness and improving quality of life. Central to these are medical plastic innovations, Smart Building Solution that helps improve air quality and save energy with IOT technology, Ultra Clean Wall Solution that keeps a room clean and safe with SCG Bi-Ionization Air Purifier killing bacteria and viruses in the house and building, and Water Soluble Laundry Bag that reduces the risk of transmission of COVID-19 from the clothes of patients with infections.

### Collaboration and Network with All Sectors to Drive the ESG Agenda

SCG has made a tangible move to drive the ESG collaborative network to a broader scale. In 2021, SCG announced its commitment through the “ESG Pathway-Let's Start Together for Us and for Our World” event, demonstrating its stance to tackle the global warming issue in collaboration with all sectors in the society. The Chemicals Business, for instance, joined hands with Unilever to develop environmentally-friendly packaging in accordance with the circular economy principles by transforming post-consumer plastic into recycled HDPE resins (rHDPE) for the first time in Thailand. The Business



2021 Operation Result  
Press Conference.

Scan to watch video 

also collaborated with several international organizations such as Alliance to End Plastic Waste (AEPW) to solve the problem of plastic waste sustainably and The Ocean Cleanup to tackle the issue of plastic pollution in the rivers and oceans. At the other end, the Cement and Building Materials Business joined forces with Global Cement and Concrete Association (GCCA) to reduce and trap greenhouse gas emissions in concrete for the cement industry and with partners in the construction industry under the Circular Economy in Construction Industry (CECI) to reduce construction waste and reuse it as much as possible.

For its part, SCGP (Packaging Business) in cooperation with Thailand Post and Government Pharmaceutical Organization organized the “reBOX” campaign to recycle 220 tons of unused paper boxes into 300,000 surgical masks for hospitals in need.

### **Reducing Inequality and Creating Job Opportunities Across ASEAN**

To reduce social inequalities among the unemployed as a result of COVID-19, SCG has carried out various skills development programs in response to the market demand. Over 3,000 individuals have taken part in the programs, and the projects will continue to reach a skilled workforce of 20,000 by 2025. Chief among the programs are training truck drivers by the SCG Skills Development School, developing skills for home renovation handymen by Q-Chang, and processing goods and creating sales from e-Commerce and offline channels under the “Power of Community” project. Moreover, the “Learn to Earn” project by the SCG Foundation is dedicated to supporting those wanting to develop their careers as nurse assistants, dental assistants, and elderly caregivers. Added to this is providing knowledge about community water management to secure water for consumption and irrigation, allowing the community to increase crop yields and generate steady income through the “No Drought, No Poverty” project and through Kubota Smart Farming. For other ASEAN nations, SCG has continually provided scholarships to youths to pursue their careers. This contribution helps produce high-demand professionals such as doctors, nurses, engineers, and teachers.

Apart from this, SCG has continued to develop and donate COVID-19 innovations in Thailand and ASEAN with a total value of 470 Million Baht such as Modular

ICU units, Modular X-Ray units, Negative/Positive Pressure Isolation Chambers, over 100,000 SCGP Paper Field Hospital Beds, and Bathroom Mobile units. The SCG Vaccination Center has also provided vaccination services to more than 250,000 people.

Realizing that the Company has roles and responsibilities to operate business and grow alongside strong society and sustainable environment, SCG pledges to integrate the ESG framework in its business operations in Thailand, ASEAN, and on an international scale. To that effect, the Company is poised to collaborate with all sectors

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## **Skills Development Program Reaching 3,000 Individuals in 2021, and 20,000 Skilled Workforce is Targeted by 2025**

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to materialize the common goals with adherence to fairness and transparency in its operations to pass on a better and sustainable world for future generations.

The Board of Directors would like to express its sincere gratitude to all shareholders, debenture holders, joint-venture partners, suppliers, contractors, customers, and all other relevant parties including domestic and international financial institutions for their continued contributions and support toward SCG. This gratitude also extends to all SCG employees for their hard work, dedication, and agility that have enabled SCG to weather the crisis and grow robustly. SCG pledges its commitment to creating innovations and solutions to address customer demand along with contributing to sustainable society and environment for many years to come.

Bangkok, January 26, 2022

# SCG pledges to leverage **ESG** strategy under the **4 Plus**

**E** Environmental **S** Social **G** Governance



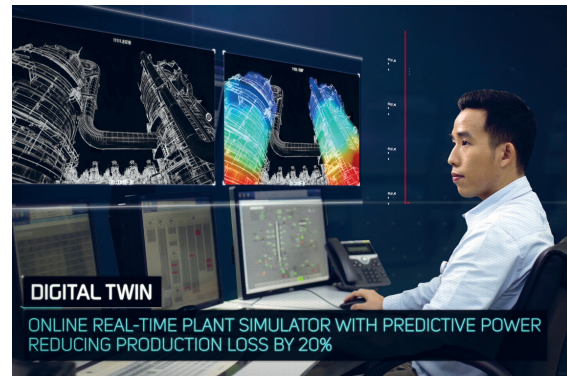


# 03

## ACHIEVING ESG WHILE GROWING BUSINESS

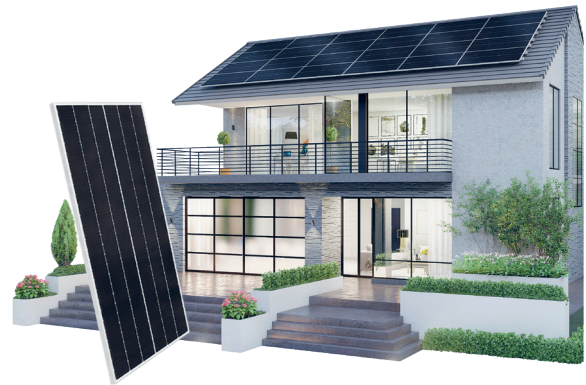
SCG, as a world citizen, deems it the Company's mission and responsibility to drive operations at all levels to grow alongside a strong society and sustainable environment. Furthermore, SCG is keen to collaborate with all sectors under ESG efforts.

Amid the climate emergency, global resource scarcity, growing social inequality, and the COVID-19 pandemic which has caused unprecedented crisis, SCG, as a world citizen, deems it the Company's mission and responsibility to drive business operations at all levels to grow alongside a strong society and sustainable environment. Furthermore, SCG is keen to collaborate with all sectors in efforts under ESG (Environmental, Social, Governance), the global development framework for business operations, in line with the United Nations SDGs (Sustainable Development Goals) and the Thai government's BCG Economy (Bio-Circular-Green Economy) in alignment with the ESG 4 Plus strategy to pass on a better and sustainable world for future generations.



**Pathway 1: Set Net Zero**

SCG sets its sights on reducing greenhouse gas emissions by 20% within 2030 and achieving net zero emissions by 2050 by increasing the proportion of low-carbon energy use such as biomass, RDF, excess hot air energy from waste heat generators, and solar energy. The Company also invests in deep technology research such as Electric Vehicles (EV), AI Supervisory for Energy Analytics to enhance renewable energy production efficiency and studies the feasibility of using carbon capture, utilization, and storage (CCUS) technology. Aside from streamlining the manufacturing process, SCG has taken the efforts to mitigate global warming by planning to plant 3 million rais of trees and 30,000 rais of mangroves to help absorb 5 million tons of carbon dioxide by 2050 and to construct another 130,000 check dams by 2025 to restore watershed forests. In 2021, approximately 0.9 million tons of carbon dioxide emission were reduced, a 2.66% reduction compared to 2020 base year.







**Pathway 2: Go Green**

The pathway is dedicated to promoting an environmentally-friendly attitude through the development of innovative products, services, and solutions to help reduce greenhouse gas emissions and uplift the quality of life for people in society. As part of the efforts, SCG strives to drive development of eco-friendly products with the goal of doubling the sales of SCG Green Choice label products from 32% to 67% by 2030, some of which include SCG Hybrid structural cement and SCG Solar Roof Solutions. A new business, SCG Cleanergy Company was established to provide power solutions from renewable energy including solar and wind energy in Thailand and overseas. To maximize resource efficiency in accordance with the circular economy concept as well as address the demand of eco-conscious businesses and consumers, multiple innovations have been introduced. Examples include SCG Green Polymer™, an innovative eco-friendly polymer, recyclable packaging from SCGP, and CPAC Green Solution that speeds construction and reduces construction waste.





### Pathway 3: Reduce Inequality

In addition to growing business, SCG is resolved to help mitigate the impacts of the social crisis that affects people's livelihoods and quality of life by reducing social inequality through upskilling, reskilling, and building high-demand job opportunities via a variety of projects appropriate for differing target groups to improve quality of life and build strong, sustainably self-reliant communities in Thailand and ASEAN. SCG developed the skills and in-demand jobs of 3,000 people for the communities surrounding the plant and SMEs in 2021 and plans to reach 20,000 by 2025. Among the in-demand jobs promoted are truck drivers, home renovation handymen, and sellers of local processed goods through online and offline channels. Moreover, the Learn to Earn project by the SCG Foundation also provides scholarships to those wanting to develop their careers as nurse assistants, dental assistants, and elderly caregivers. Added to this is providing knowledge about community water management to secure water for consumption and irrigation to increase crop yields and generate steady income. SCG also offers scholarships to students in the ASEAN countries to produce high-demand professionals such as doctors, nurses, engineers, and teachers.





#### Pathway 4: Embrace Collaboration

SCG is keen to dedicate its expertise and experience and leverage innovations and technologies to mitigate the impacts of the crisis. However, being aware that SCG alone could not tackle the crises, the Company strives to foster collaboration with organizations at the national, ASEAN, and international levels to drive the ESG agenda. For instance, the Chemicals Business joined forces with Unilever to transform post-consumer plastics into high quality recycled feedstock as well as collaborated with Alliance to End Plastic Waste (AEPW) to solve the problem of plastic waste by creating solutions that eliminate waste efficiently and with The Ocean Cleanup to tackle the issue of waste pollution in the rivers and oceans. At the other end, the Cement and Building Materials Business joined hands with Global Cement and

Concrete Association (GCCA) to reduce and trap CO<sub>2</sub> emissions in concrete for the cement industry (Recarbonation: CO<sub>2</sub> sink) and with partners in the construction industry under the Circular Economy in Construction Industry (CECI) to reduce construction waste. For its part, SCGP (Packaging Business) in cooperation with Thailand Post and Government Pharmaceutical Organization organized the “reBOX” campaign to recycle 220 tons of unused paper boxes into 300,000 surgical masks for hospitals in need. In addition, SCG plans to organize the 11<sup>th</sup> ESG Symposium in Thailand and will expand to hold the ESG Symposium in Indonesia for the second year and in Vietnam for the first time to engage all sectors in ASEAN in driving the ESG agenda.



#### Plus Fairness and Transparency

Throughout the course of its business operations, SCG has committed itself to propelling business under the principles of good corporate governance as part of the corporate policy. The Company has operated with adherence to fairness, transparency, and verification, a practice that has been upheld over a long period of time. SCG constantly oversees and assesses its governance practices under organizational management that aligns with the Integrated GRC (Governance, Risk, and Compliance) approach. Emphasis is placed on inculcating workplace ethics into

employees with the appropriate conduct being demonstrated by directors, executives, and employees and passed down from generation to generation, eventually becoming corporate culture. SCG corporate governance has been constantly revised and updated in response to ever-changing socio-economic circumstances. The Company has provided continued support for the Anti-Corruption Organization of Thailand and the organization of The Thai Chamber of Commerce Business Ethics Standard Test Award (TCC BEST Award) in conjunction with The Thai Chamber of Commerce for 18 consecutive years to promote sustainable business growth with commitment to good governance. More than 200 organizations nationwide have obtained the award.

# 04

## FINANCIAL OVERVIEW THE SIAM CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	2021	2020	2019	2018	2017
<b>Consolidated Income Statement</b> (Million Baht)					
Revenue from sales	530,112	399,939	437,980	478,438	450,921
Costs and expenses <sup>1</sup>	494,613	373,564	419,241	445,392	408,995
Profit before finance costs, income tax expense, depreciation and amortization and includes dividends from associates (EBITDA) <sup>1</sup>	91,867	74,600	75,105	86,641	102,080
Profit for the year <sup>2</sup>	47,174	34,144	32,014	44,748	55,041
Profit for the year before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562			34,049		
<b>Consolidated Statement of Financial Position</b> (Million Baht)					
Assets	861,101	749,381	634,733	589,787	573,412
Liabilities	411,093	353,255	306,990	271,918	271,587
Shareholders' equity	450,008	396,126	327,743	317,869	301,825
Equity attributable to owners of the parent	365,691	320,972	280,215	277,097	261,098
<b>Financial Ratio</b>					
Total number of shares issued (Million shares)	1,200	1,200	1,200	1,200	1,200
Book value per share (Baht)	304.7	267.5	233.5	230.9	217.6
Earnings per share (Baht)	39.3	28.5	26.7	37.3	45.9
Dividends per share (Baht)	18.5	14.0	14.0	18.0	19.0
Dividends payout ratio on profit for the year (%) <sup>3</sup>	47.1	49.2	52.5	48.3	41.4
Return on revenue from sales (%)	8.9	8.5	7.3	9.4	12.2
Return on equity (%)	13.7	11.4	11.5	16.6	22.0
Return on assets (%)	5.9	4.9	5.2	7.7	9.9
EBITDA on total assets (%)	11.4	10.8	12.2	14.9	18.3
Debt to equity ratio (Times) <sup>4</sup>	0.9	0.9	0.9	0.9	0.9
Price earnings ratio (Times)	9.8	13.3	14.7	11.7	10.5
Net debt to EBITDA ratio (Times)	2.6	2.1	2.4	1.7	1.4

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

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

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

<sup>4</sup> Debt to equity ratio = Liabilities divided by shareholders' equity

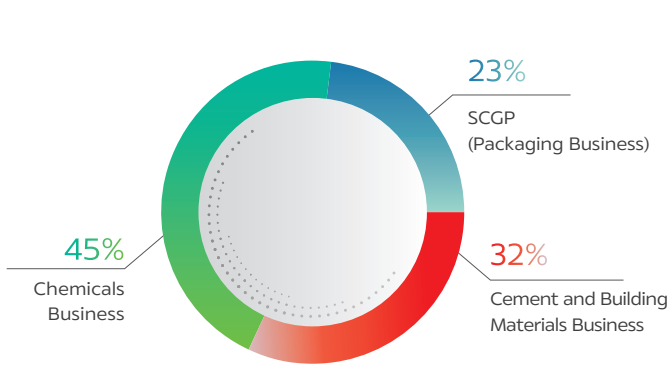


## 05

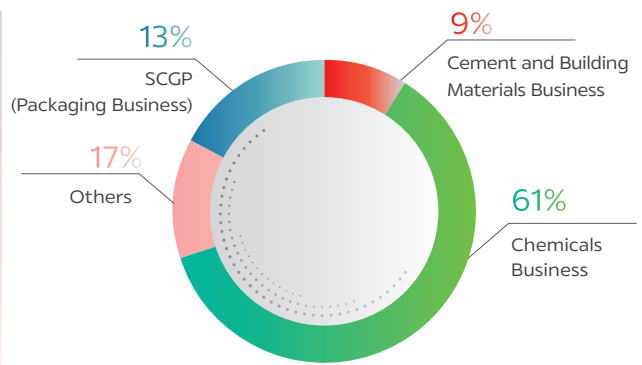
## OPERATING RESULTS

### THE SIAM CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

#### Revenue from Sales Breakdown 2021

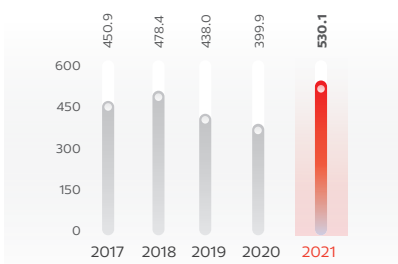


#### Profit for the Year\* Breakdown 2021



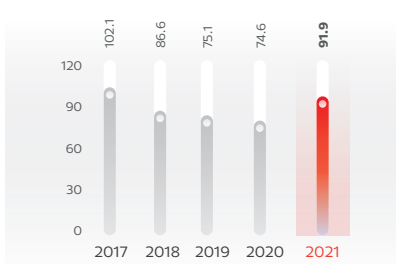
#### Revenue from Sales

(Billion Baht)



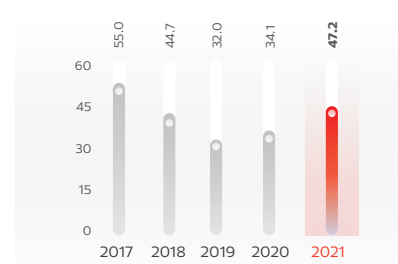
#### EBITDA

(Billion Baht)



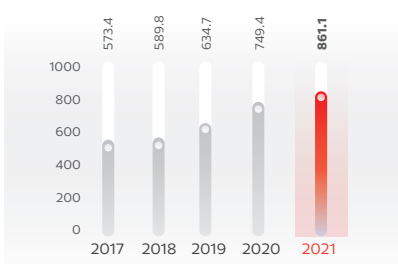
#### Profit for the Year\*

(Billion Baht)



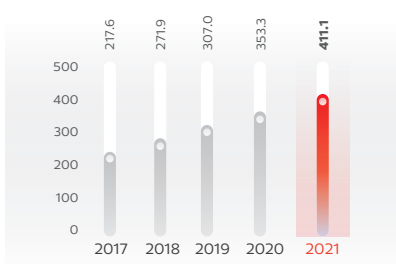
#### Assets

(Billion Baht)



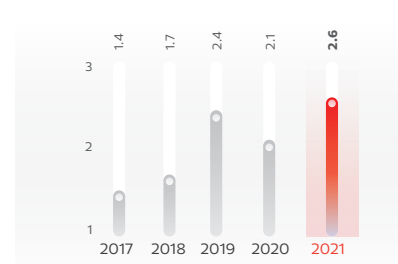
#### Liabilities

(Billion Baht)



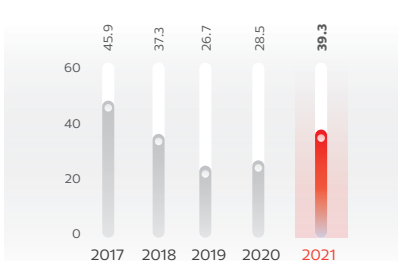
#### Net Debt to EBITDA Ratio

(Times)



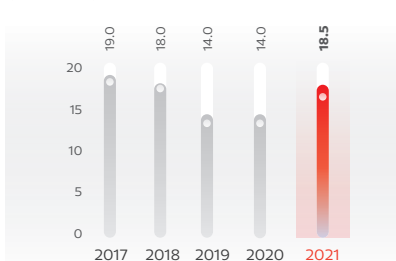
#### Earnings per Share

(Baht/share)



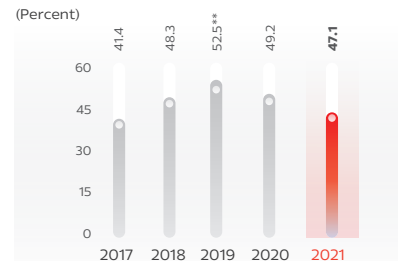
#### Dividends per Share

(Baht/share)



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

(Percent)



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

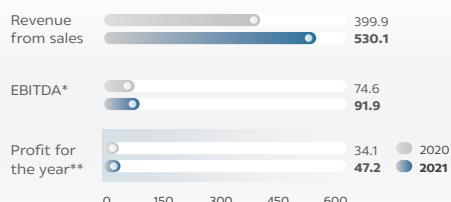
\*\* Proportion of dividends for 2019 is 49.3% on profit before recognition of severance pay adjustment from the Labour Protection Act B.E. 2562.

# 06

## BUSINESS HIGHLIGHTS

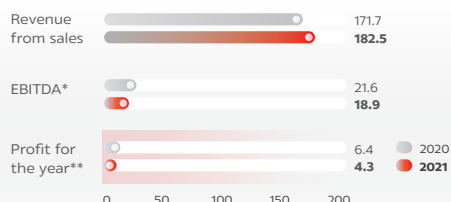
### SCG

(Billion Baht)



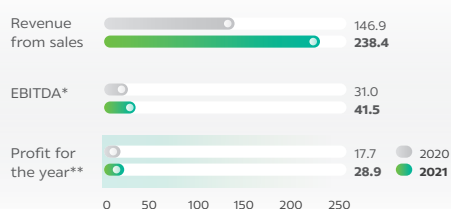
### Cement and Building Materials Business

(Billion Baht)



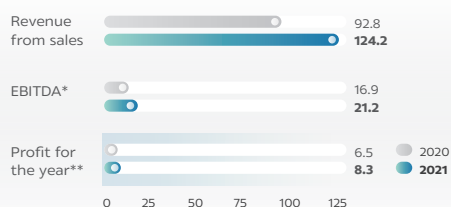
### Chemicals Business

(Billion Baht)



### SCGP (Packaging Business)

(Billion Baht)



\* Includes dividend from associates

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

### SCG

Consolidated revenue from sales registered at 530,112 Million Baht, an increase of 33% from the previous year due to better performance in all businesses largely attributable to higher chemicals product prices and improved sales volumes. Consolidated EBITDA also increased 23% from the previous year to 91,867 Million Baht. Correspondingly, profit for the year registered at 47,174 Million Baht, an increase of 38% from the previous year, largely resulted from Chemicals Business. Normalized profit in FY2021 registered at 48,979 Million Baht, increased 35% from the previous year.

### Cement and Building Materials

Revenue from sales registered at 182,529 Million Baht or 6% from the previous year from higher sales in all markets. EBITDA registered at 18,877 Million Baht, decreased 13% from the previous year. Normalized EBITDA was 22,706 Million Baht, a drop of 7% from the previous year, from weak domestic demand. Profit for the year registered at 4,262 Million Baht or 34% from the previous year, Normalized profit registered at 7,939 Million Baht, decreased 9% from the previous year from higher production cost. The Business has transformed its products, services, and distribution channels by focusing on fully responding to customer's need, including enhancing sustainable business operations with social responsibility and environment.

### Chemicals

Revenue from sales was 238,390 Million Baht, increased 62% from the previous year from higher product prices and sale volumes, and Baht depreciation. EBITDA increased 34% from the previous year to 41,465 Million Baht due to higher product price spreads, sales volumes, and dividend from associates. Profit for the year was 28,931 Million Baht, increased 64% from the previous year from higher product price spreads and equity income from associates. Chemicals Business is moving toward "Business for Sustainability" by establishing an ESG-based business direction, The Business is focusing on developing High Value Added (HVA) products and services and solutions based on the circular economy principles and developing and utilizing digital technology across the entire supply chain to sustain its leadership in ASEAN.

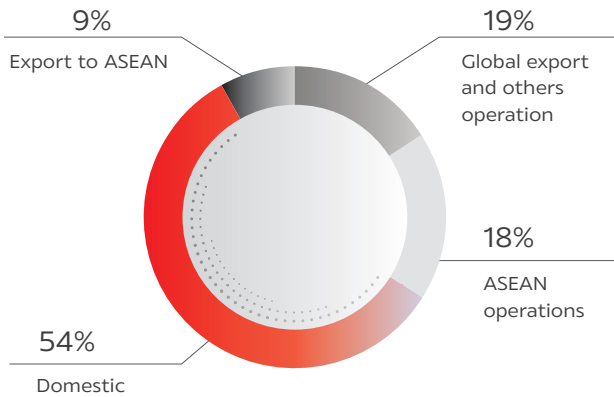
### SCGP (Packaging Business)

SCGP's total revenue from sales reported at 124,223 Million Baht, increased 34% from the previous year driven by the continued growth in the form of Merger & Partnership (M&P) and organic expansion, as well as the growing demand in fast-moving consumer goods (FMCG), food and beverage, foodservices, and e-Commerce industries. EBITDA registered at 21,164 Million Baht, an increase of 25% from the previous year. Profit for the year was 8,294 Million Baht, increased 28% from the previous year. SCGP plans to continuously expand business operation for long-term growth through production capacity expansion and M&P investments, The Business also strives to develop products, services, and solutions that meet customers' needs, as well as operate business with emphasis on the environment. The Business set target of Net Zero greenhouse gas emission by 2050

### Others

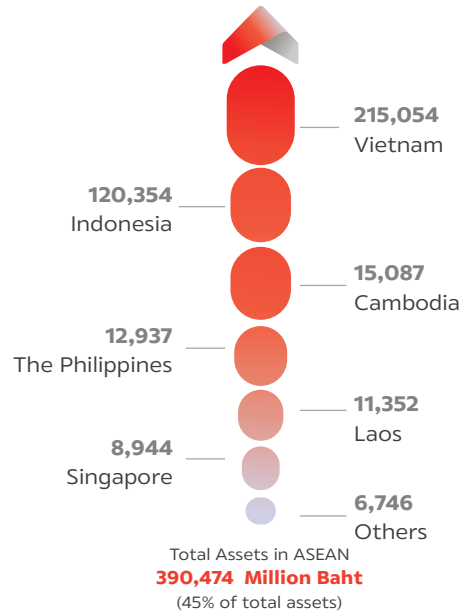
EBITDA registered at 10,810 Million Baht and profit for the year was 8,110 Million Baht. This was attributed to the operating results of Investment Business that recorded EBITDA inclusive of dividend from associated companies of 7,094 Million Baht and profit for the year of 7,349 Million Baht after deducting general and administrative expenses.

### Revenue from Sales Breakdown

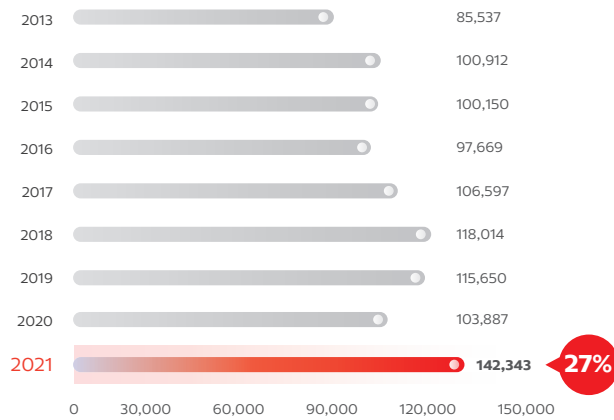


ASEAN operations >> Subsidiaries in ASEAN (excluding Thailand)  
 Export destinations >> From Thai subsidiaries

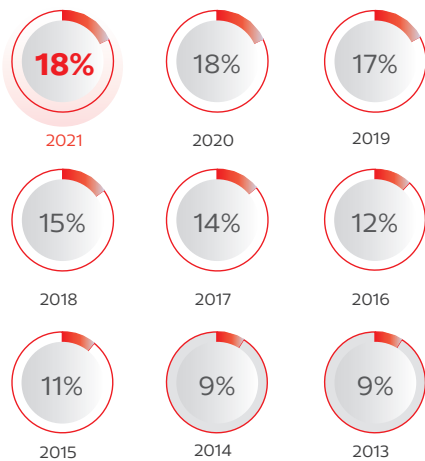
### Total Assets in ASEAN (Million Baht)



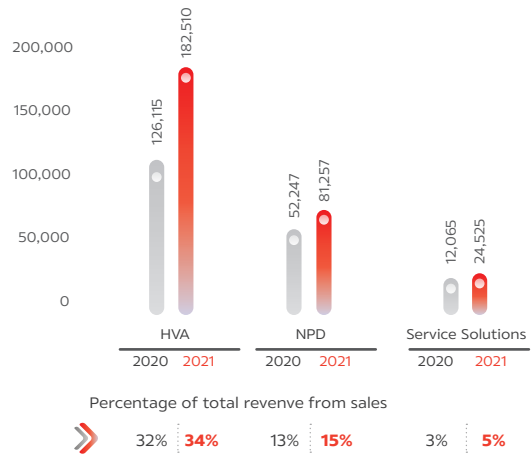
### SCG's Revenue from Export to ASEAN and ASEAN Operations (Million Baht)



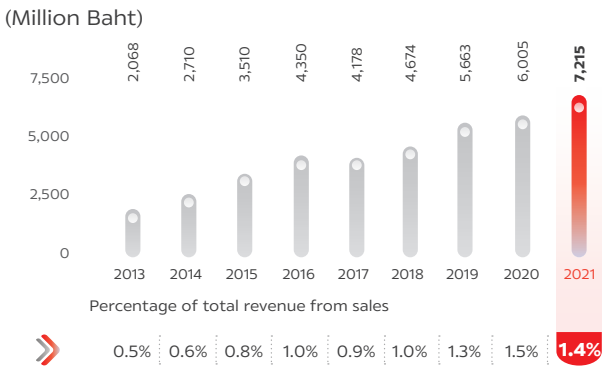
### Percentage of Revenue from Sales from ASEAN Operations



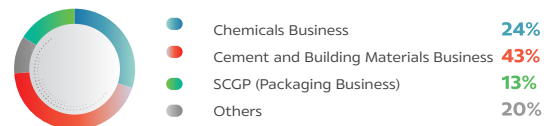
### Revenue from Sales of HVA, New Product Development (NPD), and Service Solutions (Million Baht)



### R&D and Innovation Spending (Million Baht)



### Segmented Innovation Spending in 2021:



## Cement and Building Materials Business



### Operating Results 2021

Revenue from sales

**182,529** Million Baht

↑ 6% from Year 2020

EBITDA

**18,877** Million Baht

↓ 13% from Year 2020

Profit for the year

**4,262** Million Baht

↓ 34% from Year 2020

Normalized profit

**7,939** Million Baht

↓ 9% from Year 2020



# Forging Ahead with Green Construction

The multiple challenges including the COVID-19 pandemic that has dealt a severe blow to the global economy and the growing health concerns impacting people's way of life. These have instigated disruptions in businesses and accelerated the development of the Active Omni-Channel and ecosystem to fulfill customer demand. Moreover, the impacts of climate emergency that starts to impact to people's everyday life have prompted consumers to give more importance to eco-friendly products. In answer, the Cement and Building Materials Business has made swift adjustment in response to the changes in the aspects of products, services, and distribution channels. Emphasis is put on meeting and satisfying customer needs and conducting business sustainably with concern for society and the environment.

## Business Challenges

As COVID-19 continued to spread in 2021, several countries enforced strict measures to fight against pandemic, which adversely affected business operations. The Cement and Building Materials Business was also hit by the closure of construction sites and implementation of bubble and seal measures that brought a pause in construction activities. The COVID-19 pandemic also transformed consumer's behaviors and way of life such as becoming more health conscious and spending more time at home. It also accelerated the Business' digital transformation at a faster rate.

## Operating Results

The Cement and Building Materials Business registered revenue from sales of 182,529 Million Baht, an increase of 6% from the previous year. EBITDA stood at 18,877 Million Baht, down 13% from the previous year. Profit for the year amounted to 4,262 Million Baht, a drop of 34% from last year, and

normalized profit registered 7,939 Million Baht, or decrease 9% compare to prior year due to the rising production costs.

Demand for cement was under downward pressure from the preceding year in line with the slowdown in private construction as a result of the prolonged COVID-19 pandemic and the lockdown measures. As a consequence, public construction was an engine for growth in the construction sector. The market situations in ASEAN pointed in the same direction with the public sector being the driver of economic growth through investment in numerous infrastructure projects.

However, the Cement and Building Materials Business managed to retain its leadership position in the ASEAN market through developing products and services to address the fast-evolving needs of consumers, delivering products that promote social and environmental friendly, and fostering a good relationship with customers via various channels continuously.

## Financial Information

(Million Baht)

	2021	2020	2019	2018	2017
<b>Information from Statement of Financial Position</b>					
Current assets	71,128	58,655	59,539	64,031	56,466
Assets	224,226	212,615	211,573	218,316	213,134
Liabilities	94,139	91,448	98,484	105,775	106,913
Shareholders' equity	130,087	121,167	113,089	112,541	106,221
<b>Information from income statement</b>					
Revenue from sales	182,529	171,720	184,690	182,952	175,255
Costs and expenses <sup>1</sup>	179,461	167,483	180,904	178,874	170,300
Profit for the year <sup>2</sup>	4,262	6,422	5,455	5,277	6,457
Normalized profit <sup>3</sup>	7,939	8,771	7,449	6,593	6,720
EBITDA <sup>4</sup>	18,877	21,591	21,009	20,382	21,450

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 and 2017 are restated.

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

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

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

## Organizational Agility to Cope with the Challenges in 2021

## Business

- o Leveraged digital technology to drive construction solutions for sustainability from CPAC Green Solution that offers total solutions to customers from design to construction, helping to reduce construction time and labor use and minimize environmental impacts from construction waste on the sites. The solutions include: 1. CPAC BIM, the implementation of technology which allows all involved parties to visualize the construction ecosystem in every step and reduces waste by an average of 5-15%, 2. CPAC 3D Printing Solution, a new construction technology that enables structures and buildings to be constructed using 3D printers, and 3. CPAC Drone Solution, the assessment of the construction area using drones to collect information for mapping the project prior to the construction.
- o Delivered products and services in response to consumers' changing behaviors which include value for money products, health and wellness products such as touchless faucets and sanitary ware, and products and installation services to answer the demand for home improvement as consumers are likely to spend more time at home.
- o Developed sales and distribution via online channels such as scghome.com, Q-Chang, Design Connect, and dooDeco, the platform that provides services to home owners, offered consultancy by experts, and allowed for a virtual visit to showroom and products through Virtual Store 360°. SCG ID was also developed to connect customers to every service within SCG core businesses all in one place.
- o Developed digital platforms to manage the large distribution networks such as Prompt Plus, a platform to purchase building materials from over 9,000 dealers nationwide, and Rak-Mao, a platform of building materials purchase for construction project owners, and for over 50,000 small and medium-sized contractors across Thailand.



CPAC Green Solution

Scan to watch video &gt;



SCG Cement and Building Materials Business strives to leverage ESG principles in business operations. For the Cement and Construction Solution business, we set the target of Net Zero Cement & Concrete by 2050 through low-carbon economy by producing low-carbon products such as SCG Hybrid Cement for structural work together with implementing multiple Green Solutions and digital constructions technology including drones, BIM, and 3D printing technology. The efforts help elevate construction standard and reduce construction waste aligned with the concept “Turn Waste to Value”.



**Mr. Visut Chongcharoenkit**

Managing Director of  
The Siam Cement (Lampang) Co., Ltd.  
Cement and Construction Solution

- o Further developed multimodal transport to enhance cost efficiency and reduce greenhouse gas emission.

#### Human Resources

- o Streamlined work processes to focus on customer-centric strategy to understand customers’ behaviors, thinking, and feelings, enabling the development of products and services that better meet customer demand. The emphasis also extends to shifting employee mindsets to be open-minded (Agility) and have positive views toward learning from success and failure (Resilience). This was to foster agility and resilience in their work which allowed the Business to address customer demand and fast-changing environments.
- o Fostered and instilled the concept of SCG People comprising of 4 Core Values and Open & Challenge to provide guidelines for employees to strive for fairness, duties, and responsibilities for the country and society and give priority to the value of the individual.

- o Streamlined human resources management system and nurtured employees to develop skills that align with the business strategies to empower employees to be the major driving force to create products and services that fulfill customer needs.

#### Products & Innovations

- o Pushed sales and use of eco-friendly products such as SCG Hybrid Cement for structural work. SCG Hybrid Cement can reduce 5% of greenhouse gas emissions comparing to original Portland Cement.
- o Developed new solutions to address the trends toward wellness and improving quality of life. Examples included Smart Building Solution that helped to improve air quality and save energy with IOT technology, Ultra Clean Wall Solution that keep the room clean and safe, SCG Bi-Ionization Air Purifier that kills bacteria



SCG Solar Roof Solution

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We are forging ahead with Green Circularity business by maximizing the circulation of resources and unused materials to achieve maximum benefits through collaboration with organizations in the government and private sectors as well as educational institutions and eco-partners, both domestically and internationally.

In 2021, the Business joined forces with Office of the Cane and Sugar Board, the Ministry of Industry, to operate a project making use of sugarcane leaves and tops and collaborated with the Ministry of Interior, the Ministry of Natural Resources and Environment, and Lampang Province to conduct Prototype Community to Reduce Open Burning project, allowing for the use of agricultural waste as alternative energy in cement plants and other industries. The project reduced PM 2.5 concentrations and generated income for Thai farmers.



**Mr. Panya Sopasriphan**

Business Stakeholder Engagement Director  
Cement and Construction Solution

- and viruses in the house and building, and SCG Solar Roof Solution that reduces electricity bills and generates power from parking garage rooftops for use with electric vehicles.
- o Developed Modular ICUs in collaboration with Rajavithi Hospital for critical COVID-19 patients. Constructed within one week, the unit separates ventilation zones for the medical team and the patient to ensure cleanliness and safety and lessen infection risks for the medical team. For added confidence, the filtration system was installed for disinfection and control infection transmission to outside.
- o Provided Pavement Solution for the construction of highways and tarmacs, using slipform paver technology and cutting-edge machinery of international standards. In addition to increasing work efficiency, the solution helps streamline work process, reduce the number of workers entering the area, and produce less construction waste than conventional construction technique.

### Conduct Business Following ESG Framework for Sustainability

- o Increased proportion of the use of alternative fuels like low-carbon energy such as biomass, Refuse Derived Fuel (RDF) in cement production together with using excess hot air energy from waste heat generators and solar energy in the cement production process to reduce reliance on coals and electricity, and the use of electric vehicles.
- o Leveraged the circular economy concept earnestly and continuously with the goals to minimize waste as a result of poor construction management and to reuse waste to the fullest benefit. Some of the activities include joining forces with the Circular Economy in Construction Industry (CECI) to operate projects to crush heads of concrete piles.



COTTO Health and Clean

Scan to watch video



Develop online channel and open 360 degree virtual store showroom ([www.scghome.com](http://www.scghome.com))



Touchless Faucet and Sanitary Wares



CPAC BIM, applies digital technology to manage construction project effectively

42 projects were implemented to reduce waste and resulting in over 7,000 tons of concrete being recycled for reuse.

- o Developed SCG Green Choice label products to offer choices for consumers. To be certified under SCG Green Choice label, the products must help save energy, reduce natural resource use, have long useful life, and promote health and well-being for consumers. In the overseas market, the Business collaborated with cement producer association in each country to reduce greenhouse gas emissions.
- o Gave importance to social responsibility by carrying out projects to develop skills and high-demand occupations such as training truck drivers by the SCG Skills Development School and developing home renovation handyman via the Q-Chang platform among others.
- o Conducted projects engaging the community, the government, and private sectors. Examples include the Prototype Community to Reduce Open Burning project in Lampang which encourages locals to make use and add value to agricultural waste to generate income for the community such as producing rice straw bales for sale to livestock farmers and the general public or for use as alternative energy in the cement production process. The project helped prevent and solved the problems of wildfires and hazes in the areas since it eliminated the need for farmers to burn agricultural waste or burn cultivated fields to prepare fields for the next round of crops.

## Chemicals Business



CO<sub>2</sub>  
Carbon  
Reduction

### Operating Results 2021

Revenue from sales

**238,390** Million Baht

↑ 62% from Year 2020

EBITDA

**41,465** Million Baht

↑ 34% from Year 2020

Profit for the year

**28,931** Million Baht

↑ 64% from Year 2020



# Innovating Green Solutions for Sustainable Future

Chemicals Business is moving toward “Chemicals Business for Sustainability” by establishing strategies and business directions following ESG principles in order to meet sustainable needs in a meaningful manner in line with the Sustainable Development Goals (SDGs). For 2021, Chemicals Business focused on developing High Value Added (HVA) product innovations and solutions based on the circular economy principles. The Business has also developed and utilized digital technology across the entire supply chain to enhance competitiveness and sustain its leadership in ASEAN.

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## Business Challenges

In 2021, Chemicals Business continued to face challenges from new COVID-19 infection waves, resulting in relatively modest global economic recovery. However, overall demand for chemical products have increased, particularly in packaging industry, though some industries such as automotive, were still affected. Together with supply shortage in the first half of the year due to the harsh winter storm in North America, average product spreads for the full year remained satisfactory despite increased raw material cost due to volatile oil prices and higher overseas freight costs owing to limited vessel availability.

## Operating Results

Chemicals Business reported total revenue from sales of 238,390 Million Baht, increased 62% from the previous year, owing primarily to higher sales prices, while EBITDA and profit were 41,465 Million Baht and 28,931 Million Baht, increased 34% and 64% from the previous year, respectively, as a result of increases in product spreads. Chemicals Business has managed to maintain uninterrupted operations, including raw materials sourcing, manufacturing, and distributing, even amidst the COVID-19 pandemic.

## Financial Information

(Million Baht)

	2021	2020	2019	2018	2017
<b>Information from Statement of Financial Position</b>					
Current assets	83,483	55,275	49,258	55,241	45,183
Assets	377,174	283,614	230,543	213,263	193,183
Liabilities	186,092	125,102	76,364	57,028	49,257
Shareholders' equity	191,082	158,512	154,179	156,235	143,926
<b>Information from Income Statement</b>					
Revenue from sales	238,390	146,870	177,634	221,538	206,280
Costs and expenses <sup>1</sup>	214,152	130,668	167,539	197,693	170,317
Profit for the year <sup>2</sup>	28,931	17,667	15,480	28,410	41,273
EBITDA <sup>3</sup>	41,465	30,965	32,262	45,237	63,656

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 and 2017 are restated.

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

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

## Organizational Agility to Cope with the Challenges in 2021

## Business

## Strengthen Core Business

- o Long Son Petrochemicals (LSP) the Vietnam's first fully integrated petrochemical complex, has advanced to more than 90% construction progress by the end of 2021, with strict measures to control the spread of COVID-19. Commercial operation is expected to begin in the first half of 2023. Additionally, LSP has been preparing workforce and marketing strategy, engaging targeted customers, developing supply chain and sales channels. It has started pre-marketing activities with local customers since mid-2021 to test sales, logistics, and operations in local currency (Vietnamese Dong). Those activities were to ensure smooth operations of the upcoming additional volume when the project is completed. Moreover, the Business has operated the project with good governance, considering safety, occupational health, and environment as top priorities, with the goal to improve the quality of life of surrounding communities.
- o Started commercial operations of the Map Ta Phut Olefins Company Limited (MOC) debottlenecking project earlier than planned,

increasing approximately 350,000 tons of olefins per year. The project has supported the Business to improve its feedstock flexibility and competitiveness. This improvement partly contributed to Chemicals Business' highest recorded in polyolefins sales volume of 1.98 million tons in 2021.

## Expand into New Business and Enhance Innovation

- o Developed innovations and launched 11 new polymer grades to fulfill various customer demands and ESG targets. Examples include HDPE for packaging film from SMX™ technology with superior strength; Black HDPE Compound that has exceptional durability for natural gas transportation pipes; PP Block Co-polymer with high flow rate, strength, and impact resistance, minimizing white marks from overlays for large household goods; and PP resins for producing Biaxially Oriented Polypropylene (BOPP) film for printing layers in flexible packaging, etc.
- o Developed Digital Reliability Platform (DRP) to manage end-to-end plant maintenance operations. The platform collects data using the first in-house specially-designed sensor



*Thailand's first demonstration plant for Advanced Recycling process*

Corrotex™ to detect corrosion under insulation. The Company also utilizes Machine Learning and AI to track machine operations. The system will quickly notify the responsible persons if an equipment malfunction is detected. It can also identify possible failures. Moreover, the use of 3D virtual plant to plan maintenance work helps to cut on-site works while enhancing reliability, lowering costs by 40%, and reducing carbon dioxide emissions by 806 tons per year.

### Human Resources

- o Prepared both Thai and international employees for business expansions. The partnerships with educational institutions were established to recruit new graduates, the digital learning platform was developed to serve various demand of different employees, and working culture fostered by experienced and expert employees were built to ensure sustainable business expansion. The Business also transitioned to a hybrid workplace that is flexible in different situations, considering employees' and their families' safety as the priority. Simultaneously, the Business also provided support to employees on technology and prioritizes employee well-being such as providing online health services.

### Products & Innovations

- o Continued to enhance Innovation Management Process (IMP). As a result, there are more than 100 innovative product developments in the

pipeline, with more than 20 products successfully launched in 2021, generating additional EBITDA of more than 1,500 Million Baht since the launch of Innovative Management Process in 2016.

- o Established Thailand's first demonstration plant for Advanced Recycling process with production capacity of 4,000 tons per year, with plan to expand capacity in the near future. The plant employs a series of technologies that can convert post-consumer plastics into recycled feedstock for petrochemical plants, in line with the circular economy principle.
- o Continuously enhanced SCG Floating Solar Solutions to fulfill alternative energy needs. The Business has collaborated with TTCL Public Company Limited, an engineering design specialist, to build a 2.5-megawatt solar floating power plant (completed 1.5 megawatts in 2021) in the Suranaree University of Technology's pond. The project contributed the reduction of electricity costs and carbon dioxide emissions.
- o Developed product for health and wellness in collaboration with designers, healthcare professionals, and experts. Examples include COVID-19 Mobile Isolation Unit to minimize the risk of transmission, Varogard mask, Smart Mobile Medication Cart, Sharps Disposal Bin, etc.
- o The technology licensing business was expanded to offer the license for HDPE production process, derived from the Business' decades of plant design and engineering experience, for new customers in China.





SCG Floating Solar Solutions in the Suranaree University of Technology's pond



Incorporation of digital technology to accelerate capability of the business



Isolation Capsule for air transport.

### Conduct Business Following ESG Framework for Sustainability

- o In response to climate emergency, many countries around the world have announced strict environmental policies, and major brand owners have responded to the policies, the Business believes that the circular economy principles can effectively address the issue. Leveraging R&D capability and technology, the Business has launched innovative solutions under the brand SCG GREEN POLYMER™, comprising of 4 pillars: 1) Reduce: polymer resin using SMX™ technology that decreases polymer resin consumption while maintaining its original qualities; 2) Recyclable: Mono-material polymer that enables packaging producer to utilize similar type polymer in different layers, making it easy to recycle; 3) Recycle: high-quality post-consumer recycled resins that revitalize household post-consumer plastic; and 4) Renewable: polymers from renewable or compostable raw materials. Moreover, the Business has been working with partners such as packaging producers, recyclers, and brand owners to create innovative and sustainable solutions.
- o Entered the recycling business by signing a share purchase agreement with Sirplaste, the Portugal's largest plastic recycler, to pursue development in recycling technology and expand into European

markets. Furthermore, the Business has signed a memorandum of understanding with Braskem, the world's leading bio-based polymer producer from Brazil, to explore the feasibility to invest in bio-ethylene plants to produce bio-based polyethylene to address the growing demand for bioplastics in Asia and the global market.

- o In terms of CO<sub>2</sub> emission reduction, Chemicals Business has committed to improve its operations throughout the year. In 2021, the Business has been working on several projects that resulted in an annual reduction of more than 46,000 tons of CO<sub>2</sub> and is gearing toward target of Carbon Neutrality by 2050.
- o Became Thailand's first to be certified "ISCC PLUS" throughout the whole supply chain in the petrochemical industry, enhancing confidence for customers and consumers that become more environmental aware. The Business also won four Prime Minister's Industry Awards 2021, including the country's most prestigious prize, "The Prime Minister's Best Industry Award," as well as three



SCG Green Polymer™ Innovative plastic solution for the environmental

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We are on our way to achieving Carbon Neutrality and becoming Chemicals Business for Sustainability. Our target is to drive business for both Planet & Profit following ESG guidelines. Last year, we have achieved considerable progress in the circular economy, including the launch of SCG GREEN POLYMER™, an eco-friendly innovative plastic solution, and the acquisition of Sirplaste, the leading plastic recycler in Portugal.

Collaborations and partnerships with certified body, government, policymakers, regulators, and brand owners are the key to success of the business. We have collaborated with Unilever to develop eco-friendly packaging from recycled HDPE (rHDPE) and with Braskem, the world's leading bio-based polymer producer, to study the feasibility of a joint venture to build a bioplastics plant in Thailand.



**Chalermpol Hoonpongsimanont**

Circular Economy Business Director  
Chemicals Business, SCG

“Prime Minister’s Industry Awards” in the categories of Circular Economy, Corporate Social Responsibility, and Environmental Quality Conservation.

- o In terms of operation quality control, RIL Industrial Estate has been awarded Eco-World Class by the Industrial Estate Authority of Thailand (IEAT), making it the first industrial estate in Thailand to receive the certification for three consecutive years, emphasizing the Business’s leading position of being an industrial with concerns on community well-being and environment.
- o Continued to implement the circular economy projects in a greater range with many sectors. Among a series of efforts was the end-to-end waste management community model “Waste-Free Community”, which has recently been expanded to include Saleng (waste collectors) groups and communities participating in the sustainable waste management solution. Other projects include expanding “Upcycling Milk Pouches Project” that converts school milk pouches into recycled chairs to six schools in Rayong and over 1,300 schools nationwide; SCG-DMCR Litter Trap from HDPE-Bone produced from polyethylene which is UV resistant, long service life, and recyclability. Over 47 litter traps

have been deployed in 17 provinces nationwide, capturing over 71 tons of garbage. Over 2,230 SCG Fish Home,” which have been implemented for 10 years, have been placed in the eastern provinces sea of Rayong, Chonburi, Chanthaburi, Trat, and Ranong.

- o To promote community enterprise projects, the Business co-created innovative products that highlight Rayong’s unique identity. Additionally, the Business assisted the communities in marketing communication and expanded the distribution channels for local products both offline and online, as well as boosted the opportunity for merchants to become partners, which created revenue for the community of more than 40 Million Baht per year.



Chemicals Business entered into recycled plastic market in Europe with Portugal's Sirplaste

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# SCGP

## (Packaging Business)



### Operating Results 2021

Revenue from sales

**124,223** Million Baht

↑ 34% from Year 2020

EBITDA

**21,164** Million Baht

↑ 25% from Year 2020

Profit for the year

**8,294** Million Baht

↑ 28% from Year 2020



# Fostering Packaging Solutions for Sustainable Growth

SCGP (Packaging Business) achieves stellar growth through expansions of our production capacity and synergies realization from Mergers and Partnerships (M&P) amid the backdrop of economic volatility, the COVID-19 pandemic as well as the possibilities of virus mutation. SCGP maintains a position as the leading integrated packaging solutions providers, developing packaging solutions and innovations to serve the evolving consumer demands such as e-Commerce along with pursuing operational excellence and cost management across the supply chain. Furthermore, SCGP pledges to operate sustainable business in accordance with the ESG framework with the goal of achieving Net Zero by 2050.

## Business Challenges

In 2021, SCGP operated amidst the challenges of the COVID-19 pandemic and the imposition of strict lockdown measure for suppressing the infection which delayed the recovery progress of regional consumption, and the heightened energy and freight costs from the global supply chain disruption. However, packaging demand from essential industries such as Fast-Moving Consumers Goods (FMCG), food and beverage, foodservice, and e-Commerce continued to grow, while printing and writing paper demand declined compared to the previous year.

## Operating Results

In 2021, SCGP's total revenue from sales was 124,223 Million Baht, an increase of 34% from the previous year, from growing demand in FMCG, food and beverage, foodservice, and e-Commerce industries as well as the continued growth in the form of merger and partnership and organic expansion. The network of its plants that are capable of producing various kinds of products for numbers of industries has helped diversify external risks and possible uncertainties. By the increased sales and proactive cost management amidst of the period of heightened operating cost, EBITDA was 21,164 Million Baht, an increase of 25% from the previous year. Net profit in 2021 was 8,294 Million Baht, an increase of 28% from the previous year.



SCGP Recycle

Scan to watch Video 

## Financial Information

(Million Baht)

	2021	2020	2019	2018	2017
<b>Information from Statement of Financial Position</b>					
Current assets	69,186	62,919	35,383	30,074	29,317
Assets	206,824	172,429	139,513	93,246	91,312
Liabilities	84,524	62,588	76,697	39,986	35,661
Shareholders' equity	122,300	109,841	62,816	53,260	55,651
<b>Information from Income Statement</b>					
Revenue from sales	124,223	92,786	89,070	87,255	81,455
Costs and expenses <sup>1</sup>	115,100	85,148	83,147	79,661	76,617
Profit for the year <sup>2</sup>	8,294	6,457	5,268	6,066	4,651
EBITDA <sup>3</sup>	21,164	16,884	15,159	14,566	12,353

<sup>1</sup> The figures for year 2019 are reclassified and the business segment information for year 2018 and 2017 are restated.

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

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

## Organizational Agility to Cope with the Challenges in 2021

## Business

- o Acquired 100% of shares in Go-Pak UK Limited, a leading provider of foodservice packaging solutions for takeaway and ready-to-eat food and beverage businesses in the UK, Europe, and North America, with headquarters in the UK and production bases in southern Vietnam.
- o Acquired 70% of shares in Duy Tan Plastics Manufacturing Corporation Joint Stock Company, a leading rigid packaging manufacturer in Vietnam. The majority of the Company's customers are multinational corporations and owners of goods in rapidly growing countries.
- o Acquired an additional 20% of shares in Visy Packaging (Thailand) Limited, resulting in SCGP stake in Visy increased from 80% to 100%. Added the 7<sup>th</sup> thermoform production line and related warehouse, resulting in an increase in its total capacity of 347 million pieces, or approximately 15-20% depending on company's product mix at a specific point of time.
- o Acquired 75% of shares in Intan Group, one of Indonesia's corrugated containers manufacturers with both internal and domestic customers in the food, beverage, and FMCG industries.
- o Acquired 85% of shares in Deltalab, S.L., the medical supplies and labware specialist registered in Spain. This investment is in line with the megatrend in healthcare and the growing tendency of aging society.
- o Invested in pressboard capacity expansion of foodservice packaging by additional 1,615 million pieces per year at Ratchaburi plant in Thailand and Binh Duong plant in Vietnam. Expanded molded pulp packaging production capacity by additional 223 million pieces per year at Kanchanaburi plant in Thailand, with start-up date expected in the 2<sup>nd</sup> quarter of 2022. Both investments are aimed at increasing the capabilities for future market expansion and to capture the growing demand for foodservice packaging, especially from overseas.
- o Invested in the new packaging paper production complex in the North of Vietnam for Vina Kraft Paper Co., Ltd., which is in the process of Environmental Impact Assessment (EIA) and expected to be commissioning at the beginning of 2024.



SCGP conducts business in pursuit of sustainable growth with organizational commitment that encompasses the three growth aspirations:

1. Drive high-quality growth through organic expansions and mergers & partnerships enabling SCGP to further expand markets for its products and services, collaborate with partners, and enter into high growth potential market.
2. Focus on addressing the diverse needs of customers, leveraging expertise to create integrated solutions and innovations along with practicing customer co-creation to develop better products based on customer desires.
3. Commit to operating business under the ESG framework such as utilizing expertise to develop SCGP paper field hospital beds to support field hospitals across the country in a timely manner, demonstrating SCGP's relentless commitment to elevate standards and contribute to the sustainable growth of the Thai economy and society.



**Mr. Danaidej Ketsuwan**

Chief Financial Officer,  
SCGP Packaging Public Company Limited

### Human Resources

- o Encouraged continuous self-development among employees in accordance with SCGP Learning Framework encompassing both functional and leadership competencies through various forms of learning and the 70-20-10 learning solutions. Employees could improve themselves anytime and anywhere with the learning platform, which outputs learning performance are in line with the organization capability and people capability.
- o Enabled employees to design their career through competency assessment and compare the result with the position in the organization, which in turn helped employees see their own career path. This also encouraged employees to emphasize on learning, self-development, and competency building.
- o Assessed high-performance employee groups (or talent groups) annually and ensured the assessment criteria are in line with visions and missions of SCGP, including the culture and behavior that can respond to changes, and customer centricity. In terms of development of talent groups, SCGP encouraged self-development planning and facilitated talent improvement learning with online and offline models, a mentoring system, project

assignment, and employee performance assessment, as well as considering future succession planning.

### Products & Innovations

- o Developed “Fest<sup>®</sup> Daily”, brown paper food safety packaging. It is made from 100% new fiber that is safe to contact with food, can contain hot food up to 100 degree Celsius. It is also water-resistant, oil-resistant, heat-resistant, and can be used for a variety of foods.
- o Cooperated with Chulalongkorn University in designing and production of respirators in the “CURE AIR SURE” project. The inspirators were made to protect against diseases, small particles, and bacteria with a 99% effective rate in accordance with the 1<sup>st</sup> Level of the Medical Face Mask ASTM F2100 standard. They were designed for comfortable everyday usage, suited facial structures of Thai and Asian people, came with a modern design, and were made with safety-first mindset



SCGP Creative Design  
for Social Innovation

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by public health personnel and acted as an alternative for COVID-19 protection. The respirators won the G-Mark Award 2021 in the category of Accessories and Personal Items for Professional Use from the Japan Institute of Design Promotion.

- o Developed “ALMIND by SCGP”, alcohol-based hand sanitizers formulated with natural extract AQUACELLA, a nano-technology innovation from SCGP, for moisturizing hands, keeping them soft and tender, tested and certified by dermatological experts from DermScan Asia as safe for users.
- o Supported a startup company, DezpaX, an integrated food packaging e-Commerce platform, providing every type of quality packaging with logo designing and printing service, affordable auto-adjusted prices, and operates 24 hours. It is the first entity to combine the packaging industry and publishing industry in a single platform, offering convenience for customers.
- o Applied technology in workplaces such as digitization, automation, and AI, to analyze, predict, and improve production performance and productivity for industry sectors.

### Conduct Business Following ESG Framework for Sustainability

SCGP stresses the importance of sustainable business operations based on the ESG framework by taking into consideration risks, opportunities, and taking care of all stakeholders. Building on this practice, strategies have been formulated to accelerate business operations and development of solutions to accommodate the diverse application needs of consumers underlined by the circular economy principles. Priorities were given to innovation research and development along with leveraging technology in the manufacturing process, and employee potential development. Moreover, the Board of Directors reviews the Business’ policy and provides guidelines for corporate governance practices in response to the changing circumstances in the areas of corporate governance, risk management, and communication with employees and business partners together with conducting socially-responsible activities. The relentless commitment has resulted in SCGP being included in a list of 2021 Thailand Sustainability Investment (THSI) and receiving SET Sustainability Excellence Awards, the prestigious



accolade that has brought pride and demonstrated SCGP's commitment and readiness to grow its business alongside social and environmental development in a balanced and sustainable pathway.

- o Set goals to achieve Net Zero by 2050 as part of the efforts to limit global temperature rise by 1.5 degree Celsius in alignment with the Paris Agreement.
- o Aimed to reduce water withdrawal by 35% within 2025 compared with Business As Usual (BAU) at the base year of 2014 and continue to monitor and processes in accordance with international guidelines.
- o Reduced the volume of industrial waste, increases the ratio of recycled paper in production, and increases the ratio of recyclable plastic packaging.
- o Developed innovative design for social benefits, innovating paper field hospital beds to mitigate the shortage of beds during the widespread COVID-19 pandemic, and engaged organizations and the public in contributing to society and the environment through the "Joining Hands to Fight COVID-19 by Turning Paper into SCGP Paper Field Hospital Beds" project In Thailand and ASEAN for over 110,000 beds.
- o Collaborated with Ban Pong District and its 17 local government organizations, Ratchaburi Province, to promote the circular economy practice by making the district a community model in efficient waste management for 3 consecutive years. In 2021, 17 new communities joined the project, bringing the total of 58 prototype communities; SCGP aims to reach out to all 183 communities in the Ban Pong District by 2023.
- o Organized SCGP Packaging Speak Out project, allowing the Generation Z youths to showcase their creative packaging ideas and talk about every global and social issue of their interest related to the two topics of Packaging Design and Packaging Solutions. The project provided a stage for the new generation to exhibit their design talents, foster knowledge, and elevate the packaging industry in Thailand and ASEAN to the international level of quality.



Fast® Food Safety Packaging

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## Significant Developments During 2019 – 2021 Are as Followed:

### Year 2021

#### Cement and Building Materials Business

- Established a new company in the Philippines, which would provide international forwarding logistics services, fleet management services and warehouse management system services, as part of SCG's strategy to expand logistics business across ASEAN. The total value of this investment is 10.4 Million Philippine Pesos (approximately 7.8 Million Baht). SCG Logistics Management Company Limited would hold 100% equity stake in the new company.
- Nexter Ventures Company Limited (Nexter Ventures), a wholly owned subsidiary of SCG, has completed the acquisition of 9.90% stake in Team Consulting Engineering Public Company Limited (TEAMG). This was done via the purchase of 67,328,800 common shares in TEAMG, or 9.90% of total shares outstanding, at 2.54 Baht per share, equaling to a transaction size of approximately 171 Million Baht. TEAMG principally engages in providing integrated engineering, environmental, and project management consulting services to diversified industries. Its platform complements SCG's Cement and Building Materials Business which focuses on developing and offering solutions to serve customers' needs. This acquisition would enable joint collaboration and the creation of innovative solutions such as environmentally friendly construction technologies (Green Construction Solution) to help reduce construction waste, optimize budget and shorten construction period.
- SCG International India PVT. LTD. (SCG INTL INDIA) has entered into a joint venture agreement with Big Bloc Construction Limited (BCL) to engage in the production and sale of lightweight concrete blocks and panels would the total capacity of approximately 2.6 million square meter in Gujarat, India, where construction is a big and growing industry. SCG INTL INDIA would hold a 48% equity stake in the Joint Venture, while the remaining 52% stake would be held by BCL. The total value of this project is 891 Million Indian Rupees (approximately 410 Million Baht). Plant construction is expected to be completed within one year, followed by commercial startup.

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

#### Chemicals Business

- Completed and started trial run in Q1/21 demonstration plant for Advanced recycling to reinforce the company's move toward circular economy. With a proprietary technology and capacity of 4,000 tons per year, the demonstration plant is designed to produce renewable feedstock using post-consumer plastics as raw materials. Once produced, the renewable feedstock was supplied to Chemicals Business and utilized in the production of olefins. The plant was operated by Circular Plas Co.Ltd. which is a Joint Venture between REPCO Maintenance company limited (a wholly owned subsidiary in chemicals business), and GRD Energy Company Limited with the stake of 60% and 40% respectively the total registered capital of 165 Million Baht
- Completed construction of the capacity debottlenecking project of Map Ta Phut Olefins Company Limited (MOC), increased Olefins capacity by 350,000 tons per year. The plant started trial run in Q1/21 and running at full production capacity in May 2021. The project would provide MOC with enhanced feedstock flexibility. Furthermore, by using the latest technology, the project is considered as "Green Process" with high energy efficiency at lower investment cost.
- Entered into a share purchase agreement, through subsidiary in Singapore, SCG Chemical Trading (Singapore) Pte. Ltd., to acquire a 70.0% stake in a recycling business, Sirplaste. The existing shareholders of Sirplaste agreed to retain 30.0% ownership and manage the business together with Chemicals Business. Chemical Business Sirplaste



operates the largest plastic recycling business in Portugal, with a production capacity of 36,000 tons per year, which to manufactured products sold to domestic customers in Portugal and in Europe. The investment in Sirplaste would enable the Company to enter into the plastics recycling business and create opportunities to develop and grow the capacity relating to recycling technologies and expand sales channels in the European market.

- Subscribed the equity rights issuance of PT Chandra Asri Petrochemical Tbk (CAP) of US\$434 Million (or approximately 14,260 Million Baht) to maintain a 30.57% stake in CAP. First investment was US\$327 Million (or approximately 10,882 Million Baht) and expect to invest the remaining amount of US\$107 Million (or approximately 3,520 Million Baht) after CAP approves its final investment decision in CAP's second petrochemical complex (CAP2) project by 2022. CAP is an integrated petrochemical company in Indonesia which produces olefins, ethylene derivative products and other derivative products. This strategic investment in CAP would allow the business to strengthen our position and capture growth potential in Indonesia.
- Increased stake to 54.2% in Bangkok Synthetics Company Limited (BST). BST is a leading producer of mixed C-4 products such as butadiene, nitrile latex and synthetic rubber. BST's products are used in the production of goods that serve the megatrends such as medical glove and fuel-saving green tires.

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

- Acquired 100% of shares in Go-Pak UK Limited (Go-Pak), a leading provider of foodservice packaging solutions for takeaway and ready-to-eat food and beverage businesses in the UK, Europe, and North America, with headquarters in the UK and production bases in Southern Vietnam.
- Acquired 70% of shares in Duy Tan Plastics Manufacturing Corporation Joint Stock Company (Duy Tan), a leading rigid packaging manufacturer in Vietnam. The majority of the company's customers are multinational corporations and owners of consumer goods in rapidly growing countries.
- Acquired an additional 20% of shares in Visy Packaging (Thailand) Limited, resulting in SCGP's

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

- Acquired 75% of shares in Intan Group, one of Indonesia's corrugated container manufacturers with both internal and domestic customers in the food, beverage, and FMCG industries.
- Acquired 85% of shares in Deltalab, the medical supplies and labware specialist company registered in Spain. This investment is in line with the megatrend in healthcare and the growing tendency of aging society.
- Invested in pressboard capacity expansion of foodservice packaging by additional 1,615 million pieces per year at Ratchaburi plant in Thailand and Binh Duong plant in Vietnam, expanded molded pulp packaging production capacity by additional 223 million pieces per year at Kanchanaburi plant in Thailand, expected the start up by Q2/22. Both investments are aimed at increasing our capabilities for future market expansion and to capture the growing demand for foodservice packaging, especially from overseas.
- Invested in the new packaging paper production complex in the north of Vietnam for Vina Kraft Paper Company Limited (VKPC), which is in the process of Environmental Impact Assessment and expected to be commissioning at the beginning of 2024.

### **Year 2020**

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

- Entered into a share purchase agreement to acquire all shares of Oitolabs Technologies Private Limited (OITOLABS) in India from the existing shareholders, to support digital technology and software development. This acquisition complemented its strategy to expand Active OMNI-Channel retail platform for home building customers in the ASEAN region. The transaction was valued at US\$ 2 Million (approximately 62.4 Million Baht.)
- Entered into a joint-venture agreement with SHO-BOND & MIT Infrastructure Maintenance Corporation (SB&M) to engage in lifetime Solution for building and infrastructures in Thailand,

catering to the growing trends in the repair and maintenance market in Thailand and across ASEAN. The total value of this investment was 150 Million Baht while CPAC held a 51% equity stake.

- Entered into a joint venture agreement with Boonthavorn Group Company Limited and Boonthavorn Ceramic Company Limited to establish SCG-Boonthavorn Holding Co., Ltd. in order to expand home-related design solutions retail outlets in Thailand and ASEAN. The total registered capital was 525 Million Baht and SCG Retail held a 51% equity stake.
- Entered into a joint venture agreement with PT Marindo Inticor (MI), a local holding company, to establish PT Renos Marketplace Indonesia (New Company or Renos), a digital marketplace platform for home & living products in Indonesia. This transaction aligned with SCG's strategy to develop e-Marketplace platform in ASEAN. The registered capital was 17.2 Billion Indonesian Rupiahs or approximately 39 Million Baht. BetterBe will hold 49% equity in Renos.
- Entered into a joint venture agreement with Bulk One Group Company Limited (BULK) to establish an integrated technology service company to provide cost control management system, B2B e-Commerce platform, and customer relationship management system in the Philippines in response to the growing trend in construction industry and the increasing accessibility to the internet of end-users. The transaction value was 25 Million Philippine Pesos or approximately 15.5 Million Baht. SCG Distribution held 70% equity in the new joint venture.
- Entered into a joint venture agreement with two local individual shareholders to co-invest and establish SCG Boonthavorn (Cambodia) Co., Ltd. in Cambodia following SCC's strategic plan to expand its Active Omni-Channel retail business across ASEAN. The Joint Venture was SCGBTV's first flagship store outside of Thailand and will strengthen SCC's reach to the end-user market segment. The total value of this investment was 383 Million Baht (approximately US\$ 12 Million) while SCGBTV held 80% equity stake in the Joint Venture.
- Entered into a joint venture agreement with BIMobject AB, Sweden (BIMobject) to provide the digitized Building Information Modeling (BIM) object and service platform that used in the conceptual design, material selection, and

construction simulation of buildings and infrastructure projects. Progressively, this was in line with SCG's strategic plan to extend its breadth of innovative construction solutions. The joint venture had a registered capital of 5 Million Baht, while CPAC would hold a 51% equity stake.

### Chemicals Business

- Acquired 100% shares in HTEExplore S.R.L. (HTEExplore), a leading high throughput experimentation service provider and was headquartered in Naples, Italy. This acquisition would allow SCG to increase research and development capability.
- Acquired 9.22% shares in A.J. Plast Public Company Limited (AJ), one of the leading flexible packaging manufacturers in ASEAN, and established a joint venture company with AJ that would engage in the production and distribution of Biaxially Oriented Film (BO Film) in Vietnam. The total capital value of this investment was 700 Million Baht while SCG Chemicals held 45% stake.

### SCGP (Packaging Business)

- Acquired 94.11% shares in Bien Hoa Packaging Joint Stock Company (SOVI) at the price of 171,450 Vietnam Dongs per share, which was equivalent to the total payment of 2,070 Billion Vietnam Dongs, (approximately 2,700 Million Baht.) This purchase was through TCG Solutions Pte. Ltd., which was a wholly owned subsidiary of Thai Containers Group Company Limited (TCG). SOVI was one of the leading fiber based packaging companies in Vietnam. This acquisition would enlarge SCGP's customer base particularly in food, beverage and FMCG segments and reinforce internal integration with its packaging paper manufacturing.
- SCGP's Board of Directors resolved to approve the allocation of not exceeding 1,296,680,000 newly issued ordinary shares with a par value of 1 Baht each in its Initial Public Offering (IPO) and the delegation of power. On October 8, 2020, SCGP determined a final price to be at 35 Baht per share. On November 25, 2020, after the registration of the change in the paid-up capital from the Over Allotment Agent's exercise right to purchase the newly-issued ordinary shares, and SCG received the shares from the Over-Allotment Agent, as a result, the number of shares held by and the direct shareholding of the Company will be 3,095,882,660 shares in the proportion of 72.1% of the total shares.

- Entered into a conditional share subscription agreement with Rengo Co., Ltd. Japan (Rengo) whereby Rengo subscribed to the newly issued shares at the total value of approximately 2,500 Million Baht. The partnership would allow United Pulp and Paper Co., Inc. (UPPC) to expand its sales and customer base in the Philippines, while strengthen SCGP's packaging chain in ASEAN.
- Established and opened I2P (Idea to Products) Innovation Center in Rayong to accelerate new innovation and product development process.
- The Business has divested 25% stake in GTC Technology US, LLC and GTC Technology International which are technology licensors and engineering services providers in petrochemicals and refinery industries.

## Year 2019

### Cement and Building Materials Business

- Restructured of the Indonesian ceramic business in order to improve competitiveness by ceasing the ceramic wall tiles operation of PT Keramika Indonesia Assosiasi in Cileungsi, West Java, whereby the operation will be consolidated at the other plant in Karawang, West Java, and dissolving and liquidating PT KIA Serpilh Mas which is located in Cileungsi and Karawang, West Java.
- Established a port-related logistics joint venture with PSA Thailand by transferring SCG stakes in Thai Connectivity Terminal Co., Ltd. (TCT) (formally : Thai Prosperity Terminal Co., Ltd.) and Bangkok Interfreight Forwarding (BIFC) to this newly established joint venture company having a registered capital of not exceeding 300 Million Baht. The investment in TCT and BIFC will come down from currently 100% to 51%.
- Acquired of all Shares in Jumbo Barges (Cambodia) (JBC), the combined investment of these transactions is approximately 17 Million Baht. The acquisition of JBC will strengthen logistics business expansion in Cambodia.

### Chemicals Business

- To Debottlenecked Map Ta Phut Olefins Company Limited (MOC), which will enable MOC for more feedstock flexibility and allow the Business to tap into competitive propane to be used as feedstock. MOC's annual olefins production capacity would be boosted by 350,000 tons. The project is expected to complete in the second quarter of 2021
- Established PT. Berjaya Nawaplastic Indonesia (BNI) to produce PVC finished products in Indonesia, 51% of shares is held by it's subsidiary Nawaplastic Industries Co., Ltd. (NPI)
- Invested in startups related to deep technology in order to access and speed up innovation for new High Value Added products

### SCGP (Packaging Business)

- Acquired 55.24% stake in PT. Fajar Surya Wisesa Tbk, a leading Indonesian packaging paper company. The acquisition of Fajar will allow Packaging Business to continue expanding in ASEAN, especially in Indonesia where future growth opportunity is tremendous.
- Expanded rigid plastic packaging business through the acquisition of 80% stakes in Visy Packaging (Thailand) Limited. Visy is a leading producer of thermoformed barrier food packaging, serving established global brand owners that require high quality packaging products. Also, Visy possesses global scale with a highly-automated production facility, including proprietary technology to produce packaging that can preserve food and fruit.
- Restructured rigid plastic packaging business by forming a joint venture partnership with Toppan Printing Company Limited (Toppan), a Japanese packaging company, as SCGP-T Plastics Company Limited (SCGP-T). SCGP-T is a holding company for the rigid plastic packaging business which holds 75% stakes in Conimex Company Limited. With Toppan's renowned capability in packaging technics, the restructuring would help Conimex to strengthen its operation and expand its customer base.
- The Board of Directors 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 would not exceed 30% of SCGP's paid-up capital after its capital increase, whereby the proceeds will be used by SCGP for investment in business expansions domestically and internationally, as well as for the purposes of financial restructuring and working capital of SCGP.

## 07

## NATURE OF BUSINESS

## Revenue Structure in 2021

Million Baht

Business Unit	2021					2020					2019				
	Revenue from sales	Other Income	Total Revenue	Sales Breakdown (%)	Equity in Associates*	Revenue from sales	Other Income	Total Revenue	Sales Breakdown (%)	Equity in Associates*	Revenue from sales	Other Income	Total Revenue	Sales Breakdown (%)	Equity in Associates*
Cement and Building Materials Business	182,529	1,785	184,314	31.27	1,511	171,720	2,446	174,166	39.94	1,012	184,690	2,371	187,061	38.82	947
Chemicals Business	238,390	790	239,180	44.23	11,577	146,870	1,981	148,851	36.55	5,033	177,634	1,928	179,562	40.17	7,225
SCGP (Packaging Business)	124,223	2,532	126,755	23.44	57	92,786	603	93,389	22.93	66	89,070	964	90,034	20.14	53
Others	219	12,615	12,834	1.06	4,398	122	8,965	9,087	0.58	3,346	117	10,544	10,661	0.87	3,407
<b>Total Consolidated</b>	<b>530,112</b>	<b>10,594</b>	<b>540,706</b>	<b>100.00</b>	<b>17,543</b>	<b>399,939</b>	<b>7,278</b>	<b>407,217</b>	<b>100.00</b>	<b>9,456</b>	<b>437,980</b>	<b>8,992</b>	<b>446,972</b>	<b>100.00</b>	<b>11,632</b>

**Remark:** Financial figures are classified according to the business units before intersegment elimination.

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

\*\* The figures for year 2019 are reclassified according to the notification of the Department of Business Development.



### Key Operations of Each Business Unit

#### Cement and Building Materials Business

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



## Key Information

Capacity	<ul style="list-style-type: none"> <li>• Grey cement (Thailand) 23 million tons per year</li> <li>• Grey cement (Outside Thailand) 10.5 million tons per year</li> <li>• Ready-mixed concrete (Thailand) 735 plants</li> <li>• Roofing products 85 million sq.m per year</li> <li>• Ceiling/board/wood substitutions (Thailand) 101 million sq.m per year</li> <li>• Floor and wall ceramic tiles 181 million sq.m per year</li> <li>• Sanitary ware 2.59 million sq.m per year</li> <li>• Fitting 1.65 million pieces per year</li> </ul>
Brand	<ul style="list-style-type: none"> <li>• Portland cement: SCG</li> <li>• Mixed / Masonry cement, Mortar cement, Decorative cement and Tile Adhesive cement: Tiger</li> <li>• Portland and mixed cement: K-Cement</li> <li>• Ready-mixed concrete: SCG, Jayamix by SCG and CPAC</li> <li>• Fireclay bricks and special refractory: SRIC</li> <li>• Compacting wall system: Tiger</li> <li>• Precast and Post tension: CPAC</li> <li>• Fully precast concrete system: Consulting services from design to construction: CPAC Green Solution</li> <li>• Digital platform for structural design: CPAC BIM</li> <li>• Aerated Lightweight Concrete: Q-CON and SCG</li> <li>• PVC pipe and accessories: SCG</li> <li>• Concrete pipe and precast: SCG</li> <li>• Roofing products: SCG</li> <li>• Ceiling/board/wood substitutions: SCG</li> <li>• Concrete blocks, concrete floor tiles and precast concrete walls: SCG</li> <li>• Reinforcing steel: SCG</li> <li>• Thermal and acoustic insulations: SCG</li> <li>• Home building service: SCG HEIM</li> <li>• Solar roof system: SCG</li> <li>• Active AIRflow™ system: SCG Living Tech</li> <li>• Unit bathroom: SCG</li> <li>• Products/service/installation for elderly: SCG Eldercare Solution</li> <li>• Complete consulting service on eco-friendly buildings in line with international standards: SCG Green Building Solution</li> <li>• Ceramic floor and wall tiles: COTTO, SOSUCO, CAMPANA, Prime, KIA and Mariwasa</li> <li>• Pyrolithic stone: GEOLUXE</li> <li>• Sanitary ware, sanitary fittings and bathrooms: COTTO</li> <li>• Sanitary ware, sanitary fittings and bathrooms: PREMA</li> <li>• Total solutions for tiles and sanitary ware: COTTO Life</li> <li>• Building materials flagship retail store: SCG Experience</li> <li>• Building material active omni-channel retail: SCG HOME</li> <li>• Logistics and delivery services: SCG Logistics and SCG Express</li> <li>• Import/export service: SCG International</li> </ul>

## Key Information

Strengths	<ul style="list-style-type: none"> <li>Major integrated producer of cement and building material products in ASEAN</li> <li>The world's second largest production capacity of floor and wall ceramic tiles and embed sustainable development philosophy in the company's policies and operations</li> <li>Take rigorous in-house R&amp;D efforts to create innovative products and services</li> <li>Integrate customer journey in home improvement and repair through SCG HOME active omni-channel which conveniently connects customers with different channels with one single ID. Added to this is offering contractor and designer matching for home owner through a convenient platform</li> <li>Elevate the sanitary ware and fitting production facilities into "Smart &amp; Green Factory" to increase competitiveness in the ASEAN market in terms of cost, technology, speed and design</li> <li>Expand sanitary ware and fitting products in the export market by promoting COTTO as an ASEAN Brand and establishing a strong presence in potential markets such as China and India</li> <li>Strive to be a market leader in Smart &amp; Hygiene market segment and expand fixing service centers nationwide to build confidence in COTTO products and services, widely available to support the growth of the Smart &amp; Hygiene group</li> </ul>
Major Business Policy	<ul style="list-style-type: none"> <li>Expand business in ASEAN to become the regional market owner</li> <li>Accelerate business expansion with the focus on active omni-channel and ecosystem to capture large opportunities in the domestic and regional markets</li> <li>Develop High Value Added (HVA) products &amp; services and solutions</li> <li>Continue to improve production efficiency with technology, automation, and digital technology</li> <li>Continue to conserve and reduce natural resources consumption, protect the environment, and join social development programs with the local community for sustainable development</li> </ul>



## 1. Product or Service Features

Products and services are primarily classified as follows:

## Cement

1. Portland cement
2. Mixed cement
3. Mortar cement
4. Decorative cement
5. Tile adhesive cement
6. Ready mixed-concrete
7. Fireclay bricks and special refractory
8. Compacting wall system
9. Precast, Fully precast and Post tension
10. Green construction solution



### Building Materials

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

### Ceramic

23. Floor and wall tiles
24. Pyrolithic stone
25. Sanitary ware, sanitary fittings, and bathroom

### Sanitary Ware & Fitting

26. Smart product
27. Water closet
28. Wash basin
29. Urinal/bidet

30. Faucets
31. Showers
32. Flush valve
33. Color product
34. Accessories
35. Spare parts

### Other products and services

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



## 2. Market and Competition

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

#### - Policy and Market Features

##### 1) Competitive Strategy

- The Business conducts business with commitment to the Sustainable Development Goals in accordance with the ESG (Environmental, Social, and Governance) through the “Green Construction” strategy with an aim to “elevate” construction standards in Thailand to become environmentally-friendly in every stage of construction. The Business also strives to drive sustainable growth through the use of resources and construction materials to its maximum value to lower the impact on the environment and achieve public health standards by utilizing renewable resources, turning waste or loss to wealth, and giving back to society through the development of total innovative solutions with CPAC Green Solution. The success of Green Construction lies in the ability to use digital and construction technology to drive construction innovation that will lead to end-to-end service solutions, from design and construction, to after care series, as well as solving issues related to inefficient construction and old technology that might affect the environment (Wealth & Green community).



- The Business emphasizes on developing through High Value Added (HVA) products and services (HVA) with up-to-date technology to differentiate and respond to customers’ needs as well as contribute to the growth of construction industry. Efforts include carrying out continuous products improvement through R&D, and developing eco-friendly products to reduce natural resource consumption. With its own research and development institution, the Business give significant to developing and improving quality of products and services to meet customers’ needs in each segment and to cope with the rapidly changes of the cement industry. Chief among them are SCG Hybrid Cement (Eco-friendly), Tiger Plastering Cement, SCG Precast Cement, Tiger Mortar Block Plastering Xpert Formula crack resistant mortar cement, Tiger Tile Adhesive for ceramic, granito, marble, and granite tiles, Grey-White skim coat, SCG wood plank cool plus, SCG Roofing “CPAC SMOOTH COOL series” with double coating technology which deflects twice more heat, AIR ION innovation, an air purification tile, that traps PM2.5 up to 89% and increases fresh air mass 24 hours a day without using electricity by releasing negative ions at a level of 3,000 ions/cm<sup>3</sup> to capture dust in the air, and Hygienic Tile which prevents and inhibits the growth of bacteria by incorporating silver nanoparticles into the tile texture. Other products include COTTO sensation series, incorporating the thin ceramics technology ‘COTTO CERAM™’ which allows for a thinner wash basin design ‘Simply Modish’ modern design toilet, Tunio Laconic series smart toilet, which combines design and technology, and soft paddle faucet, which is designed under universal design concept. Apart from the core product offerings, the Business also provides a total range of products, services, and solutions to serve the agricultural sector, government infrastructure projects, commercial buildings, and the residential segment by joining with various SCG alliances and partners.
- The Business has and policy to continuously increase production efficiency and implement cost reduction, for example, energy cost reduction, and waste reduction. The Business also has its own



cement business solution team to provide professional consultation and recommendations to business partners and direct customers. This extends to advice on more efficient and effective production process, quality control and cost reduction as well as possible solutions to any related problems. Customers can thus promptly and directly report their problems to the customer complaint call center.

- The Business gives priority to society, community and environment, carrying out many marketing and social activities, for example, arranging training to develop skills and living standards of constructors and managing project to educate university students on building materials and construction knowledge and technology.

## 2) Customer Features and Target Groups

- Cement products are sold to affiliate companies such as concrete roofs and boards for use as materials for other related products. Besides SCG customers, products are also sold to dealers, major concrete building material producers, and major contractors.
- Construction solutions are offered to developers, home owners, and also large, medium, and small entrepreneurs.

- Building material products are classified by pricing and target groups in each area. Emphasis is put on design, technology, and eco-friendliness to add value to products.
- Ceramic products can be classified into two customer segments middle to lower and middle to upper segments.
- Sanitary ware and fitting products are continuously developed to respond to 5 market segments:
  - o New Built Market
  - o Renovate Market
  - o Replacement Market
  - o Fixing & Maintenance Market
  - o Restoration Market

## 3) Channel of Distribution

- Domestic distribution: The Business has a strong domestic distribution network of over 500 dealers nationwide backed by sales campaigns and activities. “Project Management”, which is a one-stop solution service is used to manage project customers to allow for monitoring and supplying products for the projects efficiently. To provide Green Construction Solution, 23 CPAC Solution Centers (CSCs) were established nationwide to be a center for co-design and provision of construction technology knowledge for customers and eco-partners. For customers looking for products, consultancy, design, cost estimation and installation,

SCG Home Boonthavorn (a franchise store which is a joint venture between SCG and Boonthavorn Group) and COTTO Life are available to provide the services. Moreover, the Business has also developed additional online distribution channels through SCG Home online. SCG Retail strives to attract customers through diverse product and solution offerings, nationwide store coverage, and Active omni-channel experience.

- ASEAN distribution: For strategic countries, the Business develops distribution networks, sales campaigns and activities in response to the market situation in each country and has also expanded investment in retail business in Indonesia, Cambodia, Myanmar, the Philippines and Vietnam.
- Overseas distribution: SCG International Corporation Co., Ltd. (previously SCG Trading Co., Ltd.), a subsidiary of SCG, is involved with exporting products to other countries with focus on the needs of customers or dealers in each country.

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

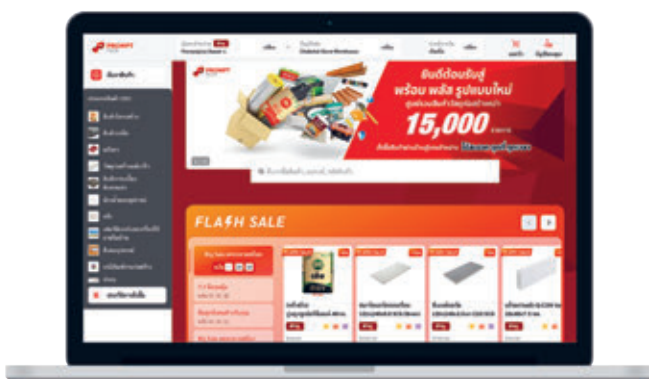
- Wholesales channel: The Distribution Business strengthens its wholesale channel by developing ‘Wholesale Partner’ model, a sales territory management, to increase channel efficiency and B2B e-Commerce platform (Prompt Plus), which makes it easier for buyers and sellers to do business. SCG also collaborates with specialized partners such as ‘Giztix’, a transportation management software company to improve wholesale partner logistics operations. The Business also has on its loyalty program, SCG Chang Family, to sustainably maintain momentum in wholesale channel.

- Project channel: Similar to the wholesale channel, ‘Project Partner’ model and e-Procurement platform ‘Rak-Mao’ have been developed to facilitate sales and purchase. The platform launched in Q4 of 2021 and is still in early stage. The Distribution Business also implements project database system to support manufacturers in demand planning and ensure customers receive products in-full and on-time and runs Rudy Project, a project sales assistant application, to explore new sales opportunity.
- Retail channel: The business converted SCG Home Solution stores to SCG Home Boonthavorn, while the rest of the stores are still SCG authorized dealers.

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

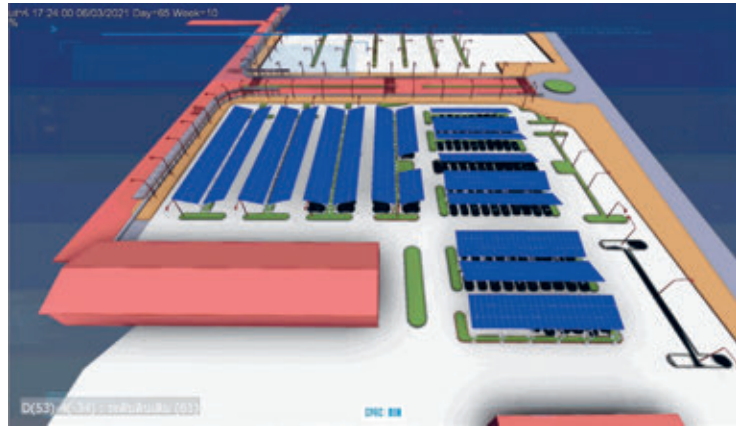
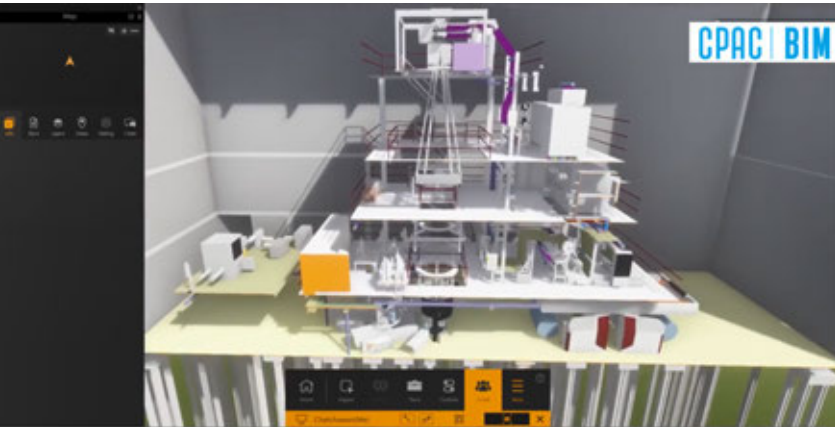
Presently, the Business has five grey cement plant locations in Thailand: 1) Ta Luang 2) Khao Wong 3) Kaeng Khoi (Saraburi) 4) Thung Song (Nakorn Si Thammarat) 5) Lampang (Lampang). With a total production capacity of 23 million tons, the business gains the highest market share in Thailand compared to other domestic cement producers. As for the building materials group, the Business operates plants in Saraburi, Nakhon Prathom, Lampang, Lamphun, Chonburi, Khonkaen, Nakhon Ratchasima, and Nakhon Si Thammarat to produce roofing products, ceiling and board products. Recently, the Business rigorously expanded its marketing activities for cement and housing products in 5 countries in ASEAN: Indonesia, Myanmar, Cambodia, Vietnam, and the Philippines by focusing on strengthening sales and distribution channels.

For ceramic business, there are local and regional floor and wall tiles plants with a total capacity of 181 million square meter per year: 1) Saraburi, Thailand 2) the Philippines 3) Indonesia, and 4) Vietnam. As the leader in the domestic market, the sanitary ware and fitting business is relentless in continuously developing the sanitary ware and fitting business to gain wide acceptance in the global market. The key policy and marketing include the following:



Prompt Plus, B2B e-Commerce platform for wholesale construction materials





*CPAC BIM applies digital technology to manage construction project effectively*

- 1) Develop the construction sector by introducing CPAC Green Solution, CPAC Floor solution, CPAC FillGood solution, CPAC Farm solution, and CPAC Wall solution to create a Wealth and Green Society. SCG has developed solutions to serve various kinds of project, co-developed solutions by using digital technology like CPAC BIM, to manage construction projects, which allows all stakeholders to visualize the construction ecosystem in every step. The process improves design precision and design error detection prior to construction while monitoring the speed of construction to ensure that it is in line with the project's target. Moreover, once the project is delivered, the data gained from the system can be used for the management of the next project. The system also lowers the reject, rework, and waste. CPAC drone technologies are used to design and plan the process, enabling the working team to calculate precisely and efficiently while helping customers to visualize and paint a clearer picture.
- 2) Elevate standards of hydraulic cement with SCG Hybrid Cement (Eco-Friendly), which helps reduce CO<sub>2</sub> emissions in the manufacturing process, a major cause of global warming. Furthermore, the product contributes to the strength and durability of the concrete structures as well.
- 3) Expand Tiger Mortar brand in the premium segment with the focus on Tiger Mortar Expert for general use and Tiger Mortar Expert for lightweight block. These products are designed to remove pain points for local developers and other stakeholders all over the country by reducing crack and reduce re-work process, leading to time and cost saving. Furthermore, the product improves home owner's quality of life due to low maintenance required.
- 4) Increase production capacity of Tiger decorative cement under the "Tiger Décor" brand, which is for floor and wall decoration to serve customers who demand unique and outstanding covering cement by expanding to the renovation segment with Tiger Décor Polymer cement loft wall, and loft floor. SCG has enlarged business opportunities through online channel by introducing Tiger Décor Polymer cement loft wall with a specialty team service to build desired loft wall for customers in the online store.
- 5) Expand to the construction chemicals market to serve customers in wall and floor surface treatment segment with the newly developed wall and floor coating products called Tiger Water Repellent Coating (water-based) which can be used in various types of work to create beautiful surface.



- 6) Develop the new formula Tiger Tile Adhesive for ceramic, granito, marble, and granite tiles. The first brand certified by Thai Industrial Standards Institute (TISI), the Tiger Tile Adhesive has been commercialized and sold throughout Thailand through wholesale, retail, and project channels.





SCG Active AIRflow™ System



- 7) Research and develop a smart ventilation system and indoor air quality control system for better living standards in Thailand with innovation that combines Passive Stack Ventilation and a ventilation system using a solar powered fan with a smart control to provide optimum cooling comfort and reduce the build-up of heat during the day. Furthermore, new products have been developed to improve indoor air quality – humidity, temperature, CO<sub>2</sub> and VOCs, by controlling and monitoring the air quality with IOT technology.
- 8) SCG Eldercare Solution, a housing innovation for the elderly includes a wide range of innovative healthcare solutions. An innovative product has been developed to solve problems or ease pain associated with joints and muscles in the lower body in addition to other

bedroom innovations that address the needs of the elderly having difficulty getting up from a sitting position or being prone to falling such as movable toilet, automatic turn-on intelligence light when leaving bed at night, or special mattress to ease bedsores, which is easily adjustable and movable.

- 9) Distribute 3D Printing Mortar in both domestic and international markets such as Singapore. As for the extrusion 3D printing technology, SCG developed homegrown 3D cement printing technology which can be used effectively with SCG's proprietary cement material. Aside from easing the problem of labor shortage, this technology allows for a freeform fabrication of designs with complicated patterns, easy onsite and fast installation. To further business advantage, SCG started to enlarge 3D printing business model toward "CPAC 3D Printing Solution" by co-creating and co-designing with customers to utilize the technology and respond to customized demand from different customers such as a building for Café Amazon, decorating furniture for KOF X Gram Café, decorating furniture for ESPRESSOMAN X SCG HOME EXPERIENCE 3D street furniture for One Bangkok project, and decorative part of a bridge for SCG Headquarters. Furthermore, SCG also developed 3D concrete printing technology to build a two-story building at the Kaeng Khoi cement plant, making it the first building in Thailand and ASEAN built using 3D concrete printing technology.

- 10) Research and develop wood substitute product for new applications such as decorative plank and skirt, using extrusion technology and fiber-reinforced composites.
- 11) Research and develop products to meet the needs of consumers and in line with the current situation, such as AIR ION, air purification tiles, trapping PM2.5 dust up to 89% and adding fresh air mass 24 hours a day without using electricity by releasing negative ions at a level of 3,000 ions/cm<sup>3</sup> to catch dust in the air, providing that 40% of the room has installed AIR ION tiles. On top of this is Hygienic Tile, which has the properties to prevent and inhibit the growth of bacteria by incorporating silver nanoparticles. The results are certified under the Japanese Industrial Standard JIS Z-2801.

#### - Domestic Market and Competition

Domestic demand for cement decreased compared to the previous year in every segment including residential, commercial, and infrastructure due to the COVID-19 pandemic and government policies which directly affected the cement demand such as shutting down construction sites and the bubble and seal policy. At the same time, private consumption dropped due to lower household income and high household debt, leading to intense competition in the cement market

Domestic demand for building products was still under pressure from the sluggish household demand. Nonetheless, the business managed to maintain its leadership status in the building product business through the continued development of High Value Added (HVA) products & services to better accommodate consumer needs.

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

The demand for ceramic tiles in the country increased compared to the previous year due to the favourable prices of agricultural crops and the government policies to stimulate purchasing power in the provinces. As for the project work, it still slowed down due to the COVID-19 pandemic.

#### - Regional Market and Competition

Overall, the ASEAN market confronted multiple challenges from the wide spread of COVID-19 Delta variant, resulting in strict lockdown to curb the spread of the pandemic, causing significant slow down in the market and construction projects. Nevertheless, each government implemented various policies to support investment in infrastructure to accelerate the economic growth. In Vietnam, the investment is driven by Foreign Direct Investment (FDI), particularly in renewable energy and transport infrastructure sector. Moreover, Indonesia has mega projects on relocating its capital city from Jakarta to East Kalimantan and a construction plan for new airports next year. The Philippines has a policy of implementing road and rail construction projects while Cambodia has ongoing major infrastructure projects such as airports and ports. On the other hand, Myanmar has been hit hard by the combined impacts of the COVID-19 pandemic and political turmoil, affecting trade, investment, and construction projects.

The Cement and Building Materials Business has accelerated transformation of its business model in the ASEAN region in response to the rapidly changing lifestyles and consumer behaviors. It focuses on developing High Value Added (HVA) products and solutions that cater to customers' desires and expanding distribution channels through Active Omni-Channel retail that integrates online and offline nationwide. The Business gives importance to maintaining competitive cost position and conducts business in line with sustainable development approach.

### 3. Products and Services Procurement

#### A) Product Procurement Feature

Type	Number of Sellers	Procurement Method	Local / Foreign	Remark
<b>Main Raw Materials</b>				
Limestone	-	-	100% / 0%	Own supply sources and self-operated
Shale	-	Long-term contracts with external contractors	100% / 0%	Own supply sources. Long-term contracts with contractors
Sand	~ 3	Occasional purchase with external suppliers	100% / 0%	Own supply sources kept as reserve. Currently buy from external suppliers
Clay	~ 3	Long-term contracts with external contractors	100% / 0%	Own supply sources. Currently have long-term contracts with contractors
Copper Slag	2	1-year contract with external suppliers	0% / 100%	Buy from external suppliers
Gypsum	~ 7	Occasional purchase with external suppliers and partly operate from own sources	100% / 0%	Currently buy from external suppliers and partly operate from own sources
Kraft Paper	5	Yearly contracts with external suppliers and occasional purchase from SCG affiliates	10% / 90%	Currently buy from international vendors and partly from SCG affiliates
<b>Fuel</b>				
Lignite	~ 2	Long-term contracts with suppliers	50% / 50%	Self-operate from its supply sources and buy from external suppliers
Petroleum Coke	1	Occasional purchase	0% / 100%	Buy from external suppliers
Coal	~ 1	Long-term contracts with suppliers and occasional purchase	0% / 100%	Buy from external suppliers
Bunker Oil	2	Occasional purchase	100% / 0%	Buy from external suppliers
Biomass	22	Occasional purchase	100% / 0%	Buy from external suppliers
China clay	3	Standards set by the factory	100% / 0%	Local supplier
Ball clay	4	Standards set by the factory	100% / 0%	Local supplier
Tank trim set	2	Specified product standards	0% / 100%	Oversea supplier
Seat & cover	10	Specified product standards	0% / 100%	Oversea supplier
Brass ingot	3	Compare the price	80% / 20%	Local / Oversea supplier
Zinc ingot	3	Compare the price	100% / 0%	Local supplier

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

#### B) Environmental Protection

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

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

1. Develop green products & solutions that provide benefits or meet the needs of customers more directly under the brand “SCG Green Choice”.
2. Drive the circular economy system in the construction business throughout the value chain through a network of cooperation with the Circular Economy in Construction Industry (CECI).
3. Up-cycle or recycle waste into raw materials (Waste to Value).

- Develop green products & solutions that provide benefits or meet the needs of customers more directly. The Cement and Building Materials Business has certified more products and services under the more SCG Green Choice label and develop new products to meet the needs of customer in 3 areas: energy saving and global warming (Climate Resilience), natural resources efficiency and extending service life (Circularity), and promoting good hygiene (Well-Being). In 2021, the number of SCG Green Choice products increased from 49 to 88, an increase of 80%.
- The Circular Economy in Construction Industry (CECI): CECI has expanded to include 23 organizations, encompassing the whole value chain CECI members have worked collaboratively in several projects dedicated to implementing the circular economy principles in their operations. This year’s project was the concrete pile crushing project, reducing concrete waste by 7,000 tons from 42 pile waste recycling projects. CECI members have also collaborated in a pilot project from design process, procurement, and construction using BIM to reduce resource use, waste generation, and waste time in the construction phase. CECI has disseminated environmentally-sound construction practices to drive the construction industry toward sustainable development.

- Value creation from production waste (Waste to Value): Converting factory waste into raw materials and other products is one of the CBM missions. CBM has collaborated with internal and external organizations to improve production process and use waste as alternative raw materials, replacing the natural resources. The Business also initiated projects to transform waste into products to generate income for the community and reduce impacts from last year’s floods. Examples include the following:
  - o Use concrete roof scraps as raw materials in paving block production process, amounting to 1,850 tons.
  - o Use ceramic and ceramic roof scraps in place of soil in ceramic tile production process for a total of 10,000 tons.
  - o Convert light weight brick scraps and concrete roof scraps into subbase products, 20,782 tons of which were sold and 11,082 tons donated to 5 temples, 3 government agencies, 1 school, and 1 community covering an area of 3,700 sq.m.
  - o Use 540 tons/year of black soil residue from sanitary ware industry to produce soil conditioner, generating 460,000 baht for the community.

The sanitary ware and fitting business is committed to continually adopting the concept of a circular economy in its business operations. Efforts include:

1. Developing products and services that are environmentally friendly (SCG Green Choice), such as water-saving products, sanitary ware products coated with Ultra Clean+, which has the ability to reduce bacteria accumulation by up to 99% within 24 hours.
2. Waste to Value: The business has used waste generated from the production process to create new value for both the organization and nearby communities. Examples are as follows:
  - Use sediment from the production of ceramic sanitary ware as raw materials for the ceramic tile and dishware factory, reducing the use of natural raw materials by 3,100 tons.



- Use ceramic scraps from the recycling process as raw materials in the production, reducing the use of natural raw materials by 2,000 tons.
- Utilize ceramic scraps from the manufacture of sanitary ware as raw materials for brick and refractory factories, reducing the use of natural raw materials by 4,250 tons.
- Use plaster scraps from molds for casting sanitary ware as raw materials for the production of gypsum board, resulting in a reduction in the use of natural raw materials by 2,500 tons.
- Process scraps of foam cushioning and automatic seat covers into materials for use in the production of refrigerators, shelves, plastic rulers and other plastic products, amounting to 1.4 tons.
- The waste management efforts resulted in
  - 98% of waste being reused/recycled
  - 2% burned as energy
  - 0% waste to landfill

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

None

### Chemicals Business

#### Production Process

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

#### Stage 1. Feedstock

A variety of feedstock, including naphtha which is produced from an oil refinery and ethane and propane which are products of a gas separation plant are used for our crackers. We use naphtha as the main feedstock for our production, which we import from the Middle East and also procure from domestic suppliers. We plan and closely monitor price movements of feedstock to optimize feedstock intake and our products' commercial value. Our olefins plants have been designed to allow flexibility to utilize other feedstock, such as LPG, raffinate and condensate, when prices of such feedstock are more

competitive compared to naphtha. For example, our plants in ROC and MOC are designed to use up to 25.0% and 35.0% of gas feedstock, respectively. Our proximity to key market hubs and our close relationship with suppliers and partners allow us to achieve competitive pricing of feedstock and built-in synergies for our feedstock sourcing. See "Raw Materials".

#### Stage 2. Upstream Petrochemical Products

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

- 1) Olefins chain, which includes ethylene, propylene, and mixed C4; and
- 2) Aromatics chain, which includes benzene, toluene, and xylene.

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

#### Stage 3. Intermediate Petrochemical Products

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

#### Stage 4. Downstream Petrochemical Products

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



Polyolefins

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

rubber (“BR”) which are raw materials for various industries, such as automobile tires, automobile parts, consumer products and nitrile butadiene latex (“NBL”) which is used to produce medical rubber gloves, and industrial and household rubber gloves.

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

## 1. Product or Service Features

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

Products/Service	Product Features	End Products
1.2.4 Mixed Xylene	Categorized into three main types: 1) P-xylene, which is used to produce polyethylene terephthalate (PET) resins and polyester fibers; 2) O-xylene, which is used to produce plasticizer to increase the plasticity of PVC; and 3) M-xylene, which is used as a solvent	Polyethylene terephthalate (PET) resins and polyester fibers, plasticizer plasticizer and solvent
1.2.5 Pygas	A by-product from the thermal cracking process. Pygas contains a mixture of hydrocarbons with 5 to 9 carbon atoms, and a high aromatics content.	Pygas can be further extracted for aromatics products, such as benzene, toluene, mixed xylene and pyrolysis gasoline.
<b>2. Polyolefin and Related Products</b>		
2.1 High Density Polyethylene - HDPE	High stiffness, high strength, in rigid form, good flow-ability, easy formation, and high resistance to chemicals	Pipes, wires and cables, rigid packaging (such as milk bottles, shampoo, cosmetics bottles, lubricant containers; bottle crates, fruit crates, trash bins and shopping bags)
2.2 Medium Density Polyethylene - MDPE	Good drop and shock resistance, high dart impact strength, stable formation, and low temperature resistance	Roto-molding, coolers, water tanks, water treatment tanks, playground equipment
2.3 Linear Low Density Polyethylene - LLDPE	High stiffness, high tensile strength, puncture resistance and high clarity	Industrial and agricultural films, plastic rice bags
2.4 Low Density Polyethylene - LDPE	Clarity, good adhesion strength, high stiffness and high shrinkage	Flexible packaging (coating), aseptic packaging
2.5 Polypropylene - PP	High impact resistance and high toughness	Automotive, electrical appliances, rigid packaging and automotive parts including battery, film, injection and yarn, electronic appliances and furniture etc.

Products/Service	Product Features	End Products
2.6 Polyethylene Compound	Polymer resins that are blended with other additives to improve its properties, such as pressure resistance and UV resistance	High pressure pipes, large-sized pipes for water work systems and gas pipe systems, mining pipes and buoys



Industrial HDPE pipe such as submarine water pipeline SCG Floating Solar Solutions

### 3. Polyvinyl Chloride (PVC) and Related Products

3.1 Polyvinyl Chloride (PVC)	High corrosion resistance, strong and lightweight material, weather, flame and electricity resistance, durable, flexible and air impermeable properties	Various finished products made from PVC including pipes and fittings, building materials, cables, packaging materials, general uses, automotive parts and medical uses
3.2 PVC Compound	Weather resistant, flame retardant, light weight, and rust-free material. Low, medium to high impact resistance, oil resistance, good heat stability and high transparency and scratch resistance and low migration resistance	Cable jackets, pipes and fittings, window and door profiles and other general uses, medical uses, rigid packaging, bottles, wires, automotive parts, cables and gaskets
3.3 Finished Products	Good stiffness, toughness and heat stability, rigidity, UV resistance, high impact strength and heat resistance	A wide variety of applications including pipes and fittings, door and window profiles and rain gutters

### 4. Service

4.1 Jetty & Tank Terminal	We provide storage services for various petrochemical gases and liquids such as naphtha, olefins, benzene, toluene, and mixed xylene, and pyrolysis gasoline as well as transportation services for raw materials and products between pipelines and terminals using our own jetties and tanks.
4.2 Others	Integrated furnace solutions, digital asset solutions, technology licensing and floating solar solutions etc.



## 2. Market and Competition

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

#### - Policy and Market Features

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

#### 1.1) Competitive Strategy

##### • High Value Added Products

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

For 2021, sales of High Value Added (HVA) products & services accounts for 36% of total sales from subsidiaries.

#### 1. High Value Added products:

- Food and Beverage business: Flexible packaging, retort pouch, consumer packaging with impact resistant, and lightweight bottle cap
- Building and Infrastructure and Formulation business
  - o Building sector: Insulation for power cord and telephone cable, water tank from Rotational Molding, PVC pipe and fitting, plastic doors and windows

- o Infrastructure: Large HDPE pipe for water work system, mining and natural gas industry, insulation for power cord and fiber optic cable
- o Formulation: Medical equipment, kayak boat, components of agricultural machinery, and intermediate bulk container (IBC) with high strength and chemical resistance

- Automotive business: Interior and exterior automotive parts and battery

- Electrical Appliances business: Parts for refrigerator and washing machine

#### 2 High Value Added Services:

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

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

- Technology Licensing: License of High Density Polyethylene (HDPE) production process, license of functional material CIERRA™

- Floating Solar Solutions

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

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

Based on our belief that “service is the heart of selling”, we have developed a digital commerce platform (DCP), an integrated platform which provides end-to-end data visibility to our customers in their ordering journey, using advanced IT and digital technology to adapt our production schedules to match with customer inquiries in real time. We also have a customer relationship management (CRM) system which is designed to gather and analyze customers' requirements to accurately and timely respond to those needs. Customer complaints are recorded and solved systematically and sustainably using our CRM system.

Moreover, the business provides technical advice on plastics conversions, engage in collaboration with customers to co-create values from development of products and services that better satisfy customers'



Automotive parts

latent needs, develop and expand network of business (Business Matching), host seminars or business panels to provide both business and technical information to increase customer's competency for their sustainable growth. The business also emphasizes accuracy of the delivery. It also engages in continuous improvement to enhance the service efficiency in order to match the customers' business operations which vary by segments.

### 1.3) Price and Cost

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

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

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

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

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

### 1.4) Product Quality Management

One of the business's main policies is to produce safe and high quality products without any effects on the environment and communities. The business has adopted Total Quality Management (TQM), which emphasizes customer and quality. Therefore, it integrated Risk Management Policy and ISO system with TQM and TPM to come under one quality management, resulting in being certified by the various international quality systems, namely ISO 9001, ISO 14001, ISO13485, ISO 16949, OHSAS and TIS 18001. The business also applied ISO17025, resulting in product assurance in both quality and safety throughout the process, such as procurement, production, storage, and logistics. Moreover, the business has supported research and development to constantly improve and create its product with quality and safety to truly meet customers' needs in various product applications.

### 1.5) Management

The business's main focus is on improving management practices in order to timely and accurately respond to market volatility. On a monthly basis, the business develops integrated forward-looking plan for the whole value chain, covering production and sales, demand and supply of both raw materials and end products, as well as new products in the pipeline. This is for the business to become more proactive in adapting to the fast-paced market and changing customers' needs. Moreover, the business constantly measures the effectiveness of the management plan for future improvement.

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

The business elevates strategic workforce planning, starting from assessing the needs and readiness of human resources in terms of numbers, capability, and traits that are vital to business operations, readying them for business development both today and tomorrow.

The business also aligns enterprise's goals to those of the employees, using the new Performance Management System (PMS) and creates organizational culture that promotes common understanding. Added to this is the development of a better performance evaluation between supervisors and subordinates, as well as the development of necessary skills for executives, enabling them to be role models for employees to work collaboratively in an efficient manner.

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

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

## 2) Customer Features and Target Groups

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

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

## 3) Channel of Distribution

In 2021, the business's domestic and export sales of polyolefin are accounted for 43% and 57%, respectively. Domestic and export sales of PVC are 40% and 60%, respectively. The business has expanded the distribution channel by setting up e-market place, namely ReadyPlastic, e-Commerce platform for non-prime product trading, to cover recycled product.

- **Domestic**

Domestic customers can be categorized in 2 groups; customers who convert and sell in domestic market represent 95% of the total domestic sales, whereas those who convert and export (re-export customers) represent 5%. For sales of PVC are for customers who convert and sell in domestic market only.

- **Export**

The business mainly exports to the Asia-Pacific region. Products are distributed directly to end-users or local distributors so that customer needs are satisfied efficiently. The proportion for the export market is 31% in East Asia, 30% in Southeast Asia, 8% in South Asia, and 31% in other regions and the proportion for the PVC export is 26% to Southeast Asia, 44% to South Asia and the remaining 30%.

The business exports this year around 1.36 million tons of polyolefin 1.15 million tons and PVC 0.21 million tons, respectively. By diversifying its export destinations, the business is able to avoid risks from political or economic change in a particular country. In addition, by having global based customers, the business is able to manage export products quantities for profit optimization as prices may differ depending on market conditions of each country.

- Competition and Capacity

### 1) Domestic

Thailand has polyolefin capacity of approximately 6.4 million tons per year while the country's demand in 2020 was approximately 2.8 million tons. Moreover, Thailand exports around 65% of total production. However, when compared with local producers, the business has around 30% of the total polyolefin domestic capacity. For PVC, Thailand has the total PVC production capacity of 0.9 million tons per year. Thai Plastic and Chemicals Public Company Limited is the largest producer, accounting for 67% of the total domestic capacity.

### 2) Foreign

In 2020, polyolefin demand in Asia equaled 113 million tons, with China as the largest importer. Major exporters are producers in the Middle East, USA, and South Korea. For PVC, demand in 2020 was 30 million tons with India as the largest importer in Asia.

### 3. Products or Services Procurement

#### (A) Product Procurement Feature

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

Company	Product / Service	Capacity (Ton / Year)	Year First Operated	% Shareholding
<b>Thailand</b>		6,321,000		
1. Rayong Olefins	Ethylene	900,000	1999	68
	Propylene	450,000		
2. Map Ta Phut Olefins	Ethylene	1,200,000	2010	67
	Propylene	850,000		
3. Thai Polyethylene	HDPE 1	140,000	1989	100
	HDPE 2	170,000	1997	
	HDPE 3	220,000	2001	
	HDPE 4	450,000	2010	
	LLDPE	140,000	1990	
	LDPE	150,000	1995	
	PP 1	140,000	1993	
	PP 2	180,000	1997	
	PP 3	540,000	2010	
4. Thai Plastics and Chemicals	PVC Resin	530,000	1971	100
5. Nawaplastic Industries (Saraburi)	PVC Pipe and	204,000	1970	100
	Fittings Profile	21,000		
6. TPC Paste Resin	PVC Paste Resin	36,000	1993	100
<b>Vietnam</b>		3,217,000		
7. Binh Minh Plastics Joint Stock Company (BMP)	Plastic Pipe and Fittings	150,000	1977	54
8. TPC Vina Plastic and Chemicals Corporation	PVC Resin	200,000	1995	70
9. Viet-Thai Plastchem	PVC Compound	17,000	1994	72
10. Long Son Petrochemicals	Ethylene	950,000	Under construction. To be commercialize by mid-2023	100
	Propylene	400,000		
	HDPE	500,000		
	LLDPE	500,000		
	PP	400,000		
	Butadiene	100,000		
<b>Indonesia</b>		141,000		
11. PT. TPC Indo Plastic & Chemicals	PVC Resin	120,000	1996	100
12. Berjaya Newaplastic Indonesia	PVC Pipe and Fittings	21,000	2019	51



Company	Product / Service	Capacity (Ton / Year)	Year First Operated	% Shareholding
<b>Cambodia</b>		17,400		
13. Nawaplastic (Cambodia)	PVC Pipe and Fittings	17,400	2016	60
<b>Myanmar</b>		16,000		
14. Grand Nawaplastic Myanmar		16,000		80
<b>Service</b>				
15. Map Ta Phut Tank Terminal	Jetty and Tank Terminal	-	1998	82
16. Rayong Pipeline	Pipe Transportation	-	1998	92
17. Rayong Engineering and Plant Services	Engineering and Plant Service	-	2001	100

As of 31 December 2021, capacity utilization rate for plants for the olefins, polyolefins, and PVC resin were 108%, 94%, and 94%, respectively.

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

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

The budgeted total capital expenditures of the LSP project is approximately U.S.\$ 5.4 billion. We commenced engineering, procurement and construction (EPC) activities in the third quarter of 2018. As of December 31, 2021, the LSP petrochemical complex had completed 91% of the overall EPC targets and target to start full commercial operations by the first quarter of 2023.

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

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

The key raw material in olefins production is Naphtha. The business purchased 22% of total naphtha from local producers, and 78%, majority from producers in the Middle East. In addition, the crackers were designed to use alternative raw materials, such as liquid petroleum gas (LPG), raffinate, and condensate if Naphtha price is higher than other raw materials.

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

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

### 3) PVC Production

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

#### - Environmental Impact

Chemicals Business of SCG operates business with policies that support sustainable development by placing importance on the environment and communities to create the harmonious living between industry, the environment, and communities. The business is the first company in Thailand to achieve Eco Factory certification on 100% of its production facilities in 2015. Besides, in 2021, RIL Industrial Estate has been certified as eco industrial estate at “Eco-World Class” level with the highest score, from Industrial Estate Authority of Thailand (IEAT) for 3 consecutive years. The business has also engaged several sectors to develop Eco Community, Eco School, and Eco Temple, with a final aim to become Eco Industrial Town, in accordance with the government’s policies to develop environmental friendly industries and build awareness of resource optimization, waste management and safety in community. Moreover, the business has also extended its internal waste sorting model to surrounding communities linking residences, temples, schools, and waste banks under the campaign of “Zero-waste Community”, creating collaboration among stakeholders. The business has also developed an application named “KoomKah” for waste bank management.

Chemicals Business has collaborated with various organizations and network of partners to undertake marine protection missions, as well as global cooperation with The Ocean Cleanup, Alliance to End Plastic Waste (AEPW), and Ellen MacArthur Foundation to work

together to sustainably solve waste problem, especially in the ocean and move forward to tackle marine debris problem with “SCG – DMCR Litter Trap from HDPE-Bone”, a new innovation upgraded from the first model by using a special-grade plastic, resulting in higher efficiency of waste collection, UV resistance, and service life. Moreover, the litter trap is recyclable, in line with circular economy concept. 35 sets of the litter trap have been installed in 17 provinces nationwide and are able to collect more than 42 tons of waste (as of the end of Q3 2020)

Chemicals Business has also educated youths in sorting and collecting plastic waste from the origin through “Recycled Chairs from Repurposed LLDPE Milk Pouches “ project by washing and drying the school milk bags, and then collecting the bags as LLDPE plastic that can be sold and reused as a material to produce “Recycled Chair” that is well-designed and durable. The business has also expanded the results of the “Recycled Plastic Road” project through cooperation with companies such as SC Asset Corporation Public Company Limited, Amata Corporation Public Company Limited and CP All Public Company Limited. Currently, the prototype of asphalt concrete road with plastic waste as a raw material has the total length of 7.7 kilometers and has recycled plastic waste by 23 tons. In addition, the business has signed a collaboration with Department of Highways, Department of Rural Roads, Dow Thailand Group and Chiang Mai University to explore and develop ways to use plastic waste in asphalt concrete for road construction to deliver the road with improved performance and lifespan, in line with the government’s BCG Economy (Bio - Circular - Green Economy) policy.

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

None

## Packaging Business

SCG Packaging PLC. as well as its subsidiaries is the leading comprehensive packaging solutions provider in ASEAN. Its main business consists of Integrated Packaging Business and Fibrous Business.

<b>Key Information</b>		
<b>Capacity</b>	Integrated Packaging Business	
	<ul style="list-style-type: none"> <li>• Packaging paper 4,363,000 tons per year</li> <li>• Fiber-based packaging Flexible packaging 1,440,400 tons per year</li> <li>• Fiber-based packaging Flexible packaging 901,000,000 square meter per year</li> <li>• Rigid packaging 143,000 tons per year</li> <li>• Medical supplies and labware 250,000,000 pieces per year</li> </ul>	
	Fibrous Business	
	<ul style="list-style-type: none"> <li>• Pulp 556,000 tons per year</li> <li>• Printing &amp; writing paper 490,900 tons per year</li> <li>• Foodservice Packaging 60,950 tons per year</li> </ul>	
	<b>Main Products</b>	Integrated Packaging Business
		<ul style="list-style-type: none"> <li>• Packaging paper</li> <li>• Duplex</li> <li>• Fiber-based packaging</li> <li>• Flexible packaging</li> <li>• Rigid packaging</li> <li>• Medical supplies and labware</li> </ul>
		Fibrous Business
		<ul style="list-style-type: none"> <li>• Eucalyptus pulp, dissolving pulp, printing and writing paper</li> <li>• Foodservice packaging</li> <li>• Plantation products</li> </ul>
		<b>Brand</b>

<b>Key Information</b>	
<b>Strengths</b>	<ul style="list-style-type: none"> <li>• Leading comprehensive packaging solutions provider</li> <li>• Packaging Business is the partner of choice of multinational companies (“MNCs”) and other blue chip and established regional customers with whom Packaging Business have long-standing relationships</li> <li>• Strong packaging design and R&amp;D capabilities which allow us to offer broad, diversified and innovative solutions and products to cater to our customers’ differentiated needs.</li> <li>• Large-scale vertically integrated packaging solutions provider, which creates operational efficiencies, cost competitiveness, security of supply and products and optimized resource allocation</li> <li>• A leading proponent of sustainability through circular economy principles, with emphasis on Environmental, Social and Governance (ESG)</li> </ul>
<b>Major Business Policy</b>	<ul style="list-style-type: none"> <li>• Enhancing customers’ brand and their supply chain efficiency through innovating renewable products and services;</li> <li>• Continuing its expansion both in Thailand and overseas as well as enhancing the diversity of its product offerings and customer base to capture macroeconomic growth and the increase in consumer expenditures in the region; and</li> <li>• Committing to undertaking proactive actions in respect of sustainable development and being the pioneer of the circular economy in ASEAN.</li> </ul>
<b>Business Development Policy</b>	<ul style="list-style-type: none"> <li>• Quality Growth through Merger and Partnership (M&amp;P) and Organic Expansion</li> <li>• Packaging Solutions , Innovation , and e-Commerce</li> <li>• Operational Excellence</li> <li>• ESG (Environmental, Social and Governance) and Sustainability</li> </ul>





## 1. Product or Service Features

Packaging Business is the leading total packaging solutions provider in ASEAN, which has vertically integrated business model starting from pulp production to manufacturing of printing and writing paper, packaging paper, fiber-based packaging, flexible packaging, rigid plastic packaging, medical supplies and labware, and foodservice packaging. This allows us to appropriately allocate the production capacity and efficiently control cost, making it relatively less vulnerable to external changes, while continuing to add values to the products. The business consists of two major business chains as follows:

- **Integrated Packaging Business**

The main products comprise packaging paper for the manufacturing of fiber-based packaging, industrial bag, shopping bag paper core, processed and finished products, gypsum linerboard, coated duplex and various types of fiber-based packaging, logistics packaging, folding carton, event and exhibition display, lifestyle product, flexible packaging, rigid plastic packaging, medical supplies and labware, and total packaging design solutions.

- **Fibrous Business**

The main products are foodservice packaging, pulp, and paper products. The pulp products can be used as raw materials for various kinds of paper, for example, printing & writing paper, which third party printing houses use for producing magazine, paper for notebooks, textbooks, copy paper, and specialty industrial paper such as paper for label, release liner, furniture products, medical & hygienic paper and foodservice products such as food container, cupstock paper, cone cup, lunch box, paper bowl and tray.

## 2. Market and Competition

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

- **Policy and Market Features**

#### 1) Marketing strategy

Packaging Business aims to provide “Packaging Solutions” with diversified product portfolio including fiber-based packaging, logistics packaging, folding carton, event and exhibition display, lifestyle product, flexible packaging, rigid plastic packaging and medical

supplies and labware, to respond to a wider range of customers' requirements. In order to serve various printing quality demand, Packaging Business has developed capability and expanded capacity in Flexographic pre-printing, Offset printing and Digital printing.

For the packaging design services, Packaging Business continues to develop designer teams with comprehensive skills to work proactively with customers in designing logo, brand, merchandising display, exhibition, other printing materials and packaging. Packaging Business provides integrated services and network of production sites across Thailand and ASEAN, which enhance customers' confidence that excellent goods and services will be delivered consistently and will not interrupt their production line especially during the COVID-19 pandemic.

Furthermore, Packaging Business focuses on developing new products and services to meet with customers' needs, led by "Innovation" development which is key to Packaging Business strategy to increase competitiveness. This includes a newly developed packaging paper called "High Strength" paper, which has lower basis weight but higher strength compared to normal packaging paper, helped saving production cost and reducing use of environmental resources.

Moreover, Packaging Business also focuses on developing more environmentally-friendly products. Many of Packaging Business products are certified with the "Green Label", which is the national level certification awarded to products that comparatively have lower environmental footprint, for promoting the reduction and reuse of materials. Additionally, SCG also has its own certificate, the "SCG Green Choice", which is given to innovative products and services that are environmentally friendly. For example, Packaging Paper Grade: KA, KE, KH, KT, KS, KC, TA, TI, TR, TS, CA, CS, CSP, ES were certified by SCG Green Choice for their higher recycled content compared with other competitors' in the market.



Furthermore, Packaging Business also promotes production and sales of packaging paper, paper core, sack kraft, gypsum linerboard and coated duplex board with the FSC-CoC (Chain-of-Custody) certification, which is granted to products that are made from FSC-certified plantation and production processes. The FSC or the Forest Stewardship Council has taken into accounts the raw material selection, handling and storage, production volume control, sales and product delivery to ensure that the materials in the whole supply chain are sustainably sourced and do not get mixed up with uncertified items. Packaging Business products have earned several types of the FSC-CoC certification (FSC Recycled 100%, FSC Mix 100%, and FSC Mix 70%) assuring Packaging Business customers can assuring that Packaging Business products are environmentally friendly, and that the Packaging Business remains fully committed to social responsibility.

For the Fibrous Business, as regards printing and writing paper, the business has increased imports of coated paper to meet wider customers' needs and to expand customer base for photocopy paper in both domestic and export markets. For domestic market, Packaging Business has continuously deployed marketing and promotional activities. For international market, key strategy is to focus on the market where demand start to recover from the COVID-19 effect, targeting Asia and North America.

Packaging Business's Foodservice products are hygienic and safe food packaging products that are certified by Food Direct Contact standard, and developed started with the attention to the health and safety of consumers. Demand from chain restaurants and food delivery businesses continued to grow supported by global environmental-awareness. Packaging Business focuses on developing new food service products which respond to consumers' needs through selection of high quality raw materials, package structure designs, and production process certified by international standards such as GMP-EU standard, BRC, HACCP and FDA from the United States of America. "Fest®" aims to be a new alternative packaging for consumers with a variety of shapes and capacities to meet every usage as well as excellent on the cleanliness and safety. "Fest®" is divided into 4 main categories which are "Fest Choice", "Fest Bio", "Fest Daily" and "Fest Chill". "Fest®" focuses on the domestic and ASEAN markets. In addition, following the successful acquisition of a 100 per cent stake in Go-Pak UK Limited (Go-Pak), one of the leading food packaging solutions providers in the UK and North America, Packaging Business has expanded its market and customer base to the United Kingdom and North America. Go-Pak sells more than 250 types of food packaging such as plates, cutlery, cups, mugs, etc., made from paper, polymers and other biodegradable materials. It sells products from its own food packaging production capacity,

and from a global sourcing network. Its customer bases are in the food service sector, retailers and wholesalers in restaurant-related businesses, quick service restaurants and off-site catering service providers.

## 2) Customer Features and Channel of Distribution

### Integrated Packaging Business

#### Fiber-based Packaging

**Channel:** Sells directly to customers through our account executives who work closely with the customers, starting from understanding their requirements and problems, providing consultation, developing solutions and delivering quality products and services. Packaging Business continues to develop our account executives to connect our customers and internal teams, designers, marketing personnel, researchers, and production team to deliver innovative products and services that can truly serve the needs of customers. In addition, Packaging Business also introduced new online channel for one-stop shop e-Commerce packaging and accessories in 2021.

#### Packaging Paper

**Channel:** Sells products to box plants in Thailand entirely through direct sales. With regard to exports, the Company sold 56% of exported packaging paper (based on sales volume) through direct sales and the other 44% through agents. As packaging paper is a business-to-business (B2B) commodity, the marketing policy for packaging paper includes offering reliable quality, timely delivery, giving discounts and rebates at certain sales volumes, special projects or new customers.

#### Performance and Polymer Packaging

**Channel:** Main distribution channels for flexible packaging and rigid packaging products are direct sales in Thailand and Vietnam and export to the United States, Europe, Australia, Taiwan, and other countries which accounted for 85% of PPP sales (based on sales volume). Sales through agents and traders accounted for 15% of PPP sales (based on sales volume).

The distribution channels for the Company's medical supplies and labware products are direct sales and through agent to customers in Europe and Americas.

#### **Fibrous Business**

##### **Pulp**

**Channel:** Sells directly through contracts with business partners and customers for both domestic and export, and also sells directly to subsidiaries of the Packaging Business.

##### **Printing and Writing Paper**

**Channel:** Printing and writing business sells to both domestic and export markets. For domestic market, Packaging Business sells through both agents and direct customers which include printing houses, industrial users and also through modern trade stores, retailers and wholesalers. For exports, which are the main market for copy paper, major destinations are Vietnam, USA, Myanmar, India, Cambodia, Hong Kong and other ASEAN countries.

##### **Specialty Paper for Industrial Uses**

**Channel:** Sells directly to industrial customers and converters, and through agents for exports.

##### **Foodservice Packaging**

**Channel:** Sells directly to modern trade stores, retailers, wholesalers, and recently expands to online channel . For branded foodservice packaging products in oversea market, they sell through agents.

Food grade packaging paper sells to both domestic and export markets through agents, however, the paper is mostly used for Packaging Business' own foodservice packaging.

## - **Industry, Competition, and Trend**

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

In 2021, the demand for corrugated containers increased by 3% compared to the previous year, still higher than the country's GDP. Despite the decline in overall domestic consumption in the third quarter due to the new wave of COVID-19 infection, the government's pandemic suppression measures, which affected consumer confidence and spending, the temporary closure or deployment of the Bubble & Seal program by the manufacturing sector to contain the spread, and the supply chain disruption situation, the government's economic stimulus campaign and higher demand from export sector from the economic recovery of the main trading partners in North America and Europe has helped supporting the economic situation. This resulted in the increase in overall domestic corrugated container demand compared to the previous year.

The food industry continued to grow well in 2021 at the rate of approximately 4-6% compared to the previous year, due to the improved situations in the major trading partner countries. Furthermore, the COVID-19 pandemic sparked an enormous growth for industries that aligns with new requirements for the "New Normal" lifestyle, such as petfood, rubber gloves, e-Commerce and food delivery, with the growth rate of approximately 7-20% compared to the previous year, while corrugated container demand in some other industries grew at low level. Example were, alcoholic beverage industry due to the government's ban on sale and consumption in restaurants, or electrical appliance and electronics and automobile industries due to the shortage of imported raw materials.

In the ASEAN market, although affected by the COVID-19 pandemic situation similar to Thailand, demand for corrugated containers in Indonesia in 2021 still grew 4% from last year as the economic growth recovered from 2020. The government also loosened the





COVID-19 restrictions in many areas, resulting in higher corrugated container demand, especially for consumer goods, exported footwear and textile industries.

Meanwhile, corrugated containers demand growth in Vietnam slowed to 2% from 2020 because of the strong effects of COVID-19 pandemic in 2021. The government's enforcement of the strict lockdown measures



created an adverse impact on domestic consumption, production capacity especially in export industry, and transportations in many industries.

Uncertainties around the COVID-19 pandemic, both domestic and abroad, are likely to continue for the time being and remains difficult to call for certain outcomes, which could be both opportunities and challenges for business.

## 2.) Fibrous Business

### Pulp

In 2021, the global demand for bleached chemical pulp increased 5% from 2020. This demand was supported by China, the United States and Europe which started to recover

from the COVID-19 pandemic and led to an increased demand for pulp from the paper and packaging manufacturers. Demand from tissue paper manufacturers also continued to grow. Dissolving Pulp demand increased 14% from the previous year due to the rise in demands from rayon manufacturers, which is the downstream industry of the dissolving pulp.

### Printing and Writing Paper

In 2021, demand for printing and writing paper in Thailand dropped 18% compared to the previous year, still getting impacted by the COVID-19 pandemic that started in 2020. Companies, offices and consumers have changed their lifestyles, and switched their main working formats and purchase services to online channels. In addition, electronic media continued to increasingly replaced the use of printing and writing paper, while the government has launched its Zero Copy Policy and Thailand 4.0 Policy, which directly caused the decline in printing & writing paper demand.

The volume of imported printing and writing paper in 2021 increased by 15% due to the improved international logistics condition compared to 2020, but the overall import volume still did not yet recover to the pre-pandemic level.

## 2.3 Product or Service Procurement

### (A) Product Procurement Feature

- Raw Material and Suppliers  
Integrated Packaging Business

### Packaging

Raw Material Type: Packaging paper for fiber-based packaging, plastic resin and film for flexible packaging, rigid plastic packaging and medical supplies and labware.

Source: Packaging paper from Siam Kraft Industry Co., Ltd., a subsidiary of Packaging Business and plastic resin from Chemicals Business and other producers.

**Obstacles:** Raw materials sourcing are efficiently managed. Supply is adequate and of desired quality. Price is set in accordance with market price for fairness and competitiveness.

#### **Packaging Paper**

**Raw Material Type:** Wastepaper, pulp, and chemicals.

**Source:**

- In 2021, recovered paper used for packaging paper production was 4.4 million tons or equivalent to 95% of the total pulp required. Of which, 53% was sourced from local sources in ASEAN while the remaining was imported from quality sources in EU, US, Japan and Australia.

- Pulp: from local and import
- Main chemicals such as starch, sizing agent, color, and others: from domestic and import vendors

**Obstacles:** Part of consumed pulp is imported which needs 40-60 days lead-time. Domestic supply of wastepaper is also limited and

purchase is highly competed among players, requiring us to resort to imported wastepaper to fulfill production needs.

#### **Fibrous Business**

##### **Pulp**

**Raw Material Type:** Eucalyptus logs and chips.

**Source:** Eucalyptus logs and chips bought from open market and contract farmers.

##### **Printing & writing paper and other paper such as specialty paper for industrial uses and foodservice packaging**

**Raw Material Type:** Bleached long fiber pulp, bleached short fiber pulp, and chemicals.

**Source:**

- Pulp from local and import
- Chemicals, synthetic latex, kaolin powder, calcium carbonate, and others from local and import

**Obstacles:** Some pulp is imported which has 30-45 days lead-time.

#### **(B) Environmental Impact**

Currently, global warming and climate change are increasingly serious that affect the environment in terms of natural disasters such as drought, flooding from sea level rise, natural ecosystems such as various plant and animal species more at risk of extinction and causing the loss of biodiversity. Packaging Business focuses on reducing greenhouse gas emissions 20% by 2030 with base year 2020 (both Thailand and abroad) and increasing operational challenges and in line with its intent. Packaging Business has set a target in greenhouse gas emissions from the company's operations to be Net Zero by 2050 and aiming to control limiting global warming to 1.5 degrees celsius under the Paris Agreement. and reduce the amount of water withdrawal 35% by 2025 with BAU (using 2014 as the base year). Our efforts are subject to strict business governance and execution in line with international norms among all business units working to achieve the target.

There are 2 main priorities which was energy management and climate change, and water management.



Respirators "Cure AIR SURE" Protect against discases, bacteria and small particles



#### **Energy Management and Climate Change**

Packaging Business aims to reduce greenhouse gas emissions 20% by 2030 with base year 2020 (both Thailand and abroad). At present, Packaging Business can reduce greenhouse gas emissions 2.4% by improving, modifying processes and equipment to increase energy efficiency which can reduce energy consumption by 53,413 gigajoule per year and greenhouse gas emissions of 7,762 tons of carbon dioxide per year. Moreover, the increase in consumption of biofuel can reduce greenhouse emissions by 277,440 tons of carbon dioxide per year and expanding the installation of solar power projects to a total of 11.78 megawatts, greenhouse gas emissions of 8,757 tons of carbon dioxide per year. The business has adopted the NCS (Natural Climate Solution) concept by planting and conserving forest. to increase the area for absorbing carbon dioxide in the atmosphere with a project to restore and conserve nature by planting trees in the factory area and areas outside the factory in various provinces for a total of 55,315 trees

In addition, Packaging Business joined with The Creag Company Limited and Thailand Greenhouse Gas Management Organization (Public Organization) to study and develop an economic mechanism for determining internal carbon prices (Internal Carbon Pricing: ICP) to support environmentally friendly projects. This has helped create sustainable investment opportunities and is beneficial to the organization in managing the risks of climate change including reducing greenhouse gas emissions that are a major cause of global warming.

#### **Water Management**

Packaging Business has set target in water withdrawal reduction 35% by 2025 (compared with business as usual (BAU) at the base year of 2014), using the principle of 3R (Reuse, Recycle, Reduce) in the production process to maximize efficiency. At present, we can reduce water withdrawal 27.3% and reuse the water 14.2% of the total water consumption.

Packaging Business continuously increases the efficiency of water consumption by analyzing the entire cycle of water consumption from the beginning to the

end of the production process and seeking ways to improve the water consumption by modifying the technology in the production process, machine modification and installation of new equipment to increase the efficiency of the water used in production.

In addition, Packaging Business has installed a modern and highly efficient water treatment system. This ensures that the quality of the treated water from the water treatment plant meets the standards. A real-time monitoring system is also installed to monitor Chemical Oxygen Demand (COD) online enabling the business to avoid any abnormalities to the environment. The treated water can be recycled in the production process and utilized in agricultural areas of the community nearby. Packaging Business, therefore, implemented the Water Management for Agriculture Project, delivering approximately 3.8 million cubic meters of treated water to the plantation area around the factory in Ratchaburi and Kanchanaburi Province. The total area is approximately 3,850 rai helping to reduce water shortage for cultivation and increase income for farmers.

Apart from energy management, climate change, water management, Environmental Conservation and Restoration Project, Packaging Business also emphasizes the principles of the circular economy by reducing industrial waste, and increasing the portion of recyclable polymer packaging. The business targets to increase volume of recyclable, reuseable or compostable packaging by 100% in 2025. Furthermore, the business has managed to recycle industry waste by 99.99% of the total managed waste.

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

None



# 08

## RISK MANAGEMENT

Amid a rapidly-changing business environment of growing volatility, uncertainty, and complexity as well as the rising expectations of stakeholders and investors around environmental, social, and governance (ESG) framework, SCG believes that effective enterprise risk management significantly contributes to the achievement of business goals and ensures the organization's ability to adapt to changes, enabling it not only to capture business opportunities but also to respond to changing customer needs. Besides, SCG continues to raise risk management awareness throughout the organization and drive for the efficient and effective risk management in the areas of strategy formulation, operation, and decisions on new investments to sustainably create values for the organization, shareholders, and stakeholders.

### SCG Enterprise Risk Management Framework

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

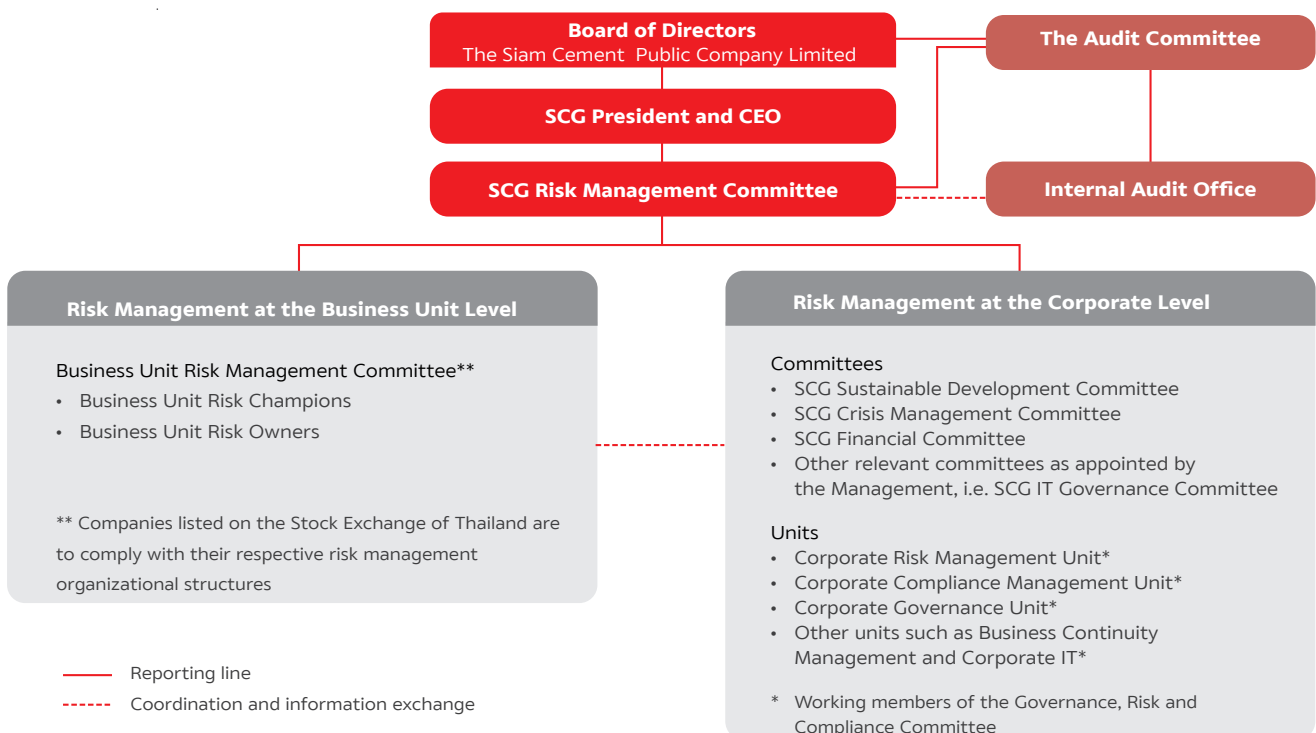
#### 1. Risk Management Strategy Establishment

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

#### 2. Risk Management Structure and Responsibilities

The organizational structure of SCG's risk management is presented below :

### Enterprise Risk Management Organizational Structure



### The Board of Directors and the Audit Committee

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

### Internal Audit Office

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

### SCG Risk Management Committee (As of January 1, 2022)

SCG Risk Management Committee consists of the SCG President and CEO, who serves as the Committee Chairman, SCG Executive Vice President, and SCG top executives, which include top executives of the Chemicals Business and the Cement and Building Materials Business. SCG Risk Management Committee has the following core roles and responsibilities:

- 1) Determine risk management structure and assign accountabilities for risk management
- 2) Consider and approve risk management framework and process
- 3) Review the SCG risk profile and monitor enterprise risk management
- 4) Report the SCG risk profile and risk management to the Audit Committee

### 3. Risk Management Policy

SCG has implemented risk management framework in alignment with international standards and integrated it into business operations. This allows SCG to identify risks or business opportunities in an appropriate and

timely manner, and to reduce risks to an acceptable level or identify opportunities to add value to the organization to achieve the established goals, meet the expectations of stakeholders, promote sustainable business operations, and comply with the good corporate governance principles.

### 4. Risk Management Process

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

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

Risk monitoring is undertaken through defining key risk indicators and key performance indicators to anticipate risk events and adjust risk response measures appropriately and timely in response to changing risks. Risk reporting to SCG Risk Management Committee, the Audit Committee, and the Board of Directors is respectively carried out on a quarterly basis. Moreover, to prepare for possible crises that could interrupt SCG business operation, SCG has established Business Continuity Management Governance Structure and prescribed that companies under SCG implement a business continuity management system. They are required to analyze their business activities and material resources together with the possible impacts from the business disruption, assess and prepare a risk management plan, a crisis management manual, an emergency response plan, and business continuity plan. SCG has also stipulated that executives at all levels and involved employees regularly practice, maintain, and revise the plans and manual so they can be implemented effectively during crises.

### 5. Risk Culture

SCG is committed to enhancing a strong risk culture throughout the organization by having top executives communicate significance of risk management, act as role models in managing risks, and establish practical guidelines on effective risk management implementation. Common risk language, risk appetite, risk assessment criteria, roles and responsibilities of each risk owner have also been defined and established. Moreover, SCG has

encouraged each company to include risk management as part of the agenda in key meetings. Apart from that, risk management course is integrated as a component of training and development programs for directors, top executives, and SCG employees. The Company also encourages experience sharing across departments and companies to improve risk management practices through lessons learned. In addition, the digital learning materials were developed to create risk awareness and increase coverage for SCG employees from the commencement of employment. SCG has also placed importance of business management that is in line with the Integrated GRC approach through various communication efforts. Examples include embedding questions about the Integrated GRC concept in Ethics e-Testing, preparing media and activities to promote understanding for employees to participate in all year round, setting up the GRC Helpline where employees can inquire about Integrated GRC-related issues, developing SCG GRC e-Rulebook, which is a handbook containing comprehensive information about the Integrated GRC concept, such as SCG GRC Expected Behaviors, which provide concrete guidelines and actions to integrate GRC into employees' work. Additionally, MD GRC Guidebook has also been developed with the objective to enable executives and management to perform their tasks efficiently and effectively, and reduce mistakes to ensure achievement of business goals.

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

In 2021, SCG had identified and assessed the significant risks based on the sustainability principle, which encompasses environmental, social, and governance risks as described below.

### **Environmental Risks**

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

Climate change has triggered increasingly severe natural disasters in multiple areas across the world such as droughts, flash floods, storms, wildfires, or extreme weather events. These physical risks could disrupt the Company's business operations; therefore, the Company's mitigation measures are as follows:

- Formulates a business continuity plan to ensure businesses can continue to operate if natural disasters were to occur, as well as analyzes physical risks and their

impacts on the business. The Company also closely monitors the water situation and conducts water sensitivity, using internationally accepted tools, such as those from the Aqueduct of World Resources Institute, to identify areas with water stress and develop any necessary measures concerning water consumption and reservation.

- Collaborates with the government and industrial sectors to manage water and drive forward projects dedicated to restoring water in the areas to completion as planned. Efforts include building additional water sources, diverting water from water sources, and developing information technology to enable efficient monitoring of the water situation.

- Strictly complies with the water management policy through reducing water consumption (Reduce), treating and reusing wastewater (Reuse/Recycle), and replenishing water in the production process (Replenish).

### **Social Risk**

#### **2. Safety and Health Risks**

Given that SCG business operations involves production, service provision, and transportation both domestically and overseas, it may incur workplace, transportation, and road safety risks, affecting SCG's employees, business partners, communities, and related parties.

- Reviews SCG Safety Framework and Safety Performance Assessment Program for every company under SCG in Thailand and overseas, and elevates them to move toward solid implementation with understanding to foster a corporate safety culture along with encouraging every company to review and elevate their commitment through the Self-Declaration approach. In addition, safety performance assessment associated with workplace, transportation, and road safety are required for the management level to demonstrate their commitment and responsibilities in fostering safety culture.

- Developed SCG Occupational Health and Safety Standard to manage high risk work and elevate working standards by setting minimum standards that must be complied by every company. Technology was employed to accommodate work in the New Normal to keep pace with changes and eliminate or minimize risks that employees are directly exposed to. The Company also developed guidelines that align with a corporate safety culture to ensure uniform culture across the organization.

- Developed Contractor Safety Management to encourage business partners 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 "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 corporate-wide safety culture.

- Defined methods and measures to manage the COVID-19 pandemic in workplace, commute, and transportation, to ensure safety for the employees and people involved and to enhance customer confidence. Examples include arranging for employees to receive COVID-19 vaccines, undertaking self-declaration, taking COVID-19 rapid antigen tests, practicing social distancing, and sharing best practices across the organization.

- Adopted the GPS-based Advanced Driving Assisting System (ADAS) and Driving Monitoring System (DMS) to monitor SCG Logistics Management drivers' behaviors. The system is also connected to the Logistic Command Center, which is operated by employees 24 hours a day, 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 Road Safety Corporate Standard to elevate the transportation and road safety practice, as well as to protect, eliminate, and reduce accident cases of domestic companies. In addition, the Goods Transportation Safety Standard has been extended to implement for overseas companies.

- Developed the Carrier Assessment Program, in which outcomes will be used for design, planning, and development of safety practices to elevate the safety standards of carriers to become professional and grow alongside the Company.

### 3. Human Rights Risks

SCG adheres to the respect of human rights and consistently implements the human rights due diligence process in compliance with SCG Human Rights Policy. According to the assessment result of human rights due diligence across the value chain of SCG's operations in 2021, the top three human rights risks are workplace and transportation safety, the COVID-19 pandemic, and

personal data protection. SCG has formulated strategies in managing human rights risks as follows:

- Prescribed guidelines on human rights to prevent human rights violations in all business activities throughout the business value chain of SCG, business partners, and joint venture partners. For example, performing duties with due care to prevent human right risks in business operation and overseeing business conducts to ensure respect for human rights.

- Continuously improves SCG Safety Framework and Safety Performance Assessment Program.

- Cares for health and safety of employees and those involved and continues to develop capabilities of employee throughout the organization during the COVID-19 pandemic.

- Complies with the Personal Data Protection Law and developed system to support personal data ownership identification and authentication to create confidence among stakeholders.

In 2021, SCG remains committed to complying with SCG Human Rights Policy, which was developed in alignment with the human rights performance assessment criteria of local and international organizations. The Company has defined a target to increase the proportion of female employees at the management level to 27% by 2025. More details are disclosed in SCG Sustainability Report 2021.

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

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

- Develops workforce planning for future manpower in terms of quantity, skills, and capabilities, based on business directions, strategies, needs as well as the current state of workforce, skills, and capabilities. Mid-career professionals with capabilities that SCG cannot timely develop are employed to enable the business operation to keep up with the changes and to enhance competitive advantage. Moreover, the Company has begun adopting a competency-based recruitment approach in some areas to ensure employment appropriateness and be competitive in the labor market.



- Continuously develops employees through reskilling and upskilling with the focus on future capability solutions that cater to evolving needs of customers. Chief among the efforts include providing the Business Transformation Tool course, updating contents of the Flagship Programs in response to the changing business, and supporting the use of Learning Management Platform to enable employees to learn anywhere and anytime.

- Arranges internal startup programs to build skills, capabilities, and a mindset of working like a startup, allowing employees to timely develop new businesses in response to customer needs.

- Places importance to employee engagement by carrying out a corporate-wide engagement survey and using the results to implement changes to retain employees which are the Company's valuable assets.

## Governance Risks

### 5. Governance Risks from Investment Expansion

Business expansion in Thailand and overseas to seek opportunities for new business or market expansion can bring about governance risks, such as the inadequate or inconsistent implementation of SCG Code of Conduct and adoption of good business practices that are in line with SCG 4 Core Values by new subsidiaries.

- Established a policy regarding appointment of personnel to serve as directors and management of the subsidiaries to ensure they efficiently govern, manage businesses, and comply with SCG policies, goals, vision, medium-term business plans, and growth strategy.

- Established the subsidiary's Delegation of Authority and Articles of Association in alignment with SCG practices to enable directors and executives to oversee and ensure that a managing director of each subsidiary seeks consent or approval from the Board of Directors or shareholders prior to making major investments or making decisions that could have significance impact on the organization's financial status and performance.

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

### 6. Merger and Acquisition Risks

Overseas business expansion through merger and acquisition could create risks because the acquired

company may have market dominance according to the law of the country of investment.

- Prescribed fair trading competition and define a practice guideline to be a part of the SCG Code of Conduct, as well as established the Anti-Trust Policy and communicated it to all SCG employees to comply.

- Prescribed the trading competition issue as one of the criteria in selecting a company for merger and acquisition and ensured that the responsible functions for executing the deals in Thailand and overseas understand and comply with relevant laws, regulations, policies, and trading competition guidelines of the country where SCG and target companies operate.

- Encourages employees to adhere to the fairness principle, as well as be ethical, respect for rules, and strictly comply with laws related to trading competition.

### 7. Compliance Risks from Changes in Laws & Regulations

Not keeping up to date with changes in local laws and regulations could raise risks of noncompliance or inadequate compliance by the Company, potentially damaging the Company's reputation or resulting in penalties, fines, or loss of business opportunities.

- Established SCG Compliance Policy and communicates to all SCG employees for compliance.

- Closely monitors and reports changes in government policies, laws, rules, and regulations in the countries where SCG operates. Added to this is the fostering of networks with government and the private sector in Thailand and overseas to ensure that the operations remain in strict compliance with relevant laws and regulations.

- Regularly reviews SCG Code of Conduct to align with updated laws and regulations and develops the "Ethics e-Testing" based on SCG 4 Core Values, Anti-Corruption Policy, Human Rights Policy, Compliance Policy, Anti-Trust Policy, Insider Trading Policy, Information Disclosure Policy, and SCG e-Policy.

- Communicates effective risk management and control practices in accordance with the Three Lines Model to SCG employees at all levels to prevent noncompliance with laws and regulations.

- Complies with the Personal Data Protection Law by establishing SCG Privacy Policy to provide the framework for personal data management. To that end,

SCG Risk Management Committee functions as Personal Data Protection Committee, which is responsible for overseeing the data protection practices to ensure compliance with relevant laws. The various practices and procedures implemented by SCG include establishing a legal base for personal data processing, providing a privacy notice to data subject, preparing the records of personal data processing, developing data subject rights management system, implementing security measures to meet the acceptable standards, and raising awareness and providing trainings for employees to ensure better understanding about the personal data protection management.

## Hazard Risks

### 8. Risks from the Pandemic and Variants of COVID-19

The prolonged COVID-19 pandemic and variants has affected health and the safety of employees and business partners, and if not appropriately managed, they could interrupt the business continuity.

- Assigned the Business Continuity Management (BCM) units at the Corporate and Business Unit levels to monitor and analyze the COVID-19 situation in the countries where SCG operates and has a production facility along guidelines to take care of employees' health and safety to ensure efficient operations and decision making. The BCM units also keep the Management abreast of the COVID-19 situation regularly and communicate the situations to both internal and external stakeholders of the Company to boost their confidence.

- Secures necessary resources to ensure business continuity including occupational health and safety kits, such as face masks, hand sanitizers, as well as information technology items such as applications for working remotely. Added to this is providing temporary accommodation close to work facilities and transportation for critical staffs.

- Arranges a COVID-free setting workplace. These efforts include:

#### 1) Arrangement of a COVID-free Setting at Offices and Factories

Several measures have been implemented such as seats and workstations adjustments in the office to

maintain social distancing, face mask requirement, hand sanitizer provision, temperature checks before entry to the Company's premises, and regular cleaning and disinfection of workplace. To minimize the contamination risks, the bi-ionization air purifier technology has been installed to neutralize coronaviruses in closed areas such as conference rooms that are frequently used by employees. The Company has also adopted a hybrid workplace policy, allowing some employees to work on-site while others work from home or other safe locations.

For a factory workplace, the Company has implemented the 'Bubble & Seal' measure, encompassing the separation of areas, workers, and common space to prevent new clusters breaking out; prescribing worksite entrance measures for visitors; setting up quarantine areas or factory isolation; and extending the measures to cover employees and business partners.

#### 2) Employee Caring and Protection Measures from COVID-19

The efforts include procuring vaccines for employees, requiring employees to take a rapid antigen test periodically, and setting up guidelines for infected employees such as treatment of the infected employees in quarantine or factory isolation areas, ad-hoc healthcare facilities (Hospitels) or hospitals. Added to this is the Health Pass measure for employees who need to work in the restricted areas through the use of the Employee Connect application to provide information on health such as vaccination record and the rapid antigen test results. Moreover, the Daily Self-Declaration measure is set up to require employees, business partners, and visitors who do not have access to the Employee Connect application to undergo the COVID-19 screening before entering the facilities.

#### 3) Caring to Keep Customers or Visitors COVID-19 Free

Customers are encouraged to follow the government preventive measures to assure that all touchpoints are COVID-19 free. The Company developed safety measures for customers such as requiring customers to present proof of vaccination (at least one dose of vaccine) on the Mor Prom application and results of less than one week for the COVID-19 RT-PCR or rapid antigen tests. Customers are also required to pass the screening point at the designated entry area, affix a sticker on their clothes, and abstain from eating or drinking in the service areas.

## 9. Geopolitical Risk

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 the situations and builds a network of geopolitical experts locally and overseas to obtain up-to-date information to timely mitigate risks and review business continuity plans.
- Conducts scenario analysis to identify and assess likelihood and impacts that could affect SCG's operations and prepare response plans accordingly.
- The Business Continuity Management (BCM) Units at the Corporate and Business Unit levels are responsible for identifying, assessing, and monitoring relevant situations as well as notifying those who might be impacted. This is to ensure they can timely make necessary preparations in accordance with the business continuity plans.

## Business Risk

### 10. Risk from Foreign Currency Fluctuation

The Thai economy shows signs of recovery in 2022, but the rebound is projected to accelerate in the second half of the year, reversing Thailand's current account to surplus. This will contribute to the Thai Baht appreciation while the US dollar is likely to continue to strengthen as the tightening monetary policy and interest rate hikes are expected from the Federal Reserve in 2022 if the US inflation rate remains on the rise. The situation may result in Thailand's Baht currency to be volatile.

- Arranges the SCG Financial Committee monthly meeting to consider and make decisions in deploying financial instruments to appropriately hedge against foreign exchange rate risk. These include matching revenues and expenses in foreign currency (Natural Hedge), and using financial derivatives to hedge against currency risks for investment projects as deemed appropriate.

### 11. Risks from Global Inflation

The global economy in 2022 is projected to grow, enabled by the increase in COVID-19 vaccine production and vaccination rates, reducing the risks that each country will adopt large-scale lockdowns. Nevertheless, global inflation will be a risk factor that dents world growth. In the past year, higher inflation has been triggered by

transportation bottlenecks, global shipping container shortage, the imbalance between demand and supply of energy, and labor shortage resulting in rising wages in some major economies. These risk factors contribute to higher costs for the business sector. Also, the growing inflationary pressures may prompt the central banks in developed countries to raise interest rates, which will not only instigate higher financing costs but also likely draw capital away from developing countries to developed nations like the US, causing their currencies to weaken relative to the US dollar and become more volatile.

The Thai economy is expected to recover modestly but is yet to reach its pre-COVID-19 level as Thailand relies heavily on income from tourism. In addition, high inflation has put downward pressure on the country's economic growth fueled by oil price hikes and energy crisis that will raise commodity prices, material costs and expenses in some sectors such as transportation, fishery, building materials, and restaurants. For SCG, the inflationary factors such as rising energy prices, pose risks on costs of raw materials and energy, for example, naphtha, fuel oil, and coals, which have seen a hike in prices compared to 2021.

SCG has adjusted its strategic plans to capture business opportunities, while effectively manage such inflation exposure as follows:

- Appointed the Commodity Hedging Committee in the Chemicals Business and the Coal Collaborative Purchasing Committee in the Cement and Building Materials Business to deploy appropriate risk management strategies, such as forward energy purchasing, appropriate use of raw materials according to market situations, increased use of alternative energy, and use of hedging tools to reduce risk exposure to fluctuation of commodity prices, and cost and inventory management to ensure competitiveness.
- Applies the Integrated Business Excellence (IBE) system to enhance production efficiency and embed integrated planning throughout the value chain.
- The Chemicals Business improves the manufacturing process to allow for flexible feedstock, which can help reduce fluctuation of raw material costs. The Business has also entered into the business to produce raw materials for the manufacture of bioplastic by signing the Memorandum of Understanding agreement with Braskem to conduct the feasibility study of the joint

investment in a bio-ethylene production facility in Thailand to address the demand for bioplastic. On top of this was expanding the recycled plastic business by signing the Share Purchase Agreement to purchase shares in Sirplaste, a leading plastic recycler in Portugal. The transfer of shares is expected to be completed by 2022.

- The Cement and Building Materials Business drives the development of new products and solutions in response to consumer needs such as wellness, environmental conservation, and energy saving. In addition, the Business has adopted the building technology in construction management to ensure precision, time control and maximization of resource efficiency. The Business also increases usage of alternative energy in production such as replacing coal with energy sources from agricultural waste and solar cell.

- The Packaging Business procures raw materials from multiple suppliers both domestically and overseas to ensure the security of the raw material supply. Efforts also extend to adding more recycled material management facilities in Thailand, Vietnam, and the Philippines; entering into coal future contracts; diversifying alternative energy such as natural gas, biomass; promoting renewable energy usage by installing solar roof panels at the plants to manage energy costs; and developing the Inbound-Outbound Logistics (IOL) software to enhance efficiency in import and export management.

## Emerging Risks

### 1. Risks from Rapid Changes in Business Landscapes

Today's world of business is transitioning to a new world which has seen major changes in multiple dimensions, all of which are associated with the business sector and the global economic system. Chief among them are the more proactive move to reduce carbon emissions from fossil fuels (decarbonization) by the government and private sectors to pursue a Net Zero emission target, the protectionism policy of each country that focuses more on achieving own goals in prescribing standards for environmental or labor operations than economic efficiency, and the implementation of technology and digital transformation in the organization's work processes. These factors could have significant impacts on SCG businesses:

**Chemicals Business:** The energy transition toward renewable energy may take shape faster than once anticipated coupled with advancements in the

development of Crude Oil-to-Chemicals (COTC) technology that have driven a shift in the business model of the oil refinery sector, affecting the output of oil refined products and petrochemical grade naphtha, which may decline in the future. Moreover, China's policy of self-sufficiency that drives more petrochemicals production output could heat up competition and put pressure on the product-to-feedstock price spreads to be below the industry's long-term averages.

**Cement and Building Materials Business:** The swiftly-changing lifestyles and activities of consumers have been driven by advancements in digital technology that have changed the way people do things in their daily lives, public environmental consciousness, concern for wellness, and demand for greater comfort and convenience. In addition, a new working pattern that allows consumers for more time at home and the needs for personalized products and services have propelled the retail building material business to deliver a seamless experience to allow consumers to purchase a diverse range of products from anywhere at any time and in every step as well as integrate solutions and services from designing, building, and fast, flexible delivery. Other challenges include the rapid development of construction technologies such as 3D printing and modular technology.

These changes in business landscapes may impact SCG business operations in 3-5 years' time. Potential impacts include increased competition in the industries and for raw material procurement, higher costs of productions and provisions of services, decrease of profits, and reduced competitive advantage if the Company could not appropriately and timely transform business strategies and operations. Key mitigation strategies include the following:

**Chemicals Business:** Accelerates investments in the production process to allow for feedstock flexibility, and finds additional raw material sources to increase more procurement options. The Business also develops the technology and production process for advanced recycling and the manufacturing of bio-ethylene for use in the production of bio-based polyethylene. This runs concurrent with expediting the development and sales of High Value Added (HVA) products that help solve customers' pain points and better meet their needs to create differentiation. The Chemicals Business manages and aligns its product portfolio with the competitive business environment and adopts advanced digital



technology in the production process and value chain management to enhance competitive advantages and build new business lines to create new S-curves for the sustainability of long-term growth.

**Cement and Building Materials Business:** Enhances competitiveness of its distribution channel through the Active Omni Retail Channel strategy by integrating technologies, offline and online marketing strategies, and ecosystem. Emphasis is also placed on the rapid development of innovative products that address the application needs of consumers, such as the COTTO Hygienic Tile, which inhibits the growth of bacteria in the house to satisfy customers' health and wellness needs, and the solar rooftop system that reduces electricity bills for homeowners who spend more time at home and look to save money. The Business also augments its variety of integrated solutions and services such as Green Construction Solutions that employ innovations and new technologies in the construction with the aim to improve efficiency and allow for time and budget controls to solve customers' pain points. Furthermore, the Business is dedicated to driving new innovative and eco-friendly products (i.e., SCG Green Choice) together with improving supply chain and work processes by using automation technology in combination with artificial intelligence and machine learning to enhance corporate efficiency.

## 2. Risks from Transition Toward Low-Carbon Economy

Issues caused by climate change have become increasingly severe, directly impacting the environment, economy, and society. The 26<sup>th</sup> UN Climate Change Conference of the Parties (COP26) reached agreement on key actions to address climate change with countries across the world accelerating business activities toward greenhouse gas emission reduction. Several sectors have set their sights on pursuing a Net Zero target by 2050. Moreover, the Company's stakeholders including investors, customers, and regulatory agencies have come to grips with sustainable business operations by driving business toward a low-carbon business model to minimize impacts from activities causing GHG emissions throughout the value chain. They include both direct and indirect impacts. Examples of direct impacts are the usage of raw materials, resources, land, and water as well as the resulting pollution and waste. Meanwhile,

examples of indirect impacts from the upstream to downstream business operations are transportation, product use, management of end-of-life products, and other activities in the value chain. Priorities are also given to development of climate-related technologies that could replace the existing work processes and technologies used in today's business operations.

As SCG operates business in multiple countries, the Company is faced with challenges from additional future rules and regulations prescribed by governments to mitigate environmental issues. Examples include environmental taxation based on carbon emissions from the production process, and carbon footprint calculation criteria that may be used to set stricter industrial standards in each country, potentially raising the bar for product exports to these destinations. Other challenges include consumers' perspectives toward the industries emitting carbon that may substantially cause shifts in consumer behavior and market trends. For example, they may opt to buy products and services from manufacturers with low carbon and environmentally friendly operations, and the greenhouse gas (GHG) emission reduction programs. There are also challenges from higher operating cost during the initial stages of investments in low carbon and green technologies.

The changes nurture business opportunities for SCG to deliver innovative products. However, if the Company could not timely transform business models, the impacts from these risks will be more pronounced in the next 3-5 years, directly affecting SCG's corporate image and reputation, as well as a rise in production, financing, and operating costs, and a decline in revenues prompted by consumers shifting to eco-friendly products.

SCG has taken various measures to manage risks as follows:

- Announced the ESG 4 Plus target to elevate the Company's business operation in line with the Sustainable Development approach.
- Set a long-time goal to reduce greenhouse gas emissions by 20% in 2030 (compared to base year 2020) for direct GHG emissions (Scope 1) and indirect GHG emissions from energy consumption (Scope 2) together with studying and monitoring GHG emissions outside the manufacturing process (Scope 3). The Company also set a Net Zero emission target for Scope 1 and Scope 2 emissions by 2050.

- Improves or modifies processes and equipment, uses technology to increase energy efficiency along with conducting research and developing technology to reduce GHG and carbon emissions.

- Reduces energy sources that emit greenhouse gases and increases use of renewable energy or biomass with the target of generating at least 500 MW of electricity from renewable energy both locally and overseas by 2023.

- Develops products, services, and solutions in accordance with the circular economy principle and which help reduce GHG emissions across the value chain with the goal of increasing the proportion of SCG Green Choice products to 67% by 2030. Examples include SCG Green Polymer™, the innovative environmentally friendly polymer; the low-carbon SCG Hybrid Cement for structural work, and SCG Solar Roof Solutions, among others. All the packaging of SCG Packaging (SCGP) will be made recyclable, reusable, and compostable by 2025.

- Established SCG Cleanergy as a provider of power-generating solutions, using renewable energy such as solar energy, wind energy, and other clean energy both domestically and overseas.

- Creates national and international networks to drive and expand the development and adoption of carbon capture, utilization, and storage (CCUS) technology.

- Coordinates and collaborates with the government agencies and communities in planting trees and restoring forest lands, coastal forests, and seagrasses to promote biodiversity to carbon sinks.

- Organizes activities to raise awareness about energy conservation and climate resilience among employees and business partners.

### 3. Risks from Environmental Impacts Caused by Inefficient Plastic Waste Management

The environmental impacts caused by global plastic waste both on land and in the oceans is a critical issue with wide-ranging effects. It has prompted leaders, policy makers, public sector, investors, and society as a whole to realize and set forth additional measures about plastic management spanning single-use plastics and increasing plastic waste management efficiency, especially in developing nations with limited waste collection and segregation infrastructure. At the same time, governments in many countries have enforced stricter rules, regulations, and targets, encompassing product design, production,

usage, and plastic waste management. On another front, brand owners and consumers likely give more attention to sustainable consumption, demanding more of recyclable products and plastic products made from recycled contents. These trends could have significant impacts on the Company's business in the next 3-5 years.

The changes provide business opportunities for SCG to introduce a multitude of new products. Nevertheless, since plastic products are seen as a main culprit of environmental problems, this may affect the Company's corporate image and decrease the demand for plastic resins and plastic products. The situation could put downward pressure on SCG's revenue and profit due to the higher production costs and increased expenses from the research and development of innovations and new technologies to cater to the shift in consumer needs. Added to this is the taxes associated with plastic waste management in certain countries.

As a consequence, SCG has transitioned to the Circular Economy approach under the SCG Circular Way guidelines to maximize resource efficiency from production, product usage and recycling to producing new raw materials. To meet needs and expectations of eco-conscious brand owners and consumers, the Company has established the following multiple targets and risk management measures:

- The Chemicals Business set the goal to increase sales of SCG Green Polymer™, the high quality recyclable plastic product, to 200,000 tons and 1,000,000 tons per year by 2025 and 2030, respectively. The Packaging Business set the goal that 100% of all packaging will be made recyclable, reusable and compostable by 2025.

- Develops innovative plastic resins and plastic packaging solutions which are designed for recyclability and yet retain all other properties. The process encompasses the development of polymer technology through to the development and design of packaging that allows for efficient recyclability. For instance, in developing the Mono-Material Packaging solutions, all the film layers used in the packaging are made from the same material, making it easy for recycling.

- Researches and develops formula for HDPE Post-Consumer Recycled Resin (PCR) under SCG Green Polymer™ brand for packaging of consumer and home products. Produced from used plastic from households in Thailand, it is manufactured in accordance with the Global Recycled Standard (GRS) and retains the same

properties of normal packaging, thereby reducing environmental impacts from plastic waste.

- Develops technology and production process for advanced recycling which transforms used plastic into recycled feedstock for use by petrochemical manufacturing process to produce virgin plastic resin and food grade products. A pilot manufacturing facility in Thailand was set up in Rayong with a production output of 4,000 tons of recycled feedstock per year.

- Develops innovations related to bioplastics and is now in the process of studying and negotiating a joint venture agreement with business partners.

- Purchased a 70% stake in Sirplaste, a recycled plastic leader in Portugal, which will help develop and build on PCR technology in the ASEAN region, as well as expand the sale and distribution channels for recycled plastic to the European market.

- Initiated the Zero-Waste Community project, a community waste management model driven by a network of homes, temples, schools, and waste banks, building on the success of the Bang Sue Model, for communities in Rayong. The focus is on creating understanding about the maximization of resource efficiency. An application “KoomKah” has been developed to provide a solution for a waste bank to exchange the sorted waste for revenue. It also enables efficient planning for waste management to transport each type of sorted waste to foundries, recycling facilities, and junkyards.

#### 4. Cybersecurity Risks from Business Reliance on Technology

In today’s world, technology and information technology has played an increasingly instrumental role in driving SCG’s business and become critical infrastructure that enhances work efficiency to support business strategies, reduce operating costs, and increase competitiveness. Central to these are implementing digital technology in the industrial production and higher reliance on cloud technology by moving data and other important business elements to a cloud computing environment through the third-party service provider for more agile business operations. The Company is also dedicated to further developing the ecosystem with business partners to increase capabilities in offering products and services that better accommodate customer needs at lower costs. On top of this is an

increase in business activities connected to the 5G network. Given business operations that rely heavily on technology and the more complicated nature of cyber threats, SCG unavoidably faces growing cybersecurity risks.

Such challenges could result in tremendous and large-scale effects on the Company such as disrupted operation if the Company could not maintain cybersecurity of industrial control systems that rely on digital technology. Another notable effect could be loss of the Company’s critical information such as product development information, trade secrets, and privacy data of customers, business partners, and employees. These could ultimately tarnish the Company’s reputation and credibility. Other potential impacts also include financial damages from paying ransom for ransomware attacks, litigation and regulatory fines, or losing revenue or profit as a consequence of failing to maintain cybersecurity vigilance.

SCG has established the cybersecurity risk mitigation measures as follows:

- Established SCG IT Governance Committee to oversee and prescribe policy and regulation concerning the use of information and communication technology of SCG (i.e., SCG e-Policy) in alignment with the ISO 27001, and monitor compliance to ensure common practice in the organization.

- Appointed the Cybersecurity Governance Committee to oversee SCG’s information technology security practices and ensure that they are aligned with business directions and can effectively prevent business operations from cyber threats.

- Assesses cyber risks of the computer system controlling the industrial production, service provision, and other work processes and prepares cybersecurity risk mitigation plan that covers key areas of SCG’s operations in Thailand and overseas. Examples include separating networks of the industrial control system and other critical systems and establishing connection between the systems through landing zones. Other efforts include choosing the cloud services of various service providers, setting up Security Operation Center (SOC) for the industrial control system, implementing multi-factor authentication to manage access to the critical information of the organization, and planning installation of SOC for cloud computing.

- Continuously promotes awareness on use of

technology among employees through various trainings and other activities such as organizing Cybersecurity Awareness Month to ensure employees have knowledge and understanding on the effective use of technology and to protect business from cyber threats. The Company also conducted a self-phishing email simulation drill to test employees' awareness to enable the Company to learn about the training topics on cybersecurity that employees need better understanding of, allowing for improved communication to the target audience. A test on employee awareness and understanding about the SCG e-Policy is also organized on an annual basis.

- Appointed SCG Data Protection Officer and set up the Data Protection Office to monitor SCG business operations, provide recommendations according to related laws, establish SCG Personal Data Protection Policy, and implement data protection tools such as preparing relevant legal documents and implementing of privacy management software.

- Developed Disaster Recovery Plan (DRP) to handle emergencies, enabling users to continue working through a backup site. The Cyber Incident Response Plan was also put into place and regularly drills are carried out to prevent business interruption from cyberattacks.



## 09

## SUSTAINABILITY PERFORMANCE IN 2021

2021 was yet another year the world faced multiple crises from climate emergency, supply chain disruption, the COVID-19 pandemic that has become more contagious and spread faster in each new wave of infections, and growing social inequality. While people adapted to the New Normal, making it the Now Normal, the business sector elevated their COVID-19 preventive measures for the safety of employees to maintain business continuity and streamlined the organizations to keep pace with the fast-evolving change to foster competitiveness amid the sluggish economy.

SCG was committed to sustainable development policy, driving business with ESG by establishing the ESG 4Plus target to “Set Net Zero - Go Green - Reduce Inequality - Embrace Collaboration” with adherence to fairness, transparency and accountability. The Company has set its sights on achieving net-zero greenhouse gas emissions by 2050 and adjusted the business strategy to pursue low-carbon economy to contribute to sustainable environment and pass on a better world for future generations.

At the same time, SCG swiftly adjusted itself, enabling the Company to cope with challenges in agility and speed while strictly enforcing risk management measures and maintaining business continuity, resulting in uninterrupted business operations in the wake of the COVID-19 pandemic. Also, digital transformation was leveraged to streamline work processes from the fundamental step to the delivery of products, services, and solutions to customers with the focus on proactive approach, empowering SCG to drive innovations through High Value-added (HVA) products and services underlined by the principles of circular economy. The endeavors created new market opportunities, allowing SCG to expand business for products and services in higher demand such as products for wellness and better quality of life. Moreover, SCG utilized its experience, knowledge, and expertise to assist every sector in society to deal with the high contagiousness and rapid spread of COVID-19.

### Management Approach and Sustainability Performance

SCG Sustainable Development Committee, SDC, comprises SCG President & CEO, Executive Vice Presidents, President and Vice President of Business Units and corporate functions as members. They are tasked with reporting sustainability plan and performance to the Board of Directors and related Sub-committees. The scope of responsibility of SDC encompasses three levels.

- **Dimension Level** The Committees are responsible for overseeing overall operations in three dimensions including governance and economic excellence, environment excellence, and social excellence as well as integrating the sustainable development issues into the business, providing recommendations on operational approaches and guidelines, and defining performance indicators to ensure successful sustainability performance.

- **Strategic Issue Level** involves SCG’s enterprise materiality including climate change, circular economy and health and safety.

The enterprise materiality is related to and encompasses other economic, environmental, and social sustainability issues that SCG has long addressed such as innovation and technology development, product and service responsibility, water management, waste management, human rights efforts, employee care and development, social and community development among many others.

- **Issue-based Level** The Committees and working groups oversee management, encompassing formulating policy, strategy, targets, performance indicators, and guidelines together with monitoring to ensure targets are achieved, and reporting the progress to the Dimension Level Committees.

As a member of the global community, SCG pledges to support the UN Sustainable Development Goals (SDGs) with emphasis on 5 prioritized SDGs related to SCG business operations. They include Goal 3: Good Health



*Floating Solar Farm*

and Well-being, Goal 8: Decent Work and Economic Growth, Goal 9: Industry, Innovation and Infrastructure, Goal 12: Responsible Consumption and Production, and Goal 13: Climate Action.

### **Sustainability Strategy**

SCG constantly reviews its sustainability strategies with the commitment to deliver “better solutions” which are friendly to the environment to create sustainable value for all stakeholders. The Company has been well-equipped to address the fast-evolving challenges and risks, enabling SCG to adapt swiftly in response to the volatilities brought by multiple crises and climate emergency which is impacting human lives across the globe. Three key strategies have been formulated to drive sustainable business including:

#### **Strategy 1: Passion for Integrity**

SCG has designed the governance structure to nurture operations in alignment with the principles of good corporate governance. Chief among them are making decision based on sufficient and efficient information, monitoring to ensure every director and top executive perform their duties with responsibility, prudence,

honesty, and integrity in compliance with the law, regulations, resolutions of shareholders’ meeting, and the prescribed policies and guidelines for the maximum benefits of the Company, shareholders, and stakeholders. SCG’s Corporate Governance Handbook which compiles knowledge and guidelines related to virtues, ethics, and social responsibility provides framework for business as well as organizational management and development to realize SCG’s vision of being a role model in good corporate governance.

SCG has implemented Integrated GRC (Governance, Risk and Compliance) in management to enhance efficiency and effectiveness of corporate governance practices, risk management, internal audit, and internal control by supporting employees at all levels to have better understanding and comply with Integrated GRC through multiple tools. For instance, Managing Director GRC Guidebook provides guidelines on regulations and laws, internal control, accounting, finance and business continuity management to employees at a managerial level, both in Thailand and overseas. SCG GRC e-Rulebook describes fundamental concept, work performance, and decision





Thailand's first EV Mixer truck to transport concrete

making in accordance with GRC principles for employees at all levels, constantly communicating through internal e-mails in the forms of e-Book, video, and infographic. GRC Helpline is a system to provide consultancy by experts on how to perform work appropriately in compliance with Code of Conduct. It also features a video describing steps involved in the use of GRC Helpline, enabling the employees to understand the steps and access the system from anywhere at any time.

2021 was the 7<sup>th</sup> year SCG conducted Ethics e-Testing for employees which includes the topics of ethics, SCG's 4 Core Values, Code of Conduct, and the Anti-corruption Policy to enable employees at all levels to learn and comply with the policy. The test on the Anti-corruption Policy was reviewed in response to the announcement of the National Anti-Corruption Commission.

### Strategy 2: Passion for Better Solutions

One of SCG's key factors to deliver "better solutions" is leveraging innovation and technology to propel the organization to accommodate customer needs, promptly cope with changes and crises, turn challenges into business opportunities, deliver products, services, and solutions that help uplift quality of life in society in a timely manner

together with contributing to environmental sustainability. The Company has underlined the principles of circular economy and the reduction of greenhouse gas emission goals in its business operation.

### SCG Innovation and Technology Development Approach

1. Internal R&D and Innovation: The internal R&D and innovation is carried out along with creating a culture of innovation within every core business under SCG through various projects such as the Internal Startup HATCH-WALK-FLY project that supports employees in creating a new business model and the Data Springboard project dedicated to developing employees' data analytics skills to future SCG business.

2. Open Innovation: SCG is open to new knowledge from outside both locally and abroad through joint investment in multiple projects. Examples are the AddVentures by SCG, an investment in a technology startup; the SCG Deep Tech, an investment in a deep technology startup; and the Ignitor Digital and Deep Tech project dedicated to analyzing problems and needs of a company under SCG to pair it with a startup that matches the needs and seeks new opportunities with SCG business.



*Modular ICU*

3. Innovation and Technology Ownership: SCG owns innovation and technology by acquiring companies with the innovation and technology that promote and support SCG operations.

Among the outstanding projects is Ignitor Digital and Deep Tech, which is committed to connecting SCG and startups to obtain an innovation from outside to solve problems of the 300 companies under SCG, especially in the areas of energy technology such as artificial intelligence, machine learning computer vision, and hyper automation. It was found that the implementation of an external innovation in business could reduce the proof-of-concept process time by 50% compared to the development of a home-grown innovation, and speed up innovation development by halving the research and development time.

SCG sets to achieve Net Zero target by 2050 and plans to reduce Scope 1 and Scope 2 emissions by 20% within 2030 compared to the base year 2020, while expanding SCG's businesses in Thailand and in abroad.

To cope with climate emergency issues, diversified measures have been implemented. Chief among them is an increase in proportion of clean energy use, particularly solar energy and biomass. SCG has continuously generated

electricity from solar panels for a total of 114,176 megawatts to date, reducing greenhouse gas emissions by 57,077 tons of carbon dioxide per year. SCG's use of solar energy started with installation of solar panels on ground around the buildings and rooftops and subsequently expanded to internal water reservoirs in various areas of SCG's subsidiaries and plants. It was considered a challenging effort to adopt solar farm technology to install a "Floating Solar Farm" as it required a different installation technology from the ground mount and roof mount solar systems.

Another key measure constantly taken by SCG is enhancing energy efficiency by streamlining equipment and production processes, using the latest advanced technology. Most recently, digital technology and automation have been put into place to increase production efficiency replacing the manually operated control systems such as boilers and furnaces in the petrochemical facilities, air flow meters and waste water treatment in the production process of paper plants, resulting in improved energy efficiency and significant reduction in greenhouse gas emissions.

One of SCG's outstanding efforts to develop alternative fuels is the production of refuse derived fuel (RDF) by



setting up a plant at the community landfills to transform the sorted flammable refuse into compressed energy blocks for use in the cement kiln at a gray cement plant in place of coals, thereby reducing greenhouse gas emissions and mitigating waste issue in line with the circular economy principles. Moreover, a project was set up to buy agricultural waste such as rice straws, sugar cane leaves, and corn cobs from communities surrounding the plants to process into energy pallets to replace coals. The project has helped generated income for farmers instead of burning their agricultural waste, which adds to greenhouse gas emissions and PM2.5 concentration, aggravating environmental crises in Thailand over the past several years.

Also, SCG has transitioned from fossil fuel equipment to electric equipment, particularly electric vehicles (EV). Thailand's first EV mixer truck has been utilized to transport concrete powered by clean energy, which reduces pollution and is friendly to the environment. The truck reduces the release of PM2.5 and PM10 by 45 grams per trip, resulting in greenhouse gas emissions of 26.5 tons carbon dioxide/year/truck. The initiative helps develop and elevate the construction industry with Green Construction Solution.

### **Strategy 3: Passion for All**

During the COVID-19 pandemic which continued from 2020-2021, SCG gave importance to taking care of health and safety of employees and contractors. Under the bubble and seal measure adopted by the company, employees were divided into groups for close supervision, and the number of workers in each area was limited to maintain social distancing and reduce infection risks. Other measures included wearing masks at all time, cleaning and disinfecting workplace, preparing accommodations for function crucial to maintain continuity of production, asking employees to take ATK test every 14 days, supporting employees to get COVID-19 vaccination, and developing a Health Pass (Self-declaration + vaccination + ATK test) screening system prior to entering the building.

Apart from that, SCG joined forces with all sectors to weather the crises, expediting the development of a wide array of COVID-19 innovations to address the challenges in each certain period of the pandemic in a timely manner. Examples were SCGP paper field hospital bed when

COVID-19 spread widely, the Modular ICU when the pandemic flooded several hospital ICUs, the founding of SCG Vaccination Center at the Headquarters Office, Bang Sue to help speed up mass immunization, and the development of temperature-controlled trucks to transport vaccines to the southern border provinces. The service reached over 400 hospitals and field hospitals nationwide.

The impacts of COVID-19 pandemic and environmental crises that have carried over throughout the world have clearly demonstrated the needs to adjust business operations to incorporate sustainable development approach into ESG framework with concern for the environmental, social, and corporate governance to accomplish long-term sustainability for SCG business operations.

Having operated under the sustainable development approach throughout the years, SCG is well-equipped with potential and preparedness to adjust and handle crises efficiently. The relentless endeavor has resulted in SCG being evaluated as a global leading sustainable company in the category of DJSI World and DJSI Emerging Markets in Construction Materials Industry for the 18<sup>th</sup> consecutive year by S&P Global and being the first organization in ASEAN to have been included in DJSI since 2004.

SCG has pledged its commitment to SCG's 4 Core Values throughout the course of 108 years and will continue to develop to achieve excellence, creating sustainability for business, the environment, and society in every sector.

## Sustainability Performance in 2021

# ENVIRONMENT



**GHG Emissions Reduction**  
(compared with the base year of 2020)  
**0.90**  
million tons carbon dioxide  
2.66 percent



**Energy Consumption Reduction**  
(compared with BAU at the base year of 2007)  
**19.75** petajoules 7.1 percent



**Alternative Fuel**  
**14.8** percent



**Water Withdrawal Reduction**  
(compared with BAU at the base year of 2014)  
**38.03** million cubic meter  
22.6 percent



**Recycled Water**  
**11.9** percent



**Non-Hazardous Waste to Landfill**  
**0.0000/0.0107** percent



**Environmental Expense and Investment**  
**4,300** Million Baht  
0.8 percent of revenue from sales

# SOCIAL



**Number of Fatality Work-Related Injury from Workplace, Travelling and Transportation**  
Employee/ Contractor Cases **2/8**



**Lost Time Injury Frequency Rate**  
**0.175/0.192**  
Employee/Contractor Cases/1,000,000 Hours Worked



**Occupational Illness Frequency Rate**  
Employee Cases/1,000,000 Hours Worked **0.000**



**Females in All Management Positions** **24.8** percent



**Human Rights Violation**  
**0** Cases



**Number of Check Dam**  
**110,000** units



**Creating In-demand Jobs**  
**3,000** persons



**Social Contribution**  
**700** Million Baht

# GOVERNANCE & ECONOMIC



**"SCG Green Choice" Products and Services**  
**40.7** percent of revenue from sales



**Circular Economy Products**  
**19.6** percent of revenue from sales



**Green Procurement Purchased**  
**9,548** Million Baht



**Suppliers Being Conducted Environment Social and Governance (ESG) Risk Assessments**  
**100** person of suppliers with procurement spending over Million Baht



**Contributions to Organizations**  
**11.31** Million Baht

## Social Responsibility

The COVID-19 pandemic continued to cast a long shadow over society throughout 2021, resulting in rising social inequality. The situation was compounded by the pressing issues of climate emergency and aggravating resource scarcity due to the growing world population, triggering environmental crises that impacted people's livelihoods and way of life.

### Creating Occupations and Reducing Income Inequality

In 2021, SCG arranged occupational skills trainings for 3,000 people nationwide and plans to reach a skilled workforce of 20,000 to meet the demands of communities and SMEs by 2025.

#### In-demand Jobs

**Truck drivers:** SCG Skills Development School is dedicated to teaching skills for the unemployed due to COVID-19. The training course which includes truck and forklift truck driving skills focuses on enhancing the knowledge and driving skills that meet standards to ensure safety. The participants will be offered a job right after completing the training, enabling them to have income and a stable job.

**Handymen:** Q-Chang is designed to train handymen to provide services on the Q-Chang platform which includes over 30 types of handyman services such as roofing, tiling, air-conditioning system installation, electrical services, plumbing, and so on with excellent skill standards. For more convenience, clients can make an appointment with a handyman online. Workmanship satisfaction is guaranteed.





*Power of Community Products*

Nurse assistants, dental assistants, elderly caregivers, The SCG Foundation provides scholarships for short courses that are in high demand and could be completed in a short period of time and have good job prospects. The Foundation also supports formal education encompassing the levels of vocational certificate, high vocational certificate, and bachelor's degrees in high-demand disciplines such as public health, medicine, industry, digital technology, and modern agriculture.

SCG also carries out the Sharing the Dream scholarship program in six ASEAN countries including Vietnam, Indonesia, Cambodia, Myanmar, Laos, and the Philippines every year to support education and professions in demand such as doctors, nurses, engineers, and teachers.

### **Power of Community Project to Create Added Value**

The community enterprise training program is designed to instill knowledge and virtues in tune with the Sufficiency Economy philosophy, inspiring the community to develop themselves by processing local products to create added value and creating a unique product identity. Aside from learning about the market

before producing and marketing their goods, the community will learn how to create brands and sell through online channels as well as how to plan for their future. The project is aimed at providing a safety net for those returning to their hometown due to the COVID-19 Pandemic. In 2021, training was provided to communities in 13 provinces: Lampang, Saraburi, Kanchanaburi, Nakhon Si Thammarat, Chiang Rai, Phrae, Udon Thani, Ubon Ratchathani, Lamphun, Uttaradit, Buri Ram, Phitsanulok, and Tak, enabling the communities to become more self-reliant and generate income of 10,000 – 100,000 Baht/person/month.

SCG also invites the public to “shop to support the community”, preparing a product catalog (<https://my.ebook.cc/shop/>) that listed over 300 selected quality products from the Power of Community project. To promote the products, SCG uses various online channels of the Company such as the SCG official page, Facebook, YouTube, Line, SCG Home, SCG Boutique, NocNoc, and other online marketplaces to allow easy access for buyers to shop for community products. They can order the products online, and the order will be shipped directly from the community right to their doors.





*SCG Together with 108 Communities to Overcome the Drought Crisis* *Bang Sue Pond community in the past*

### **From Water Management to the “No Drought, No Poverty” Model**

In the wake of the climate emergency which has triggered droughts and floods, impacting people’s way of living, SCG has followed on His Majesty the King’s pledge to continue, preserve and build upon the royal legacy, cooperating with Utokatpat Foundation and Hydro Informatics Institute to mitigate the problems of drought and flooding. To that end, the SCG Together with 108 Communities to Overcome the Drought Crisis Project was jointly carried out in tribute to His Majesty the King on the occasion of SCG’s 108<sup>th</sup> Anniversary. The project helped 108 communities with 14,000 households in 34 provinces to survive the drought crisis by supporting them to become self-reliant and learn to manage water to restore enough water for consumption and agricultural purposes and generate stable income. The efforts resulted in sustainable communities and a community management model which has been expanded to pursue “No drought, No poverty” target across Thailand.

To restore natural balance, SCG has continuously joined forces with communities to construct check dams. To date, more than 110,000 check dams were built, and the Company plans to increase the number to 130,000 by 2025, which can help nurture trees to grow into dense forests to help absorb carbon dioxide and reduce the impacts of global warming.

### **A New House and a New Life to Reduce Housing Inequality**

The Pracharat-Bang Sue Pond Development project is dedicated to restoring the once deteriorating informal settlements around the 61-rai Bang Sue pond area in Chatuchak district in Bangkok. Bang Sue Pond was once a source of major raw materials for cement production, and the early community comprising families of workers having worked for SCG has stayed on from one generation to another. They were later joined by migrants, resulting in the rapid expansion of the community which had turned into a squat with no legal link to basic infrastructure and house registration.

With the synergistic cooperation of SCG, the government agencies, and 250 households in Bang Sue Pond community, the once deteriorating areas were transformed into a new housing compound with a good quality of life. In late 2021, the construction of townhouses and condominiums was completed and are ready for the residents to enjoy a new warm and safe life there.



*Bang Sue Pond community at current*



*The Isolation Capsule for Air Transportation*

### **COVID-19 Innovations to Cope with the Third Wave of the Pandemic**

A new wave of the COVID-19 pandemic has caused several hospitals to face shortages of medical equipment and cases could flood the hospital ICUs. To mitigate the crisis, SCG has worked closely with medical teams, leveraging the Company's expertise to develop and deliver innovations that address the demand in response to the fast-changing COVID-19 situation in each period. To date, SCG has contributed COVID-19 innovations worth over 470 Million Baht in Thailand and the ASEAN region.

The Modular ICU for critical COVID-19 patients can be constructed within a week under ICU standards. It functions to support patients in critical condition and separate ventilation for the medical team and patients and also separate COVID-19 patients from patients with other illnesses. The Modular X-Ray Unit with negative pressure helps control pressure and ventilation as well as prevent air leakage to minimize the spread of coronavirus. The SCGP Paper Field Hospital Bed is made of 100% recycled paper with an ergonomic design. Easily transported and stored, they can be readily assembled in 8 minutes. Over 100,000 beds have been delivered to field hospitals in every province nationwide. In addition, SCG, in cooperation with 62 organizations, launched the "Let's Join Forces to Fight COVID-19" project to receive excess corrugated paper boxes for recycling into paper field hospital beds in an attempt to reuse resources for a noble cause. The Modular Bathroom

is made from ready-to-use concrete structure. Durable and easily transported, they offer quick installation and ease in sanitation and disinfection to reduce transmission risks. The Isolation Capsule for Air Transportation is compact with equipment under aviation standards. Ideal for transporting in a small airplane, the isolation capsules feature a negative pressure control system to minimize the spread of viruses and a 5-hour battery backup, allowing for long-distance and emergency transportation of patients for timely treatment.

Also, SCG has collaborated with the Department of Medical Services to operate SCG COVID-19 Vaccination Center at the Bang Sue Headquarters area, having provided standardized vaccination services to 250,000 people.

At the same time, SCG has contributed COVID-19 innovations and money donations to multiple ASEAN countries. Examples include contributing Positive Pressure Chambers, Modular Bathrooms, and the donation of vaccines to Vietnam; Oxygen Cylinders, High Flow Nasal Cannulas, and Paper Field Hospital Beds to Indonesia; Negative/Positive Pressure Chambers, and Paper Field Hospital Beds to Laos; installation of COVID-19 screening areas, touchless thermal scanners, and automatic alcohol dispensers in the Philippines; contributing Oxygen Low-flow Devices and Negative/Positive Pressure Chambers to Myanmar; and a budget for the procurement of vaccines and vaccination devices, and Negative/Positive Pressure Chambers to Cambodia.

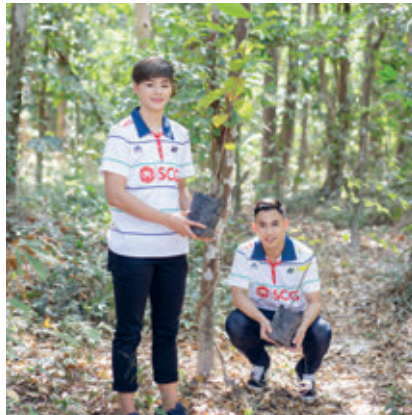




เตียงสนามกระดาน SCGP



Breeding mangrove pods



Plant trees and seagrass to absorb carbon dioxide



### Plant the Trees to Beat the Heat

SCG is relentless in raising awareness among young people to grow trees as a means to mitigate global warming. This runs concurrent with continuously supporting all SCG business units to carrying out tree-planting activities in cooperation with communities in numerous areas throughout Thailand. The emphasis is on fostering knowledge and understanding about tree-planting to grow both land and sea forests to help absorb carbon dioxide.

In 2021, SCG joined hands with its network to grow a total of 160,000 trees covering 700 rais of land with the ability to absorb carbon dioxide (carbon sink) amounting to 10,000 tons of carbon in ten years' time.

### Maximizing Resource Efficiency and Reducing Waste

The growing population leads to an enormous increase in the amount of waste. Circulating and reusing resources

in line with the circular economy principles is key to alleviating the issues of resource scarcity and waste while, at the same time, generating income for the community. As a consequence, SCG has initiated the Waste-free Community Project to promote waste management in communities surrounding all SCG plants and other network areas. Currently, a network of 170 communities, homes, temples, and schools are aware of its importance and taking part in this waste management initiative. For example, the Ban Pong Model in Ratchaburi Province aims to expand the Waste-free Community effort to cover all 183 communities in Amphoe Ban Pong by 2023 with support from SCG and 17 local administrative organizations in Amphoe Ban Pong. To date, the Model has extended its coverage to 58 communities, resulting in a 93% reduction in waste and waste management value of 1.2 Million Baht. The Model has extended to communities in Prachinburi, Kanchanaburi, and Khon Kaen. In 2021, communities in the Ban Pong model, Ban Nong Song Hong





Waste-free community

won a Zero Waste award granted by the Department of Environmental Quality Promotion in the small community category, and Ban Nong Mai Fao received an honorable mention in the medium community category.

“Ban Na Mai Pai” in Nakhon Si Thammarat by the Heart-Smiling Youth Group has used proper waste management to drive cooperation in the community, turning waste into income for community benefits such as donating money to build a new home for the elderly in the community, organizing English camps for young people and the like. The group also connects with other organizations to extend knowledge, allowing the group to share and exchange knowledge with other communities in Nakhon Si Thammarat and Trang.

Communities in Map Ta Phut Town Municipality in Rayong Province managed to add 175 tons of recyclable waste to the waste banks, resulting in a reduction of 134 tons of carbon dioxide equivalent, thanks to the collective efforts of 87 groups of homes, temples, schools, and

occupation groups. 14 waste banks were also founded to gather recyclable materials in the communities.

### Transparent Business and Promotion of Code of Ethics

SCG has committed itself to conducting business with responsibility, transparency, and fairness which has become a corporate culture instilled into employees through the behaviors demonstrated by directors, executives, and employees from one generation to another. SCG also resolves to promote business code of ethics, providing continued support for Anti-Corruption Organization of Thailand and the organization of The Thai Chamber of Commerce Business Ethics Standard Test Award, which has continued for 19 years and given the award to more than 200 organizations.



## Environmental Accounting Report

In 2021, SCG's environmental expenses, which included expenses for environmental protection, pollution prevention and control, and minimization of environmental impacts from SCG business operations in Thailand, totaled 2,657 Million Baht. Pollution prevention expenses for air and water pollution and waste disposal amounted to 1,515 Million Baht, or 57% of total environmental expenses. Resource circulation expenses for recycling, energy production from waste heat generators, or scrap crushing for reuse, etc. totaled 907 Million Baht, equivalent to 34% of total environmental expenses. The remaining expenditure included environmental administration, green procurement, remediation, environmental research and development, and other environmental expenses.

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For environmental investment in 2021, total investment in environmental projects in Thailand alone amounted to 1,643 Million Baht, up from the previous year. It comprised an investment of 854 Million Baht in the Cement and Building Materials Business, 512 Million Baht in SCGP (Packaging Business) and 276 Million Baht in Chemicals Business. Key environmental projects were as follows:

The Cement and Building Materials Business increased dust collection efficiency at cement kilns by replacing electrostatic precipitators with bag filters, enhanced energy efficiency in the production processes at cement plants, and installed solar energy systems.

Chemicals Business installed systems to capture and treat volatile organic compounds (VOCs), improved ground flares, installed waste heat recovery units to recover waste heat to generate steam, and installed thermo compressors to capture waste steam for reuse in the production process.

SCGP (Packaging Business) installed high efficiency turbine generators, enhanced efficiency of pulp screening system to reduce water consumption, installed anaerobic treatment systems and air filtration systems for odor and air pollution control.

## Environmental Accounting Report Table

	Million Baht
<b>Environmental Information</b>	<b>Year 2021</b>
<b>1. Environmental Expense</b>	2,657
1.1 Pollution prevention	1,515
1.1.1 Water pollution prevention	799
1.1.2 Air pollution prevention	286
1.1.3 Waste disposal	388
1.1.4 Other pollution prevention	42
1.2 Resource circulation	907
1.3 Environment administrative	135
1.3.1 Measurement	89
1.3.2 Environment training	1
1.3.3 Environment permit/license/consultant	31
1.3.4 Other administrative	14
1.4 Remediation	27
1.5 Environmental research and development	3
1.6 Green procurement	68
1.7 Other environmental	2
<b>2. Environmental Investment</b>	1,643

# 10

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

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

#### 1.1 Business Overview

SCG's revenue from sales increased due to better performance in all businesses and profit increased largely resulted from Chemicals.

In 2021, SCG's revenue from sales registered 530,112 Million Baht an increase of 33% from the previous year due to better performance in all businesses largely attributable to higher chemicals selling prices and improved sales volumes. EBITDA also increased 23% from the previous year to 91,867 Million Baht. Correspondingly, profit for the year registered 47,174 Million Baht, an increase of 38% from the previous year largely resulted from Chemicals Business. Normalized profit in FY2021 registered 48,979 Million Baht, increased 35% from the previous year.

Share of profit of joint ventures and associates accounted for using equity method amounted to 17,543 Million Baht, an increase of 8,087 Million Baht from the previous year with details as follows:

- Chemicals associates: Share of profit amounted to 11,577 Million Baht, increased 6,544 Million Baht from the previous year.
- Other associates: Share of profit amounted to 5,966 Million Baht, increased 1,543 Million Baht from the previous year.

Total dividends received in 2021 was 11,879 Million Baht, an increase of 66% from the previous year or 4,721 Million Baht, details as follows: a) 10,182 Million Baht from "Associated" companies (20%-50% stake), and b) 1,697 Million Baht from "Other" companies (less than 20% stake).

Continued solid financials, with cash and cash under management amounted to 68,323 Million Baht as at December 31, 2021, while amounted 107,150 Million Baht as at December 31, 2020, despite the CAPEX and investments of 91,691 Million Baht.

#### 1.2 Operating Results of Strategic Business Segments Cement and Building Materials Business

In 2021, revenue from sales registered at 182,529 Million Baht or increased 6% from the previous year. EBITDA registered at 18,877 Million Baht, decreased 13% from the previous year. Normalized EBITDA was 22,706 Million Baht, a drop of 7% from the previous year. Profit for the year registered 4,262 Million Baht or decreased 34% from the previous year. Normalized profit registered 7,939 Million Baht, or decreased 9% from the previous year.

As COVID-19 continued to spread in 2021, several countries enforced strict measures to fight against pandemic which, adversely affected business operations. The Cement and Building Materials Business was also hit by the closure of construction sites and implementation of bubble and seal measures that brought a pause in construction activities. The COVID-19 pandemic also transformed consumer behaviors and way of life such as becoming more health conscious and spending more time at home. It also accelerated the Business' digital transformation at a faster rate. However, the Cement and Building Materials Business managed to retain its leadership position in the ASEAN market through developing products and services to address the fast-evolving needs of consumers, delivering products that promote social and environmental friendly and continuously fostering a good relationship with customers via various channels. Examples include the following:

- Leveraged digital technology to drive construction solutions for sustainability from CPAC Green Solution that offers total solutions to customers from design to construction, that helps to reduce construction time and labor use and to minimize environmental impacts from construction waste on the sites. The solutions include: 1. CPAC BIM, 2. CPAC 3D Printing Solution, and 3. CPAC Drone Solution

- Developed sales and distribution via online channels such as scghome.com, Q-Chang, Design Connect, and dooDeco, the platform that provides services to home owners, offers consultancy by experts, and allows for

a virtual visit to showroom and products through Virtual Store 360°. SCG ID was also developed to connect customers to every service within SCG.

- Developed SCG Green Choice label products to offer choices for consumers. To be certified under SCG Green Choice label, the products must help saving energy, reducing natural resource use, having long useful life, and promoting health and well-being for consumers. In the overseas market, the Business collaborated with local cement producer association in each country to reduce greenhouse gas emissions.

- Increased the proportion of alternative fuels use such as low-carbon energy like biomass, Refuse Derived Fuel (RDF) in cement production together with using excess hot air energy from waste heat generators and solar energy in the cement production process to reduce dependency on coals and electricity. This also included the use of electric vehicles.

### Chemicals Business

In 2021, revenue from sales was 238,390 Million Baht, increased 62% from the previous year from higher product prices and sale volumes, and Baht depreciation. EBITDA increased 34% from the previous year to 41,465 Million Baht due to higher product price spreads, sales volumes, and dividend from associates. Also, profit for year 2021 was 28,931 Million Baht, increased 64% from the previous year from higher product price spreads and equity income from associates.

In 2021, Chemicals Business continued to face challenges from new COVID-19 infection waves, resulting in relatively modest global economic recovery. However, overall demand for chemical products has increased, particularly in packaging industry, though some industries such as automotive, were still affected. Together with supply shortage in the first half of the year due to the harsh winter storm in North America, average product spreads for the full year remained satisfactory despite increased raw material cost due to volatile oil prices and higher overseas freight costs owing to limited vessel availability. In the past year, Chemicals Business was developed in parallel with the execution of the ESG strategy such as

- The business has used their expertise to innovate and develop technology through product launched under the brand “SCG GREEN POLYMER™”, comprising 4 pillars: 1) Reduce: polymer resin using SMX™ technology that decreases polymer resin consumption while maintaining its original qualities; 2) Recyclable: Mono-

material polymer that enables packaging producer to utilize similar type polymer in different layers, making it easy to recycle; 3) Recycle: high-quality post-consumer recycled resins that revitalize household post-consumer plastic; and 4) Renewable: polymers from renewable or compostable raw materials. Moreover, the Business has been working with partners such as packaging producers, recyclers, and brand owners to create innovative and sustainable solutions.

- Chemicals Business has entered the recycling business by signing a share purchase agreement with Sirplaste, the Portugal’s largest plastic recycler, to pursue development in recycling technology and expand into European markets. Furthermore, the Company has signed a memorandum of understanding with Braskem, the world’s leading bio-based polymer producer from Brazil, to explore the feasibility to invest in bio-ethylene plants to produce bio-based polyethylene to address the growing demand for bioplastics in Asia and the global market.

- In terms of CO<sub>2</sub> emission reduction, Chemicals Business has remained committed to improve the operations throughout the year. In 2021, the Business has been working on several projects that resulted in reduction of more than 46,000 tons of per year and is gearing toward the target of Carbon Neutrality by 2050.

### SCGP (Packaging Business)

In 2021, revenue from sales increased 34% from the previous year to 124,223 Million Baht. EBITDA increased 25% from the previous year to 21,164 Million Baht. Profit for the year increased 28% from the previous year to 8,294 Million Baht.

In 2021, SCGP operated amidst the challenges of the COVID-19 pandemic and coronavirus, the imposition of strict lockdown measure for suppressing the infection which delayed the recovery progress of regional consumption, and the heightened energy and freight costs from the global supply chain disruption. However, packaging demand from essential industries such as FMCG, food and beverage, food service, and e-Commerce continued to grow, while printing and writing paper demand declined compared to the previous year.

SCGP stresses the importance of sustainable business operations based on the ESG aspects by taking into consideration risks, opportunities, and taking care of all stakeholders. Building on this practice, strategies have been formulated to accelerate business operations and development of solutions to accommodate the diverse



application needs of consumers underlined by the Circular Economy principles. Priorities were given to innovation research and development along with leveraging technology in the manufacturing process, and employee potential development. Moreover, the Board of Directors reviews the Company's policy and provides guidelines for corporate governance practices in response to the changing circumstances in the areas of corporate governance, risk management, and communication with employees and business partners together with conducting socially-responsible activities. The relentless commitment has resulted in SCGP being included in a list of THSI Sustainable Stocks 2021 and receiving SET Sustainability Excellence Awards, the prestigious accolade that has brought pride and demonstrated SCGP's commitment and readiness to grow its business alongside social and environmental development in a balanced and sustainable pathway.

### 1.3 Financial Status

#### Assets

#### **Continued solid financials, with cash and cash under management of 68,323 Million Baht**

Total assets of SCG as at December 31, 2021 was 861,101 Million Baht, with an increase of 15% from the previous year. Key components of total assets were property, plant and equipment at 48%, current assets at 27%, investments at 16% and other non-current assets at 9%. Ranking of asset values by business segments are Chemicals Business, Cement and Building Materials Business, and Packaging Business, respectively.

Current assets: amounted to 233,016 Million Baht as at December 31, 2021, an increase of 9% from the previous year, comprising largely inventories, trade and other current receivables, cash and cash equivalents, and investments in short-term debt instruments. On December 31, 2021, SCG's working capital was 100,902 Million Baht with inventory turnover period was 62 days.

Cash and cash under management: amounted to 68,323 Million Baht as at December 31, 2021, a decrease of 38,827 Million Baht from the previous year, despite the CAPEX and investments of 91,691 Million Baht during the year.

Investments in joint ventures and associates: amounted to 118,870 Million Baht as at December 31, 2021, an increase of 21,495 Million Baht or 22% from the previous year with the following reasons:

- Increased from share of net profit of investments using equity method amounted to 17,543 Million Baht,

attributed to earnings from the chemicals business.

- Increased from investments amounted to 13,186 Million Baht, attributed to investments in the chemicals business.

- Decreased from dividends received amounted to 10,182 Million Baht mainly from the chemicals associates' dividend income.

Property, plant and equipment amounted to 410,708 Million Baht as at December 31, 2021, an increase of 47,283 Million Baht from the previous year due to the project constructions and CAPEX and investments during the year.

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

Total liabilities as at December 31, 2021 amounted to 411,093 Million Baht, an increase of 16% from the previous year due to an increased of Long-term borrowings for CAPEX and investments. During the year, SCG issued new debentures totaling 45,500 Million Baht to replace the matured debentures amounted to 50,000 Million Baht. Finance costs in 2021 were 6,758 Million Baht, a decrease of 324 Million Baht from the previous year.

Net debt (interest-bearing debt less cash and cash under management) of SCG as at December 31, 2021 increased 80,577 Million Baht from the previous year to 234,791 Million Baht. EBITDA generation of 91,867 Million Baht while significant cash outflow during 2021 amounted to 133,339 Million Baht, comprising CAPEX and investments of 91,691 Million Baht, dividend payments of 23,912 Million Baht, corporate tax of 9,834 Million Baht and interest payment of 7,902 Million Baht.

At the end of year 2021, SCG had significant commitments and contingent liabilities included commitments for purchase of raw material contracts, construction and installation of machinery and implementation project, information technology services, rental and service agreements, currency forward contracts, currency swap contracts, raw material and energy hedging contracts and interest rate swap contracts that had been disclosed in note 26 Financial instruments and note 27 Commitments and contingent liabilities of the Financial Report 2021.

Shareholders' equity as at December 31, 2021 amounted to 450,008 Million Baht, comprising Equity attributable to owners of the parent of 365,691 Million Baht, book value 304.7 Baht per share, and Non-controlling interests of 84,317 Million Baht.

## 1.4 Taxes to Government and Local Government Authorities

Unit : Million Baht	Year	Country					Consolidated
		Thailand	Vietnam	Indonesia	Cambodia	The Philippines	
Revenue from sales *	2020	316,483	34,328	28,992	7,901	4,220	399,939
	<b>2021</b>	<b>417,118</b>	<b>46,134</b>	<b>43,608</b>	<b>7,729</b>	<b>5,995</b>	<b>530,112</b>
Profit (loss) before tax **	2020	31,283	3,907	(2,873)	2,107	105	33,653
	<b>2021</b>	<b>42,230</b>	<b>3,344</b>	<b>1,135</b>	<b>1,759</b>	<b>720</b>	<b>46,093</b>
Reported Taxes	2020	5,147	673	(382)	224	65	5,809
	<b>2021</b>	<b>7,152</b>	<b>542</b>	<b>748</b>	<b>202</b>	<b>193</b>	<b>8,900</b>
Effective Tax Rate (%) ***	2020	16%	17%	13%	11%	62%	17%
	<b>2021</b>	<b>17%</b>	<b>16%</b>	<b>66%</b>	<b>11%</b>	<b>27%</b>	<b>19%</b>
Headline CIT Tax Rate (%)		20%	20%	22%	20%	30%	N/A
Cash Taxes Paid	2020	3,665	731	301	221	103	5,094
	<b>2021</b>	<b>7,707</b>	<b>819</b>	<b>820</b>	<b>164</b>	<b>167</b>	<b>9,834</b>
Cash Tax Rate (%)	2020	12%	19%	N/A	10%	98%	15%
	<b>2021</b>	<b>18%</b>	<b>24%</b>	<b>72%</b>	<b>9%</b>	<b>23%</b>	<b>21%</b>
<b>Additional information : Total liability of taxes to government and local government authorities</b>							
Corporate Income Tax	2020	5,570	684	233	179	59	6,821
	<b>2021</b>	<b>6,303</b>	<b>631</b>	<b>632</b>	<b>195</b>	<b>186</b>	<b>8,034</b>
Property Tax	2020	47	1	4	-	32	89
	<b>2021</b>	<b>21</b>	<b>1</b>	<b>7</b>	<b>0.02</b>	<b>31</b>	<b>63</b>
Specific Business Tax	2020	1	-	4	0.3	31	37
	<b>2021</b>	<b>3</b>	<b>0.01</b>	<b>5</b>	<b>0.1</b>	<b>26</b>	<b>33</b>
Other Taxes	2020	17	151	52	0.1	0.3	243
	<b>2021</b>	<b>24</b>	<b>191</b>	<b>76</b>	<b>0.5</b>	<b>3.8</b>	<b>299</b>
Total Taxes	2020	5,636	836	294	179	122	7,190
	<b>2021</b>	<b>6,350</b>	<b>823</b>	<b>720</b>	<b>196</b>	<b>247</b>	<b>8,430</b>

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

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

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

In 2021, SCG recognized income tax expenses amounted to 8,900 Million Baht in consolidated financial statement and the calculated effective tax rate was 19%. The lower tax rate comparing to the corporation income tax rate in each country was mainly from tax privileges. On the other hand, the higher tax rate comparing to the corporation income tax rate in indonesia was mainly from the change in the corporate income tax rate in 2022 onwards from 20% to 22% that had been disclosed in note 14 Deferred Tax assets (deferred tax liabilities) on consolidated financial statements of the Financial Report 2021. Total tax paid to government and local government authorities for the year 2021 amounted to 8,430 Million Baht.



### 1.5 Financial Ratios

**SCG's financial ratios remain solid.**

In 2021, the current ratio registered 1.4 times increased from 1.3 times in the previous year, Net debt to EBITDA ratio registered 2.6 times, increased from 2.1 times in the previous year while net debt to EBITDA ratio (excluding projects under construction) registered 1.1 times, increased from 1.0 times in the previous year, and debt to equity ratio remained at 0.9 time.

SCG's gross profit margin was 20.6%, a decrease of 1.9% from the previous year and net profit margin was 8.5%, an increase of 0.3% from the previous year. SCG's return on equity was 13.7%, an increase of 2.3% from the previous year and return on total assets was 5.9%, an increase of 1.0% from the previous year. SCG's return on fixed assets was 19.6%, an increase of 1.7% from the previous year. However, without construction in progress, SCG's return on fixed assets would be 29.1%, an increase of 5.3% from the previous year.

From the financial position and performance of 2021, the Board of Directors considered proposing the Annual General Meeting of Shareholders for approval of 2021 dividend payment of 18.50 Baht per share, representing a dividend payout ratio of 47% of consolidated profit for the year. SCG has already paid an interim dividend of 8.50 Baht per share on August 27, 2021. The final dividend will be paid at the amount of 10.00 Baht per share on April 26, 2022.

### 1.6 The Ability of Asset Management

The credit term granted by SCG was 15 - 90 days. As at December 31, 2021, the trade receivable of 61,451 Million Baht was net of allowance for expected credit loss of 1,723 Million Baht. The outstanding overdue amount of accounts receivable have credit bank guarantees amounted to 1,904 Million Baht as disclosed in note 7 Trade Receivables of the Financial Report 2021.

In 2021, SCG has no significant deteriorated or obsolete inventories as disclosed in note 8 Inventories of the Financial Report 2021.

### 1.7 Liquidity and Adequacy of Capital

At the end of year 2021, SCG had cash and cash equivalents amounted to 35,993 Million Baht, a decrease of 28,406 Million Baht from the previous year. As a consequence, cash flows provided by operating activities amounted to 38,800 Million Baht. Meanwhile, cash flows used in investing activities amounted to 65,399 Million Baht mainly from the CAPEX and investment activities while proceeds from sale of investment and dividend received. Moreover, cash flows used in financing activities were 3,238 Million Baht mainly from dividends paid to shareholders and interest and other finance costs paid. Meanwhile, cash proceeds from long-term borrowings, bank overdrafts and short-term borrowings.

Regarding the liquidity ratios, SCG registered a current ratio of 1.4 times while the cash flow liquidity was 0.2 times. SCG's cash cycle was 27 days (average collection period + inventory turnover period - average payment period). The cash flows and liquidity ratios ensured that SCG possessed adequate liquidity for business operation, ability of making payment, compliance with the loan conditions, as well as obtaining additional source of funds, and accompanying with overdraft lines with several banks amounting to approximately 9,622 Million Baht as disclosed in note 16 Interest-bearing Liabilities of the Financial Report 2021.

### 1.8 CAPEX & Investment

In 2021, CAPEX & investment amounted to 91,691 Million Baht, of which 63% from Chemicals Business, 23% from SCGP, 10% from Cement and Building Materials Business, and 4% from others. For year 2022 CAPEX is expected to be 80,000 Million Baht, consisting mainly of committed Petrochemicals Complex construction in Vietnam, and other efficiency and maintenance projects.

### 1.9 R&D Spending and Innovation Development

In 2021, SCG invested 7,215 Million Baht in R&D of technology and innovation, representing 1.4% of total revenue from sales. We aim to develop comprehensive innovation that create significant business impact, including product and service innovation, process innovation as well as business model innovation.

SCG puts emphasis on developing innovation strategy and portfolio that align with both short term and long term business strategy. The technology roadmap has been developed for planning long term technology development and improving R&D of innovation management process. Furthermore, to increase speed of technology development and commercialization, the company collaborated with many leading universities and research institutes both in Thailand and other countries in terms of Open Innovation; for example, collaboration in research and development with Chinese Academy of Sciences – CAS, which enables SCG to access world-class technology and innovation and accelerate the development of new products and services in faster response to customers' need.

Moreover, SCG has established a Corporate Venture Capital (CVC) under the name AddVentures to invest in venture capital funds and potential startups domestically and globally in order to enhance competitive advantages through digital technology and deep technology. In 2021, the company invested in 1 startup in digital technology and 2 startups in deep technology relating to SCG's business strategy. Also, the company engaged in more than 92 commercial partnership projects for adopting new innovations and digital technologies in order to strengthen its core businesses and create new business models.

Recent examples of SCG innovation include, Chemicals Business introduced SCG GREEN POLYMER™, an innovative eco-friendly plastic resin with 4R properties: Reduce, Recyclable, Recycle, and Renewable. For example, Chemicals Business collaborated with Unilever to develop plastic bottles from high quality post-consumer resin (High Quality PCR) using SMX technology.

Cement and Building Materials Business introduced CPAC Green Solution, in which digital technologies such as CPAC BIM (Building Information Modeling), CPAC Drone, CPAC 3D Printing, and CPAC Smart Structure are deployed to elevate construction standards and ensure eco-friendliness in every process. Moreover, Cement and Building Materials Business has launched a project to take waste of concrete piles from construction sites to use as a subbase material instead of leaving the waste for landfills.

SCGP, with the deployment of efficient manufacturing process and high performance materials, developed green circular packaging solutions that prolong product lifespans and are recyclable or bio-degradable. Examples of the solutions include OptiBreath to extend the shelf life of the agricultural products, Odor Lock to seal food odor, and retort pouch to preserve food quality. Furthermore, SCGP actively collaborated with other businesses and consumers to bring back waste to recycle.

Moreover, the three businesses of SCG innovated solutions to help patients and medical personnel handle the tough COVID-19 situation. For example, SCGP Paper Field Hospital Bed, made from 100% recycled paper, that is light, easy to transport and assemble, and can handle loads up to 100 kg, Modular ICU for isolating





COVID-19 patients from general patients with non-infectious diseases that can provide safety to medical personnel, and Isolation capsule for Air transportation, made from light weight PVC and equipped with negative pressure system, that can ease air medical transport for COVID-19 patients.

SCG also focuses on the whole process of intellectual property management (IP management), include incorporating it as a part of business strategy, starting from IP Creation from the early stage of R&D, IP Protection for infringement risk management, to IP Commercialization that will increase the business value of IP utilization. At the end of 2021, SCG has 856 active registered patents, which include 416 invention patents, 126 petty patents, and 314 product design patents.

Continuous investment in R&D and Innovation is the key to increase SCG competitive advantages. SCG has raised the bar and made it tougher for its products and services to be classified as High Value Added (HVA) products and services in response to fast-changing market, products and services that qualify as HVA under the new definition will have higher profitability. In 2021, SCG had revenue from sales of High Value Added (HVA) products and services amounted 182,510 Million Baht, representing 34% of total revenue from sales as a result of this reclassification.

## 2. Sustainability

### 2.1 Environmental

In 2021, SCG raised its own bar in tackling global climate emergency by announcing a new GHG emissions reduction target, committing itself to achieve emission GHG reduction of 20% on absolute basis by 2030 compared with 2020 base year. The scope includes reduction of the direct (SCOPE 1) and indirect (SCOPE 2) GHG emission from the manufacturing process and carbon removal in Thailand and all countries where SCG operates. This interval target creates an explicit transitional pathway to the Net Zero target by 2050, which is necessary to limit global warming to within 1.5 degrees Celsius. SCG's key methods to reduce GHG emissions by 2030 include enhancing energy efficiency, increasing low GHG energy sources, and accelerating low carbon products. In 2021, the energy consumption reduction reached 7.6% as compared to 2007 base year, while overall alternative energy utilization increased to 14.9%, resulting in GHG emission reduction of approximately 4.1% from the previous year for the first 11 months of 2021. For low carbon products, namely SCG Green Choice, revenue from sales in 2021 increased to 215,951 Million Baht from total of 162 product items and the proportion of SCG Green Choice reached 41%

of total revenues from sales against our target of 2/3 by 2030.

In terms of nature-positive action, SCG has raised its target to increase forestation of terrestrial forest and mangrove to 3 million rais, or 1.2 million acres by 2050. SCG plans to achieve its target through several initiatives across the project “Plant the Tree to Beat the Heat”. The project aims to engage communities and new generation to plant the trees. As trees grow, they absorb CO<sub>2</sub> and curb global warming.

## 2.2 Social

Amid rising inequality particularly during the COVID-19 pandemic, SCG has launched a number of projects to support career development and help people affected by the pandemic to earn a living in order to sustain and support themselves during the economic hardship. Projects worth highlighting are 1) “No Drought, No Poverty” which implemented learning activities to enhance people’s knowledge in sustainable agriculture and water management. The project has been scaled up to enhance livelihood across 37 provinces in Thailand, covering more than 47,500 households in 250 communities, 2) “The Power of Community” fostered the development of community enterprises to strengthen local economies. A total of 400 participants from 13 provinces joined the program in 2021.

In addition, more than 40 innovations have been created and given as social contribution during the COVID-19 pandemic to save lives and minimize damage to the Thai society. An example of such innovations is Modular ICU, which adopts the latest building technologies to quickly provide additional diagnostic facilities during the health emergency. This unit allows hospitals to safely and swiftly screen patients at risk. They can be installed in confined areas within 3 days to promptly meet medical emergency demand.

## 2.3 Governance

SCG takes ESG as a top priority in its Board of Directors’ agenda as well as in Management Committee. at board level, the Audit Committee, on behalf of the Board of Directors, establishes risk management policies and oversees the risk management process including ESG related risks. Amid the COVID-19 pandemic, the Board of Directors play key role in overseeing crisis

management, business continuity management, people health & safety, and resource allocation to deliver on SCG’s commitments to stakeholders as well as maintain the company’s long-term business stability.

SCG also strives to meet or exceed global standards in transparency by implementing governance frameworks such as Task Forced on Climate-related Financial Disclosure (TCFD) to inform stakeholders how the business manages its transition towards Net Zero by 2050. This is done under the Board’s oversight on climate related risks and opportunities. In 2021, TCFD was incorporated into the company’s Medium-Term Plan process to make scenario analysis for climate resilience based on material risks and opportunities. TCFD framework has also been adopted in the Board of Directors’ decision making process for long-term investment plans.

In accordance with SCG’s commitment to sustainability best practice, the company has embedded ESG in its governance and business practices. In 2021, SCG was endorsed for 18<sup>th</sup> consecutive year by Dow Jones Sustainability Indices (DJSI) as a global sustainable company in the category of DJSI World and DJSI Emerging Markets in the Construction Materials industry sector. The company was ranked 1<sup>st</sup> globally by Sustainalytics, a Morningstar company, in Industrial Conglomerate category. And SCG was rated AA by MSCI ESG Rating in 2021.

## 3. Significant Financial Information

## The Siam Cement Public Company Limited and its Subsidiaries

## Consolidated statement of financial position

As at 31 December 2021, 2020 and 2019

Million Baht

Assets	2021	%	2020	%	2019	%
<b>Current assets</b>						
Cash and cash equivalents	35,993	4.2	64,399	8.6	27,627	4.4
Investments in short-term debt instruments	31,617	3.7	38,582	5.2	16,595	2.6
Trade and other current receivables	78,951	9.2	54,842	7.3	62,166	9.8
Short-term loans	200	0.0	110	0.0	151	0.0
Inventories	83,121	9.6	54,654	7.3	56,411	8.9
Other current assets	1,760	0.2	1,410	0.2	1,248	0.2
Non-current assets classified as held for sale	1,374	0.2	20	0.0	188	0.0
<b>Total current assets</b>	<b>233,016</b>	<b>27.1</b>	<b>214,017</b>	<b>28.6</b>	<b>164,386</b>	<b>25.9</b>
<b>Non-current assets</b>						
Investments in debt instruments	1,080	0.1	4,626	0.6	2,150	0.3
Investments in equity instruments	17,628	2.1	12,807	1.7	3,531	0.6
Investments in joint ventures and associates	118,870	13.8	97,375	13.0	94,352	14.9
Other non-current receivables	2,196	0.3	1,907	0.3	8,710	1.4
Long-term loans	105	0.0	82	0.0	93	0.0
Investment property	2,124	0.2	2,119	0.3	1,622	0.3
Property, plant and equipment	410,708	47.7	363,425	48.5	305,986	48.2
Goodwill	46,737	5.4	34,031	4.5	34,301	5.4
Other intangible assets	19,652	2.3	11,007	1.5	11,754	1.8
Deferred tax assets	4,525	0.5	5,001	0.7	4,618	0.7
Other non-current assets	4,460	0.5	2,984	0.4	3,230	0.5
<b>Total non-current assets</b>	<b>628,085</b>	<b>72.9</b>	<b>535,364</b>	<b>71.4</b>	<b>470,347</b>	<b>74.1</b>
<b>Total assets</b>	<b>861,101</b>	<b>100.0</b>	<b>749,381</b>	<b>100.0</b>	<b>634,733</b>	<b>100.0</b>

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

**Consolidated statement of financial position**

**As at 31 December 2021, 2020 and 2019**

**Million Baht**

<b>Liabilities and shareholders' equity</b>	<b>2021</b>	<b>%</b>	<b>2020</b>	<b>%</b>	<b>2019</b>	<b>%</b>
<b>Current liabilities</b>						
Bank overdrafts and short-term borrowings						
from financial institutions	39,262	4.6	21,510	2.9	18,797	3.0
Trade and other current payables	75,026	8.7	65,273	8.7	55,887	8.8
Current portion of long-term borrowings	4,618	0.5	16,649	2.2	2,706	0.4
Current portion of lease liabilities*	2,255	0.3	2,326	0.3	144	0.0
Current portion of debentures	39,932	4.6	49,933	6.6	49,935	7.9
Short-term borrowings	324	0.0	510	0.1	470	0.1
Corporate income tax payable	2,758	0.3	3,927	0.5	2,190	0.3
Other current liabilities	4,212	0.5	1,293	0.2	1,376	0.2
<b>Total current liabilities</b>	<b>168,387</b>	<b>19.5</b>	<b>161,421</b>	<b>21.5</b>	<b>131,505</b>	<b>20.7</b>
<b>Non-current liabilities</b>						
Long-term borrowings	76,164	8.8	35,880	4.8	30,440	4.8
Lease liabilities*	10,432	1.2	9,883	1.3	174	0.0
Debentures	130,127	15.1	124,673	16.6	124,748	19.7
Deferred tax liabilities	8,327	1.0	5,610	0.7	4,717	0.7
Non-current provisions for employee benefits	14,541	1.7	14,688	2.1	14,195	2.2
Other non-current liabilities	3,115	0.4	1,100	0.1	1,211	0.2
<b>Total non-current liabilities</b>	<b>242,706</b>	<b>28.2</b>	<b>191,834</b>	<b>25.6</b>	<b>175,485</b>	<b>27.6</b>
<b>Total liabilities</b>	<b>411,093</b>	<b>47.7</b>	<b>353,255</b>	<b>47.1</b>	<b>306,990</b>	<b>48.4</b>
<b>Shareholders' equity</b>						
Share capital						
Authorized share capital	<b>1,600</b>		<b>1,600</b>		<b>1,600</b>	
Issued and paid share capital	1,200	0.2	1,200	0.2	1,200	0.2
Other surpluses (deficits)	3,467	0.4	4,252	0.6	(11,906)	(1.9)
Retained earnings						
Appropriated						
Legal reserve	160	0.0	160	0.0	160	0.0
General reserve	10,516	1.2	10,516	1.4	10,516	1.6
Unappropriated	348,558	40.5	321,097	42.8	301,995	47.6
Other components of shareholders' equity	1,790	0.2	(16,253)	(2.2)	(21,750)	(3.4)
<b>Total equity attributable to owners of the parent</b>	<b>365,691</b>	<b>42.5</b>	<b>320,972</b>	<b>42.8</b>	<b>280,215</b>	<b>44.1</b>
Non-controlling interests	84,317	9.8	75,154	10.1	47,528	7.5
<b>Total shareholders' equity</b>	<b>450,008</b>	<b>52.3</b>	<b>396,126</b>	<b>52.9</b>	<b>327,743</b>	<b>51.6</b>
<b>Total liabilities and shareholders' equity</b>	<b>861,101</b>	<b>100.0</b>	<b>749,381</b>	<b>100.0</b>	<b>634,733</b>	<b>100.0</b>

\* Separate lease liabilities from long-term borrowing according to TFRS 16, effective from January 1, 2020 onward.



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

**Consolidated income statement**

**For the year ended 31 December 2021, 2020 and 2019**

Million Baht

	2021	%	2020	%	2019	%
Revenue from sales	530,112	100.0	399,939	100.0	437,980	100.0
Cost of sales	(421,000)	(79.4)	(309,947)	(77.5)	(355,752)	(81.2)
<b>Gross profit</b>	<b>109,112</b>	<b>20.6</b>	<b>89,992</b>	<b>22.5</b>	<b>82,228</b>	<b>18.8</b>
Other income	10,594	2.0	7,278	1.8	8,992	2.1
<b>Profit before expenses</b>	<b>119,706</b>	<b>22.6</b>	<b>97,270</b>	<b>24.3</b>	<b>91,220</b>	<b>20.8</b>
Distribution costs	(32,313)	(6.1)	(24,091)	(6.0)	(22,905)	(5.2)
Administrative expenses	(30,484)	(5.7)	(28,724)	(7.2)	(28,866)	(6.6)
Employee benefit expense from the amended severance pay of the Labor Law	-	-	-	-	(2,538)	(0.6)
Other expenses	(4,058)	(0.8)	(3,720)	(0.9)	(2,593)	(0.6)
<b>Total expenses</b>	<b>(66,855)</b>	<b>(12.6)</b>	<b>(56,535)</b>	<b>(14.1)</b>	<b>(56,902)</b>	<b>(13.0)</b>
<b>Profit from operations</b>	<b>52,851</b>	<b>10.0</b>	<b>40,735</b>	<b>10.2</b>	<b>34,318</b>	<b>7.8</b>
Finance costs	(6,758)	(1.3)	(7,082)	(1.8)	(6,587)	(1.5)
Share of profit of joint ventures and associates accounted for using equity method	17,543	3.3	9,456	2.4	11,632	2.7
<b>Profit before income tax</b>	<b>63,636</b>	<b>12.0</b>	<b>43,109</b>	<b>10.8</b>	<b>39,363</b>	<b>9.0</b>
Tax expense	(8,900)	(1.7)	(5,809)	(1.5)	(6,167)	(1.4)
<b>Profit for the year</b>	<b>54,736</b>	<b>10.3</b>	<b>37,300</b>	<b>9.3</b>	<b>33,196</b>	<b>7.6</b>
Profit attributable to						
<b>Owners of the parent</b>	<b>47,174</b>	<b>8.9</b>	<b>34,144</b>	<b>8.5</b>	<b>32,014</b>	<b>7.3</b>
Non-controlling interests	7,562	1.4	3,156	0.8	1,182	0.3
	54,736	10.3	37,300	9.3	33,196	7.6
<b>Basic earnings per share (in Baht)</b>						
<b>Attributable to owners of the parent</b>	<b>39.31</b>		<b>28.45</b>		<b>26.68</b>	

**The Siam Cement Public Company Limited and its Subsidiaries**  
**Consolidated statement of comprehensive income**  
**For the year ended 31 December 2021, 2020 and 2019**

	<b>Million Baht</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b>Profit for the year</b>	54,736	37,300	33,196
<b>Other comprehensive income</b>			
<i><b>Items that will be reclassified subsequently to profit or loss</b></i>			
Exchange differences on translating financial statement	17,272	(833)	(7,007)
Loss on cash flow hedges	(131)	-	-
Gain (loss) on measurement of financial assets	(64)	46	38
Share of other comprehensive income of joint ventures and associates accounted for using equity method	2,370	(184)	(1,513)
Income tax relating to items that will be reclassified subsequently to profit or loss	10	(6)	(8)
<b>Total items that will be reclassified subsequently to profit or loss</b>	<b>19,457</b>	<b>(977)</b>	<b>(8,490)</b>
<i><b>Items that will not be reclassified subsequently to profit or loss</b></i>			
Gain on investments in equity instruments measured at fair value	1,645	66	-
Gain (loss) on remeasurements of defined benefit plans	880	(204)	(1,396)
Share of other comprehensive income of joint ventures and associates accounted for using equity method	147	44	(100)
Income tax relating to items that will not be reclassified subsequently to profit or loss	(495)	20	257
<b>Total items that will not be reclassified subsequently to profit or loss</b>	<b>2,177</b>	<b>(74)</b>	<b>(1,239)</b>
<b>Other comprehensive income for the year, net of tax</b>	<b>21,634</b>	<b>(1,051)</b>	<b>(9,729)</b>
<b>Total comprehensive income for the year</b>	<b>76,370</b>	<b>36,249</b>	<b>23,467</b>
Total comprehensive income attributable to			
<b>Owners of the parent</b>	<b>65,902</b>	<b>33,097</b>	<b>23,029</b>
Non-controlling interests	10,468	3,152	438
	<u>76,370</u>	<u>36,249</u>	<u>23,467</u>

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

**Consolidated statement of cash flows**

**For the year ended 31 December 2021, 2020 and 2019**

	<b>Million Baht</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b><i>Cash flows from operating activities</i></b>			
Profit for the year	54,736	37,300	33,196
<b><i>Adjustments for</i></b>			
Tax expense	8,900	5,809	6,167
Depreciation and amortization	28,835	27,377	23,932
Loss on inventories devaluation	759	167	255
Non-current provisions for employee benefit expense	1,260	1,312	3,751
Loss (gain) on foreign currency exchange	(117)	423	(119)
Share of profit of joint ventures and associates accounted for using equity method	(17,543)	(9,456)	(11,632)
Dividend income	(1,697)	(670)	(1,890)
Interest income	(1,047)	(1,117)	(937)
Interest expense	6,757	7,129	6,466
Loss on impairment of assets	3,933	3,054	853
Loss (gain) on fair value adjustment and others	(3,240)	(542)	669
<b>Cash flows generated from operations</b>			
<b>before changes in operating assets and liabilities</b>	<b>81,536</b>	<b>70,786</b>	<b>60,711</b>
<b><i>Decrease (increase) in operating assets</i></b>			
Trade and other current receivables	(21,111)	4,995	5,975
Inventories	(24,793)	693	6,325
Other assets	(1,207)	345	404
<b>Net decrease (increase) in operating assets</b>	<b>(47,111)</b>	<b>6,033</b>	<b>12,704</b>

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

**Consolidated statement of cash flows**

**For the year ended 31 December 2021, 2020 and 2019**

	<b>Million Baht</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables	14,815	(57)	(6,125)
Non-current provisions for employee benefits	(888)	(1,008)	(856)
Other liabilities	282	(245)	(497)
<b>Net increase (decrease) in operating liabilities</b>	<b>14,209</b>	<b>(1,310)</b>	<b>(7,478)</b>
<b>Net cash flows generated from operations</b>	<b>48,634</b>	<b>75,509</b>	<b>65,937</b>
Income tax paid	(9,834)	(5,094)	(6,121)
<b>Net cash flows provided by operating activities</b>	<b>38,800</b>	<b>70,415</b>	<b>59,816</b>
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of subsidiaries	-	766	180
Acquisition of subsidiaries, net of cash acquired	(14,477)	(2,946)	(24,469)
Proceeds from sale of interests in joint ventures and associates	13	286	2,858
Acquisition of interests in joint ventures and associates	(13,186)	(239)	(1,648)
Proceeds from sale of equity and debt instruments of the others	79,234	56,059	59,190
Acquisition of equity and debt instruments of the others	(68,504)	(81,036)	(49,706)
Proceeds from sale of property, plant and equipments	286	462	655
Acquisition of property, plant and equipment	(58,007)	(51,357)	(48,057)
Acquisition of intangible assets	(2,471)	(1,602)	(1,357)
Proceeds from (payment of) repayment of loans	(132)	48	26
Dividends received	10,796	7,349	16,213
Interest received	1,049	1,025	1,061
<b>Net cash flows used in investing activities</b>	<b>(65,399)</b>	<b>(71,185)</b>	<b>(45,054)</b>



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

**Consolidated statement of cash flows**

**For the year ended 31 December 2021, 2020 and 2019**

	<b>Million Baht</b>		
	<b>2021</b>	<b>2020</b>	<b>2019</b>
<b><i>Cash flows from financing activities</i></b>			
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control	1,153	43,107	467
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control	(2,371)	(1,416)	(234)
<b><i>Proceeds from (payments of) borrowings</i></b>			
Proceeds from (payments of) bank overdrafts and			
short-term borrowings	14,276	2,476	(5,486)
Proceeds from long-term borrowings	40,823	27,063	26,794
Payments of long-term borrowings	(17,804)	(7,041)	(2,090)
Payments of lease liabilities	(2,985)	(2,625)	(118)
Proceeds from issuance of debentures	45,401	49,850	24,905
Redemption of debentures	(49,917)	(49,881)	(31,382)
<b>Net increase in borrowings</b>	<b>29,794</b>	<b>19,842</b>	<b>12,623</b>
<b>Dividends paid</b>			
Dividends paid to owners of the parent	(20,398)	(14,998)	(19,799)
Dividends paid to non-controlling interests	(3,514)	(1,411)	(973)
<b>Total dividends paid</b>	<b>(23,912)</b>	<b>(16,409)</b>	<b>(20,772)</b>
Interest and other finance costs paid	(7,902)	(7,653)	(7,366)
<b>Net cash flows provided by (used in) financing activities</b>	<b>(3,238)</b>	<b>37,471</b>	<b>(15,282)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(29,837)</b>	<b>36,701</b>	<b>(520)</b>
Effect of exchange rate changes on cash and cash equivalents	1,431	71	(642)
Cash and cash equivalents at beginning of the year	64,399	27,627	28,789
<b>Cash and cash equivalents at end of the year</b>	<b>35,993</b>	<b>64,399</b>	<b>27,627</b>

## Financial Ratios of The Siam Cement Public Company Limited and its Subsidiaries

		Consolidated Financial Statements		
		2021	2020	2019
<b>Liquidity Ratio</b>				
Current Ratio	(Times)	1.4	1.3	1.3
Quick Ratio	(Times)	0.8	0.9	0.7
Cash Flow Liquidity	(Times)	0.2	0.5	0.5
Accounts Receivable Turnover	(Times)	10.0	9.2	9.3
Collection Period	(Days)	36	40	39
Inventory Turnover	(Times)	16.5	14.8	16.3
Inventory Turnover Period	(Days)	22	25	22
Accounts Payable Turnover	(Times)	11.6	10.7	11.5
Payment Period	(Days)	31	34	31
Cash Cycle	(Days)	27	31	30
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	20.6	22.5	18.8
Net Profit Margin*	(%)	8.5	8.2	7.0
Return on Equity	(%)	13.7	11.4	11.5
<b>Efficiency Ratio</b>				
Return on Total Assets	(%)	5.9	4.9	5.2
Return on Fixed Assets	(%)	19.6	17.9	19.7
Assets Turnover	(Times)	0.7	0.6	0.8
<b>Financial Policy Ratio</b>				
Debt to Equity Ratio	(Times)	0.9	0.9	0.9
Interest Coverage Ratio	(Times)	13.6	10.5	11.4
Cash Flow Adequacy	(Times)	1.1	0.8	1.0
Interest bearing debt to EBITDA	(Times)	3.3	3.5	3.0
Net debt to EBITDA**	(Times)	2.6	2.1	2.4
Dividend Payout Ratio***	(%)	47.1	49.2	52.5

Note:

\* Net Profit Margin = Profit for the year attributable to owners of the parent / Total revenue

\*\* Net debt to EBITDA = Total debt (interest bearing), less cash and cash under management / EBITDA

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

# 11

## LIST OF SUBSIDIARIES, JOINT VENTURES, ASSOCIATES AND OTHER COMPANIES OF WHICH THEIR OPERATIONS ARE SIGNIFICANT

Name	Principal Business / Products	Location (Head Office / Factory)
<b>Cement and Building Materials Business</b>		
<b>Subsidiaries</b>		
1 SCG Cement Co., Ltd.	Holding company / Production and distribution of electricity / Research and management service	Bangkok
2 The Concrete Products and Aggregate Co., Ltd.	Holding company / Management service	Bangkok
3 The Siam Cement (Kaeng Khoi) Co., Ltd.	Cement 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	Nakhon Si Thammarat
6 The Siam Cement (Lampang) Co., Ltd.	Cement and dry mortar	Lampang
7 Khammouane Cement Co., Ltd.	Cement	Lao PDR
8 The Siam Refractory Industry Co., Ltd.	Refractory	Bangkok
9 Eco Plant Services Co., Ltd.	Technical services and plant installation	Saraburi
10 SCI Eco Services Co., Ltd.	Industrial waste disposal	Bangkok / Saraburi / Nakhon Si Thammarat
11 Q Mix Supply Co., Ltd.	Ready-mixed concrete	Bangkok
12 Silathai Sanguan (2540) Co., Ltd.	Aggregates	Khon Kaen
13 Silasanon Co., Ltd.	Aggregates	Saraburi
14 PT SCG Pipe and Precast Indonesia	Concrete products	Indonesia
15 PT Semen Lebak	Cement	Indonesia
16 PT SCG Readymix Indonesia	Ready-mixed concrete	Indonesia
17 PT CPAC Surabaya	Ready-mixed concrete	Indonesia
18 The Concrete Products and Aggregate (Vietnam) Co., Ltd.	Ready-mixed concrete	Vietnam
19 SCG Cement-Building Materials Vietnam Limited Liability Company	Cement distribution	Vietnam
20 Vietnam Construction Materials Joint Stock Company	Cement	Vietnam
21 Song Gianh Cement Joint Stock Company	Cement	Vietnam
22 Mien Trung Cement One Member Company Limited	Cement	Vietnam
23 Danang Cement One Member Company Limited	Cement	Vietnam
24 Phu Yen Cosevco Cement Company Limited	Cement	Vietnam
25 CPAC Construction Solution Co., Ltd.	Construction solution	Bangkok
26 SCG Building Materials Co., Ltd.	Holding company	Bangkok
27 Cementhai Gypsum Co., Ltd.	Holding company	Bangkok
28 MRC Roofing Co., Ltd.	Holding company	Bangkok

\* 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)	Total Direct / Indirect Holding * (Percent)
66-2586-3060-1	66-2586-3072	Ordinary shares	178	7,132	100
66-2555-5000	66-2555-5003	Ordinary shares	104	10,416	100
66-3624-0000-98	66-3624-0099	Ordinary shares	6	625	100
66-3628-8900	66-3628-8909	Ordinary shares	6	575	100
66-7553-8222	66-7553-8111	Ordinary shares	35	700	100
66-5423-7500	66-5423-7501	Ordinary shares	94	589	100
(856) 51-628-000	-	Ordinary shares	32	11,188	100
		Preferred shares	0.06	21	
66-2586-3230	66-2586-2982	Ordinary shares	3	300	100
66-3628-9103	66-3628-1212	Ordinary shares	1	50	100
66-2962-7295-7	66-2962-7298	Ordinary shares	2	187	100
66-2022-7888	66-2022-7889	Ordinary shares	8	800	100
66-4335-8031	66-4335-8033	Ordinary shares	1	54	100
66-2555-5000	66-2555-5003	Ordinary shares	3	280	100
(6221) 799-3068	(6221) 799-2208	Ordinary shares	15	466	100
(6221) 798-3751	(6221) 791-80919	Ordinary shares	0.04	1,193	100
(6221) 797-1190	(6221) 797-1090	Ordinary shares	12	365	100
(6231) 732-1512	(6231) 732-1512	Ordinary shares	1	43	100
(84) 28-3974-4380-3	(84) 28-3974-1888	**	-	196	100
(84) 93-3558-096	-	**	-	47	100
(84) 52-6262-666	(84) 52-6268-666	Ordinary shares	363	5,505	100
(84) 232-3535-098	(84) 232-3535-071	Ordinary shares	226	3,284	100
(84) 511-2227-803	(84) 511-3784-139	**	-	23	100
(84) 511-3481-302	(84) 511-3481-302	**	-	15	100
(84) 57-3790-178	(84) 57-3790-236	**	-	15	100
66-2555-5595	-	Ordinary shares	4	19	100
66-2586-3333	66-2586-2761	Ordinary shares	79	7,909	100
66-2586-3333	66-2586-2761	Ordinary shares	7	148	100
66-2586-3333	66-2555-0001	Ordinary shares	8	762	100



Name	Principal Business / Products	Location (Head Office / Factory)
29 Cementhai Ceramics Co., Ltd.	Holding company	Bangkok
30 Cementhai Ceramics Philippines Holdings, Inc.	Holding company	The Philippines
31 Cementhai Gypsum (Singapore) Pte. Ltd.	Holding company	Singapore
32 The Siam Fibre-Cement Co., Ltd.	Holding company	Bangkok
33 Siam Fibre Cement Group Co., Ltd.	Fiber cement products / roofing ceiling wall floor and decorative materials	Saraburi / Lampang / / Nakhon Si Thammarat
34 SCG Landscape Co., Ltd.	Concrete paving block, fence and wall tiles	Bangkok / Saraburi / Chon Buri / Khon Kaen / Nakhon Si Thammarat / Lamphun
35 Siam Fiberglass Co., Ltd.	Insulation and glass wools / Translucent Roof Sheet	Saraburi
36 SCG Roofing Co., Ltd.	Concrete and Ceramic roof tiles	Nakhon Pathom / Saraburi / Lamphun / Khon Kaen / Nakhon Si Thammarat / Chon Buri
37 SCG Concrete Roof (Vietnam) Co., Ltd.	Concrete roof tiles	Vietnam
38 SCG Concrete Roof (Cambodia) Co., Ltd.	Concrete roof tiles	Cambodia
39 SCG Cement-Building Materials Philippines, Inc.	Concrete products	The Philippines
40 PT SCG Lightweight Concrete Indonesia	Light-weight concrete	Indonesia
41 The Siam Sanitary Fittings Co., Ltd.	Faucets and fittings	Bangkok / Pathum Thani / Nakhon Ratchasima
42 SCG Cement-Building Materials Company Limited	Holding company	Bangkok
43 SCG Distribution Co., Ltd.	Holding company / Domestic distribution	Bangkok
44 SCG International Corporation Co., Ltd.	International trading	Bangkok
45 SCG International Australia Pty. Ltd.	International trading	Australia
46 SCG International China (Guangzhou) Co., Ltd.	International trading	China
47 SCG International Hong Kong Limited	International trading	Hong Kong
48 SCG International (Philippines) Corporation Co., Ltd.	International trading	The Philippines
49 SCG International USA Inc.	International trading	USA
50 PT SCG International Indonesia	International trading	Indonesia
51 SCG International Laos Co., Ltd.	International trading	Lao PDR
52 SCG Marketing Philippines Inc.	International trading	The Philippines
53 SCG International Malaysia Sdn. Bhd.	International trading	Malaysia
54 SCG International (Cambodia) Co., Ltd.	International trading	Cambodia
55 SCG International Middle East Dmcc	International trading	The United Arab Emirates
56 SCG International Vietnam Co., Ltd.	Logistics service, international trading	Vietnam
57 SCG International India Private Limited	International trading	India
58 Oitolabs Technologies Private Limited	Information Technology service	India
59 SCG Building and Living Care Consulting Co., Ltd.	Consulting and building design	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 / 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)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	66-2587-2118	Ordinary shares	60	6,037	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	174	192	100
(65) 6297-9661	(65) 6297-9662	Ordinary shares	7	143	100
66-2586-3333	66-2586-2761	Ordinary shares	110	11,000	100
66-5433-7301-5	66-5433-7300	Ordinary shares	22	2,230	100
66-2586-6822	66-2586-6800	Ordinary shares	3	290	100
66-3637-3441-4	66-3637-3445-6	Ordinary shares	13	205	100
66-2586-3333	-	Ordinary shares	14	1,430	100
(84) 274-3767-581-4	(84) 274-3767-686	**	-	235	100
(855) 23-454-3888	-	Ordinary shares	0.1	43	100
(632) 717-6901	(6343) 778-2934	Ordinary shares	14	136	100
(6226) 7861-0362	(6226) 7861-0360	Ordinary shares	4	1,253	100
66-2973-5040-54	66-2529-1608	Ordinary shares	2	200	100
66-2586-3333	66-2586-2961	Ordinary shares	976	22,257	100
66-2586-3333	66-2586-5454	Ordinary shares	275	16,452	100
66-2586-2222	66-2586-2251	Ordinary shares	4	400	100
(612) 9439-1441	-	Ordinary shares	0.2	5	100
(86) 208-365-2559	(86) 208-351-3380	**	-	113	100
(852) 3466-6535	(852) 3743-6807	Ordinary shares	45	220	100
(63) 917-829-9168	-	Ordinary shares	0.5	38	100
(1310) 323-2194-106	(1310) 324-9528	Ordinary shares	0.1	36	100
(6221) 350-9488	(6221) 352-0718	Ordinary shares	8	8	100
(856) 21-454-596-7	(856) 21-454-598	Ordinary shares	0.02	11	100
(632) 501-8634	(632) 501-8635	Ordinary shares	1	90	100
(632) 501-8630					
(60) 35-632-0168	(60) 35-632-0158	Ordinary shares	2	14	100
(855) 23-990-401-5	-	Ordinary shares	0.0001	1	100
(971) 4-552-0293	(971) 4-552-0294	Ordinary shares	0.001	11	100
(84) 83-5269-001	(84) 83-5269-009	**	-	64	100
(91) 124-400-6413	-	Ordinary shares	1	27	100
(91) 80-6743-1100	-	Ordinary shares	0.1	0.05	100
66-2586-4444	-	Ordinary shares	0.05	5	100

Name	Principal Business / Products	Location (Head Office / Factory)
60 Unify Smart Tech Joint Stock Company	Information Technology service	Vietnam
61 Nexter Living Co., Ltd.	Elder Safety Product	Bangkok
62 Myanmar CBM Services Co., Ltd.	Business services	Myanmar
63 Nexter Digital Co., Ltd.	Business services	Bangkok
64 BetterBe Marketplace Co., Ltd.	Business services	Bangkok
65 Nexter Ventures Co., Ltd.	Holding company	Bangkok
66 SCG Living and Housing Solution Co., Ltd. (Formerly: Nexter Retail Co., Ltd.)	Living and housing solutions and services	Bangkok
67 SCG Experience Co., Ltd.	Exhibition center, services and consultation	Bangkok
68 SCG Skills Development Co., Ltd.	Logistics skills development school for SCG business partners	Saraburi
69 SCG Retail Holding Co., Ltd.	Holding company	Bangkok
70 Prime Group Joint Stock Company	Holding company	Vietnam
71 Prime Trading, Import and Export One Member Limited Liability Company	Marketing and sales of floor and wall ceramic tiles	Vietnam
72 Prime International Import-Export and Service Trading Company Limited	Marketing and sales of sanitary ware	Vietnam
73 Prime - Ngoi Viet Joint Stock Company	Clay roof tiles	Vietnam
74 Prime Pho Yen Joint Stock Company	Floor ceramic tiles	Vietnam
75 Prime - Yen Binh Joint Stock Company	Wall ceramic tiles	Vietnam
76 Prime - Tien Phong Joint Stock Company	Floor and wall ceramic tiles	Vietnam
77 Prime - Vinh Phuc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
78 Prime - Truong Xuan Joint Stock Company	Water heater and mechanical	Vietnam
79 Buu Long Industry and Investment Joint Stock Company	White cement, tile grout, tile fix, skim coat	Vietnam
80 Siam Sanitary Ware Co., Ltd.	Holding company	Bangkok
81 Siam Sanitary Ware Industry Co., Ltd.	Sanitary ware	Bangkok / Saraburi
82 Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	Sanitary ware	Bangkok / Saraburi
83 PT Semen Jawa	Cement	Indonesia
84 SCG Logistics Management Co., Ltd.	Logistics service	Bangkok
85 SCG Logistics Lao Co., Ltd.	Logistics service	Lao PDR
86 SCG Logistics Management (Cambodia) Co., Ltd.	Logistics service	Cambodia
87 SCG Express Co., Ltd. (Formerly: SCG Yamato Express Co., Ltd.)	Logistics service	Bangkok
88 Mawlamyine Cement Limited	Cement	Myanmar
89 Prime Dai An Joint Stock Company	Exploration and processing materials	Vietnam
90 PT KIA Serpik Mas	Floor and wall ceramic tiles	Indonesia
91 Kampot Cement Co., Ltd.	Cement	Cambodia
92 PT KIA Keramik Mas	Ceramic roof tiles	Indonesia

\* 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)	Total Direct / Indirect Holding * (Percent)
(84) 90-5559-562	-	Ordinary shares	1	7	100
66-2030-1000	66-2586-2250	Ordinary shares	1	105	100
(951) 966-2014	(951) 966-2014	Ordinary shares	0.02	66	100
66-2586-6950	-	Ordinary shares	37	187	100
66-2586-4111	66-2586-4017	Ordinary shares	78	1,953	100
66-2586-3333	66-2586-5625	Ordinary shares	3	327	100
66-2586-3333	-	Ordinary shares	0.5	47	100
66-2101-9922	66-2101-9920	Ordinary shares	5	500	100
66-3672-4377	66-3672-4378	Ordinary shares	0.1	5	100
66-2586-3333	-	Ordinary shares	24	2,400	100
(84) 211-3888-987	-	Ordinary shares	101	1,413	100
(84) 211-3888-987	-	**	-	420	100
(84) 211-3888-386	-	**	-	6	100
(84) 211-3597-696	-	Ordinary shares	25	350	100
(84) 280-3866-632	-	Ordinary shares	15	210	100
(84) 211-3866-152	-	Ordinary shares	13	182	100
(84) 211-3888-174	-	Ordinary shares	12	168	100
(84) 211-3866-637	-	Ordinary shares	25	350	100
(84) 211-3726-552	-	Ordinary shares	6	84	99
(84) 251-3965-475	(84) 251-3965-478	Ordinary shares	4	56	99
66-2973-5040-54	66-2551-3512	Ordinary shares	1	60	99
66-2973-5040-54	66-3626-3522	Ordinary shares	2	200	99
66-2973-5040-54	66-3637-3664	Ordinary shares	2	160	99
(6221) 350-9491	(6221) 350-9704	Ordinary shares	348	11,352	98
66-2586-3333	66-2586-2158	Ordinary shares	36	3,567	98
(856) 20-9149-4545	-	Ordinary shares	0.1	13	98
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.03	11	98
66-2239-8999	66-2168-3230	Ordinary shares	1	1,463	98
(959) 796-093-056	-	Ordinary shares	0.8	12,814	96
(959) 978-757-519	-	Ordinary shares	3	35	95
(84) 211-6535-659	-	Ordinary shares	3	35	95
(6221) 386-2322	(6221) 386-2253	Ordinary shares	3,768	1,614	94
(855) 23-996-839	-	Ordinary shares	13	4,275	92
(6221) 386-2322	(6221) 386-2253	Ordinary shares	2,926	2,162	92



Name	Principal Business / Products	Location (Head Office / Factory)
93 PT Keramik Indonesia Assosiasi, Tbk.	Floor and wall ceramic tiles	Indonesia
94 PT Kokoh Inti Arebama Tbk.	Building materials distribution	Indonesia
95 Prime Dai Viet Joint Stock Company	Floor and wall ceramic tiles	Vietnam
96 Prime Thien Phuc Joint Stock Company	Exploration and processing materials	Vietnam
97 Prime Phong Dien Joint Stock Company	Manufacture of materials	Vietnam
98 Prime Dai Loc Joint Stock Company	Floor and wall ceramic tiles	Vietnam
99 CPAC Cambodia Co., Ltd.	Ready-mixed concrete	Cambodia
100 SCG Ceramics Public Company Limited	Floor and wall ceramic tiles and Industrial Estate	Bangkok
101 Sosuco Ceramic Co., Ltd.	Floor and wall ceramic tiles	Saraburi
102 Saraburirat Co., Ltd.	Concrete paving tiles, terrazo tiles, wall tiles	Saraburi
103 Mariwasa-Siam Ceramics, Inc.	Floor and wall ceramic tiles	The Philippines
104 SCG Myanmar Concrete and Aggregate Co., Ltd.	Ready-mixed concrete and related products	Myanmar
105 PT Surya Siam Keramik	Ceramic floor tiles	Indonesia
106 SCG Builk One Philippines, Inc.	Provide digital platform service for the construction business	The Philippines
107 Green Conservation Solution Co., Ltd.	Municipal solid waste management service and use refuse derived fuel as alternative energy	Bangkok
108 SCG Home Retail Co., Ltd.	Franchise - retail business	Bangkok
109 Prime Hao Phu Joint Stock Company	Exploration and processing materials	Vietnam
110 SCGT Automobile Co., Ltd.	Dealer	Bangkok
111 Quality Construction Products Public Company Limited	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Phra Nakhon Si Ayutthaya
112 Q-Con Eastern Co., Ltd.	Autoclaved aerated concrete blocks, reinforced wall panels, floor panels and lintels for construction uses	Rayong
113 Rudy Technology Co., Ltd.	Business services	Bangkok
114 SCG-PSA Holdings Co., Ltd.	Holding company	Bangkok
115 SCG-Boonthavorn (Cambodia) Co., Ltd.	Modern retail business	Cambodia
116 Prime Dai Quang Joint Stock Company	Packaging	Vietnam
117 SCG-Shwe Me Logistics (Myanmar) Co., Ltd.	Logistics service	Myanmar
118 Panel World Co., Ltd.	Cement-bonded particleboard	Samut Sakhon
119 Jumbo Barges and Tugs Co., Ltd.	Transportation by lighter	Bangkok
120 Jumbo Barges (Cambodia) Co., Ltd.	Transportation by lighter	Cambodia
121 SCG-Sekisui Sales Co., Ltd.	Construction and interior service	Bangkok
122 SCG-Boonthavorn Holding Co., Ltd.	Holding company	Bangkok

\* 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)	Total Direct / Indirect Holding * (Percent)
(6221) 386-2322	(6221) 386-2253	Ordinary shares	14,929	5,603	92
(6221) 797-1190	(6221) 797-1090	Ordinary shares	981	350	91
(84) 211-3845-238	-	Ordinary shares	13	182	90
(84) 234-3626-282	-	Ordinary shares	5	70	90
(84) 234-3625-966	-	Ordinary shares	3	35	90
(84) 235-3509-999	-	Ordinary shares	30	414	90
(855) 12-222-102	-	Ordinary shares	0.002	128	90
66-2586-3333	66-2587-2118	Ordinary shares	5,963	5,963	83
66-3637-6300	66-3637-6319	Ordinary shares	0.01	800	83
66-2586-6822	66-2586-6800	Ordinary shares	1	96	83
(632) 717-6901	(6343) 778-2934	Ordinary shares	600	558	83
(959) 783-914-137	-	Ordinary shares	0.06	207	80
(959) 783-914-139	-	Ordinary shares	-	-	-
(6221) 5397-091	(6221) 5397-094	Ordinary shares	0.01	87	80
(632) 501-8634	(632) 501-8635	Ordinary shares	25	16	75
66-2586-3333	66-2586-2979	Ordinary shares	2	185	74
66-2693-1108-6010	-	Ordinary shares	7	685	73
(84) 27-383-2270	-	Ordinary shares	3	35	70
66-2586-1402	66-2586-2203	Ordinary shares	15	146	67
66-3525-9131	66-3525-9130	Ordinary shares	400	400	61
66-3865-0515	66-3865-0517	Ordinary shares	59	590	61
66-97140-1669	-	Ordinary shares	1	12	61
66-2586-4173	66-2586-6904	Ordinary shares	3	256	59
(855) 95-888-499	-	Ordinary shares	8	263	58
(84) 235-3761-666	-	Ordinary shares	2	28	56
(959) 43-083-164	-	Ordinary shares	2	58	55
66-3447-3067-70	66-3447-3063	Ordinary shares	2	245	55
66-2872-3014-5	66-2872-3016	Ordinary shares	5	457	55
(855) 23-966-206	(855) 23-966-205	Ordinary shares	0.001	0.2	55
66-2586-1323	66-2586-4364	Ordinary shares	8	825	51
66-2693-1108-6010	-	Ordinary shares	8	601	51

Name	Principal Business / Products	Location (Head Office / Factory)
123 Smart Build Bangladesh Co., Ltd.	Dealer	Bangladesh
124 Mingalar Motor Co., Ltd.	Dealer	Myanmar
125 PT Siam-Indo Gypsum Industry	Gypsum boards	Indonesia
126 PT Siam-Indo Concrete Products	Fiber cement roof tiles	Indonesia
127 Thai Connectivity Terminal Co., Ltd.	Shipping port	Samut Prakan
128 Bangkok Interfreight Forwarding Co., Ltd.	Logistics service	Samut Prakan
129 PT Pion Quarry Nusantara	Aggregates	Indonesia
130 Home Center Quang Ninh Joint Stock Company	Retail store	Vietnam
131 PT SCG Barito Logistics	Logistics service	Indonesia
132 PT Renos Marketplace Indonesia	Marketplace	Indonesia
133 PT Tambang Semen Sukabumi	Limestone quarry	Indonesia
134 Kampot Land Co., Ltd.	Land investment	Cambodia
<b>Joint Ventures, Associates and Other Companies</b>		
135 Global House International Company Limited ***	Holding company	Bangkok
136 BIMobject (Thailand) Co., Ltd. ***	Digital platform	Bangkok
137 CPAC SB&M Lifetime Solution Co., Ltd. ***	Repairing and maintenance product and service	Bangkok
138 Siam Smart Data Co., Ltd. ***	Holding company	Bangkok
139 SCG Nichirei Logistics Co., Ltd. ***	Cold Chain	Bangkok
140 Sekisui-SCG Industry Co., Ltd.	Modular housing components	Saraburi
141 China ASEAN Supply Chain Management Co., Ltd.	Logistics service	China
142 Survey Marine Services Co., Ltd.	Land rental	Bangkok
143 Green Siam Resources Corporation	Baling business	The Philippines
144 Mariwasa Holdings, Inc.	Holding company	The Philippines
145 CMPI Holdings, Inc.	Holding company	The Philippines
146 Siam Saison Co., Ltd.	Financial service	Bangkok
147 Siam Global House Public Company Limited	Building materials and home improvement products distribution	Roi Et
148 PT Catur Sentosa Adiprana Tbk	Retailer and distributor of construction materials	Indonesia
149 PT Catur Mitra Sejati Sentosa	Modern retail business	Indonesia
150 PT Catur Sentosa Berhasil	Modern retail business	Indonesia
151 PT Catur Sentosa Anugerah	Distribution	Indonesia
152 Anhui Conch-SCG Refractory Co., Ltd.	Refractory	China
153 The Siam Gypsum Industry Co., Ltd.	Holding company	Bangkok
154 The Siam Gypsum Industry (Saraburi) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Saraburi

\* 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

\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535

Telephone	Facsimile	Type of Shares	Number of Paid-up Shares (Million Shares)	Issued and Paid-up Shares (Million Baht)	Total Direct / Indirect Holding * (Percent)
(880) 1-7-8765-9249	-	Ordinary shares	0.06	24	51
(951) 7514-940-41	-	Ordinary shares	0.01	166	50
(6221) 8832-0028	(6221) 8832-0036	Ordinary shares	0.03	306	50
(6226) 743-2140	(6225) 743-2149	Ordinary shares	0.03	446	50
66-2754-4501-9	66-2754-4513	Ordinary shares	1	63	50
66-2754-4501-9	66-2754-4513	Ordinary shares	0.02	2	50
(6221) 797-1190	(6221) 797-1090	Ordinary shares	0.01	16	49
(84) 203-6520-959	-	Ordinary shares	0.6	8	49
(6221) 634-5668	(6221) 634-5666	Ordinary shares	4	103	49
(6221) 8051-1688	-	Ordinary shares	172	36	49
(6221) 350-9491	(6221) 350-9704	Ordinary shares	62	164	48
(855) 12-442-737	-	Ordinary shares	0.001	0.2	45
66-2586-3333	66-2586-5454	Ordinary shares	27	2,686	66
66-63270-4665	-	Ordinary shares	0.05	5	51
66-81750-6874	-	Ordinary shares	0.4	35	51
66-2586-3021	66-2586-2391	Ordinary shares	0.2	211	51
66-2706-1710	-	Ordinary shares	8	770	50
66-3637-3478	66-3637-3480	Ordinary shares	23	2,325	49
(86) 771-508-6999-30281	-	Ordinary shares	25	116	49
66-2296-1490-2	66-2296-1494	Ordinary shares	0.4	37	48
(632) 501-8631	(632) 501-8631	Ordinary shares	13	95	40
(632) 717-6901	(6343) 778-2934	Ordinary shares	248	235	40
(632) 813-1666	(632) 813-1704	Ordinary shares	48	55	40
66-2586-3021	66-2586-2391	Ordinary shares	0.3	300	36
66-4351-9597	66-4351-1492	Ordinary shares	4,602	4,602	32
(6221) 566-8801	(6221) 5696-5178	Ordinary shares	4,458	1,030	31
(6221) 5420-4999	(6221) 5421-7375 (6221) 5421-7383	Ordinary shares	7,000	1,617	31
(6221) 580-0757	(6221) 580-0758	Ordinary shares	130	300	31
(6221) 619-7255	(6221) 619-0009	Ordinary shares	0.1	185	31
(86) 553-839-9857	(86) 553-839-9888	**	-	816	30
66-2555-0055	66-2555-0001-6	Ordinary shares	2	150	29
66-3621-8200	66-3621-8201	Ordinary shares	5	470	29



Name	Principal Business / Products	Location (Head Office / Factory)
155 The Siam Gypsum Industry (Songkhla) Co., Ltd.	Gypsum board / product derived from gypsum and plaster	Songkhla
156 PT M Class Industry	Clay roof tiles	Indonesia
157 PT Caturaditya Sentosa	Distribution	Indonesia
158 PT Catur Logamindo Sentosa	Distribution	Indonesia
159 Siam Validus Capital Company Limited	Crowdfunding platform	Bangkok
160 Global House (Cambodia) Company Limited	Building materials and home improvement products distribution	Cambodia
161 PT Catur Hasil Sentosa	Modern retail business	Indonesia
162 PT Kusuma Kemindo Sentosa	Distribution	Indonesia
163 PT Caturadiluhur Sentosa	Distribution	Indonesia
164 PT Eleganza Tile Indonesia	Distribution	Indonesia
165 Asia Cement Public Company Limited	Cement	Bangkok
166 Noritake SCG Plaster Co., Ltd.	Manufacture and distribute plaster	Saraburi
167 TEAM Consulting Engineering and Management Public Company Limited	Integrated engineering, environment and management consultancy services	Bangkok
168 Finfloor S.p.A.	Holding company	Italy
<b>Chemicals Business</b>		
<b>Subsidiaries</b>		
169 SCG Chemicals Co., Ltd.	Holding company	Bangkok
170 Thai Polyethylene Co., Ltd.	Polyethylene and polypropylene	Rayong
171 SCG Plastics Co., Ltd.	Trading	Bangkok
172 SCG Performance Chemicals Co., Ltd.	Trading	Bangkok
173 SCG Chemicals Trading Singapore Pte. Ltd.	International trading	Singapore
174 Rayong Engineering & Plant Service Co., Ltd.	Engineering and plant service	Rayong
175 Protech Outsourcing Co., Ltd.	Engineering and plant service	Rayong
176 Repco Maintenance Co., Ltd.	Engineering and plant service	Rayong
177 RIL 1996 Co., Ltd.	Industrial Estate	Rayong
178 Texlore Co., Ltd.	Chemical technology services	Bangkok
179 Vina SCG Chemicals Co., Ltd.	Holding company	Bangkok
180 Long Son Petrochemicals Co., Ltd.	Integrated petrochemical company	Vietnam
181 WTE Company Limited	Holding company	Bangkok
182 SCG Chemicals (Singapore) Pte. Ltd.	Holding company	Singapore
183 Tuban Petrochemicals Pte. Ltd.	Holding company	Singapore
184 Hexagon International, Inc.	Holding company	USA
185 SENFI Norway AS	Holding company	Norway
186 Norner AS	Research and development	Norway
187 Norner Research AS	Research Institute	Norway

\* 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)	Total Direct / Indirect Holding * (Percent)
66-7420-0400	66-7420-0401	Ordinary shares	1	120	29
(6202) 6743-6888	(6221) 539-7094	Ordinary shares	34	222	28
(6221) 4682-6456-58	(6221) 4682-6455	Ordinary shares	0.003	7	28
(6227) 445-2010	(6227) 445-2011	Ordinary shares	0.002	3	22
66-63651-554	-	Ordinary shares	10	100	20
(855) 23-232-232	(855) 23-232-231	Ordinary shares	0.002	521	18
(6272) 132-057	(6272) 132-058	Ordinary shares	0.001	2	17
(6221) 565-3736	(6221) 566-9443	Ordinary shares	2	5	16
(6221) 5694-2213	(6221) 560-2025				
(6271) 1564-5723-29	(6271) 1564-5730	Ordinary shares	0.01	23	16
(6221) 566-6360	(6221) 568-2081	Ordinary shares	0.03	58	16
66-2641-5600	-	Ordinary shares	778	3,892	10
66-3637-3578-82	66-3637-3577	Ordinary shares	4	405	10
66-2509-9000	66-2509-9090	Ordinary shares	680	340	10
(39) 05-3684-0111	(39) 05-3684-0322	Ordinary shares	11	429	10
66-2586-1111	66-2586-5561	Ordinary shares	1,145	114,453	100
66-3868-3393-7	66-3868-3398	Ordinary shares	52	5,190	100
66-2586-1111	66-2586-5522	Ordinary shares	0.1	10	100
66-2586-1111	66-2586-3676	Ordinary shares	0.1	5	100
(65) 6221-5368	(65) 6221-5346	Ordinary shares	1	23	100
66-3868-5040-8	66-3891-1309	Ordinary shares	0.05	5	100
66-3868-2632-3	66-3868-2633	Ordinary shares	0.01	1	100
66-3893-7000	66-3803-5380	Ordinary shares	2	215	100
66-3893-7010	66-3803-5575	Ordinary shares	11	1,100	100
66-2586-4779	66-2586-5453	Ordinary shares	0.01	1	100
66-2586-5435	-	Ordinary shares	798	79,813	100
(84) 283-911-8660	-	**	-	78,005	100
66-2586-3333	-	Ordinary shares	0.8	84	100
(65) 6221-5368	-	Ordinary shares	38	804	100
(65) 6297-9661	-	Ordinary shares	112	2,349	100
66-2586-4444	-	Ordinary shares	2	67	100
(47) 3557-8000	(47) 3557-8124	Ordinary shares	0.01	3	100
(47) 3557-8001	(47) 3557-8125	Ordinary shares	0.001	0.1	100
(47) 3557-8002	(47) 3557-8126	Ordinary shares	0.001	0.1	100

Name	Principal Business / Products	Location (Head Office / Factory)
188 SCGN AS	Technology service and licensing	Norway
189 SMH Co., Ltd.	Research and development and technology service	Bangkok
190 Thai Plastic and Chemicals Public Company Limited	PVC	Bangkok
191 PT TPC Indo Plastic and Chemicals	PVC	Indonesia
192 TPC Paste Resin Co., Ltd.	PVC paste resins	Bangkok
193 Nawaplastic Industries Co., Ltd.	PVC pipe and fittings	Bangkok
194 Nawa Intertech Co., Ltd.	Molding products	Rayong
195 Chemtech Co., Ltd.	Plastic compound	Vietnam
196 Total Plant Service Co., Ltd.	Holding company	Rayong
197 Xplore S.R.L. (Formerly: HTEExplore S.R.L.)	Research and development	Italy
198 SENFI UK Limited	Research and development	The United Kingdom
199 SENFI Swiss GmbH	Marketing service	Switzerland
200 Rayong Pipeline Co., Ltd.	Rights of pipe rack use	Rayong
201 SCG ICO Polymers Company Limited	Rotomolding compound	Bangkok
202 Map Ta Phut Tank Terminal Co., Ltd.	Tank and terminal service	Rayong
203 Grand Nawaplastic Myanmar Co., Ltd.	PVC pipe and fittings	Myanmar
204 Viet-Thai Plastchem Co., Ltd.	PVC compound	Vietnam
205 TPC Vina Plastic and Chemicals Corporation Ltd.	PVC	Vietnam
206 Rayong Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
207 Map Ta Phut Olefins Co., Ltd.	Raw materials for plastic resins	Rayong
208 Nawaplastic (Cambodia) Co., Ltd.	PVC pipe and fittings	Cambodia
209 Circular Plas Company Limited	Plastic recycling	Rayong
210 PT Nusantara Polymer Solutions	Trading	Indonesia
211 Binh Minh Plastics Joint Stock Company	PVC pipe and fittings	Vietnam
212 North Binh Minh Plastics Limited Company	PVC pipe and fittings	Vietnam
213 PT Berjaya Nawaplastic Indonesia	PVC pipe and fittings	Indonesia
214 Kation Power Co., Ltd.	Plant service	Bangkok
215 Flowlab & Service Co., Ltd.	Calibration service	Rayong
<b>Associates and Other Companies</b>		
216 SCG Plastics (China) Co., Limited ***	Trading	Hong Kong
217 SCG Plastics (Shanghai) Co., Ltd. ***	Trading	China
218 Bangkok Synthetics Co., Ltd. ***	Raw materials for synthetic rubber	Bangkok
219 BST Elastomers Co., Ltd. ***	Synthetic rubber	Bangkok
220 A.J. Plast (Vietnam) Company Limited	Packaging film	Vietnam
221 Siam Styrene Monomer Co., Ltd. ***	Raw materials for polystyrene	Rayong
222 Siam Synthetic Latex Co., Ltd. ***	Synthetic latex	Rayong
223 Siam Polyethylene Co., Ltd. ***	Polyethylene	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 / China / Italy  
The capital contribution is as stipulated in the investment certificate of the invested company

\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535

Telephone	Facsimile	Type of Shares	Number of Paid-up Shares (Million Shares)	Issued and Paid-up Shares (Million Baht)	Total Direct / Indirect Holding * (Percent)
(47) 3557-8003	(47) 3557-8127	Ordinary shares	0.001	0.1	100
66-2586-4859	66-2586-6277	Ordinary shares	2	170	100
66-2586-4235	66-2827-7273	Ordinary shares	875	875	100
(6231) 395-2945	(6231) 395-2944	Ordinary shares	0.03	1,020	100
66-2827-7272	66-2827-7273	Ordinary shares	3	333	100
66-2555-0888	66-2586-2929	Ordinary shares	4	400	100
66-3889-2190-9	66-3889-2200	Ordinary shares	0.4	40	100
(84) 650-3784-992	(84) 650-3784-993	**	-	103	100
66-2827-7272	66-2827-7273	Ordinary shares	12	1,180	100
(39) 08-1674-051	-	**	-	1	100
66-2586-4444	-	Ordinary shares	1	43	100
66-2586-4444	-	Ordinary shares	0.0003	1	100
66-3893-7065	66-3803-5381	Ordinary shares	4	400	92
66-2586-2649	66-2586-5561	Ordinary shares	4	380	87
66-3868-9471-2	66-3891-1955	Ordinary shares	7	700	82
(959) 863-3988	-	Ordinary shares	1	273	80
(84) 650-3710-993	(84) 650-3740-065	**	-	75	72
(84) 83-8234-730	(84) 83-8234-725	**	-	1,013	70
66-3868-5040-8	66-3868-5036	Ordinary shares	108	10,820	68
66-3893-7000	-	Ordinary shares	225	22,520	67
(855) 23-882-072	(855) 23-885-172	Ordinary shares	1	179	60
66-2586-3333	-	Ordinary shares	2	171	60
(6221) 535-5678	(6221) 536-79185	Ordinary shares	1	23	55
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	82	1,123	54
(84) 321-3967-868	(84) 321-3967-869	**	-	213	54
(6221) 2956-6526-28	(6221) 2956-6529	Ordinary shares	0.1	151	51
66-2539-7268	66-2539-7431	Ordinary shares	2	20	51
66-3891-1321-2	66-3891-1381	Ordinary shares	0.02	4	51
(852) 2544-9991	(852) 2544-9992	Ordinary shares	0.1	4	60
(86) 216-888-6091	(86) 216-888-6092	**	-	25	60
66-2679-5120	66-2679-5119	Ordinary shares	12	1,173	54
66-2679-5120	66-2679-5119	Ordinary shares	21	525	54
66-2586-3333	-	**	-	306	50
66-3867-3000	66-3868-3991	Ordinary shares	48	1,189	50
66-3867-3000	66-3868-3991	Ordinary shares	59	5,789	50
66-3867-3000	66-3868-3991	Ordinary shares	44	4,366	50

Name	Principal Business / Products	Location (Head Office / Factory)
224 Siam Polystyrene Co., Ltd. ***	Polystyrene	Rayong
225 Rayong Terminal Co., Ltd. ***	Tank and terminal service	Rayong
226 PT Siam Maspion Terminal ***	Tank and terminal service	Indonesia
227 Thai MMA Co., Ltd. ***	Raw materials for acrylic	Rayong
228 Grand Siam Composites Co., Ltd. ***	Polypropylene compound	Rayong
229 Thai MFC Co., Ltd.	Melamine compound	Rayong
230 Siam Tohcello Co., Ltd.	Packaging film	Rayong
231 PT Trans-Pacific Polyethylene Indonesia	Polyethylene	Indonesia
232 PT Trans-Pacific Polyethylindo	Polyethylene	Indonesia
233 Riken (Thailand) Co., Ltd.	PVC compound	Bangkok
234 PT Chandra Asri Petrochemical Tbk.	Integrated petrochemical company	Indonesia
235 Chandra Asri Trading Company Pte. Ltd.	Trading	Singapore
236 Mitsui Advanced Composites (Zhongshan) Co., Ltd.	Polypropylene compound	China
237 Da Nang Plastics Joint Stock Company	PVC pipe	Vietnam
238 Binh Minh Viet Trading Investment Real Estate Joint Stock Company	Real estate business	Vietnam
<b>SCGP (Packaging Business)</b>		
<b>Subsidiaries</b>		
239 SCG Packaging Public Company Limited	Holding company	Bangkok
240 Siam Kraft Industry Co., Ltd.	Packaging paper	Bangkok
241 Visy Packaging (Thailand) Limited	Rigid packaging	Rayong
242 Precision Print Co., Ltd.	Fiber-based packaging	Samut Sakhon
243 Invenique Co., Ltd.	Asset and intellectual property management service	Bangkok
244 SCGP Excellence Training Center Co., Ltd.	Training and seminar	Bangkok
245 SCG Paper Energy Co., Ltd.	Energy and utilities	Bangkok
246 SCGP Solutions Co., Ltd.	Holding company	Bangkok
247 SCGP Solutions (Singapore) Pte. Ltd.	Holding company	Singapore
248 Go-Pak UK Limited	Foodservice packaging	The United Kingdom
249 Go-Pak Vietnam Limited	Foodservice packaging	Vietnam
250 Go-Pak Paper Products Vietnam Co., Ltd.	Foodservice packaging	Vietnam
251 SCGP Rigid Plastics Co., Ltd.	Holding company	Bangkok
252 SCGP Rigid Packaging Solutions Pte. Ltd.	Holding company	Singapore
253 International Healthcare Packaging Co., Ltd. (Formerly: SKIC International Co., Ltd.)	Holding company	Bangkok
254 Thai Cane Paper Public Company Limited	Packaging paper	Kanchanaburi
255 Deltalab Global, S.L.	Holding company	Spain
256 Deltalab, S.L.	Medical Supplies and Labware	Spain
257 Keylab, S.L.U.	Medical Supplies and Labware	Spain

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\*\*\* The subsidiaries under definition of the Securities Exchange of Thailand ACT B.E. 2535



Telephone	Facsimile	Type of Shares	Number of Paid-up Shares (Million Shares)	Issued and Paid-up Shares (Million Baht)	Total Direct / Indirect Holding * (Percent)
66-3867-3000	66-3868-3991	Ordinary shares	10	995	50
66-3891-3133	66-3869-3134	Ordinary shares	14	1,325	50
(6231) 395-2945-8	(6231) 353-3218	Ordinary shares	0.01	327	50
66-3891-1700	66-3868-4855	Ordinary shares	56	5,590	47
66-3868-4241	66-3868-4255	Ordinary shares	1	64	46
66-3868-3760	66-3891-4250	Ordinary shares	2	200	45
66-3301-0525	66-3301-0506	Ordinary shares	1	406	45
(6221) 574-5880	-	Ordinary shares	0.2	472	39
(6221) 574-5880	-	Ordinary shares	0.1	337	39
66-2501-1054	66-2501-1198	Ordinary shares	1	120	35
(6221) 530-7950	(6221) 530-8930	Ordinary shares	21,628	62,157	31
(6221) 530-7950	-	Ordinary shares	5	152	31
(86) 760-533-2138	(86) 760-389-8880	Ordinary shares	15	596	20
(84) 36-3714-460	(84) 36-3714-561	Ordinary shares	2	31	16
(84) 83-9690-973	(84) 83-9606-814	Ordinary shares	21	288	14
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66-2586-3333	66-2586-2164	Ordinary shares	4,293	4,293	72
66-2586-3333	66-2586-2164	Ordinary shares	35	3,450	72
66-3895-8200	66-3895-0078	Ordinary shares	5	497	72
66-2105-4477	66-3445-2339	Ordinary shares	3	33	72
66-2586-3333	66-2586-2164	Ordinary shares	1	107	72
66-2586-3876	66-2586-4507	Ordinary shares	1	49	72
66-2586-3333	66-2586-2164	Ordinary shares	9	890	72
66-2586-3333	66-2586-2164	Ordinary shares	2	170	72
66-2586-3333	66-2586-2164	Ordinary shares	962	21,736	72
(44) 14-5428-5400	(44) 14-5428-5401	Ordinary shares	8	318	72
(84) 274-3815-148	(84) 274-3815-150	**	-	14	72
(84) 274-3866-368	-	**	-	11	72
66-2586-3333	66-2586-2164	Ordinary shares	62	4,403	72
66-2586-3333	66-2586-2164	Ordinary shares	125	2,732	72
66-2586-3333	66-2586-2164	Ordinary shares	34	3,361	72
66-3461-5800	66-3461-5899	Ordinary shares	358	3,583	71
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	5	200	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	4	141	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.05	2	61

Name	Principal Business / Products	Location (Head Office / Factory)
258 Nirco, S.L.	Medical Supplies and Labware	Spain
259 Envases Farmaceuticos, S.A.	Medical Supplies and Labware	Spain
260 Equilabo Scientific, S.L.U.	Medical Supplies and Labware	Spain
261 Sanilabo, S.L.U.	Medical Supplies and Labware	Spain
262 United Pulp and Paper Co., Inc.	Packaging paper	The Philippines
263 Thai Containers Group Co., Ltd.	Fiber-based packaging	Bangkok / Ratchaburi / Samut Prakan / Pathum Thani
264 Thai Containers Khonkaen Co., Ltd.	Fiber-based packaging	Khon Kaen
265 Thai Containers Rayong Co., Ltd.	Fiber-based packaging	Rayong
266 Vina Kraft Paper Co., Ltd.	Packaging paper	Vietnam
267 New Asia Industries Co., Ltd.	Fiber-based packaging	Vietnam
268 Alcamax Packaging (Vietnam) Co., Ltd.	Fiber-based packaging	Vietnam
269 AP Packaging (Hanoi) Co., Ltd.	Fiber-based packaging	Vietnam
270 Packamex (Vietnam) Co., Ltd.	Fiber-based packaging	Vietnam
271 Orient Containers Co., Ltd.	Fiber-based packaging	Samut Sakhon
272 PT Indoris Printingdo	Fiber-based packaging	Indonesia
273 PT Indocorr Packaging Cikarang	Fiber-based packaging	Indonesia
274 Duy Tan Plastics Manufacturing Corporation Joint Stock Company	Rigid packaging	Vietnam
275 Duy Tan Long An Co., Ltd.	Rigid packaging	Vietnam
276 Duy Tan Precision Mold Co., Ltd.	Rigid packaging	Vietnam
277 Duy Tan Binh Duong Plastics Co., Ltd.	Rigid packaging	Vietnam
278 Mata Plastic Co., Ltd.	Rigid packaging	Vietnam
279 Phoenix Pulp & Paper Public Company Limited	Foodservice packaging / Pulp and paper products	Bangkok
280 Thai Paper Co., Ltd.	Foodservice packaging / Pulp and paper products	Bangkok
281 The Siam Forestry Co., Ltd.	Forestry products	Bangkok
282 Panas Nimit Co., Ltd.	Forestry products	Bangkok
283 Thai Panason Co., Ltd.	Forestry products	Bangkok
284 Thai Panadorn Co., Ltd.	Forestry products	Bangkok
285 Thai Panaram Co., Ltd.	Forestry products	Bangkok
286 Suanpa Rungsaris Co., Ltd.	Forestry products	Bangkok
287 Siam Panawes Co., Ltd.	Forestry products	Bangkok
288 Thai Panaboon Co., Ltd.	Forestry products	Bangkok
289 Thai Wanabhum Co., Ltd.	Forestry products	Bangkok
290 TCG Solutions Pte. Ltd.	Holding company	Singapore

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Telephone	Facsimile	Type of Shares	Number of Paid-up Shares (Million Shares)	Issued and Paid-up Shares (Million Baht)	Total Direct / Indirect Holding * (Percent)
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.2	40	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.01	2	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.0003	1	61
(34) 93-699-5000	(34) 93-699-4512	Ordinary shares	0.006	0.2	61
(632) 870-0100	(632) 870-0409	Ordinary shares	200	1,462	54
		Preferred shares	1,108	4,105	
66-2586-5991	66-2586-4723	Ordinary shares	14	1,384	50
66-2586-3333	66-2586-2164	Ordinary shares	0.2	150	50
66-2586-3333	66-2586-2164	Ordinary shares	1	650	50
(848) 268-0240-2	(848) 268-0239	**	-	8,126	50
(84) 83-7294-160	(84) 83-7293-028	**	-	345	50
(84) 650-3743-031	(84) 65-0378-2816	**	-	607	50
(84) 32-0375-3862	(84) 32-0375-2868	**	-	248	50
(84) 83-7291-030	(84) 83-7291-031	**	-	220	50
66-3488-3422-4	66-3488-3421	Ordinary shares	26	260	50
(6221) 596-0772-3	(6221) 596-0774	Ordinary shares	0.02	55	50
	(6221) 596-3076				
(6221) 893-6868	(6221) 893-6565	Ordinary shares	0.5	308	50
(84) 28-3876-2222	(84) 28-3876-2225	Ordinary shares	170	2,433	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	1,073	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	186	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	118	50
(84) 28-3876-2222	(84) 28-3876-2225	**	-	14	50
66-2586-3333	66-2586-2164	Ordinary shares	236	2,365	50
		Preferred shares	10	98	
66-2586-3333	66-2586-2164	Ordinary shares	78	7,770	50
66-2586-3333	66-2586-2164	Ordinary shares	2	184	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.02	2	50
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	50
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	50
66-2586-3333	66-2586-2164	Ordinary shares	0.03	3	50
66-2586-3333	66-2586-2164	Ordinary shares	124	2,756	50

Name	Principal Business / Products	Location (Head Office / Factory)
291 Interpress Printers Sendirian Berhad	Foodservice packaging	Malaysia
292 PT Primacorr Mandiri	Fiber-based packaging	Indonesia
293 Bien Hoa Packaging Joint Stock Company	Fiber-based packaging	Vietnam
294 PT Fajar Surya Wisesa Tbk.	Packaging paper	Indonesia
295 PT Dayasa Aria Prima	Packaging paper	Indonesia
296 PT Indonesia DIRTAJAYA Aneka Industri Box	Fiber-based packaging	Indonesia
297 PT Bahana Buana Box	Fiber-based packaging	Indonesia
298 PT RapiPack Asritama	Fiber-based packaging	Indonesia
299 Tin Thanh Packing Joint Stock Company	Flexible packaging	Vietnam
300 Prepack Thailand Co., Ltd.	Flexible packaging	Samut Sakhon Samut Songkhram / Rayong
301 TC Flexible Packaging Co., Ltd.	Holding company	Bangkok
302 SCGP-T Plastics Co., Ltd.	Holding company	Bangkok
303 Tawana Container Co., Ltd.	Fiber-based packaging	Samut Prakan
304 Conimex Co., Ltd.	Rigid packaging	Samut Prakan
<b>Associates</b>		
305 Siam Toppan Packaging Co., Ltd.	Fiber-based packaging	Samut Prakan
306 P&S Holdings Corporation	Holding company	The Philippines
307 Siam Nippon Industrial Paper Co., Ltd.	Specialty paper	Bangkok
308 Sahagreen Forest Co., Ltd.	Energy and utilities	Kamphaeng Phet
<b>Others</b>		
<b>Subsidiaries</b>		
309 Cementhai Holding Co., Ltd.	Holding company	Bangkok
310 Cementhai Property (2001) Public Company Limited	Holding company	Bangkok
311 Property Value Plus Co., Ltd.	Land business and land lease service	Bangkok
312 SCG Accounting Services Co., Ltd.	Accounting, financial and tax services	Bangkok
313 SCG Legal Counsel Limited	Legal consultant	Bangkok
314 CTO Management Co., Ltd.	Marketable securities investment	Bangkok
315 Cementhai Captive Insurance Pte. Ltd.	Insurance	Singapore
316 SCG Cleanergy Co., Ltd. (Formerly: Siam Innovation Product and Solution Co., Ltd.)	Provide innovative technology products and services	Bangkok
317 SCG Learning Excellence Co., Ltd.	Training service	Bangkok
318 SCG HR Solutions Co., Ltd.	Consulting in business and human resource management and training service	Bangkok
319 SCG Vietnam Co., Ltd.	Management consulting service	Vietnam
320 PT SCG Indonesia	Management consulting service	Indonesia
321 Bangsue Industry Co., Ltd.	Provide products and services on new online platform and others	Bangkok

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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)	Total Direct / Indirect Holding * (Percent)
(60) 35-542-1716	(60) 35-542-1703	Ordinary shares	47	384	49
		Preferred shares	28	225	
(6221) 596-2345	(6221) 596-2000	Ordinary shares	0.1	294	49
(84) 251-3836-121	(84) 251-3832-939	Ordinary shares	13	165	48
(6221) 344-1316	(6221) 345-7643	Ordinary shares	2,478	2,713	40
(6221) 344-1316	(6221) 345-7643	Ordinary shares	935	2,026	40
(6231) 395-1910	(6231) 3951-906	Ordinary shares	9	207	38
(6229) 1686-234	(6229) 1690-243	Ordinary shares	3	71	38
(6221) 8973-115	(6221) 8973-116	Ordinary shares	7	150	38
(84) 72-3779-747	(84) 72-3779-750	Ordinary shares	17	254	38
66-3444-0600-5	66-3444-0606-7	Ordinary shares	3	322	38
		Preferred shares	1	90	
66-2586-5991	66-2586-4723	Ordinary shares	21	2,108	38
66-2586-3333	66-2586-2164	Ordinary shares	4	386	37
66-2324-0781	66-2324-0079	Ordinary shares	3	300	36
66-2738-0305	66-2326-6275	Ordinary shares	4	420	28
66-2709-3110-7	66-2324-0336	Ordinary shares	5	500	35
(632) 870-0100	(632) 870-0409	Ordinary shares	28	263	29
66-2586-3333	66-2586-2164	Ordinary shares	11	1,100	23
66-5585-8033	66-5585-8031	Ordinary shares	19	190	13
66-2586-2104	66-2586-2008	Ordinary shares	0.01	1	100
66-2586-2104	66-2586-2008	Ordinary shares	7	72	100
66-2586-2104	66-2586-2008	Ordinary shares	8	820	100
66-2586-3333	66-2586-2398	Ordinary shares	1	5	100
66-2586-5777	66-2586-2976	Ordinary shares	0.2	15	100
66-2586-3333	66-2587-2157	Ordinary shares	25	380	100
(65) 6411-9374	(65) 6333-6116	Ordinary shares	0.3	34	100
66-2586-3333	66-2587-2157	Ordinary shares	41	263	100
66-2586-3333	66-2586-2684	Ordinary shares	0.2	20	100
66-2586-3333	-	Ordinary shares	0.05	5	100
(84) 83-526-9011-13	(84) 83-526-9014	**	-	16	100
(6221) 576-1646	-	Ordinary shares	0.1	26	100
66-2586-1920	-	Ordinary shares	4	303	100



Name	Principal Business / Products	Location (Head Office / Factory)
322 Add Ventures Capital Co., Ltd.	Venture capital	Bangkok
323 Add Ventures Capital International Co., Ltd.	Overseas venture capital	Bangkok
324 A.I. Technology Co., Ltd.	Industrial materials and machine	Pathum Thani
325 A.I. Tech Inter Private Limited	Holding company	Singapore
326 Siam GNE Solar Energy Co., Ltd.	Manufacturing and sales the electricity from renewable energy	Bangkok
<b>Associates and Other Companies</b>		
327 Siam Kubota Corporation Co., Ltd.	Agricultural machinery	Pathum Thani
328 Kubota Cambodia Co., Ltd.	Agricultural machinery	Cambodia
329 Kubota Lao Sole Co., Ltd.	Agricultural machinery	Laos
330 Siam Kubota Metal Technology Co., Ltd.	Cast iron	Chachoengsao
331 Siam Kubota Leasing Co., Ltd.	Leasing	Pathum Thani
332 Kubota Leasing (Cambodia) Plc.	Leasing	Cambodia
333 Siam AT Industry Co., Ltd.	Automotive parts	Chon Buri
334 Thai Engineering Products Co., Ltd.	Automotive parts	Pathum Thani
335 The Nawaloha Industry Co., Ltd.	Cast iron	Saraburi
336 Aisin Takaoka Foundry Bangpakong Co., Ltd.	Cast iron	Chon Buri
337 The Siam Nawaloha Foundry Co., Ltd.	Cast iron	Saraburi
338 IT One Co., Ltd.	Technical services	Bangkok
339 Lysando AG	Research and development	Liechtenstein
340 Toyota Motor Thailand Co., Ltd.	Automotives	Samut Prakan
341 Siam Yamato Steel Co., Ltd.	Structural steel	Rayong
342 Siam Toyota Manufacturing Co., Ltd.	Automotive engines and automotive parts	Chon Buri

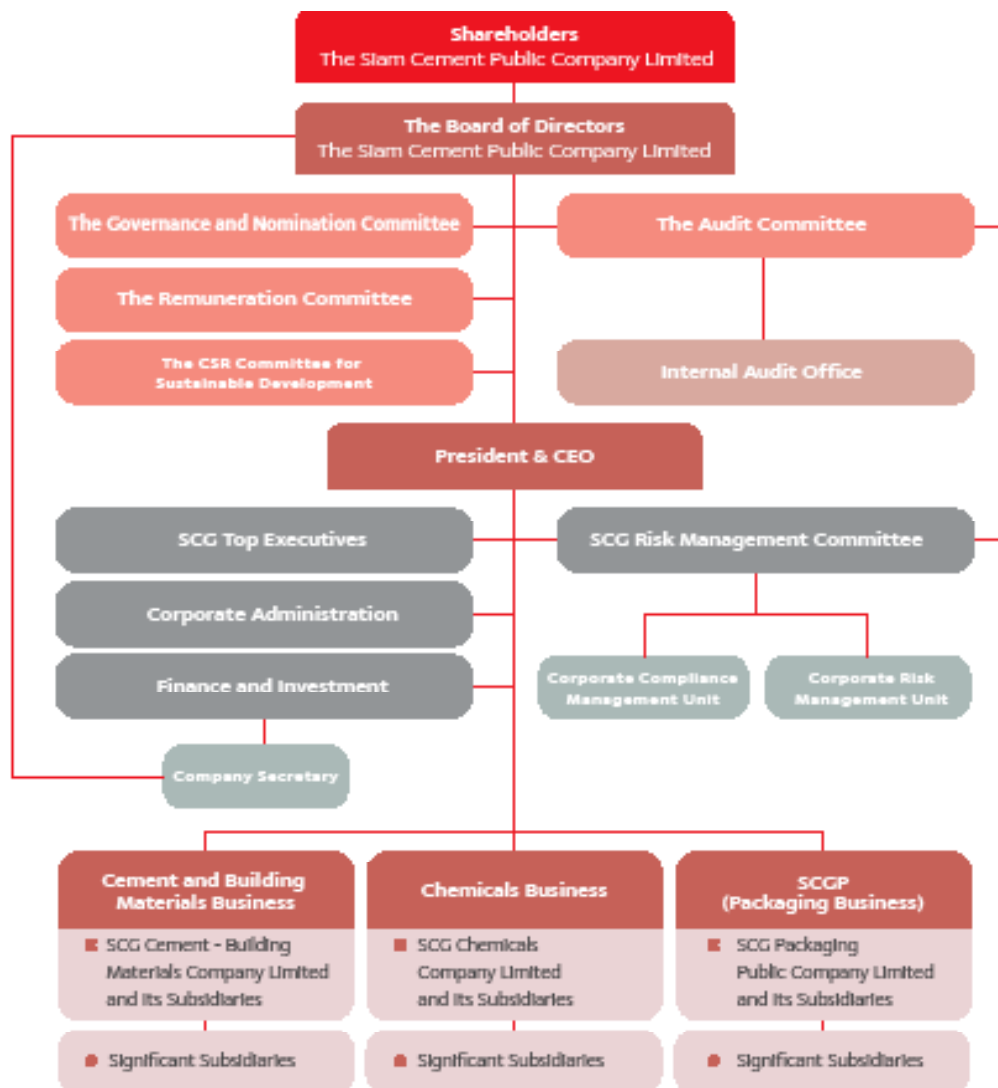
\* Directly and indirectly holding through the Company, subsidiaries, joint ventures, associates and other companies

Telephone	Facsimile	Type of Shares	Number of Paid-up Shares (Million Shares)	Issued and Paid-up Shares (Million Baht)	Total Direct / Indirect Holding * (Percent)
66-2586-3333	-	Ordinary shares	12	305	100
66-2586-3333	-	Ordinary shares	21	2,118	100
66-2159-8600	66-2979-4531	Ordinary shares	0.5	50	51
(65) 8448-2780	(65) 6324-8205	Ordinary shares	0.1	23	51
66-2586-5684	66-2586-6284	Ordinary shares	0.3	25	50
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66-2909-0300-1	66-2909-1698	Ordinary shares	31	2,739	40
(855) 23-971-133	-	Ordinary shares	0.001	38	40
(856) 21-454-944	-	Ordinary shares	0.3	30	40
66-3885-5115	66-3885-5110	Ordinary shares	9	900	40
66-2909-0300	66-2909-1697	Ordinary shares	80	2,000	40
(855) 23-901-475	-	Ordinary shares	0.2	598	40
66-3845-4266-8	66-3845-4266	Ordinary shares	2	240	30
66-2529-3518-22	66-2529-1677	Ordinary shares	1	85	30
66-3633-6531-4	66-3622-3209	Ordinary shares	3	300	30
66-3845-4671-7	66-3845-4670	Ordinary shares	5	475	30
66-3628-8300	66-3628-8309	Ordinary shares	3	308	25
66-2271-5111	66-2271-5112	Ordinary shares	1	80	20
(423) 262-5753	(423) 262-5752	Ordinary shares	1	43	18
66-2386-1000	66-2386-1883	Ordinary shares	8	7,520	10
66-3868-3723-30	66-3868-3200	Ordinary shares	30	3,000	10
66-3821-3451-5	66-3874-3310	Ordinary shares	29	2,850	4

# 12

## SHAREHOLDING STRUCTURE OF THE SIAM CEMENT PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### The Structure of The Siam Cement Public Company Limited



— Reporting Line

■ Major Subsidiary (holding company) operating the Core Business

● Significant Subsidiaries of Major Subsidiary (with revenue 10%) as compared with size of holding company

## Shareholding Structure of The Siam Cement Public Company Limited and Its Subsidiaries

Cement and Building Material Business	Chemicals Business	SCGP (Packaging Business)
<ol style="list-style-type: none"> <li>1. SCG Cement-Building Materials Co., Ltd. 100%</li> <li>2. The Concrete Products and Aggregate Co., Ltd. 100%</li> <li>3. SCG Distribution Co., Ltd. 100%</li> <li>4. The Siam Fibre-Cement Co., Ltd. 100%</li> <li>5. Cementhai Ceramics Co., Ltd. 100%</li> </ol>	<ol style="list-style-type: none"> <li>1. SCG Chemicals Co., Ltd. 100%</li> <li>2. Long Son Petrochemicals Co., Ltd. 99.99%</li> <li>3. Thai Polyethylene Co., Ltd. 100%</li> <li>4. SCG Chemicals Trading Singapore Pte. Ltd. 100%</li> <li>5. Map Ta Phut Olefins Co., Ltd. 67.23%</li> <li>6. Rayong Olefins Co., Ltd. 68.24%</li> <li>7. Thai Plastic and Chemicals Public Company Limited. 99.81%</li> </ol>	<p style="text-align: center;">SCG Packaging Public Company Limited* 72.12%</p>

**Remarks:**

- <sup>(1)</sup> The structure illustrates the direct shareholding of The Siam Cement Public Company Limited or SCC in major subsidiary (holding company), operating the core business and significant subsidiaries of a major subsidiary (as of December 31, 2021).
- <sup>(2)</sup> List of subsidiaries and associates of each business unit of SCC in chapter 11, including list of subsidiaries, joint ventures, associates and other companies of which their operations are significant.
- <sup>(3)</sup> \* Listed company on the Stock Exchange of Thailand.

# 13

## SECURITIES AND SHAREHOLDERS

### The Company's Securities

- Registered Capital: 1,600 Million Baht
- Issued and fully paid share capital: 1,200 Million Baht, comprising 1,200 million ordinary shares
- Ordinary shares at 1 Baht par value per share (At the Annual General Meeting of Shareholders held on March 26, 2003, the shareholders unanimously approved to change the par value of ordinary shares of the Company from 10 Baht per share to 1 Baht per share. The Company registered the change with the Ministry of Commerce on April 17, 2003.)
- The Company does not issue other types of shares, except from ordinary shares.

### Shareholders

(1) First 10 major shareholders (as of December 31, 2021)

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.	119,876,536	9.99
3.	Social Security Office	48,967,450	4.08
4.	South East Asia Uk (Type C) Nominees Limited	31,540,817	2.63
5.	State Street Europe Limited	24,500,246	2.04
6.	Randery Barah Makan Co., Ltd.	15,205,600	1.27
7.	SCG Foundation	13,347,300	1.11
8.	The Bank Of New York Mellon	10,702,152	0.89
9.	Siam Cement General Manager Foundation	7,647,800	0.64
10.	Mr. Sak Nana	7,502,400	0.63



As of August 16, 2021, the major NVDR holders were:

No.	NVDR Holders	No. of Ordinary Shares	% of Total Shares
1.	South East Asia Uk (Type C) Nominees Limited	19,935,262	1.66
2.	State Street Europe Limited	18,599,887	1.55
3.	State Street Bank And Trust Company	17,820,613	1.49

(2) The majority of shareholders (As of December 31, 2021)

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.	980,200	0.08

**Remark:** Among major shareholders, the company does not have any shareholding agreement.

3) Minority Shareholders (as of February 11, 2021)

The total number of Minority Shareholders (Free Float) is 46,457 equivalent to 66.21%.

4) The Company has imposed limitations on the number of shares which can be held by the foreigners (Foreign Limit) at 25% of the fully paid-up capital. As of December 31, 2021, the Company declared that 12.69% of the fully paid-up capital shares are held by the foreigners.

### Issuance of Other Securities

The Company issued 9 series\* of debentures valued 165,000 Million Baht as follows:

Lots of Debentures	Total Issue Amount (Million Baht)	Outstanding Debenture (Million Baht)	Maturity Date	Coupon Rate (%)	Credit Rating
2/2017	10,000	10,000	August 30, 2024	2.97	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+
1/2020	25,000	25,000	April 1, 2024	2.80	A+
2/2020	25,000	25,000	November 1, 2024	2.80	A+
1/2021	15,000	15,000	January 1, 2025	2.65	A+
2/2021	25,000	25,000	October 1, 2025	2.65	A+
<b>Total</b>	<b>165,000</b>	<b>165,000</b>			

**Remark:**

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

### Information on the Utilization of Proceeds from Debenture Offering

In 2021, the Company issued two series of debentures, namely No. 1/2021 and No. 2/2021. The objectives of proceeds utilization were as follows:

Lots of Debentures	Objectives of Proceeds Utilization	Approximate Amount Utilized	Approximate Period of Proceeds Utilization	Details
1/2021	Repayment of loans or debts incurred by the issuance of debentures	15,000 Million Baht	April 1, 2021	The issuer would use the proceeds from the offering and issuance of debenture to pay off Debenture SCC214A.
2/2021	Repayment of loans or debts incurred by the issuance of debentures	25,000 Million Baht	October 1, 2021	The issuer would use the proceeds from the offering and issuance of debenture to pay off Debenture SCC210A.

### 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 2021, the consolidated net profit amounted to 47,174 Million Baht, resulting in the retained earnings for appropriation at the ordinary general meeting of shareholders on March 30, 2022,

the Board of Directors resolved to declare the annual dividends at 18.50 Baht per share or equal to 47% of net profit as per consolidated financial statements.

For dividend policy of mostly subsidiaries which are 100% owned by the Company, the Company takes into consideration their operating results, financial structure, financial position and investment plan, with no policy of transferring the interests.

### Detail of Dividend Distribution in the Past 5 Years

Year	Interim Dividends (Baht/share)	Final Dividends (Baht/share)	Annual Dividends (Baht/share)	Dividend Payout Ratio on Net Profit* (%)
2017	8.50	10.50	19.00	41
2018	8.50	9.50	18.00	48
2019	7.00	7.00**	14.00	52***
2020	5.50	8.50	14.00	49
2021	8.50	10.00	18.50****	47

#### Remarks:

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

\*\* On March 18, 2020, the Board of Directors resolved to approve the 2<sup>nd</sup> interim dividend payment from the Company's profit as of December 31, 2019 at the rate of 7.00 Baht. The dividend was paid on April 17, 2020.

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

\*\*\*\* The Board of Directors resolved to propose the Annual General Meeting of Shareholders on March 30, 2022, to approve the dividend distribution for the year 2021 at 18.50 Baht per share.

# 14

## CORPORATE GOVERNANCE POLICY

### Corporate Governance Policy

SCG conducts business on the ESG way 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 ensures fairness, transparency, and long-term economic value for shareholders while inspiring confidence in all stakeholders and enhancing the Company's competitiveness to achieve sustainable growth.

The Governance and Nomination Committee is entrusted with the duty of overseeing SCG's corporate governance matters, encompassing the establishment of policy and guidelines as well as monitoring the performances of the Board of Directors and the Management to ensure their compliance with SCG's corporate governance policy. The Committee also monitors and evaluates 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 the Company'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 2021, the booklet is now also published on the Company's website ([www.scg.com](http://www.scg.com)).



In 2021, the Company 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 (CGR) 2021, carried out by the Thai Institute of Directors Association (IOD).



Scoring 100 points in the evaluation of the quality of Annual General Meeting of Shareholders for the year 2021 (AGM checklist) of listed companies by the Thai Investors Association.



Listed in Thailand Sustainability Investment (THSI) for the seventh consecutive year from the Stock Exchange of Thailand



Receiving the awards at SET Awards 2021, hosted by the Stock Exchange of Thailand in the following categories

- Sustainability Awards of Honor offered to the listed companies that win Sustainability Awards for the fourth consecutive year.
- Outstanding Investor Relations Awards



Winning the Thailand Corporate Excellence Awards 2021, hosted by the Thailand Management Association (TMA) and Sasin Graduate Institute of Business Administration of Chulalongkorn University for having received the highest votes from top executives in the following categories

- Leadership Excellence
- Innovation Excellence
- Human Resource Management Excellence (19<sup>th</sup> consecutive year)
- Sustainable Development Excellence for SCG Cement-Building Materials Company Limited

SCG also earned distinguished awards in the following categories;

- Sustainable Development Excellence
- Marketing Excellence
- Financial Management Excellence
- Product / Service Excellence for SCG Cement-Building Materials Company Limited
- Human Resource Management Excellence (one for SCG Cement-Building Materials Company Limited and another one for SCG Chemicals Company Limited)



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 been continuously recertified, most recently on September 30, 2021



Received Human Rights Award 2021 in the private sector category for the second consecutive year by the Rights and Liberties Protection Department of the Thai Ministry of Justice



Recognized as a leading company in the “Low Carbon and Sustainable Business Index” for the third consecutive year by the Thailand Greenhouse Gas Management Organization (Public Organization)

## **Policies and Guidelines for The Board of Directors, Shareholders and Stakeholders**

SCG has established policies and guidelines for The Board of Directors, Shareholders and Stakeholders following 8 principles of good corporate governance for listed companies in 2017, or the Corporate Governance Code (CG Code) recommended by the Securities and Exchange Commission (SEC) as follows:

### **Principle 1 : Establish Clear Leadership Role and Responsibilities of the Board**

The Board of Directors understands and recognizes its role and responsibilities in establishing SCG's business strategies and policies with accountability, prudence, and integrity in the best interest of the Company on the basis of social and environmental responsibility as follows:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

- Performing its duties with responsibility and all due circumspection and caution (Duty of Care).
- Performing its duties with faithfulness and honesty (Duty of Loyalty)
- Performing its duties in compliance with laws, objectives, Company's Articles of Association, the resolution of the Board of Directors, and resolutions of shareholders' meetings (Duty of Obedience)
- Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing SCG's visions, missions, and business strategies, subject to annual revision and approval, to create value to SCG, customers, stakeholders, and society as a whole in a sustainable manner

3. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care, prudence, and integrity to preserve the highest interests of the Company with fairness to all stakeholders

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

### **Principle 2 : Define Objectives that Promote Sustainable Value Creation**

The Board of Directors reviews the major operating plan, budgets, business goals, and business policies and enhances the capabilities of SCG to reach a globally competitive level. It is also in charge of controlling the Management Team's administration to ensure consistency with such plans, budgets, business goals, and business policies and advance the best interest of the Company, its subsidiaries, and shareholders. The Management is tasked with the formulation of strategies and operating plans in accordance with SCG's objectives and targets, taking into account environmental factors, opportunities, and risk appetite. It is also responsible for reviewing SCG's medium-term objectives, goals, and strategies in the next 3-5 years and establishing the materiality assessment process.

### **Principle 3 : Strengthen Board Effectiveness**

#### **• Defining and reviewing the structure of the Board of Directors**

Defining and reviewing the structure of the Board of Directors, number of directors, proportion of independent director as well as Board diversity and director qualifications, including knowledge, expertise, experience, and specializations to align with SCG's business operations; and appointing the sub-committees to assist and support the Board's of duties.

#### **• Nomination and Appointment of Directors and 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 six independent directors as follows: Mr. Chumpol NaLamlieng, Mrs. Tarisa Watanagase , Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin, Mrs. Pamsiree Amatayakul and Mr. Thapana Sirivadhanabhakdi

The Board of Directors resolved to revise the Qualifications of Independent Directors of SCG on July 26, 2019. This provision is more stringent than the requirements of the Office of Securities and Exchange Commission.

The details of The Qualifications of Independent Directors of SCG are shown in Attachment 5, SCG Corporate Governance Principles, SCG Policies, SCG Supplier Code of Conduct and Investor Relations Code of Conduct under "Corporate Governance Report 2021" on the Company's website.



In 2021, all the six Independent Directors neither had involvement in any business nor provided any professional service whose value exceeded the specification in the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares. However, Mr. Thapana Sirivadhanabhakdi currently holds his directorship in companies that may be deemed to have the same nature of business as and to be in competition with the Company, and whose business relations with SCG are worth in excess of 20 Million Baht, which require to inform the meeting of shareholders prior to the appointment. Upon reviewing the candidate's qualifications for directorship and independent directorship in relation to the Public Limited Companies Act B.E. 2535 and Section 89/7 of the Securities and Exchange Act B.E.2535, the Board of Directors was of the view that the business relations would not affect the candidate's ability to fulfill his duties nor his independence of opinion. Therefore, his qualifications of independent directorship regarding the restriction related to the candidate's previous or existing business relations were relaxed by the power of the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares (Amended) which has been informed and relaxed by the Annual General meeting of Shareholders on June 8, 2020.

#### **Nomination of Board Members Guidelines**

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 2021, 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 Digital

Transformation, Energy Management, ESG knowledge and experience in Decarbonization, Diversity Equity and Inclusion (DE&I).

#### **Policy on Director Qualifications and Nomination**

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. The policy and the guidelines are annually reviewed and updated as appropriated.

The details of The Policy on Director Qualification and Nomination are shown in Attachment 5, SCG Corporate Governance Principles, SCG Policies, SCG Supplier Code of Conduct and Investor Relations Code of Conduct under "Corporate Governance Report 2021" on the Company's website.



More details in " Attachment 5 SCG Corporate Governance Principles, SCG Policies, SCG Code of Conduct, SCG Supplier Code of Conduct and Investor Relations Code of Conduct on the Company's website (www.scg.com)

#### **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 whose qualifications, expertise, skills, and experiences are in accordance with the Company's strategies, the Board of Directors, on the suggestion of the Governance and Nomination Committee.

#### **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.

#### • Performance Assessment and Knowledge Enhancement

##### 1. The 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.

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 2021, the performance assessment results of the Board of Directors and the Sub-committees were summarized as follows:

<b>Board of Directors / Sub-committees</b>	<b>Performance Assessment Results (As a Whole) (%)</b>	<b>Performance Assessment Results (Self-Assessment) (%)</b>
The Board of Directors	97	98
The Audit Committee	100	99
The Governance and Nomination Committee	99	99
The Remuneration Committee	99	98
The CSR for Sustainable Development Committee	99	99

- **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 2020, the Board of Directors, at the suggestion of the Governance and Nomination Committee, selected Aon Solutions (Thailand) Co., Ltd. as its independent external consultant ("the consultant") to perform the annual Board performance assessment for 2021 in order to evaluate its structure, roles and responsibilities and ensure that the performance of the Board of Directors was in accordance with international corporate governance standards and widely accepted best practices. The opinions and recommendations of the consultant would then be used to improve the operational plans of the Board of Directors in various areas.

In 2021, the consultant assessed the Board's effectiveness using its approach and method and submitted the assessment report along with suggestions, which were summarized and presented to the Governance and Nomination Committee and the Board of Directors to consider the implementation of the consultant's suggestions.

From the opinion of the consultant, the Board of Directors was found to consist of outstanding directors who possessed vast knowledge, experience, and expertise useful for SCG's business operations. In addition, the Board of Directors was able to work with the Management efficiently and drive the achievement of the missions of the current key businesses as well as strengthen them for the future. SCG's assessment result was higher compared to those of leading organizations in Thailand, Singapore, and Malaysia. The consultant also offered the following suggestions for Board development planning.

- Develop directors to foster growth and innovation by equipping them with knowledge and understanding of external contexts and trends related to the economy, society, industry,

competition, consumer behavior, or other key factors that impact SCG's long-term growth.

- Encourage directors' involvement in human resource management, especially on issues that can have long-term business impacts such as personnel development, labor market, and manpower planning both in Thailand and overseas.
- Promote dynamics and resilience among directors based on current risk issues as well as medium-to long-term disruptive risks.
- Continuously promote sustainable governance in business operations through the ESG framework.

## **2. 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.

## **3. Development of Directors and Top Executives**

SEC's Corporate Governance Code for Listed Companies 2017 includes a guideline stating that the Board of Directors should ensure that the Board and each individual director understand their roles and responsibilities, the nature of the business, the

company's operations, and relevant laws as well as encourage all directors to enrich their skills and knowledge on a regular basis. In addition, SCG's Charter of the Board of Directors stipulates that it is the Board's duty to regularly develop its knowledge and competency through training sessions or courses relevant to their directorial duties or seminars that enhance their knowledge.

The Board of Directors approved the formulation of a systematic director training and development plan in writing. In addition, training records would also be kept to inform the knowledge and competency development for each director.

The Governance and Nomination Committee deemed it appropriate to arrange activities to enhance knowledge beneficial to the performance of duties and responsibilities of the Company's Directors. As a consequence, the Company has held many dialogs, allowing for an exchange of experience and views among the directors, top executives and outside experts since 2011.

In 2021, the Governance and Nomination Committee organized seminars in order to enrich directors and top executives' knowledge and understanding of the external context. Held virtually and attended by external experts in various fields from both Thailand and overseas, the seminars organized were as follows:

- Two seminars on ESG concepts
- First seminar: WBCSD Vision 2050: Time to Transform, held on May 27, 2021
- Second seminar: ESG and Climate Resilience, held on June 23, 2021

Other seminars were also held to equip SCG directors and executives with knowledge and understanding of sustainable business practices guided by concerns for the environment, society, and governance, an issue of interest among domestic and foreign investors today. During the sessions, the participants exchanged ideas and were given beneficial suggestions from the speakers that they could use to compare with and develop SCG's current business operations.

- Third seminar: A seminar on competition and consumer behavior entitled Customer Centricity as The Key Value Creator, held on September 23, 2021
- Fourth seminar: Energy Transition Outlook by Det Norske Veritas (DNV), held on October 27, 2021

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 experience gained to the development of the organization.

The details of The Development Activities and Training Attended by Each Director in 2021 are shown in Attachment 5 SCG Corporate Governance Principles, SCG Policies, SCG Supplier Code of Conduct and Investor Relations Code of Conduct under "Corporate Governance Report 2021" on the Company's website



Please find more details in "Attachment 5 SCG Corporate Governance Principles, SCG Policies, SCG Code of Conduct, SCG Supplier Code of Conduct and Investor Relations Code of Conduct on the Company's website (www.scg.com).

- **SCG Director Induction**

SCG established a Director Induction Program for new directors to facilitate their prompt performance of duties. The corporate secretary was commissioned to coordinate the work in the following three areas based on the Orientation Program:

- 1) To compile necessary information for directors to ensure their compliance with laws, rules, and regulations related to directors.
- 2) To provide important information essential for the directors' performance of duty such as the Memorandum of Association and the Articles of Association, a summary of operating results, a summary of SCG corporate governance principles, and other relevant handbooks, for use as quick references.
- 3) To arrange for a meeting with the Chairman and directors and the executives or head of each function to stay informed and make queries about SCG's business in depth.

#### Principle 4 : Ensure Effective CEO and People Management

To ensure that a proper mechanism is in place for the nomination and development of Top Executives and executive officers, the duties of the Board of Directors are as follows:

1. 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.
2. Encouraging the top executives to attend seminar and courses beneficial to the fulfillment of their duties as well as exchange ideas with the executives of different organizations

- **Nomination and Succession Plan for Top Executive Positions at SCG**

SCG has put in place a proper and transparent nomination process for key management positions at every level in order to ensure that all of our top executives are professionals who perform their duties independently from the major shareholders and other shareholders. The succession plan for the President & CEO and top executives is carried out by the Remuneration Committee and considered by the Board of Directors. SCG's nomination process commences with the process of recruiting candidates who possess both talent and integrity. Young talents are the focus of recruitment, so that they can be groomed to become leaders in the future. Qualified employees will undergo a high potential assessment and pursue development courses following individual career development plan. These talents will be assigned challenging tasks, and their positions will be rotated periodically in order to further develop their leadership skills and all-round knowledge in every area of SCG's business. The plan is implemented at every level of employment to ensure that staff members are ready to fill any positions that become vacant.

#### Principle 5 : Nurture Innovation and Responsible Business

For promoting innovation that creates value for its shareholders together with benefits for its related party and the environment, in support of sustainable growth of the company, the duties of the Board of Directors are as follows:

1. 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

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

3. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring 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

- **Roles 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, and 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.

**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 "Principle 7: Ensure Disclosure and Financial Integrity and Principle 8 : Ensure Engagement and Communication with Shareholders" of the Annual Registration Statement/ the Annual Report.

### **Fostering Good Relations with Shareholders**

#### **• SCG 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 notifies them via phone to confirm their participation for each site visit to a core business.

In 2021, as COVID-19 continued to rage on, various preventive measures were imposed on agencies and organizations across all sectors, especially for activities involving a large gathering of people and posed high

risks, for which appropriate measures had to be put in place. Concerned for the health and safety of the shareholders and acting in compliance with the government's guidelines, SCG decided not to hold any activities in 2021. However, in 2022, SCG will closely monitor the situation and consider organizing activities in a format suitable for the circumstances.

#### **• Debenture Holder Activities**

Since 2000, SCG has consistently demonstrated its commitment to debenture holders through a vast array of activities and privileges. With the safety of the members in mind, the formats of the activities were adjusted in accordance with the COVID-19 situation in the past year. A summary of the activities carried out in 2021 is given below:

- An online seminar "The New Direction of the Thai Economy and Investment" (February, 2021) and "World-changing Dharma in a Changing World" by Pramaha Vuttichai Vajiramedhi (W.Vajiramedhi) (August, 2021)
- SCG Smiling Workshops from Home: SCG Debenture Club members donated 100 handmade A4 notebooks (June, 2021), 90 Rubik's cubes for the visually impaired, together with 500 face masks, and 20 antiviral spray bottles of Varogard (October, 2021) to the Foundation for The Blind in Thailand under the Royal Patronage of H.M. the Queen.
- Workshops from Home: "Heart Made Soap" DIY soap making workshop (June, 2021) and "The Bag Happen" workshop, in which the participants learned how to create and decorate a multipurpose bag from the old one, (September, 2021).
- The SCG Debenture Club for Schools Project: SCG and its debenture holders raised over 2 Million Baht to purchase school supplies for two small primary schools in Chaiyaphum, namely Ban Na Yom School and Ban Don Kheng School. (November, 2021)
- A domestic trip "The Charm of the Old Capital" to Ayutthaya, (November 2021)
- Gala dinner 2021: The top 100 debenture investors, along with their followers, were invited to join an exclusive dinner party in the theme Bangkok Oldies: The Decade of Golden Memories (November, 2021).



SCG Gala Dinner 2021 in the theme Bangkok Oldies:  
The Decade of Golden Memories



SCG Debenture Club for School Project at Ban Na Yom School

In addition, SCG offers vouchers and accommodation packages to members who have invested the required amount in SCG debentures and/or debentures of other companies to express appreciation for their trust as part of its exclusive privileges for 2021. SCG Debenture Club members are also eligible for exclusive discounts from business partners such as Central Food Hall – Tops Market, Au Bon Pain, Samitivej Hospital, Bumrungrad International Hospital, Ootoya Restaurants, Bangchak Petrol Stations, (redeemable with SCG-Bangchak Partnership Card only) B2S, and SCG Home Solution Storethrough SCG Debenture Club mobile application or web 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 has always adhered to a code of business ethics and demonstrated responsibility towards society, employees, and other stakeholders through corporate governance practices. It also strives to operate its businesses within an ethical framework that is consistently developed to ensure suitability and complies with the laws of every country where it operates as well as relevant international standards such as the Universal Declaration of Human Rights (UDHR), the United Nations Global Compact (UNGC), and the International Labor Organization (ILO) Declaration on Fundamental Principles and Rights at Work. To this end, SCG has carried out the following:-

- Supporting the Human Rights Policy with regards to diversity and inclusion and setting a goal to increase the number of female executives by 2025,
- Establishing and revising the Personal Data Protection Policy, which has been published on SCG's websites, to set forth clearly-defined and suitable criteria, mechanisms, governance measures, and management as well as ensuring that the security system of the software used internally is in line with the Personal Data Protection Act,
- Communicating the Personal Data Protection Policy to all employees to ensure that they are adequately informed and that there are processes and control for personal data management at every step.

### • Care of Employees

#### Remuneration Management

SCG places great emphasis on remuneration management in order to attract talents and high-potential recruits as well as boosts the morale of the staff so as to retain capable employees and drive them to successfully fulfill their duties, which in turn motivates them to further develop their capabilities and preparedness and enables them to see opportunities for career advancement. The Company has also put in place a job value assessment process for the jobs at different levels in the organization and established a suitable remuneration structure that is competitive with other companies in the same industry or located in the vicinity as well as a performance assessment system that is guided by fairness and equitability within the organization and takes into account communication between employees, their superiors, and

the Company of relevant expectations, action plans, and the organization's shared goals. Remuneration is offered in the following forms: salaries, position-dependent work-related allowances, bonuses, variable pays, and other benefits.

SCG's remuneration management takes into consideration not only its annual performance such as sales generation, net profit, and EBITDA, but also its long-term performance, business expansion plans, profit growth rates, market shares, and performance in operational efficiency development and improvement in order to ensure the Company's sustainable growth. In response to the challenges of adapting to the new normal and the addition of new business models such as startups and digital tech companies, SCG has looked into and reviewed its remuneration guidelines to ensure suitability and compatibility with the nature of such businesses.

#### Employee Benefit Management

SCG has prescribed a benefit management policy and relevant guidelines in its human resource management regulations, protocols, and guidelines to provide support and assistance related to healthcare and wellbeing for employees, facilitate their performance of duties, and elevate their quality of life as appropriate for employees at each level. The policy and guidelines are regularly reviewed to ensure compatibility with changes.

In addition, SCG has introduced flexible benefits as an alternative for employees. This new initiative, which places emphasis on the value of the employee and provides incentives that are personalized to each individual's needs, not only promotes employee engagement but also enables SCG to efficiently maintain the size of its benefit budget and respond to the new hybrid workplace effectively.

SCG has also redesigned the facilities in its offices to create co-working spaces and collaborative zones in support of the new-normal style of work. During COVID-19 outbreaks, SCG provided ergonomic office equipment and furniture such as desks and chairs, to ensure that its employees could work offsite efficiently, as well as internet allowances to reduce financial burdens on them. In addition, SCG has introduced Bubble & Seal and local community isolation in its manufacturing plants and ATK test kits as well as provided vaccination facilitation, a tele-med program for convenient consultation with doctors via phones, and boxes of essential items for self-care at home, given out on a case by case basis as necessary.

#### Long-term Employee Care

SCG puts a premium on career advancement management and keeping employees informed of their career path, which is a crucial factor in building their motivation and bond with the organization. Career advancement plans are regularly developed by employees and their supervisors.

Long-term benefits for employees include provident funds, financial management courses, healthcare, retirement preparedness programs, and retired employee clubs, all of which ensure that employees have a good quality of work life and have retirement plans that guarantee their financial stability and health.

The existing welfare and benefits have been redesigned on a mark-to-mark basis to ensure compatibility with the current employment environment for new types of positions such as those in the fields of digital venture capital, digital tech, and cleanergy.

#### **Other Developments in Human Resource Management**

##### **1. Employee Development**

The COVID-19 pandemic, which has continued to bring about changes to businesses and necessitated continuous adaptation, has impacted SCG's expansion both in Thailand and in Southeast Asia as well as altered its business operations, causing them to become more specific in accordance with the context of each business and rapidly changing customer needs. SCG has therefore adjusted its strategies, accelerated its capability enhancement in line with its business strategies, and changed the learning format to suit the changing circumstances.

SCG is ready to cater to ever-changing learning behavior for the maximum benefits of the learners and has increased the proportion of digital learning to in-house learning. In addition, it has consistently strived to improve the learning experience of the employees such as by incorporating virtual learning into SCG flagship programs such as the Management Development Program (MDP).

In addition, SCG has further extended its "Re-Skill and Up-skill" development to employees at all levels, focusing on future capability programs such as Changeable Mindset for Success, Find Out Why, and Business Strategy in VUCA World. Other programs have also been updated to put greater emphasis on the 70% coaching on the job training format and assignments such as the Business Concept Development (BCD), Project Management, and Partnership Management.

In addition, SCG continuously develops employee development plans, with a committee of representatives from every business unit closely overseeing employee development. An intensive coaching system has also been instituted so that employees and their supervisors can seek learning solutions suitable for employees' and the Business' needs. Furthermore, SCG is cooperating with leading institutions, both at home and abroad, to recruit talents with knowledge, competency, and expertise to further strengthen the business, thus ensuring the business runs smoothly and efficiently.

In addition, SCG has educated employees on healthcare, virus prevention, and daily conduct during the COVID-19 pandemic. SCG has also put in place an employee monitoring system and provided weekly COVID-19 situation updates through various digital channels.

In 2021, each SCG employee had 10 days of training on average. The learning and development expenses, both internal and external, amounted to 558 Million Baht.



## 2. Human Resource Management in Accordance with Business Strategies (HR Highlights)

SCG places great significance on its employees, in accordance with one of its core values "Belief in the Value of the Individual." During the COVID-19 pandemic, SCG provided support to reduce obstacles for employees in fulfilling their duties and continued to take care of its employees to ensure that they could work efficiently, as detailed below.

- 1) HR Transformation Project: SCG worked with external experts from Tata Consultancy Services (TCS) to improve its human resources management operations and introduced digital technology such as RPA, BOT, and AI, to enhance the operational efficiency of the staff and reduce operational costs
- 2) Establishing HR Share-services: This division provides services to both corporate divisions and those under the Cement-Building Materials Business through a digital platform (Service Now), which enhances the service provision capacity and reduces costs. In the future, the services will be extended to the Chemicals and Packaging Businesses, with the hope of ultimately providing the services to external customers.
- 3) Applying talent management to overseas businesses: With regard to talent management in Thailand, SCG has revised its assessment criteria, organized virtual capability development programs, and formulated succession plans. These practices will now be applied to strategic locations overseas as basic guidelines, with the methods and processes adapted to suit the regulations of each specific country.
- 4) HR Analytics: Data obtained through analytics is reviewed in order to drive operations. Different analytics tools (PowerBI, data modeling, and predicting analysis) are used to perform manpower analysis and risk analysis for the purpose of employee retention. SCG employs HR Analytics to conduct organization network analysis, which can help enhance the learning experience of employees and promotes the initiation of a human resource management policy that centers around meeting the needs of employees.
- 5) Capability Management: SCG has digitized various learning tools and programs and increased the proportion of virtual programs organized internally, with the virtual format applied to SCG flagship programs: Abridged Business Concept (ABC), Business Concept Development (BCD), Management Development Program (MDP), Management Acceleration Program (MAP) and employs employee competency as a criterion for promotion.



- 6) Culture Harmonization: SCG treats all employees equitably, respects and embraces the diversity of its personnel across the organization, treats everybody with trust, undertakes management with transparency, and adheres to ethical business conduct. It also places emphasis on the diversity of its employees across all aspects. Relevant initiatives include increasing the proportion of female executives, taking care of mid-career employees, encouraging a new generation of employees to develop startups, and developing an LGBTQ+ inclusion policy.
- 7) HR Digitization: SCG has transformed its work environment into a digital workplace and provided equipment and tools that enable remote work to enhance interactions between employees and maintain engagement, as follows:
  - 7.1) Employee Connect (an application for personal data management, leave and OT requests, welfare and benefit management, with HR Q&A Bot and other communication channels): New features have been added, including daily health checkups for COVID-19 screening, vaccination records, seat reservation in the office, as well as office check-ins and check-outs.
  - 7.2) HR Operations: Robotic Process Automation (RPA) is implemented to reduce process time and redundant tasks and to support remote work through features such as e-Signature, virtual meeting tools, report summaries, transaction records, and reimbursements. The power app is used to track the status of operational activities.
  - 7.3) Performance Management System: Success factors have been employed to improve the performance management process, from formulating KPIs to monitoring performance and recording consultation sessions in a digital format.
  - 7.4) PowerBI Dashboard: The dashboard is utilized in the analysis of HR KPIs and employee data such as manpower management and resignation. The data can also be submitted to the management via the dashboard.
  - 7.5) Recruitment: SCG has taken advantage of digital tools in recruitment such as in online

candidate assessment, interview, and in caring for new recruits. Digital analytics tools such as Google Analytic and Bittly, are also utilized to analyze activities involved in applicant selection and store more applicant information. SCG has also joined hands with LinkedIn to enhance applicant data management.

- 7.6) Talent management and succession planning: A talent portfolio is used via an e-Platform to gather talents' profiles for the consideration of career management in the future.

### 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 at efficiency.

Furthermore, SCG has put in place a management system to foster good customer relations, the main factor of which is the voice of customers. As such, customer satisfaction in each business group is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers, and customer insights discovered in the process are then further developed into new innovations. In response to the COVID-19 pandemic, online channels have also been added to cater to the needs of consumers today. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers. According to the 2021 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.

The Board of Directors approved the implementation of SCG Procurement and Vendor Selection Policies and Guidelines, in which the policy regarding the selection and screening, the required qualifications, and the application of SCG suppliers/business partners, as well as the procedures involved in carrying out business with SCG are clearly prescribed and also established SCG Supplier Code of Conduct, in which suppliers are defined as any suppliers, contractors, and/or service providers for SCG, to ensure an accurate understanding among SCG suppliers.

This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the Company's website ([www.scg.com](http://www.scg.com)).

#### 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 is prohibited.
3. The Company strictly complies with any agreed terms and conditions with all types of creditor accurately and straightforwardly.
4. The Company will pay loans plus interests to all types of 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) Community

SCG believes that a strong community and society is the foundation of the country's prosperity. As such, SCG strives to advance its business alongside social development to elevate the quality of life and reduce disparity in communities as well as support activities that help solve problems and make contribution in line with

the needs of the communities that SCG operates in, both in Thailand and overseas. In addition, the CSR for Sustainable Development Committee is tasked with formulating policies, directing projects, promoting the participation of employees, affiliated organizations, government agencies, and communities in carrying out activities in the hope of achieving harmonious and sustainable co-existence between industries and communities.

Additional details on SCG's community, environmental, and social responsibility are provided in the Sustainability Report on the Company's website ([www.scg.com](http://www.scg.com)).

### 8) Government 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 and 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  
E-mail: [corporatesecretary@scg.com](mailto:corporatesecretary@scg.com)
- **Investor Relations**  
Tel: 0-2586-4299  
E-mail: [invest@scg.com](mailto:invest@scg.com)

In addition, the Company has also provided channels through which employees and external stakeholders can contact, offer opinions, lodge complaints, and report violation cases, namely the Whistleblowing System via SCG intranet Portal (for employees) and [www.scg.com](http://www.scg.com) (for other stakeholders) for further actions to be taken. The procedures are as follows:

- Employees or stakeholders file reports via the designated channels. The information provided is considered confidential and revealed only as necessary. The Company has also put in place informant/complaint lodger protection measures, and the investigation does

not require the revelation of the informant's identity or the information source. In addition, informants can demand appropriate protection measures or the Company might implement extra protection measures without having received any demand informants if the issue can potentially cause damage or dangers.

- The Internal Audit Office receives complaints, verifies the validity, and conducts a preliminary investigation with meticulousness to reach a conclusion within 30-60 days. Progress reports are also made to the informants if their identities are identified.

- In the event that a violation is proven, an investigation committee will be formed to pass judgment and determine the punishment. Then, the corruption or complaint will be reported to the Audit Committee and the Board of Directors.

Should stakeholders desire to contact the Board of Directors directly without going through the management in order to report cases of rights violation, corruption, non-compliance with laws or ethical practices which might be related to an executive, they can file reports to the independent directors via [ind\\_dir@scg.com](mailto:ind_dir@scg.com).

### **Principle 6 : Effective Risk Management and Internal Control**

To ensure that the Company and its subsidiaries have effective and appropriate risk management and internal control systems and comply with applicable law and standards, the duties of the Board of Directors are as follows:

1. Specifying 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.

2. Establishing the Audit Committee to review compliance with policies, rules, laws, regulations, and requirements of regulatory agencies, promote the development of the financial reporting and accounting system to meet international standards, and review internal control, internal auditing, and risk management systems to ensure their prudence, suitability, currency, and efficiency. The Audit Committee can act and exercise independent judgement in the interest of the Company.

3. Establishing the Risk Management Committee, responsible for defining the risk management structure, policy, strategies, and frameworks, monitoring risk

assessment performance, approving risk management plans to ensure that SCG has suitable risk management, and reporting to the Risk Management Committee

4. Encouraging staff at all levels to be 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

5. Monitoring and managing any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as overseeing to prevent misuse of SCG's assets and the entering into inappropriate transactions with persons connected with SCG

6. Establishing an internal audit unit that can operate efficiently and independently to oversee and audit the efficiency of SCG's risk management system and internal control as well as report to the Audit Committee for consideration

To make certain that SCG had a risk management system and internal control that would enable it to achieve its objectives effectively and ensure compliance with relevant rules and standards, the Board of Directors approved a Risk Management Policy to clearly establish in writing a framework for SCG's risk management procedure in line with SCG's good corporate governance principles and international practices.

### **Principle 7 : Ensure Disclosure and Financial Integrity**

The duties of the Board of Directors are as follows:

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

2. Overseeing and monitoring to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, and timely and are in compliance with the relevant regulations and guidelines.

- Disclosure and Transparency

SCG recognizes the importance of information disclosure because it greatly affects decision-making by investors and stakeholders. It is necessary, therefore, to define and administer measures concerning the disclosure of information, both financial and non-financial. Information shall be complete, sufficient, transparent, reliable and

up-to-date.

SCG has 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.

Furthermore, the Disclosure Checklist was developed, revised and disseminated to relevant units for use in self-assessment of their standards to work efficiently and in compliance with the Disclosure Policy, which would further promote the sustainability of SCG's disclosure practices.

SCG is committed to strictly obeying the law, regulations, and obligations mandated by the Securities and Exchange Commission (SEC), the SET and relevant government bodies. Regular amendment takes place to ensure accurate information disclosure and to guarantee SCG's transparency in conducting business. For example, the Company:

1. Compiling reports as required by laws related to directors and chief executives and submit such reports to the Securities and Exchange Commission and the relevant regulatory agencies

2. Establishing a policy that requires the Company's directors and executives to report their own interests, and those of any related persons, which are vested interests relating to the management of the Company or its subsidiaries according to the criteria and reporting procedures prescribed by the Company

3. Establishing a policy requiring all the directors to disclose/report their securities trading to the Board of Director's meeting and prescribing the directors and executives to report their holdings of the Company's debentures and ordinary shares in the Company's subsidiaries, as well as the ordinary shareholdings of their spouses, partners in a de facto relationship, and minor children, to the Board of Directors every quarter. They

are also required to report the number of shares they hold at the beginning of the year and at year-end together with the number of those traded during the year in the Company's Annual Report

4. Preparing 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. Publishing Notice of Annual General Meeting of Shareholders and Annual Report within 120 days after each financial year-end

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

7. Disclosing the roles and responsibilities of the Board of Directors and Sub-committee, the number of meetings held, and the number of meetings each individual director and Sub-committee member attended

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

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

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

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

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

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

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

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

16. Disclosing corporate governance policies and related performance

17. Revealing significant investment projects and relevant impacts of the projects via the SET link of the Stock Exchange of Thailand and SCG website to ensure that shareholders, investors, the press, and related parties are kept informed of information accurately, extensively, and transparently

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 communication channels include:

- The Investor Relations Department, which is responsible for direct communication with both local and international investors
  - Press conferences on a quarterly basis to announce operating results, and regular press briefings to announce significant investment projects and activities
  - Analyst conference to announce quarterly operating results to investors and analysts.
  - Activities to disseminate policy and operational guidelines to employees
  - Activities to meet both local and international investors and other stakeholders
- Knowledge sharing with others on a certain topic in national and international forums
  - Company visits and plant tours, in a format suitable for the circumstances for shareholders, investors, analysts, NGOs, communities, the media, and other stakeholders
  - Systematic distribution to the media of press releases, photo captions, news stories, advertisements, and social media
    - Periodical publications and media such as annual reports, sustainability reports, debenture holder, magazines, customer journals, dealer journals, and employee journals
    - Electronic channel for communications with employees such as SCG Intranet Portal, e-mail and social media
    - Website: "www.scg.com" and social media

- **Investor Relations Department**

SCG's Investor Relations Department communicates with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. In 2021, SCG organized various activities in order that the president & CEO and the vice president could meet investors, institutional investors, and analysts on a regular basis and present the operating results, financial statements and position, management discussion and analysis, and industry trends to them. To maintain continuity in providing information to investors given the circumstances, the Investor Relations Department opted for virtual conferences. The investor relations activities conducted are summarized below:

- Domestic Roadshows and Virtual 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 10 such events were held.
  - 4 Analyst Conferences and Press Conferences, held on a quarterly basis
  - 28 overseas Roadshows (Virtual Conference)
  - One-on-one meetings, group meetings, and conference calls, which allowed investors to inquire about the business conduct and strategies of the Company. Investors' inquiries are also directly responded to via e-mail and telephone on a regular basis.

### **Principle 8: Ensure Engagement and Communication with Shareholders**

Overseeing and supporting the creation of innovations that create value for SCG as well as all stakeholders. Acting with social and environmental responsibility, and ensuring that the Management manages and allocates resources effectively and efficiently

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 no 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 e-mail address [corporatesecretary@scg.com](mailto:corporatesecretary@scg.com) or to the Company's address. For more information, please contact Corporate Secretary Office via the following channels:

Address: 19<sup>th</sup> 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](mailto:corporatesecretary@scg.com)

5. In 2021, 12 members of the Board of Directors, or an equivalent of 100% of the Board, attended the Annual General Meeting of Shareholders.

6. Due to the COVID-19 pandemic in 2021, the Company held the Annual General Meeting of Shareholders at the Company's headquarter (Bang Sue), Bangkok. The Company requested the permission and organized the meeting in a way that complied with all relevant guidelines and recommendations issued by government agencies and related organizations and strictly followed the safety protocols which were introduced to the shareholders in advance.

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.



The Annual General Meeting of Shareholders 2021 was held with the safety protocols which were introduced to the shareholders in advance.

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 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. During the COVID-19 pandemic in 2021, the Company was required to keep its meeting short and concise to diminish the length of time that a large number of people gather in one place, therefore requesting from the shareholders as the following:

1) Shareholders are requested to indicate their wish to attend the Meeting in advance by using the Company's form and submit such form prior to the meeting.

2) Shareholders are required to submit questions in advance prior to the Annual General Meeting of Shareholders via channels provided. Questions then gathered together with the remaining questions are then suggestions summarized and attached to the minutes of the Annual General Meeting of Shareholders, which are disclosed on the SET Portal and published on the Company's website within 14 days from the date of the Annual General Meeting of Shareholders.

3) To ensure hygiene for all, microphones will not be provided for shareholders and proxies during Q&A sessions. Questions will then be gathered, and only those directly related to the agenda items where voting is involved will be addressed in the meeting hall.

4) Shareholders are requested to remain in their seats while maintaining 1.5-2 meter distance between individuals at all times.

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 resolves to approve the casting of votes by secret ballot upon a majority of votes.

14. The agenda of the 2021 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 2021 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 2021 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 2021 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:

Topics	Shareholders' Suggestions	Response Measures
(1) The use of areas on SCG's properties by a third-party for environmental advocacy	Given its existing environmental projects such as waste drop off points, SCG should encourage shareholders and external parties to park their bikes on its properties.	Acknowledged
(2) Proposal for SCG to request the Stock Exchange of Thailand to provide a list of subsidiaries previously listed on SET	SCG should request the Stock Exchange of Thailand to provide a list of subsidiaries previously listed on SET for the convenience for shareholders in looking up such information.	Taken under advisement

## Code of Conduct

### • SCG Code of Conduct

SCG is a leading company group that has been in business for over 100 years. Founded in 1913 under a Royal Decree of His Majesty King Vajiravudh (King Rama VI) of Chakri Dynasty as one of Thailand's first companies, SCG has continued its operation to this day, in the reign of His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun (King Rama X) of Chakri Dynasty (hold approximately 33.6%), as a well-recognized model of good corporate governance for many other organizations.

SCG owes its current prosperity, success, and stability to its ethical business conduct and core values, which the Board of Directors, the Management, and employees at all levels have adopted in strict adherence, namely:

- Adherence to fairness
- Dedication to excellence
- Belief in the value of the individual
- Concern for social responsibility

In 1987, the Board of Directors compiled the practices which have been valued and adhered to for over 100 years in a formal written document called the "Siam Cement Group Code of Ethics", currently known as SCG Code of Conduct, to serve as guidelines that were aligned with SCG's philosophies with the Company's directors serving as role models. SCG employees must also conduct themselves as good citizens in countries where SCG operates to create value and maximize benefits for the Company. It has been constantly updated to better correspond with the evolution of SCG and suit the shifting economic and social climate.

To ensure that SCG Code of Conduct is suitable and consistent with both national and international corporate governance principles and can be readily applied by all employees both at home and overseas, in 2021 the Board of Directors approved a review of the principles and practices therein. To this end, a working team consisting of divisions related to each area of corporate governance was tasked with improving and recommending good practices, and the review frequency of the code of conduct was increased. In addition, opinions were garnered from SCG employees overseas to ensure the completeness, currency, and applicability of the 2021 revised SCG Code of Conduct.

To further raise awareness of and to promote strict adherence to SCG Code of Conduct and principle of GRC (Governance, Risk and Compliance) among employees, to employees at all levels via various learning tools since their first day of employment. In addition, SCG regularly organizes activities to foster the awareness and has included it as one of the key factors in the annual employee evaluation.

In 2021, due to the COVID-19 pandemic, the Company has redesigned operational activities to align with situations and government measures by harnessing online platforms to communicate with employees.

- **Investor Relations Code of Conduct**

The Company has compiled this Investor Relations Code of Conduct to establish guidelines for correct and proper practices to which investor relations officers (IROs) can adhere. The Code of Conduct details fundamental principles regarding information disclosure, inside information protection, fair and equitable treatment of stakeholders, and integrity, all of which are consistent with SCG Corporate Governance and form a basis on which added value can be created and on which the Company can inspire confidence in its shareholders, investors, the general public, and stakeholders.

- **SCG Supplier Code of Conduct**

SCG 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.

Please find more details in “Attachment 5 SCG Corporate Governance Principles, SCG Policies, SCG Code of Conduct, SCG Supplier Code of Conduct and Investor Relations Code of Conduct on the Company’s website ([www.scg.com](http://www.scg.com)).





### Reviewing the Implementation of SEC's Corporate Governance Code

As suggested by the Governance and Nomination Committee, the Board of Directors has 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 the Company's business, the Board of Directors has formulated replacement measures and recorded them as part of the Board's resolution to be reviewed on a yearly basis. In 2021, areas which may not have fully covered the criteria of the Corporate Governance Report of Thai Listed Companies in full details are shown in "Corporate Governance Development in 2021".

### Corporate Governance Development in 2021

The Company has applied 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 2021, 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 are required to assess the performance of duties of the Chairman on a yearly basis.

2. The tenure of an independent director exceeds a cumulative term of nine years.

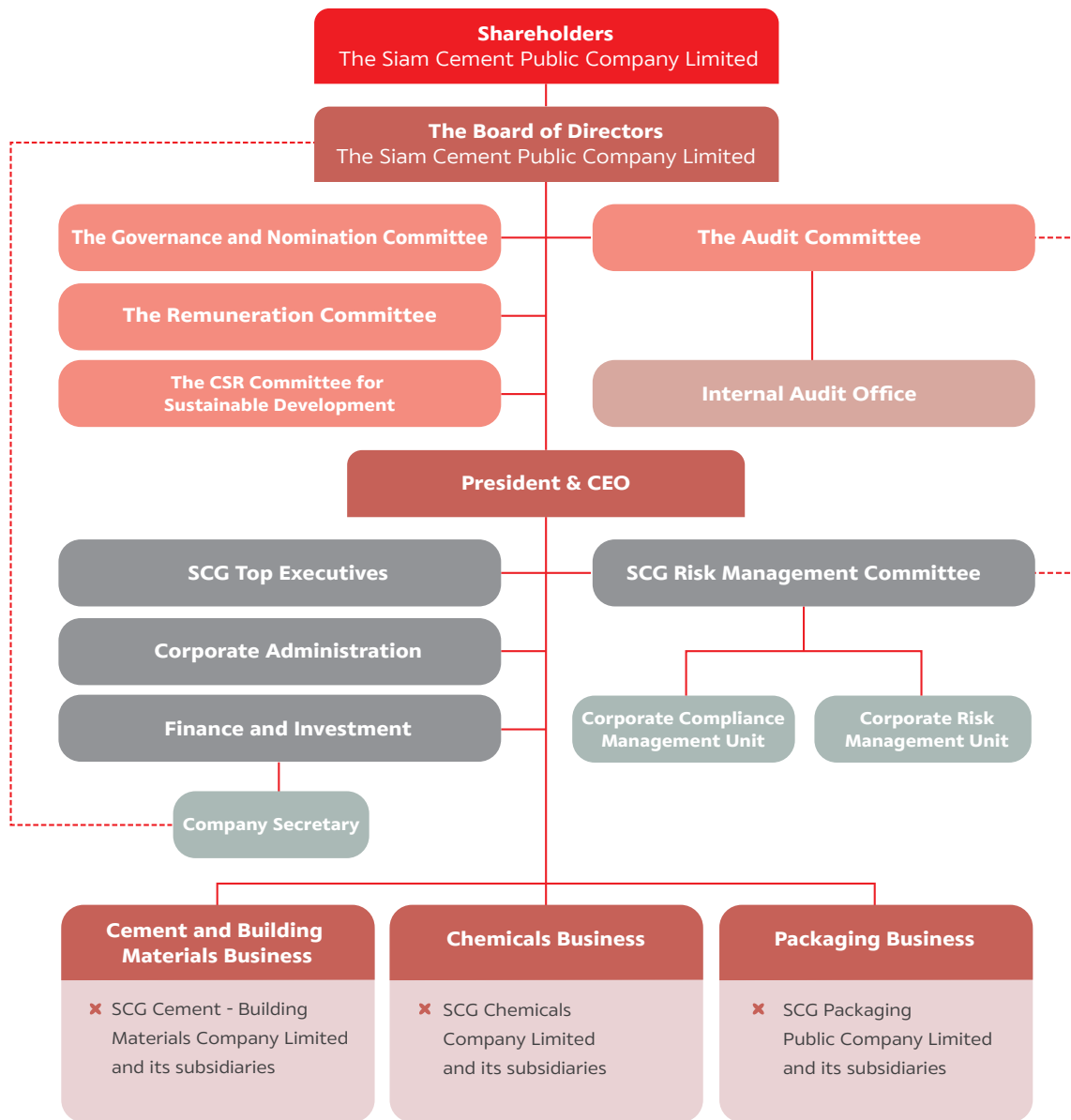
In case that each independent director holds the position of independent director for more than nine consecutive years, he or she is re-elected to holds such position in excess of nine consecutive years based on the reasons and necessities as proposed by the Company. The Board of Directors deliberates on the independence of the director if the re-election is deemed appropriate.

In 2021, to ensure that SCG had a corporate governance system at all times, to improve its corporate governance efficiency, and to enhance its corporate governance standards in accordance with CG Code 2017, SCG carried out seven important activities related to the review of its corporate governance policy, guidelines, and system or the charters of the Board of Directors and the Sub-committees, as detailed below:

- 1) Reviewing SCG Code of Conduct (7<sup>th</sup> Revision)
- 2) Reviewing the charters and performance assessment forms of the Board of Directors and the Sub-committees
- 3) Reviewing the Policy on Director Qualifications and Nomination and the Board Skill Matrix
- 5) Establishing Tax Policy
- 6) Passing the recertification by the Thai Private Sector Collective Action Against Corruption (CAC)
- 7) Reviewing Anti-corruption Policy

# 15

## CORPORATE GOVERNANCE STRUCTURE



Business and Performance

Corporate Governance

Other Related Information

### The Structure 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 developing both short-term and long-term business 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 business objectives as well as independently overseeing, monitoring and assessing the performance of the Company and top executives.

The Articles of Association of the Company prescribe that there shall be no fewer than 9 but no more than 12 directors, all of whom are appointed and removed at the Meeting of Shareholders.

### The Board of Directors

The names of the directors are as follows:

1. Air Chief Marshal Satitpong Sukvimol	Chairman
2. Mr. Chumpol NaLamlieng	Vice Chairman and Independent Director
3. Mr. Kasem Watanachai	Director
4. Police Colonel Thumnithi Wanichthanom	Director
5. Mrs. Tarisa Watanagase	Independent Director
6. Mr. Kan Trakulhoon	Director
7. Mr. Prasarn Trairatvorakul	Independent Director
8. Mr. Pasu Decharin	Independent Director
9. Mrs. Pamsiree Amatayakul	Independent Director
10. Mr. Cholanat Yanaranop	Director
11. Mr. Thapana Sirivadhanabhakdi	Independent Director
12. Mr. Roongrote Rangsiyopash	President & CEO

The 12 members of the Board of Directors have no forbidden qualification as follows:

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

#### Remarks:

The average Board tenure is 6.4 years.



For more information about the Board of Directors, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance, and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com)).

### Composition of the Board of Directors

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 core businesses, the industrial sectors, or the management of large organizations beneficial to the directing of the Company. None of the non-executive directors were the President & CEO in the past two years.

Among the Board of Directors, the directors authorized to sign for on behalf of the Company with binding effect are any two of the five directors, who can jointly sign their names together. These directors are Mr. Kasem Watanachai, Mr. Chumpol NaLamlieng or Mr. Prasarn Trairatvorakul, Mr. Cholanat Yanaranop and Mr. Roongrote Rangsiyopash.

The six independent directors are Mr. Chumpol NaLamlieng, Mrs. Tarisa Watanagase, Mr. Prasarn Trairatvorakul, Mr. Pasu Decharin, Mrs. Pamsiree Amatayakul and Mr. Thapana Sirivadhanabhakdi, constituting half of the Board of Directors and two of these independent directors are female directors. In addition, the six independent directors meet all the requirements specified in the Company's list of qualifications of an independent director, which are more stringent than the qualifications stipulated by the Capital Market Supervisory Board.

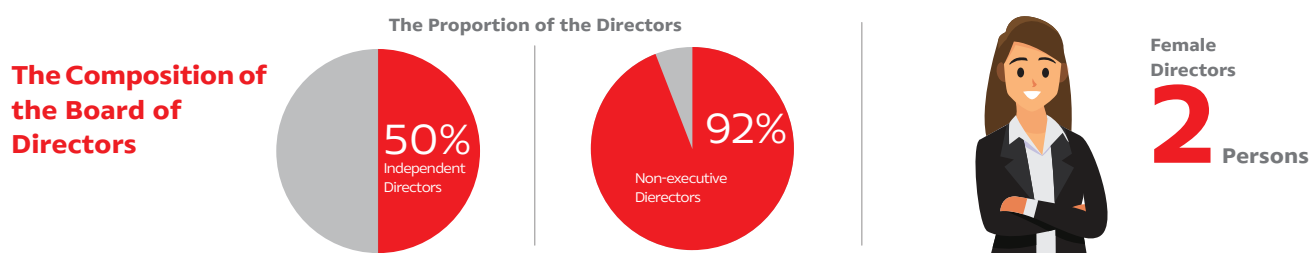
The duties of these independent directors include auditing the management, providing opinions and comments, supporting policies beneficial to shareholders or opposing any inequitable or non-transparent decisions that may affect

the benefits of shareholders or stakeholders, overseeing the establishment and disclosure of policies regarding connected transaction supervision to ensure the maximum benefit of the Company and its shareholders.

In compliance with international corporate governance standards, the Company has made the diversity of the Board structure which consists of a diverse range of skills, experiences, knowledge, and expertise beneficial to the Company, without any discrimination on the grounds of gender, age, ethnicity, nationality, religion, country of origin, cultural background and

tradition in order to enhance its ability to nominate individuals with qualifications for directorship in line with the Company's businesses.

In addition, based on the nomination of the Company's directors and IOD's list of chartered directors, the Governance and Nomination Committee nominated qualified candidates to replace the directors due to retire by rotation in 2022, consistent with the Company's policy on director qualification and nomination.



### The Sub-Committees

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

#### Remarks:

- Independent directors that meet all the requirements specified in the Company's list of qualifications of an independent director and the provision of the Capital Market Supervisory Board are numbers 2, 5, 7, 8, 9, and 11.
- Independent directors that meet all the criteria of an independent director defined by DJSI Sustainability Assessment are numbers 1, 2, 3, 4, 5, 7, 8, 9, 10 and 11, which can be found on the Company's website [www.scg.com](http://www.scg.com).
- \*The CSR Committee for Sustainable Development comprises nine members, six of whom are the Company's directors and three of whom are SCG Management, namely, Mr.Tanawong Areeratchakul, Mr. Yuttana Jiamtragan, and Mr. Chaovalit Ekabut.
- The structure of the Board of Directors is the one-tier Board system which comprises an executive director and non-executive directors. Part of non-executive directors are independent directors.

## Report of Changes in Securities Holdings of Directors

Name	The Siam Cement Public Company Limited						Affiliated Company (SCG Packaging Public Company Limited)					
	Ordinary Share (Shares)			Debentures (Units)			Ordinary Share (Shares)			Debentures (Units)		
	As of January 1, 2021	As of December 31, 2021	Increase/(Decrease) during fiscal year	As of January 1, 2021	As of December 31, 2021	Increase/(Decrease) during fiscal year	As of January 1, 2021	As of December 31, 2021	Increase/(Decrease) during fiscal year	As of January 1, 2021	As of December 31, 2021	Increase/(Decrease) during fiscal year
1. Air Chief Marshal Satitpong Sukvimol	-	-	-	-	-	-	-	-	-	-	-	-
2. Mr. Chumpol NaLamlieng	201,000	201,000	-	-	-	-	28,329	28,329	-	-	-	-
3. Mr. Kasem Watanachai	-	-	-	-	-	-	-	-	-	-	-	-
4. Police Colonel Thumnithi Wanichthanom	-	-	-	-	-	-	-	-	-	-	-	-
5. Mrs. Tarisa Watanagase	-	-	-	-	2,000	2,000	-	-	-	-	-	-
Spouse	41,900	41,900	-	-	-	-	-	-	-	-	-	-
6. Mr. Kan Trakulhoon	-	-	-	-	-	-	-	-	-	-	-	-
7. Mr. Prasarn Trairatvorakul	-	-	-	25,000	35,000	10,000	-	-	-	5,000	5,000	-
8. Mr. Pasu Decharin	-	-	-	-	-	-	-	-	-	-	-	-
9. Mrs. Parnsiree Amatayakul	-	-	-	-	-	-	-	-	-	-	-	-
10. Mr. Cholanat Yanaranop	18,500	18,500	-	56,000	55,000	(1,000)	2,607	2,607	-	2,200	2,200	-
11. Mr.Thapana Sirivadhanabhakdi	-	-	-	-	-	-	-	-	-	-	-	-
12. Mr. Roongrote Rangsiyopash	30,000	30,000	-	102,000	106,000	4,000	-	-	-	7,000	7,000	-

### Remarks:

- 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).
- 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
  - Holding more than 50% of issued shares.
- 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.
- 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.
- The Siam Cement Public Company Limited debentures and SCG Packaging Public Company Limited debentures are 1,000 Baht per unit.

### Scope of Authority of the Board of Directors

#### The Board of Directors has the following authority.

(Revised as per the Board of Directors Charter dated November 25, 2020)

#### Take Responsibility as the Leaders Who Sustainably Bring Value to the Company’s Business

1. Act in a best interest of shareholders (Fiduciary Duty) by observing the following four main practices:

- Performing its duties with care and prudence (Duty of Care)
- Performing its duties with faithfulness and honesty (Duty of Loyalty)
- Performing its duties in compliance with the laws, objectives, Company’s Articles of Association, the resolution of the Board of Directors, and resolutions of Shareholders’ Meetings (Duty of Obedience)

4) Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness (Duty of Disclosure)

2. Direct SCG’s visions, missions, and business strategies, subject to annual revision and approval, to create sustainable value to SCG, customers, stakeholders, and society.

3. Direct the Company’s operation in compliance with the laws, objectives, Company’s Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders’ Meetings in good faith and with care, prudence, and integrity to preserve the highest interests of the Company with fairness to all stakeholders.

4. Oversee and develop SCG’s corporate governance in alignment with international standards to provide guidelines for business operations while monitoring to ensure compliance and be a role model in complying with the principles of good corporate governance and SCG Code of Conduct.



### **Define Key Objectives and Business Goals that Promote Sustainable Value Creation**

5. Review the major operating plan, budgets, business goals, and business policies and enhance the capabilities of SCG to reach a global competitive level.

### **Strengthen Effectiveness of the Board of Directors**

6. Define and review the structure of the Board of Directors in terms of number of directors, proportion of independent directors as well as the Board diversity and director qualifications, including knowledge, expertise, experience, and specializations to align with SCG's business operations; and appoint the chairmen and members of Sub-Committees to assist and support the Board's delegated of duties.

7. Assess the performance of the Board of Directors annually by performing three types of assessments, namely the performance of the Board of Directors (as a whole), individual director (Self-Assessment), and the Chairman of the Board, as well as regularly reviewing and monitoring the assessment results of the Board and its Sub-Committees which will be jointly deliberated by the Board of Directors.

8. Oversee to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and Sub-Committee members are determined appropriately.

9. Devote sufficient time to perform their duties, attend all the Board of Directors' meetings and Shareholders' meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

10. Develop their knowledge and competency related to their duties through attending courses or curriculums related to directorial duties or seminars that enhance their knowledge.

### **Nominate Top Executives and Encourage Development of Their Skills, and Manage the Company Personnel**

11. Review top executive development plans and the succession plan for the President & CEO while overseeing to ensure the effective performance assessment of top executives on an annual basis and determine their remuneration method that is prudent, transparent, and consistent with their duties and transparent, and consistent with their duties and the Company's operating results to provide both short-term and long-term incentives.

### **Promote Innovation and Responsible Business Conduct**

12. Oversee and support the creation of innovation that brings value to SCG and provides benefits to all stakeholders. Perform social and environmental responsibility, and ensure the Management allocate and manage resources efficiently and effectively.

13. Oversee and monitor IT management and the implementation of the IT security system.

14. Oversee and monitor the implementation of the Company's strategies and overview performance of SCG and each business unit by requiring their performance reports periodically; and set policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibilities, and development of SCG's employees.

### **Monitor the Implementation of Effective Risk Management and Internal Control Systems**

15. Define risk management policies and oversee to ensure effective risk management systems, as well as review and assess the systems periodically or when there are material of a changes in risk levels.

16. Encourage staff at all levels to be conscious of ethics and morality and comply with SCG's principles of corporate governance, Code of Conduct and the Anti-Corruption Policy while overseeing the proper internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

17. Monitor and manage any potential conflicts of interest between the Company, the Management, the Board of Directors, or shareholders as well as oversee to prevent misuse of SCG's assets and the entering into inappropriate transactions with persons connected with SCG.

### **Ensure Disclosure and Financial Integrity**

18. Oversee and monitor the Company's liquidity and debt service coverage together with plans and mechanisms in case of problems arising.

19. Oversee and monitor to ensure that the preparation of financial statements and disclosure of material information are accurate, sufficient, timely and in compliance with the relevant regulations and guidelines.

### **Ensure Engagement and Communication with Shareholders**

20. Oversee to ensure shareholders are involved in SCG's important decision makings, rights of majority and minority shareholders and all stakeholders are respected and that

they are treated equitably and transparently. Oversee to ensure that the process and channels for receiving and handling complaints from whistleblowers are effective and provide opportunities for all stakeholders to directly contact or file complaints to the Board of Directors about any potential issues.

In performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

### **Authority Scope of the Chairman of the Board of Directors**

(Revised as per the Board of Directors Charter dated November 25, 2020)

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

1. Set Board meeting agenda in consultation with the President & CEO and oversee to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.
2. Provide leadership to the Board of Directors and chair meetings of the Board.
  - 2.1 Conduct a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.
  - 2.2 Allocate sufficient time and encourage each Board member to discuss and freely and independently express their opinions with due care concerning all stakeholders.
  - 2.3 Clearly summarize the Board meeting resolutions and any action agreed upon.
  - 2.4 Arrange a Board meeting without the presence of the executive director.
3. Chair meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.
4. Support and be a role model in compliance with SCG's principles of corporate governance and SCG Code of Conduct.
5. Foster a positive working relationship between the Board of Directors and the Management and support the performance of the duties of the President & CEO and the Management in accordance with the Company's policy.

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

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

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

### **Authority of the Board of Directors**

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, the Board Charter, and the Shareholders' Meeting resolutions. Such matters include defining delegation of authority, defining and reviewing corporate vision, mission, business strategies, business plans, risk management policy, annual budget and business plans, and medium-term business plan. Added to this is the defining of the operating result target, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, material connected transactions, merger and acquisition, corporate spin-off, and joint venture deals.

### **Separation of the Roles of the Board of Directors and the Management**

The Company has defined clear roles and responsibilities for the Board of Directors and the Management in accordance with the Company's Delegation of Authority Manual. The Board shall be responsible for establishing the policies and overseeing the Management's implementation of those policies. The Management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the Chairman and the President & CEO of the Company shall be different persons, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review. For this agenda, the Board meeting shall be arranged without the presence of the executive directors.

The Chairman shall not be a member of the Management and shall not participate in the Management of SCG's business; nor shall the Chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between governance of the Company's overall policy, and business management.

The Management is authorized to manage the Company's

operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; manage expenses and capital expenditures to be within the limits approved by the Board in the annual business plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

### **Directors' Term of 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 shall 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**

An independent director shall be in the office at the maximum of three consecutive terms, starting from the first day of qualified independence and each term shall be due on the date of Annual General Meeting of Shareholders. The Board of Directors may nominate the retiring director for re-election if his/her independence is deemed appropriate subsequent to consideration of the Board.

### **Policy on Directors' and Top Executives' Directorship in Organizations Outside SCG**

- **Limitation of the Number of Listed Companies in which a Director May Hold Directorship**

The Board of Directors has set a limit to the number of listed companies in which each director may hold a directorship. This policy aims to protect the Company's best interests as it helps ensure that directors have time sufficient to fulfill their duties. The Board of Directors has agreed to prescribe that each director should hold directorship in a maximum of four other listed companies apart from SCG on The Stock Exchange of Thailand (SET). The Board of Directors has followed this policy strictly, and none of the directors currently hold directorship in over four other listed companies apart from SCG on SET. In addition, SCG has a guideline in case the President & CEO is appointed as the director of another company. The matter must be proposed

to the Board of Directors for approval.

- **Policy and Guidelines on SCG Top Executives' Directorship in Organizations outside SCG**

The Board of Directors has established a policy allowing the President & CEO and the Company's management to hold a directorship in companies that are not SCG subsidiaries and associates or spend the Company working hours carrying out directorships for the following three external organizations:

- (1) Governmental organizations that are not established for the benefit of a political party, in which their service represents their cooperation with the authorities and contribution to the general public.
- (2) Private organizations that are established for the benefit of the general public such as the Federation of Thai Industries, the Thai Chamber of Commerce, the Thailand Management Association, etc.
- (3) Private organizations that are established for trading purpose but present no conflicts of interest with SCG and do not consume time to the extent that it is disadvantageous to the Company.

The President & CEO shall seek approval from the Board of Directors prior holding a directorship in other companies or external organizations. As for management and employees, the proposal must be submitted for approval in accordance with the Company Delegation of Authority, in which case the proposal will be reviewed with consideration to the Company's intent to ensure that its employees demonstrate determination and effort, and dedicate their working hours to their duties at the Company to the best of their ability, as well as adhere to the Code of Conduct regarding conflicts of interest, whereby employees do not engage in a conduct that constitutes a competition with the Company's business. The approval of directorships or the use of the Company's working hours on duties in external organizations/companies depends on the Company's judgment and is reviewed on a case-by-case basis. In this regard, the Company has informed relevant management employees of the aforementioned policy and process.

### **The Sub-Committees**

The Board of Directors has established the Sub-Committees, namely the Audit Committee, the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development to be responsible for their specific areas and report directly to the Board for its consideration or acknowledgement. In this regard, the Company put in place its Charter of the Board of Directors and Charter of the

Sub-Committees specifying rights and duties, which are published on the Company's website ([www.scg.com](http://www.scg.com)). Moreover, the Board of Directors is entitled to form other sub-committees to handle any specific situations as deemed appropriate.

### 1. The Audit Committee

The Audit Committee comprises three independent directors, who are widely accepted, have a full understanding of and experience in accounting or finance fields, and have extensive knowledge and experience to review the reliability of the financial statement, risk management and internal control. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's policies, Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of SCG's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, effective and efficient internal control system, internal audit system and risk management system. The Audit Committee shall act and express opinions independently.

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

1. Mrs. Tarisa Watanagase	Chairman
2. Mr. Pasu Decharin	Member
3. Mrs. Parnsiree Amatayakul	Member

The Internal Audit Office, with Mr. Pitiya Chanboonmi as its Director, acts as an assurance unit reporting directly to the Audit Committee. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee shall set up meetings with the Company's external auditor, without the presence of the management, at least once a year in order to receive 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's Term of Office

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 a director to fill the vacancy to ensure the Audit Committee is composed of the number of directors prescribed by the Board of Directors. The appointed individual shall hold the directorship only for the duration of the remaining term of the director he or she replaces.

### Authority Scope of the Audit Committee

(Revised per the Audit Committee Charter dated July 29, 2021) The duties of the Audit Committee are as follows:

#### Oversight, Risk Management, Oversight of Performance of Duties, 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, internal control, oversight of performance of duties, IT governance, as well as Information and Integrated Network Security to ensure their effectiveness and compliance with international standards.

4. Oversee the appropriateness and sufficiency of the Anti-Corruption Policy for business operations and review the effectiveness of the Company's anti-corruption procedures to ensure compliance with relevant governance bodies' guidelines such as Thai Private Sector Collective Action Against Corruption (CAC), the Thai Institute of Directors Association (IOD) and The National Anti-Corruption Commission, starting from promoting and raising awareness, assessing risks and internal control, incorporating the proactive preventive system, managing whistleblowing report, auditing, giving consultation and ensuring compliance with Anti-Corruption Policy, as well as reviewing the self-assessment form regarding anti-corruption measures as assessed by 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 the COSO Internal Control-Integrated Framework (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 and punishment, 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 of business operations.

#### Others

9. Select and propose the appointment or discharge of 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 the 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. The report contains opinions on various matters as required by SET.

11. Review and provide opinions 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 the 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 to the 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 require 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, and that such behaviors 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 remedies within a period deemed appropriate by the Audit Committee.

- (1) Transaction which may cause conflicts of interest
- (2) Fraud, irregular events or material flaws in the internal control system
- (3) Violations of laws pertaining to SEC, regulations of SET, or laws pertaining to the Company's business

Should the Board of Directors or the 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 SEC or SET.



## 2. The Governance and Nomination Committee

The Governance and Nomination Committee comprises three independent directors. The Committee is responsible for proposing, revising, and supervising the Company's corporate governance matters. The Committee is also in charge of the nomination of persons qualified to become directors to replace those who are retired by rotation, or as the case may be. In addition, the Committee reviews the performance evaluation system of the Board of Directors and is responsible for monitoring and studying changes and trends in the remuneration of the Board of Directors.

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

- |    |                        |          |
|----|------------------------|----------|
| 1. | Mr. Chumpol NaLamlieng | Chairman |
| 2. | Mrs. Tarisa Watanagase | Member   |
| 3. | Mr. Pasu Decharin      | Member   |

### 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.

### Authority Scope of the Governance and Nomination Committee

(Revised per the Governance and Nomination Committee Charter dated July 29, 2021)

The duties of the Governance and Nomination Committee are as follows:

1. Define the scope and policy of SCG's corporate governance and propose to the Board of Directors on a regular basis.
2. Make recommendations on the practice of SCG's corporate governance and provide advice on corporate governance to the Board of Directors.
3. Oversee and monitor the performance of the Company's Board of Directors and the executive committee to ensure their compliance with SCG's corporate governance policy.
4. Review the practice of corporate governance within SCG to ensure it is appropriate for the Company's business operations and consistent with international best practices, and provide recommendations to the Board of Directors for further improvement and keeping the practice up-to-date.
5. Review the independence of the Board of Directors, as well as any potential conflict of interests in performing their duties.

6. Review the appropriateness of retaining the directorship should there be any change in a director's qualifications.

7. Review and provide advice to the Board of Directors on the structure, roles and responsibilities, and practices of the Board of Directors and the Sub-Committees. Review the suitability of the Charter of the Board of Directors and the committees, the Governance and Nomination Committee annually.

8. Define nomination and selection procedures and guidelines in accordance with applicable regulations and laws. Nominate qualified candidates for directorship to replace a director retiring at the end of their terms, or whatever the case may be, as well as nominate directors to Sub-Committees, to which authority and responsibilities are directly assigned by the Board of Directors, with the diversity of the board regarding knowledge, expertise, experience, and specializations beneficial to the Company taken into consideration, and submit a list of candidates to the Board of Directors and/or Shareholders' Meeting for approval.

9. Propose guidelines and methods for remuneration to be paid to the Board of Directors and the Sub-committees appointed by the Board of Directors, including bonus and attendance fee.

10. Review, study, and track regularly the changes and trends in remuneration for the Board of Directors and the Sub-Committees in order to propose for the approval of the Board of Directors.

11. Consider the remuneration of the Board of Directors, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in the industry and to motivate them to foster the Company's continuing development.

12. Develop director development plans to enhance the knowledge and skills of directors and foster their understanding of the roles and duties of directors, business, economic conditions, standards, risks, the environment, information technology, as well as laws and rules relevant to SCG's businesses; and formulate the Board Skill Matrix, taking into account the diversity of the board to suit SCG's business operations.

13. Recommend methods for performance assessment of the Board of Directors, the Sub-Committees, and the Chairman on an annual basis as well as follow up and report the assessment results to the Board of Directors, allowing them to enhance their performance of duties and improve the directors' competency.

14. Regularly report a progress and performance results to the Board of Directors after every meeting of the Corporate Governance and Nomination Committee.

15. Review the performance appraisal of the Governance and Nomination Committee on a regular annual basis as a whole and as an individual self-assessment.

16. Promote ethics, integrity, as well as compliance with SCG Code of Conduct and good corporate governance principles.

17. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Governance and Nomination Committee is authorized to call for and require 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 four of the Company's directors, all of whom are non-executive directors and three of whom are independent directors. The Chairman of the Remuneration Committee is an independent director. The Committee is responsible for reviewing the succession plan for the Company's President & CEO and the top executives, as well as monitoring and studying changes and trends in the remuneration of SCG top executives to suggest remuneration policies that can motivate these executives to lead the Company toward success, and to retain competent and ethical employees within the organization.

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

1. Mr. Prasarn Trairatvorakul	Chairman
2. Mrs. Parnsiree Amatayakul	Member
3. Mr. Cholanat Yanaranop	Member
4. Mr. Thapana Sirivadhanabhakdi	Member

#### 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.

#### Authority Scope of the Remuneration Committee

(Revised per the Remuneration Committee Charter dated July 29, 2021)

The Remuneration Committee is authorized to fulfill the following duties:

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

2. Assess the performance of the President & CEO on an annual basis in order to determine his/her remuneration before proposing to the Board of Directors for approval.

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

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

5. Review, study, and track regularly the changes and trends in remuneration for SCG top executives in order to propose for the approval of the Board of Directors.

6. Consider the remuneration of SCG top executives, as compared to the remuneration offered by other listed companies operating in the same business, to ensure that SCG retains its leadership in that industry and to motivate them to foster the Company's continuing development.

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

8. Regularly report a progress and performance results to the Board of Directors after every meeting of the Remuneration Committee.

9. Assess the performance of the Remuneration Committee and report the assessment results to the Board of Directors for acknowledgement.

10. Review and recommend for the Board of Directors' approval if there may be any alteration to the Charter of the Remuneration Committee in keeping it applicable and up-to-date.

11. Perform other duties as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Remuneration Committee is authorized to call for and require 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 for Sustainable Development Committee

The CSR for Sustainable Development Committee comprises nine members, six of whom are the Company's directors and three of whom are SCG 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 for Sustainable Development Committee comprises the following nine members:

1. Mr. Kasem Watanachai	Chairman
2. Air Chief Marshal Satitpong Sukvimol	Member
3. Police Colonel Thumnithi Wanichthanom	Member
4. Mr. Prasarn Trairatvorakul	Member
5. Mr. Kan Trakulhoon	Member
6. Mr. Roongrote Rangsiyopash	Member
7. Mr. Yuttana Jiamtragan	Member
8. Mr. Chaovalit Ekabut	Member
9. Mr. Tanawong Areeratchakul	Member

#### Term of Office of the CSR for Sustainable Development Committee

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.

#### Authority Scope of the CSR for Sustainable Development Committee

(Revised per the CSR for SD Committee Charter dated July 29, 2020)

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 an annual basis.

2. Follow up to ensure that the policy implementation is effective according to plan and target set by the Company's Board of Directors and the CSR for SD Committee.

3. Regularly report 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 is 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 require the 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 of duties of the CSR for SD Committee shall be paid by the Company.

## SCG Top Executives (As of January 1, 2022)

1. Mr. Roongrote Rangsiyopash	President & CEO	12. Mr. Paramate Nisagornsen	Vice President- SCG Home Business, Cement and Building Materials Business
2. Mr. Thammasak Sethaudom	<ul style="list-style-type: none"> <li>• Executive Vice President</li> <li>• In Charge of Finance and Investment &amp; CFO</li> </ul>	13. Mr. Wiroat Rattanachaisit	<ul style="list-style-type: none"> <li>• Vice President- Regional CBM Business,</li> <li>• In Charge of Vice President Housing Products and Solution Business, Cement and Building Materials Business</li> </ul>
3. Mr. Yuttana Jiamtragan	Vice President- Corporate Administration		
4. Mr. Aree Chavalitcheewingul	President, Cementhai Holding Company Limited		
5. Mr. Tanawong Areeratchakul	Chief Executive Officer & President, Chemicals Business		
6. Mr. Sakchai Patiparnprechavud	<ul style="list-style-type: none"> <li>• Chief Commercial Officer</li> <li>• Executive Vice President- Regional</li> <li>• Executive Vice President- Vinyl Chain, Chemicals Business</li> </ul>		
7. Mr. Mongkol Hengrojanasophon	<ul style="list-style-type: none"> <li>• Chief Operations Officer Executive</li> <li>• Vice President- Thailand Olefins Chain, Chemicals Business</li> </ul>		
8. Mr. Suracha Udomsak	<ul style="list-style-type: none"> <li>• Chief Innovation Officer</li> <li>• Executive Vice President – New Business, Chemicals Business</li> </ul>		
9. Mr. Kulachet Dharachandra	Chief Financial Officer, Chemicals Business		
10. Mr. Nithi Patarachoke	President, Cement and Building Materials Business		
11. Mr. Chana Poomee	Vice President- Cement and Green Solution Business, Cement and Building Materials Business		



For more information about top executives, please see the profiles in “Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance, and Company Secretary” on the Company’s website ([www.scg.com](http://www.scg.com)).

The above-mentioned top executives of SCG are “Executives” according to the Notification of the Capital Market Supervisory Board No. Tor Chor 23/2551.

The thirteen members of top executives have no forbidden qualification as follows:

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.

## SCG Top Executives

(As of January 1, 2022)



01

### Mr. Roongrote Rangsiyopash

President & CEO

02

### Mr. Thammasak Sethaudom

Executive Vice President  
in Charge of Finance and Investment & CFO

03

### Mr. Yuttana Jiamtragan

Vice President-Corporate Administration

04

### Mr. Aree Chavalitcheewingul

President, Cementhai Holding  
Company Limited

05

### Mr. Tanawong Areeratchakul

Chief Executive Officer & President,  
Chemicals Business

06

### Mr. Sakchai Patiparnpreechavud

Chief Commercial Officer  
Executive Vice President- Regional  
Executive Vice President- Vinyl Chain,  
Chemicals Business

07

### Mr. Mongkol Hengrojanasophon

Chief Operations Officer  
Executive Vice President-  
Thailand Olefins Chain, Chemicals Business

08

### Mr. Suracha Udomsak

Chief Innovation Officer  
Executive Vice President - New Business,  
Chemicals Business

09

### Mr. Kulachet Dharachandra

Chief Financial Officer,  
Chemicals Business

10

### Mr. Nithi Patarachoke

President, Cement and Building  
Materials Business

11

### Mr. Chana Poomee

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

12

### Mr. Paramate Nisagornsen

Vice President- SCG Home Business,  
Cement and Building Materials Business

13

### Mr. Wiroat Rattanachaisit

Vice President-Regional CBM Business  
in charge of Vice President Housing Products and  
Solution Business, Cement and Building Materials Business



List of SCG Top Executives in Major Subsidiaries of the Core Businesses (As of January 1, 2022)

Subsidiaries	Name												
	Mr. Roongrote Rangsiyopash	Mr. Thammasak Sethaudom	Mr. Yuttana Jiamtragan	Mr. Aree Chavalitcheewingul	Mr. Tanawong Areeratcakul	Mr. Sakchai Patipampreechavud	Mr. Mongkol Hengrojamasophon	Mr. Suracha Udomsak	Mr. Kulachet Dharachandira	Mr. Nithi Patarachoke	Mr. Chana Poomee	Mr. Paramate Nisagornsen	Mr. Wiroat Rattanachaisit
Cement and Building Materials Business SCG Cement-Building Materials Company Limited	●	●	●					●		●	●	●	
Chemicals Business SCG Chemicals Company Limited	●	●			●								
SCGP (Packaging Business) SCG Packaging Public Company Limited		●											

**Remark:** Details of the positions of SCG top executives in the Company's subsidiaries and associates can be found in Attachment 1.

### The Company's Chief Officers in Accounting and Finance

- **Corporate Accounting Director**

Mr. Pichit Leelaphantmetha, Corporate Accounting Director, has been assigned to oversee SCG's accounting policies, control accounting and the preparation of financial statements, and ensure that SCG's accounting transactions are executed efficiently in relevant regulations, requirements, and criteria.

- **Corporate Planning and Finance Director**

Mrs. Chantanida Sarigaphuti, Corporate Planning and Finance Director, has been assigned to oversee strategic planning and corporate risks and investor relation management as well as ensure that the financial and actuarial principles and management of SCG and its subsidiaries are in compliance with SCG's financial policies.



For more information, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com)).

## Report of Changes in Securities Holdings of Executives

No.	Name	Ordinary Shares of the Siam Cement Public Company Limited (Shares)		
		As of January 1, 2021	As of December 31, 2021	Increase/ (Decrease) during fiscal year
1.	Mr. Roongrote Rangsiyopash	30,000	30,000	-
2.	Mr. Thammasak Sethaudom	-	-	-
3.	Mr. Yuttana Jiamtragan	2,000	2,000	-
4.	Mr. Aree Chavalitcheewingul	-	-	-
5.	Mr. Tanawong Areeratchakul	-	-	-
6.	Mr. Sakchai Patiparnpreechavud	-	-	-
7.	Mr. Mongkol Hengrojanasophon	2,000	2,000	-
8.	Mr. Suracha Udomsak	-	-	-
9.	Mr. Kulachet Dharachandra	-	-	-
10.	Mr. Nithi Patarachoke	4,000	4,000	-
	Spouse	15,000	15,000	-
11.	Mr. Chana Poomee	5,800	5,800	-
	Spouse	500	500	-
12.	Mr. Paramate Nisagornsen	-	-	-
13.	Mr. Wiroat Rattanachaisit	-	-	-
14.	Mr. Pichit Leelaphantmetha	-	-	-
15.	Mrs. Chantanida Sarigaphuti	2,000	-	(2,000)

**Remarks:**

- 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).
- 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.
- SCG top executives according to the Notification of Capital Market Supervisory Board comprise the above-mentioned 15 members.
- 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.
- No. 14 and 15 are the Management of accounting and finance.

## Remunerations for the Board of Directors and the Top Executives

The Governance and Nomination Committee is assigned by the Board of Directors to consider proposing the remuneration methods and processes for members of the Board, the Sub-committees as well as continually keep up with the changes and possibilities in regard to the remuneration for the Board and the top executives to propose for the Board's consideration. Moreover, the Board of Directors assigned the Remuneration Committee to recommend the policy on SCG management remuneration including salary and annual bonus.

- **Remunerations of the Board of Directors**

### Policy on the Remuneration for the Board and the Sub-committees

The appropriate remuneration for members of the Board and Sub-committees is set at rates comparable to those of leading companies listed in the SET, and other top companies in the same industries. Remuneration for the Board is also considered based on SCG's operating results, before being proposed for approval in the Shareholders' Meeting in accordance with the Articles of Association of the Company.

### Remuneration for the Board of Directors

In the 11<sup>th</sup> Annual General Meeting of Shareholders held on Wednesday, March 24, 2004, the Board passed a resolution 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 2021 Annual General Meeting of Shareholders (The 28<sup>th</sup> Meeting) held on March 31, 2021, 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 portions, or 216,000 Baht per month, and the other 11 board members one portion, or 144,000 Baht per month.

**Directors' Bonus** The Board of Directors passed a resolution to pay the chairman a bonus of 1.5 portions and each of the other board members bonuses of one portion of the total bonuses as approved in the Shareholders' Meeting.

**Remuneration for the Sub-committees** The Board of Directors passed a resolution to remunerate members of the sub-committees on the basis of a fixed fee and attendance fee, as follows:

Type of Remunerations	Position	Annual Fixed Fee (Baht)	Attendance Fee (Baht)
The Audit Committee	Chairman	180,000	45,000
	Member	120,000	30,000
The Governance and Nomination Committee /The Remuneration Committee	Chairman	150,000	37,500
	Member	100,000	25,000

The Remuneration for the Board of Directors and the Sub-committees in 2021  
(January 1 – December 31, 2021)

Name	The Board of Directors (12 members)	The Audit Committee (3 members)	The Governance and Nomination Committee (3 members)	The Remuneration Committee (3 members)	Directors Bonus Paid in 2021* (Baht)	Total (Baht)
1. Air Chief Marshal Satitpong Sukvimol <sup>(1)</sup>	2,592,000	-	-	-	6,420,000	9,012,000
2. Mr. Chumpol NaLamlieng <sup>(2)</sup>	1,728,000	-	337,500	-	4,280,000	6,345,500
3. Mr. Kasem Watanachai <sup>(3)</sup>	1,728,000	-	-	-	4,280,000	6,008,000
4. Police Colonel Thumnithi Wanichthanom	1,728,000	-	-	-	4,280,000	6,008,000
5. Mrs. Tarisa Watanagase <sup>(4)</sup>	1,728,000	450,000	225,000	-	4,280,000	6,683,000
6. Mr. Kan Trakulhoon	1,728,000	-	-	-	4,280,000	6,008,000
7. Mr. Prasarn Tiratvorakul <sup>(5)</sup>	1,728,000	-	-	412,500	4,280,000	6,420,500
8. Mr. Pasu Decharin	1,728,000	300,000	225,000	-	4,280,000	6,533,000
9. Mrs. Parnsiree Amatayakul	1,728,000	300,000	-	275,000	4,280,000	6,583,000
10. Mr. Cholanat Yanaranop <sup>(6)</sup>	1,728,000	-	-	275,000	4,280,000	6,283,000
11. Mr. Thapana Sirivadhanabhakdi <sup>(7)</sup>	1,728,000	-	-	275,000	4,280,000	6,283,000
12. Mr. Roongrote Rangsiyopash <sup>(8)</sup>	1,728,000	-	-	-	4,280,000	6,008,000
Total	21,600,000	1,050,000	787,500	1,237,500	53,500,000	78,175,000

**Remarks:**

(1) Director No.1 is the Chairman of the Board.

(2) Director No. 2 is the Chairman of the Governance and Nomination Committee and serves as an independent director in the Company's subsidiaries that are its core businesses, namely SCG Chemicals Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Company Limited" on page 185, and SCG Packaging Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Packaging Public Company Limited" on page 186.

(3) Director No. 3 is the Chairman of the CSR Committee for Sustainable Development.

(4) Director No. 5 is the Chairman of the Audit Committee.

(5) Director No. 7 is the Chairman of the Remuneration Committee and serves as an independent director in the Company's subsidiary that is its core business, SCG Packaging Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Packaging Public Company Limited" on page 186.

(6) Director No. 10 serves as a director in the Company's subsidiaries that are its core businesses, namely SCG Chemicals Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Company Limited" on page 185, and SCG Packaging Public Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Packaging Public Company Limited" on page 186.

(7) Director No. 11 serves as an independent director in the Company's subsidiary that is its core business, SCG Chemicals Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Company Limited" on page 185.

(8) Director No. 12 serves as a director in the Company's subsidiary that is its core business, SCG Chemicals Company Limited, for which the remuneration is disclosed under "Remuneration for the Board of Directors of SCG Chemicals Company Limited" on page 185.

- The CSR Committee for Sustainable Development has no remuneration.

\* The directors' bonus paid in 2021 consisted of the bonus payment based on the final dividend of the year 2020 paid to shareholders on April 23, 2021 and the interim dividend of the year 2021 paid on August 27, 2021 as represented in the item of "Administrative expenses" on the consolidated statements of income.

- **Remuneration of President & CEO, and the Top Executives**

#### Policy on Top Executive Remuneration

The Board and the Remuneration Committee assess the performance of the President & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the President & CEO and top executives of SCG and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on percentage of EBITDA on operating assets. The target EBITDA percentage for each business unit of SCG shall be set forth each year for assessment and comparison purposes.

2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The executive's capability to develop the business unit and improve operational efficiency for each business unit each year and to lead the Company in meeting the ESG performance and sustainability goals which are set both in the short and long term for environmental aspect e.g. reducing Greenhouse Gas Emission, reducing Energy and Resource Consumption, Water Withdrawal reduction, Zero Waste to Landfill, Revenue from sales of eco value products and services and, for social aspect e.g. Occupational Health and Safety.

- **Remuneration of the Top Executives**

The total remuneration for twelve executives, including the President & CEO whose office was held during 2021, in the form of salaries, bonuses, variable pay and others amounted to 271,661,352 Baht. For 2021, the Company made contributions of 19,439,030 Baht to the provident fund for the executives as the employees of the Company.

#### Directors and Executives of Major Subsidiaries of the Core Businesses

(As of December 31, 2021)

##### Cement and Building Materials Business

#### List of the Board of Directors of SCG Cement-Building Materials Company Limited

1. Mr. Roongrote Rangsiyopash	Director
2. Mr. Thammasak Sethaudom	Director
3. Mr. Yuttana Jiamtragan	Director
4. Mr. Nithi Patarachoke	Director
5. Mr. Chana Poomee	Director
6. Mr. Suracha Udomsak	Director
7. Mr. Paramate Nisagornsen	Director

#### List of Executives and Positions of SCG Cement-Building Materials Company Limited

1. Mr. Nithi Patarachoke	President
2. Mr. Chana Poomee	Vice President
3. Mr. Paramate Nisagornsen	Vice President
4. Mrs. Nattha Buranawit	Chief Financial Officer

##### Chemicals Business

#### List of the Board of Directors of SCG Chemicals Company Limited

1. Mr. Chumpol NaLamlieng	Chairman and Independent Director
2. Mr. Roongrote Rangsiyopash	Vice Chairman
3. Mr. Winid Silamongkol	Independent Director
4. Mr. Raphee Soojaritkoon	Independent Director
5. Prof. Kitipong Urapeepatanapong	Independent Director
6. Mr. Tos Chirathivat	Independent Director
7. Mr. Suphachai Chearavanont	Independent Director
8. Mr. Thapana Sirivadhanabhakdi	Independent Director
9. Mr. Cholanat Yanaranop	Director
10. Prof. Dr. Siriluck Rotchanakitumnuai	Director
11. Mr. Thammasak Sethaudom	Director
12. Mr. Tanawong Areeratchakul	Director and Chief Executive Officer

#### Remark:

No.10 Prof. Dr. Siriluck Rotchanakitumnuai was appointed as a director with effect from January 1, 2022 (replacing Mr. Sakchai Patipampreechavud, who resigned with effect from December 18, 2021)



### List of Executives and Positions of SCG Chemicals Company Limited

1. Mr. Tanawong Areeratchakul	Chief Executive Officer & President
2. Mr. Sakchai Patiparnpreechavud	Chief Commercial Officer Executive Vice President-Regional Executive Vice President-Vinyl Chain
3. Mr. Mongkol Hengrojanasophon	Chief Operations Officer Executive Vice President-Thailand Olefins Chain
4. Mr. Suracha Udomsak	Chief Innovation Officer Executive Vice President – New Business
5. Mr. Kulachet Dharachandra	Chief Financial Officer
6. Ms. Rungtip Trikomol	Accounting Director

### SCGP (Packaging Business)

#### List of the Board of Directors of SCG Packaging Public Company Limited

1. Mr. Prasarn Tiriratvorakul	Chairman and Independent Director
2. Mr. Cholanat Yanaranop	Vice Chairman
3. Mrs. Kaisri Nuengsigkapan	Independent Director
4. Mr. Chalee Chantanayingyong	Independent Director
5. Mrs. Pongpen Ruengvirayudh	Independent Director
6. Prof. Kitipong Urapeepatanapong	Independent Director
7. Mr. Vanus Taepaisitphongse	Independent Director

8. Mr. Vibul Tuangsitthisombat	Independent Director
9. Mrs. Suphajee Suthumpun	Independent Director
10. Mr. Thiraphong Chansiri	Director
11. Mr. Thammasak Sethaudom	Director
12. Mr. Wichan Jitpukdee	Director and Chief Executive Officer

### List of Executives and Positions of SCG Packaging

#### Public Company Limited

1. Mr. Wichan Jitpukdee	Chief Executive Officer
2. Mr. Sangchai Wiriyumpaiwong	Chief Operating Officer, Packaging Paper Business
3. Mr. Suchai Korprasertsri	Chief Operating Officer, Consumer and Industrial Business
4. Mr. Karan Tejasen	Chief Operating Officer, Performance and Polymer Business
5. Mr. Wichan Charoenkitsupat	Chief Operating Officer, Fibrous Business
6. Mr. Sompob Witworrasakul	Chief Regional Officer
7. Mr. Danaidej Ketsuwan	Chief Financial Officer
8. Mrs. Nadarat Pomtri	Accounting Director



For more information, please see the profiles in “Attachment 2 Information of Directors of Major Subsidiaries of the Core Businesses” on the Company’s website ([www.scg.com](http://www.scg.com)).

### Remuneration for the Board of Directors of Major Subsidiaries of the Core Businesses

- Remuneration for the Board of Directors of SCG Cement-Building Materials Company Limited

The top executives assigned to be directors of SCG Cement-Building Materials Company Limited shall not be subject to remuneration paid for being the directors as they have already served as the top executives of SCG.

- Remuneration for the Board of Directors of SCG Chemicals Company Limited (as of December 31, 2021)

Name	Remuneration (Baht)			Total (Baht)
	Board of Directors**	The Audit and Risk Committee*	The Nomination and Remuneration Committee*	
	January 1 - December 31, 2021	October 1 - December 31, 2021	October 1 - December 31, 2021	
1. Mr. Chumpol NaLamlieng <sup>(1)</sup>	709,677	-	-	709,677
2. Mr. Roongrote Rangsiyopash	-	-	-	-
3. Mr. Winid Silamongkol <sup>(2)</sup>	500,000	214,931.51	-	714,931.51
4. Mr. Raphee Soojaritkoon <sup>(3)</sup>	500,000	145,205.48	-	645,205.48
5. Prof. Kitipong Urapeepatanapong <sup>(3)</sup>	500,000	145,205.48	-	645,205.48
6. Mr. Tos Chirathivat <sup>(4)</sup>	500,000	-	85,205.48	585,205.48
7. Mr. Suphachai Chearavanont <sup>(4)</sup>	500,000	-	85,205.48	585,205.48
8. Mr. Thapana Sirivadhanabhakdi <sup>(4)</sup>	500,000	-	85,205.48	585,205.48
9. Mr. Cholanat Yanaranop <sup>(5)</sup>	500,000	-	119,095.89	619,095.89
10. Prof. Dr. Siriluck Rotchanakitumnuai <sup>(6)</sup>	-	-	-	-
11. Mr. Thammasak Sethaudom	-	-	-	-
12. Mr. Tanawong Areeratchakul	-	-	-	-
Total	4,209,677	505,342.47	374,712.33	5,089,731.80

#### Remarks :

- \* Sub-committees refer to the Audit and Risk Committee and the Nomination and Remuneration Committee. The former was appointed in the Board Meeting No. 275 (11/2021) on August 26, 2021, effective October 1, 2021. The latter was appointed in the Board Meeting No. 279 (15/2021) on December 18, 2021, effective January 1, 2022, and as such the Nomination and Remuneration Committee has not convened any meeting.
- \*\* No remuneration was paid to the Board of Directors during the period from January 1, 2020 to July 31, 2021. From August 1, 2021 onward, directors who hold an executive position or are employees of the Company are not entitled to remuneration as directors and/or members of a sub-committee.
- (1) Director No.1 received remuneration as a director of the company during the period from August 1 to 25, 2021 and as the Chairman of the Board of Directors from August 26, 2021 onward.
- (2) Director No.3 received remuneration as a member of the Audit and Risk Committee during the period from October 1 to 21, 2021 and as the Chairman of the Audit and Risk Committee from October 22, 2021 onward.
- (3) Director No.4 and No.5 received remuneration as a member of the Audit and Risk Committee from October 1, 2021 onward.
- (4) Director No.6, No.7 and No.8 received remuneration as a member of the Nomination and Remuneration Committee from October 1, 2021 onward.
- (5) Director No.9 received remuneration as a member of the Nomination and Remuneration Committee during the period from October 1 to 21, 2021 and as the Chairman of the Nomination and Remuneration Committee during the period from October 22 to December 31, 2021.
- (6) Director No. 10 was appointed as a director with effect from January 1, 2022 (replacing Mr. Sakchai Patiparnpreechavud, who resigned with effect from December 18, 2021) and will receive remuneration from January 1, 2022 onward.

• Remuneration for the Board of Directors of SCG Packaging Public Company Limited (as of December 31, 2021)

Name	The Board of Directors	The Audit Committee	The Governance and Nomination Committee	The Remuneration Committee	Directors' Bonus Paid in 2021** (Baht)	Total (Baht)
1. Mr. Prasarn Triratvorakul <sup>*(1)</sup>	1,800,000.00	-	-	-	750,000.00	2,550,000.00
2. Mr. Cholanat Yanaranop	1,200,000.00	-	-	290,000.00	500,000.00	1,990,000.00
3. Mrs. Kaisri Nuengsigkapan <sup>*(2)</sup>	1,200,000.00	435,000.00	-	-	500,000.00	2,135,000.00
4. Mr. Chalee Chantanayingyong <sup>*(3)</sup>	1,200,000.00	290,000.00	250,108.70	-	500,000.00	2,240,108.70
5. Mrs. Pongpen Ruengvirayudh*	1,200,000.00	290,000.00	-	-	500,000.00	1,990,000.00
6. Prof. Kitipong Urapeepatanapong <sup>*(4)</sup>	1,200,000.00	-	305,815.21	-	500,000.00	2,005,815.21
7. Mr. Vanus Taepaisitphongse <sup>*(5)</sup>	1,200,000.00	-	-	378,571.43	386,612.02	1,965,183.45
8. Mr. Vibul Tuangsitthisombat <sup>*(6)</sup>	1,200,000.00	-	82,142.86	217,857.14	386,612.02	1,886,612.02
9. Mrs. Suphajee Suthumpun <sup>*(7)</sup>	346,666.67	-	88,804.34	-	-	435,471.01
10. Mr. Thiraphong Chansiri <sup>(8)</sup>	350,000.00	-	89,076.09	-	-	439,076.09
11. Mr. Thammasak Sethaudom	1,200,000.00	-	-	-	500,000.00	1,700,000.00
12. Mr. Wichan Jitpukdee	1,200,000.00	-	-	-	500,000.00	1,700,000.00
13. Mr. Chumpol NaLamlieng <sup>(9)</sup>	850,000.00	-	98,781.05	98,571.43	500,000.00	1,547,352.48
14. Mr. Tanawong Areeratchakul <sup>(10)</sup>	850,000.00	-	-	-	500,000.00	1,350,000.00
Total	14,996,667.67	1,015,000.00	914,728.25	985,000.00	6,023,224.04	23,934,618.96

**Remarks :**

\* Independent director

\*\* The directors' bonus paid in 2021 is calculated based on the directorship period of each director in 2020.

(1) Director No. 1 is the Chairman of the Board.

(2) Director No. 3 is the Chairman of the Audit Committee.

(3) Director No. 4 served as the Chairman of the Corporate Governance and Nomination Committee until September 15, 2021.

(4) Director No. 6 has been the Chairman of the Corporate Governance and Nomination Committee since September 16, 2021.

(5) Director No. 7 has been the Chairman of the Remuneration Committee since April 27, 2021.

(6) Director No. 8 served as a member of the Corporate Governance and Nomination Committee until April 26, 2021, and has been a member of the Remuneration Committee since April 27, 2021.

(7) Director No. 9 has been a director and a member of the Corporate Governance and Nomination Committee since September 17, 2021.

(8) Director No. 10 has been a director and a member of the Corporate Governance and Nomination Committee since September 16, 2021.

(9) Director No. 13 served as a director until September 15, 2021, as the Chairman of the Remuneration Committee until April 26, 2021, and as a member of the Corporate Governance and Nomination Committee between April 27, 2021 and September 15, 2021.

(10) Director No. 14 served as a director until September 15, 2021.

SCG Packaging PCL. does not pay other remunerations or benefits to directors other than those specified above.

### Remuneration for the Executives of Major Subsidiaries of the Core Businesses

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 executives of major subsidiaries of the core businesses are as follows:

Major Subsidiaries of the Core Businesses	Number of the Executives (person)	Total Remuneration in the Form of Money (Baht)	Benefit-in-kind (Baht)
1. SCG Cement-Building Materials Co., Ltd.	8	66,741,222	4,963,897
2. SCG Chemicals Co., Ltd.	6	46,051,047	3,389,336
3. SCG Packaging PCL.	8	92,156,875	6,823,560

**Remark :**

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

### Human Resources

SCG operates three core businesses. Over 46% of the employees are affiliated with the Cement and Building Materials Business, aligning with the number of its operational facilities and the industry nature, which requires greater workforce than the other businesses, followed by 40% for the SCGP (Packaging Business) and 11% for the Chemicals Business.

As a result of the Company's business strategies of expanding investments overseas in target Southeast Asian countries and other high-potential countries, coupled with its policy of hiring local employees in countries in which it makes investments, SCG is seeing an increasing proportion of international employees.

The Company also supports career advancement for local employees by providing development plans that will prepare them for higher positions, which strengthens their bond with the organization, and motivate them in fulfilling their duties, and fostering sustainable mutual growth between the employees and the organization.

Furthermore, SCG formulates its manpower plans by taking into consideration its business directions as well as current and future action plans. It also promotes diversity with regard to nationality and carries out its management on the basis of equitability. Development plans have also been devised to prepare its personnel for positions suitable for their roles and responsibilities.



At the end of 2021, the Siam Cement Public Company Limited had 1,635 employees, while the total number of SCG employees was 58,283.

Unit : Person

SCG Employees	Thai	Overseas	Total
1. The Siam Cement PLC	1,635	-	1,635
2. Cement and Building Materials Business	17,343	9,686	27,029
3. SCGP (Packaging Business)	8,845	14,496	23,341
4. Chemicals Business	4,794	1,374	6,168
5. Other	77	33	110
Total	32,694	25,589	58,283

### Other Important Information

#### • 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 2021, the company secretary underwent training sessions on Ethical Leadership Program (ELP) 23/2021 and Board Reporting Program (BRP) 38/2021 held by Thai Institute of Directors Association. The qualifications and experience of the company secretary are disclosed in the annual report.



For more information, please see the profiles in "Attachment 1 Information of Directors, Executives, Chief Officers in Accounting and Finance and Company Secretary" on the Company's website ([www.scg.com](http://www.scg.com)).

#### • Head of Internal Audit

The Company has the Internal Audit Office which is directly to the Audit Committee. The Internal Audit Office is responsible for corporate governance, risk management, compliance and internal control, building trust and providing consulting independently, effectively and efficiently. The Audit Committee meeting no.122<sup>th</sup> (5/2018) held on October 2, 2018, resolved to appoint Mr. Pitaya Chanboonmi as Internal Audit Director of Internal Audit Office, effective from November 1, 2018.



- **Head of Compliance and Legal**

Mr. Kitti Tangjitmaneesakda, Managing Director - SCG Legal Counsel Limited which is a subsidiary of SCG, is appointed as the Chairman of Compliance Management Committee, responsible for proposing policies, strategies and supervising the Company and its subsidiaries to comply with related rules and laws as well as creating knowledge, understanding, and communication and raising awareness.



For more information, please see the profiles in "Attachment 3 Information of Head of Internal Audit and Head of Compliance and Legal" on the Company's website ([www.scg.com](http://www.scg.com)).

- **Investor Relations**

Should there be any need for additional information, shareholders can directly contact the Investor Relations Department via these channels:

Address: 1 Siam Cement Road, Bangsue,  
Bangkok, 10800  
Tel: 0-2586-4299  
Email: [invest@scg.com](mailto:invest@scg.com)

- **Audit Fees**

For the fiscal year 2021, The Siam Cement Public Company Limited and its subsidiaries paid for audit fees amounting to 85.17 Million Baht to KPMG in Thailand and KPMG member firms in overseas, which the auditors worked for, and to persons or businesses related to the auditors and audit firm. This audit fee amount excluded the remuneration paid by associates.

The Audit Committee has considered and reviewed the process of selecting the Company's auditor and its subsidiaries based on various factors i.e. reputation, potential, working standards, experiences and expertise, efficiency procedures and tools, familiar with company businesses including their commitment before presenting to the Board of Directors for their consideration and propose to the Annual General Meeting of Shareholders for the appointment of the auditors and audit fees every year.

In 2017, the Audit Committee resolved to select KPMG Phoomchai Audit Ltd., (KPMG) to be the audit firm for the Company and its subsidiaries for the years 2018-2022 and fixed their audit fee for the next 5 years. When compared to the scope of services offered, workload and the audit fee rate of other listed companies in the same level of business, KPMG apparently offered appropriate audit fees and the utmost benefits to the Company.

In this regard, KPMG in Thailand and KPMG member firms 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 2021

1. Annual audit fees and the quarterly review fees for the Company's financial statements and consolidated financial statements totalling 4.68 Million Baht.

<b>Audit Fees</b>	
1. Annual audit fee for the Company's financial statements	290,000 Baht
2. Annual audit fee for consolidated financial statements, and quarterly review fee for the financial statements of the Company and consolidated financial statements	4.39 Million Baht
<b>Total audit fees of the Company</b>	<b>4.68 Million Baht</b>

2. Annual audit fees for the financial statements of the Company's subsidiaries, and the quarterly review fees of listed subsidiaries audit by KPMG in Thailand and KPMG member firms in overseas, the fees of which are borne by each subsidiary as follows:

<b>Audit Fees of the Subsidiaries</b>		
1. Annual audit fees of the Company's subsidiaries in Thailand, and quarterly review fees of listed subsidiaries		
- Number of subsidiaries	134	Companies
- Amount	36.46	Million Baht
2. Annual audit fees of the Company's subsidiaries in overseas		
- Number of subsidiaries	94	Companies
- Amount	44.03	Million Baht
<b>Total audit fees of subsidiaries</b>	<b>80.49</b>	<b>Million Baht</b>

#### **Non-audit fees**

The subsidiaries paid for tax consulting, reviewing compliance with the conditions of Thai government's Board of Investment Promotion Certificate and other services amounted to 53.99 Million Baht, to the audit firm and persons or businesses related to the auditors and the audit firm.

# 16

## KEY PERFORMANCES IN CORPORATE GOVERNANCE

### The Board of Directors' Performance in 2021

SCG has continuously carried on its business for over 108 years under the thorough supervision of the Board of Directors to fulfill its commitment toward every stakeholder in lines with ESG Framework and adherence to the long-standing principles observed and practiced since the Company's establishment. All of this is achieved under the SCG Code of Conduct, which is constantly reviewed and adjusted to reflect economic and social changes on the basis of balanced and sustainable growth.

In 2021, The Board of Directors had played a significant role in formulating policies and strategies which has led to an increase in competitiveness, corporate culture and value creation as well as a series of enhancement in corporate governance, internal controls and enterprise risk management. The Board of Directors also provided beneficial suggestions conducive to business development as follows:

- Establishing a tax policy to ensure that the tax structure for SCG's business operations is suitable and well aligned with its transactions and that SCG conducts business with transparency in compliance with the laws and regulations of Thailand and any other countries it operates in as well as any laws related to transfer pricing to ensure transparency and adherence to the arm's length principle.

- Reviewing the Charter of the Board of Directors and Charter of the Sub-committees to specify duties following the Corporate Governance Code for Listed Companies 2017 (CG Code) and improve business competitiveness amid dynamic circumstances.

- Carrying out the seventh revision of SCG Code of Conduct, which serves as operational guidance for domestic and international companies and subsidiaries of SCG, in order to ensure its suitability and alignment with local and international corporate governance principles, with emphasis on applicability to both domestic and international contexts by employees at all levels.

- Reviewing the Policy on Director Qualifications and Nomination and the Board Skill Matrix, adding required expertise in accordance with key trends and SCG Code in order to ensure alignment with the Corporate Governance Code for Listed Companies published by the Securities and Exchange Commission (SEC), the criteria of the IOD, and the DJSI Sustainability Assessment.

- Reviewing the Anti-corruption Policy to improve the practices and requirements for implementation as well as adjusting communications and training to be in line with the Self-evaluation Tool for Anti-corruption System Development Version 4.0 of the Thai Private Sector Collective Action Against Corruption (CAC).

- Passing the forth recertification by Thai Private Sector Collective Action Against Corruption (CAC) on September 30, 2021.

- Encouraging to hold the "Ethics e-Testing" to test employees on their knowledge of ethics, SCG's 4 Core Values, SCG Code of Conduct, and SCG's Anti-Corruption Policy. The employees must pass the test with a score of 100%. The test aims to promote awareness of good corporate governance practices.

### Directors' Nomination, Development and Performance Assessment

According to SCG's Principles of Corporate Governance, the nomination, development, and assessment of the Board of Directors is of paramount importance as it plays a key role in establishing business strategies and guidelines for sustainable growth. The criteria and processes for director nomination are detailed under "Nomination and Appointment of Directors and Independent Directors" on page 143 and under "Development of Directors and Top Executives" on page 146.

### 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.

In April 2020, The Board of Directors' meeting has approved e-Meeting Rules for The Board of Directors' meeting. Chairman of the Board or a designated chairman shall have the power to convene an e-Meeting under the emergency decree on electronic meetings or the Board of Directors' meeting where directors are allowed to attend the meeting via electronic media or channels. The quorum shall be counted in accordance with relevant rules.

In 2021, the Board held 9 meetings, scheduled since 2020, which 100% of the Board of Directors attended. The directors attended the meetings and expressed their opinions via electronic means in accordance with the Board of Directors' Meeting Attendance Policy, relevant rules for meetings via electronic means, and e-Meeting Rules mentioned above. Each director, excluding the directors have been appointed or resigned during the year, individually attended more than 75% of all the meetings. Prior to each meeting, all members received the agenda and supporting documents no less than seven days prior to the date of the meeting, or no less than five working days 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 company secretary is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman or the Chairman of the meeting. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely as confidential documents in the corporate secretary's office together with all the documents relating to the meeting agenda, which are backed up electronically to facilitate data searches.

For the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the director relevant documents, together with information about any significant developments that occurred during the month, in order to keep them informed.

In addition, the Company holds a meeting between non-executive Directors without the Management presence 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 2021, a meeting without the Management was held on August 30, 2021.

## The Attendance of Directors in 2021 (January 1 – December 31, 2021)

Name	Board of Directors (Total 12 directors)	The Audit Committee (Total 3 members)	The Governance and Nomination Committee (Total 3 members)	The Remuneration Committee (Total 4 members)	The CSR Committee for Sustainable Development (Total 9 members)	The 2021 General Meeting of Shareholders (Total 12 members)
1. Air Chief Marshal Satitpong Sukvimol	9/9	-	-	-	4/4	1/1
2. Mr.Chumpol NaLamlieng *	9/9	-	5/5	-	-	1/1
3. Mr.Kasem Watanachai	9/9	-	-	-	4/4	1/1
4. Police Colonel Thumnithi Wanichthanom	9/9	-	-	-	4/4	1/1
5. Mrs.Tarisa Watanagase*	9/9	6/6	5/5	-	-	1/1
6. Mr.Kan Trakulhoon	9/9	-	-	-	4/4	1/1
7. Mr. Prasarn Trairatvorakul *	9/9	-	-	7/7	4/4	1/1
8. Mr.Pasu Decharin*	9/9	6/6	5/5	-	-	1/1
9. Mrs.Parnsiree Amatayakul*	9/9	6/6	-	7/7	-	1/1
10. Mr.Cholanat Yanaranop	9/9	-	-	7/7	-	-
11. Mr. Thapana Sirivadhanabhakdi *	9/9	-	-	7/7	-	-
12. Mr. Roongrote Rangsiyopash	9/9	-	-	-	3/4	1/1
The Total Number of the Meetings	9	6	5	7	4	1
The Average Meeting Attendance (Percent)	100	100	100	100	96	100

Notes:

\* Independent Director

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 considered to be in compliance with the law.

### Directors' Remunerations

The Board of Directors has established the Governance and Nomination Committee to propose guidelines and methods for remuneration to be paid to the Board of Directors and the Sub-committees and consider whether the remuneration structure is appropriate for the Directors' respective roles and responsibilities, and provide incentives for the Board to lead the Company in meeting its objectives, both in the short and long term. The details of Directors' Remunerations are under "Remunerations for the Board of Directors and the Top Executives" on page 181

### Oversight of the Company's Subsidiaries and Associates

In 2019, at the suggestion of the Governance and Nomination Committee, the Board of Directors formulated the policy for the appointment of directors

and executives to subsidiaries, based on the Corporate Governance Code for Listed Companies 2017 issued by The Securities and Exchange Commission (SEC), which recommends that listed companies put in place frameworks and mechanisms for the oversight of the compliance and operations of their subsidiaries or other businesses in which they have a significant investment, as appropriate for each business.

#### 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 balance in the subsidiary, as well as support the sustainable implementation of the company's policies.

## 3. The Authority to Appoint Directors and Executives to Subsidiaries

The Board of Directors has assigned the President & CEO of SCG and/or the President & CEO of each of SCG's core businesses to appoint and transfer the company's representative to the Board or an executive position in a subsidiary as deemed appropriate. Such an appointment or transfer shall be in compliance with relevant conceptual frameworks and the aforementioned policy and shall be reported to the Board of Directors as stipulated in the authority manual.

## 4. The Roles and Responsibilities of the Persons Appointed as Directors or Executives in Subsidiaries

- (1) Ensuring that the subsidiary complies with relevant laws, regulations, and Articles of Association; has a good management system; and adheres to SCG's corporate governance principle, code of conduct, anti-corruption policy, as well as other policies of the company and those that are in alignment with the policies of the company
- (2) Providing guidance to ensure that the direction of the subsidiary's strategies, policies, and business plans are consistent with those of the company and promoting the adoption of innovation and technology to enhance the competitiveness of the subsidiary
- (3) Reporting the operating results and performance of the subsidiary to the Company with accuracy, completeness, and timeliness, especially material items that may affect the financial status and the operating results of the subsidiaries as well as any transactions other than those arising in the ordinary course of business that may significantly affect the subsidiary

- (4) Overseeing the business operation of the subsidiary to ensure efficiency and managing returns on investment in the subsidiary appropriately

The Company oversees the disclosure of financial information and operating results; connected transactions between subsidiaries and/or associates and related parties; disposal or acquisition of assets; are complete and accurate material transactions are in compliance with the rules and procedures stipulated by the announcement of the Securities and Exchange Commission and/or the Stock Exchange of Thailand.

In addition to the authority manual, the Audit Committee, in fulfilling the role as a supervisor, is responsible for assessing the effectiveness of the governance, risk management, and the internal control systems of the subsidiaries and associates with SCG's representatives in the management. The auditing is planned based on the risk of each company and includes the auditing and assessment of the company's internal control systems, efficiency, and effectiveness of operations, and financial statements.

Furthermore, the Audit Committee has resolved for the subsidiaries and associates to implement as a preventative measure against errors of 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, with a copy submitted to the Audit Office as supporting information for future audit plans according to the level of risk. In addition, external audits are to submit assessment reports on the internal control system to the Audit Committee every quarter.

In addition, as suggested by the SCG Risk Management Committee, the Audit Committee has set forth compliance measures for innovation-related businesses to be applied to projects that require indicators, such as OKR (Objective & Key Result) and the Stage Gate. Under these measures, such projects are subject to quarterly review and report in accordance with the criteria submitted to the management for approval.

The Corporate Risk Management unit will also be notified of such projects, so that they can be exempted from the alert criteria imposed on businesses under regular circumstances prior to a review on relevant matters.

The key to effective and efficient operational management between the Company and other business partners is the agreement on mutual understanding concerning issues such as segregation of duty in management, the scope of authority, fair division of profit for all concerned parties. To that effect, SCG generated a Shareholders' Agreement which stipulates the Company to respect the rights of its business partners with all due fairness and cooperates fully with the partners to ensure successful operations of the joint ventures.

To ensure that entities considered associates and joint ventures according to a number of financial reporting standards and considered subsidiaries in accordance with relevant definitions stipulated in the Securities and Exchange Act B.E. 2535 ("associates") operate with responsibility and prudence and fulfill their fiduciary duties and that their related parties and connected transactions are in compliance with relevant regulations, taking into consideration relevant requirements and policies of the concerned associate, applicable laws and agreements, as well as the practices of the parties of the joint-venture agreement and/or the shareholder agreement, SCG has established a policy requiring its directors assigned to take directorship in an associate to carry out their executive obligations with responsibility and prudence as well as fulfill their fiduciary duties. Such directors are also tasked with providing suggestions so as to equip the associate with mechanisms for the oversight of its related party or connected transactions to ensure their suitability and compliance with relevant criteria as well as regularly overseeing the implementation of such mechanisms and making certain that the associate's related party or connected transactions are undertaken under fair trade conditions or agreement on an arm's length basis in compliance with relevant criteria, taking into account relevant requirements and policies of the concerned associate, applicable laws and agreements, as well as the practices of the parties of the joint venture agreement and/or the shareholder agreement.

### **Preventing Conflicts of Interest**

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 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 and to use such information for monitoring and preventing any conflict of interests.

- At a Board of Directors' meeting, any director or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must abstain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the utmost benefit of shareholders.

- In case the connected transaction requires shareholders' approval, shareholders with a vested interest must abstain from voting on such agenda item as stipulated by law and the Company's regulations.

### **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 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 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 published on the Company's website ([www.scg.com](http://www.scg.com)).

### Anti-corruption Efforts

SCG recognizes the importance of fighting corruption and has formulated the Anti-corruption Policy, approved by the Board of Directors and the Governance and Nomination Committee. The policy is reviewed annually to be integrated into the corporate culture and corresponds with the current business situation. 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's Anti-corruption Policy is published on the Company's website ([www.scg.com](http://www.scg.com)).

Due to SCG's continuous pursuit of anti-corruption policy, the Siam Cement Public Company Limited has been recognized as a certified company by Thai Private Sector Collective Action Against Corruption (CAC). It was first certified on July 5, 2013 and has since been continuously recertified, most recently on September 30, 2021. Furthermore, SCG's subsidiaries that are listed companies have also received the status of certified companies (except SCG Packaging Public Company Limited, which is currently in the certification filing process).

In accordance with the notification of the National Anti-Corruption Commission (NACC) Re: Guidelines on Appropriate Internal Control Measures for Juristic Persons to Prevent Bribery of State Officials, Foreign Public Officials and Agents of Public International Organizations, SCG has been raising awareness among its employees of actions that might lead to corruption risks and regularly conducting risk indicator analyses and

assessments of corruption risks, which are considered as one of the compliance risks. The Board of Directors has also approved the implementation of practices in compliance with the notification of NACC, as previously approved by the Audit Committee. The President & CEO communicated the significance it attaches to this matter 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, providing recommendations, and monitoring of good governance practices and compliance with the SCG Code of Conduct and SCG's Anti-corruption Policy in each audit period.

In 2021, to continuously cultivate awareness and understanding among the directors, Executives, and employees and bring about actual implementation of the Company's Anti-corruption Policy in accordance with the notification of NACC, SCG carried out the following activities:

1. SCG continuously organized awareness promotion activities to educate employees and developed proactive and preventive anti-corruption systems.

1) SCG administered "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, SCG Code of Conduct, and SCG's 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 of SCG's Anti-corruption Policy has been revised to align with the notification of the National Anti-Corruption Commission (NACC). All 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 Model.



Publishing the infographic of the Anti-corruption Policy via internal mail



Communicating The Anti-corruption Policy through Message from President & CEO (Tone at the Top)



Raise awareness of Three Lines Model via e-Newsletter "GRC Voice"

3) SCG communicated important corruption cases to employees to illustrate responsibility and accountability in accordance with the Three Lines Model.

2. SCG Code of Conduct was reviewed and revised to ensure clarity, coverage, and consistency with current guidelines, amended policies, and the Company's operations.

3. An "Anti-corruption Compliance Activities Form" was created for units involving high risk such as project procurement, project sales, government affairs, and engineering units. The assessment form defined indicators/signs of corruption risks as well as provided solutions for risk mitigation and control both for system and employee operations, so as to enable operators and supervisors of the unit to analyze risks involved by themselves, apply control methods correctly, and use self-assessment results to improve subsequent operation plans to enhance efficiency. In addition, appropriate internal controls and penalties according to the Company's regulations and the notification of the National Anti-Corruption Commission (NACC) 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 Thai Private Sector Collective Action Against Corruption.

**Activities Constantly Carried Out by SCG**

1. A Whistleblowing system has been established to provide channels for reporting violations of the law and non-compliance with the Company's Rules, Regulations, SCG Code of Conduct, and the Anti-corruption Policy.

2. Distribution and communication of SCG Code of Conduct and the Anti-corruption Policy to all employees for acknowledgement and adoption via a series of VDO clips: "Dee Dee Club with SCG Code of Conduct," "Janya on Tour," and "Anti-corruption"

3. Executives meeting with employees to communicate details about the Company's business operations and its Anti-corruption Policy and provide them with opportunities to make any inquiries to enhance their understanding.

4. Various training courses on compliance with the Corporate Governance and the Anti-corruption Policy such as New Employee Orientation Course and Business Concept

Development Course, have been organized to reinforce SCG's corporate culture.

5. IA Letter is delivered to every employee's e-mail account.
6. SCG consultation system for SCG Code of Conduct and the Anti-corruption Policy is accessible via the GRC Helpline banner on SCG Intranet Portal and mobile application.
7. SCG extends its anti-corruption practices to its suppliers, to collaboratively adopt ethical practices and corporate governance for communities, society, and the environment. SCG 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 concerns: 1) Business Ethics Practices, 2) Labor Protection and Human Rights, 3) Occupational Health and Safety, 4) The Environment, and 5) Laws and Regulations. In 2021, the number of participating suppliers saw a further increase, bolstering SCG's confidence and commitment to developing good citizens for society.

In addition, the Internal Audit Office assesses and monitors compliance with SCG Code of Conduct and Anti-corruption Policy and reports to the Audit Committee at each meeting. In 2021, no case of corruption was found in SCG.

### Whistleblowing

SCG has established a "Policy on Protection and Fairness for Employees Who Inform on or Disclose Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, SCG Code of Conduct, and Anti-corruption Policy" (Whistleblower Policy) in order to demonstrate the emphasis it places on good corporate governance and provide opportunities for employees and stakeholders to report or inform on irregularities in any area related to SCG's business operation 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 specified in the "SCG Whistleblower 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 troubles for 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 communicated to employees and stakeholders the channels provided by SCG Whistleblowing System, which supports complaint filing both in Thai and English and access at all time in addition to reporting verbally or in writing via e-mail or letters. The channels are 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 Portal which is accessible to every employee. Informants can direct their complaints to any of the following:
    - An employee's supervisor, at any level, whom you trust
    - The Director of the Corporate Human Resources Office
    - The Director of the Office of Internal Audit
    - The Secretary to the Board of Directors
    - Any member of the Company's Board of Directors
  2. Submission of a formal document to any of the aforementioned persons or
  3. Email submission to the Independent Directors at [ind\\_dir@scg.com](mailto:ind_dir@scg.com)
    - For external parties, complaints can be lodged on [www.scg.com](http://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:
      - The Corporate Secretary Office
      - The Internal Audit Office
      - The Company's Directors
      - Any member of the Audit Committee
 or submit the complaint in the form of a formal document to any of the aforementioned parties.



Informants can keep track of their complaint investigation through a dedicated system, which is a vital mechanism in the control and prevention of corruption.

In 2021, a total of 30 cases involving non-compliance with laws, the Company's regulations, the Anti-corruption Policy, Corporate Governance Policies, SCG's 4 Core Values, SCG Code of Conduct, were filed through SCG Whistleblowing System for external parties and employees, as summarized below.

1. Total number of investigated cases: 28 cases (including 8 pending cases from 2020)

The fully investigated cases consist of non-compliance with:

- |                                       |         |
|---------------------------------------|---------|
| • Anti-corruption Policy              | None    |
| • Anti-Trust Policy                   | None    |
| • Human Rights                        | None    |
| • Environmental Policy                | None    |
| • Other issues of SCG Code of Conduct | 6 cases |
| • Company's regulations               | 6 cases |

2. Damages and disciplinary actions

- Damages cost its insignificant
- Disciplinary actions
  - Employment termination 2 employees (discharge/dismissal)
  - Others 13 employees

3. All relevant parties conducted risk assessments on the complaints, established or improved control points, revised practices, and formulated prevention guidelines to enhance the effectiveness of operations and compliance.

Additionally, SCG regularly assesses risks of fraud and non-compliance with rules, regulations, and SCG Code of Conduct by the First-Line operators, with the Internal Audit Office responsible for assessing the efficiency and effectiveness of risk management and internal controls and reporting its findings to the Audit Committee on a regular basis. In addition, SCG also consistently cultivates an organizational culture and raises awareness among its employees, with the top executives serving as role models.

## Report of the Audit Committee's Performance in 2021

In 2021, the Audit Committee convened a total of six meetings, all of which were attended by all members of the committee. The activities of the Audit Committee in the previous year, which have been disclosed, include the following:

1. Review of Financial Statements
2. Review of Connected Transactions, Acquisition and Disposition Transactions, and Transactions That Might Result in Conflicts of Interest
3. Review of Corporate Governance
4. Review of Risk Management system
5. Review of Compliance
6. Review of Internal Control System
7. Internal Audit
8. Review of Fraud Investigations
9. Appointment of the External Auditor and Review of the Audit Fee for 2022

## Report of the Other Sub-committees Performance in 2021

In 2021, the Company disclosed details of the meetings and activities of the Governance and Nomination Committee, the Remuneration Committee, and the CSR Committee for Sustainable Development. Further details can be found in "Attachment 6 Report of the Audit Committee and Reports of the Other Sub-committees" on the Company's website ([www.scg.com](http://www.scg.com)).



Please find more details in "Attachment 6 Report of the Audit Committee and Reports of the other Sub-committees on the Company's website ([www.scg.com](http://www.scg.com))

# 17

## INTERNAL CONTROL AND CONNECTED TRANSACTIONS

### 1. Internal Control

#### Opinion of the Board of Directors Regarding the Company's Internal Control System

For more than 108 years, SCG has operated its business under the good corporate governance principles, complying with the ESG which emphasizes on governance, internal controls, and audits to ensure transparency and fairness to all parties. At the meeting of the Board of Directors No. 251 (8/2021) on November 24, 2021, with six directors in attendance, three of whom were members of the Audit Committee, the Board of Directors performed an evaluation of the Internal Control System of the Company and its subsidiaries according to the internal control adequacy evaluation form, which adhered to the framework of COSO 2013 (The Committee of Sponsoring Organization of Treadway Commission). After reviewing all five components: Internal Control, Risk Assessment, Operational Control, Information and Communications System, and Monitoring System, the Board found no significant insufficiencies and concluded that the internal control system of the Company and its subsidiaries was adequate and appropriate; that the Company and its subsidiaries had arranged for sufficient personnel to operate efficiently in accordance with laws, regulations, policies, and codes of conduct all the way to various guidelines; and, finally, that there was an adequate operational control and monitoring system in place to protect the assets of the Company and its subsidiaries from improper or unauthorized use by Directors or Executives as well as prevent transactions with persons who may have conflicts of interest and related parties.

SCG has instilled in its management team, supervisors, and staff an awareness of the significance of good corporate governance, risk management, corporate compliance, and internal control, with sufficient personnel and utilization of the appropriate information technology systems to aid in the effective and efficient implementation of the internal control system.

In 2021, the Board of Directors approved the promotion of the development of various tools to keep up with the changing nature of risks in order to establish a proactive and preventive system for business operations

and further enhance the internal control system from the previous years, as follows.

#### 1. Proactive and Preventive System

SCG has expanded investments both domestically and abroad. A key factor in its success and sustainability is employees ethics and integrity. Aside from organizing trainings, and seminars to foster ethics and integrity among employees, SCG has also developed a Proactive and Preventative System comprised of the following:

1.1 SCG Code of Conduct Handbook has been reviewed and revised to ensure clarity, coverage, and consistency with relevant policies, domestic and international good corporate governance practices, and current business operations. Additional examples of the application of the handbook have also been included to enable employees at all levels to better understand and apply the practices.

1.2 The Ethics e-Testing and e-Policy e-Testing are conducted annually to instill knowledge and awareness in employees at all levels and ensure that they are able to appropriately apply and put into practice SCG's 4 Core Values and Anti-corruption Policy. The year 2021 marked the seventh consecutive year of SCG Ethics e-Testing and the fifth for e-Policy e-Testing, both of which all SCG personnel are required to take, followed by an analysis of responses and clarification for thorough and accurate understanding among employees at all levels. The e-Tests are reviewed every year to ensure they are up-to-date with potential risks. In addition to SCG Code of Conduct and SCG's Anti-corruption Policy, this year's test covered the Personal Data Protection Act (PDPA) and SCG's Integrated Governance, Risk Management, and Compliance (Integrated GRC).

1.3 The Three Lines Model, which is an internationally accepted approach, is employed as a framework for the operations of all related parties, consisting of the Governing Body, the Management, operations employees, and the Internal Audit Office. In executing the Three Lines Model, the Management, as the First Line, plays an essential role in propelling the model towards success, from implementing the policies issued, performing risk assessment, and establishing measures

for control, monitoring, and evaluation, all the way to coordinating information sharing with the Internal Audit Office. Aside from this, SCG has cultivated awareness through various methods such as assigning the First Line at the highest level of the Company or unit the responsibility of communicating closely with personnel and holding workshops on the execution of policies, with the Management Team closely overseeing the First Line and the Second Line and conducting two-way communication with the Governing Body.

1.4 “Case studies on Fraud and Non-Compliance with Laws, Regulations, Company Policies and Code of Conduct” as well as emerging risks resulting from personal conduct and operations, were communicated to employees. These included internal and external cases arising as a result of the new normal of work such as cyberattacks and online transactions. The goal was to instill operational awareness and prevent such incidents from occurring in the Company.

1.5 An assessment of the internal control system, which includes operational and information technology systems, has been conducted to review its adequacy and appropriateness for SCG’s business operations. Good practices have also been recommended, while a Proactive and Preventive System has been established to reduce risks in business operations.

## 2. Integrated Governance, Risk and Compliance (Integrated GRC)

SCG has elevated its Governance, Risk, and Compliance (GRC) to the international standards of Integrated GRC in order to increase effectiveness and efficiency while reducing redundancy in operations, from governance, strategy, and risk management to monitoring. Communications come directly from the top management to ensure that all employees recognize the importance of implementing GRC in their operations. In 2021, data integration was initiated to enable disclosure of data vital to the operation between departments via the same database, so as to foster continuity and benefit the overall operation of SCG, operational effectiveness, and decision making. SCG also developed the GRC Helpline Application for use on SCG Intranet and mobile network as a channel for any personnel with inquiries to receive advice from experts on proper Governance, Risk, and Compliance.

## 3. Compliance Management

SCG has consistently adhered to the Compliance Policy and Guidelines, using the Compliance Management System (CMS) as an important tool for effective and efficient compliance with regulations. To lay a foundation, the First Line must establish foolproof procedures for managing compliance risks, with the Compliance Unit as the Second Line and support putting this system into practice by promoting knowledge, understanding, and awareness among personnel, providing advice, and establishing control measures to consistently reduce compliance risk. In addition, SCG has a system for filing and assessing new/amended laws in order to ensure that any new/amended laws relevant to SCG reach the First Line for proper and prompt compliance.

In 2021, in addition to the consistent review and revision of guidelines and checklists for use as guidance in accordance with key SCG policies, namely Antitrust Policy, Insider Trading Policy, and Disclosure Policy, to maximize their efficiency and effectiveness, SCG developed a business license management system, an IT system that records and monitors legal compliance and also reports to the Risk Management Committee at intervals.

## 4. Anti-Corruption Efforts

In 2021, SCG was recertified as a member of the Thai Private Sector Collective Action Against Corruption (CAC) on September 30, 2021. In addition, SCG conducted a review of its Anti-corruption Policy to ensure it is up-to-date with current risks and situations and made additions to existing practices such as establishing anti-corruption practices in compliance with ISO19600 for the Company or departments (First Line) with a high risk of corruption to use as guidelines in a systematic procedure, with the advice and guidance of the supporting unit (Second Line) and with the Internal Audit Office (Third Line) assessing the efficiency and effectiveness in accordance with the Anti-corruption Policy. To build confidence among the Management Team, the Audit Committee and the Board of Directors, The President & CEO of SCG has communicated to the Management Team and all employees to comply with the notification of the National Anti-Corruption Commission (NACC). As the High-Level First Line, management personnel are required to perform risk assessment, establish appropriate



measures, promote, communicate, and comply with the Anti-corruption Policy. The Internal Audit Office is responsible for conducting workshops on the Anti-Corruption Compliance Checklist for high-risk units in order to assess risks and establish corruption prevention measures. In addition, SCG has expanded the scope of its anti-corruption operations to cover its business partners by encouraging them to participate in the CAC SME Certification by Thai Private Sector Collective Action Against Corruption.

#### 5. Business Self-Audit

The Audit Committee, as the supervisor of SCG's internal control, passed a resolution to introduce business self-audit in order to instill a proactive prevention mindset against constantly evolving risks, consistent with the COSO 2013 Framework for Internal Control, which details the roles and responsibilities in implementing the Three Lines Model. The Internal Audit Office, along with supporting units and the Business Self-Audit Team (Second Line), has established operational guidelines for acting as consultants to First Line operators in assessing business risks and the sufficiency and effectiveness of the internal control system. The team also shares success cases in order to maximize operational efficiency and reduce redundancy in the development of the Proactive and Preventative System for operators, thus enabling a prompt response to the risks of today's rapidly changing business landscape.

#### 6. Governance of Information Technology, Information Security, and Communication Networks

6.1 SCG has appointed an SCG IT Governance Working Group to establish policies and regulations on the use of information and communication technology (SCG e-Policy) in accordance with ISO/IEC27001 for all SCG employees to adhere to in a consistent manner. In 2021, the following additional actions were taken:

- Addition of three standards/procedures/practices: IoT security, practices of the use of social media applications, and online communication tools
- Revision of two policies: the Mobile Device and BYOD Policy and the System Access Control Policy, which came into effect in 2020, were further revised to keep up with the COVID-19 situation and working from home.

6.2 Documents were compiled for various internal control and cybersecurity auditing guidelines such as the auditing guidelines for the main ERP system used by the Company, IoT security, web application security, cloud development, and data governance.

6.3 An assessment of the information security-related internal control was conducted with reference to ISO27001 to review its adequacy and appropriateness for SCG's business operations. Good practices were also recommended, while a Proactive and Preventive System was established to reduce risks in business operations.

6.4 SCG required all employees to pass the e-Policy test with a score of 100% to ensure their acknowledgment, awareness, understanding, and proper application of the Company's policies.

6.5 Audit operations were reviewed and adjusted in accordance with the COVID-19 situation and risk in the new normal era. Machine Learning (ML), Robotic Process Automation (RPA), and Data Analytics (DA) were utilized to improve the efficiency of risk analysis, and fieldworks were conducted only as necessary.

6.6 IT audits were improved and divided into audits for IT systems, IT processes, and IT security. The audit processes were also designed to suit each aspect, thereby enhancing auditing efficiency.

## 7. Development and Promotion of the Use of Data Analytics

SCG utilizes a wide variety of information technology systems, so the Internal Audit Office has employed data analytics in the preparation of reports, audits, and the delivery of reports to various business units as a tool for analyzing, monitoring, and correcting anomalies and for establishing prevention methods in a prompt and timely manner. These data analytics display data in graph form, allowing users to interpret results more easily, quickly, and effectively. In addition, SCG has developed and promoted knowledge on digital technology, and coding and raised awareness among its auditors of the significance of adjusting to the digital era through various workshops and activities such as the data analytics hackathon, which was held for a third consecutive year, and in which the attending auditors were encouraged to propose projects that applied digital technology to auditing.

## 8. Whistleblowing System

SCG has consistently improved its Whistleblowing System to provide employees and external stakeholders access at all times. Any suspected non-compliance with corporate governance principles, SCG Code of Conduct, rules, regulations, laws, and SCG's Anti-corruption Policy, as well as fraud committed by personnel can be reported by employees via SCG Intranet Portal, and for external stakeholders via [www.scg.com](http://www.scg.com) at all times, both in Thai and English, or reported verbally or in writing by emails, letters, or telephone. SCG has laid out clear procedures for the intake of reports, from confidential gathering of evidence and establishing a fact-finding working group and investigation committee to sanctioning and reporting the results of the investigation. Furthermore, the whistleblower is able to follow up on the results through

the system. As such, this system will further promote ethical business conduct and sustainable development. In terms of security, two-factor authentication as well as a separate server independent from other operations is used to maintain security and prevent the leakage of information to parties involved.

## Internal Control Monitoring

In 2021, the Internal Audit Office conducted 266 audit projects according to the risk-based internal audit plan approved by the Audit Committee on November 11, 2020. The Internal Audit Office conducted an evaluation on the sufficiency of the internal control system and followed up on measures taken to address the issues discovered, as well as monitoring the internal control system in place with which to oversee the operations of the Company and its subsidiaries in order to protect its assets from improper or unauthorized use by Directors or Executives as well as sufficient controls for transactions with persons who may have conflicts of interest and related parties. The findings were presented to the Audit Committee for consideration and approval before being reported to the Board of Directors on a quarterly basis.

In 2021, no material deficiencies in the internal control system were found. The Internal Audit Office also followed up on the actions taken to improve and address the minor issues discovered in the internal control system and found that the Management Team had resolved all internal control issues completely according to suggestions. Additionally, the Company's Auditor, KPMG Phoomchai Audit Company Limited, reported that it found no material flaws which had an impact on the Company's financial statements.

## Opinion of the Audit Committee

The Audit Committee provided its opinions on the Company's Good Corporate Governance, Risk Management, and Compliance in 2021, as detailed in Attachment 6: The Audit Committee's Report.

## Director of the Internal Audit Office

The Audit Committee resolved to approve the appointment of Mr. Pitaya Chanboonmi as the Director of the Internal Audit Office, with the primary responsibility of performing the duties of the Company's internal auditor and preparing reports and suggestions for the



Management Team to make improvements in accordance with the Company's plans and internal control policies.

The Audit Committee considered the qualifications of Mr. Pitaya Chanboonmi and concluded that they were appropriate and sufficient to qualify him to perform such duties, as the candidate had the appropriate qualifications, degree, operational experience, and training to supervise operations. A summary of the qualifications, degree, and operating experience of the Director of the Internal Audit Office can be found in Attachment 3.

The consideration and approval of the appointment, removal, and transfer of the Director of the Internal Audit Office must be approved by the Audit Committee.

## **2. Related-party Transactions and Connected Transactions**

The Board of Directors emphasizes the need for careful review and consideration before granting approval for related-party transactions, connected transactions, or transactions that may cause conflicts of interest. 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, regulatory bodies, or other agencies, as well as the Delegation of Authority Manual, 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, 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, considering 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 a 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 a 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 conflicts 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 of those transactions.

### **Policy and Trends 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 in 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 Re: 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 Significant Connected Transactions Between the Group and a Company or a Person Which/Who May Have a Potential Conflict. <sup>1</sup>

Type of Transaction / Connected Companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)			Pricing Policy
		2021	2020	2019	

### 1. Transactions with Joint Ventures and Associates

#### 1.1 Cement and Building Materials Business

<b>Sales to the Group</b>		<b>3,379</b>	<b>2,923</b>	<b>3,489</b>	Market price applied with third party transactions
The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	2,454	2,204	2,516	
Sekisui-SCG Industry Co., Ltd.	49	409	369	561	
The Siam Gypsum Industry (Songkhla) Co., Ltd.	29	295	257	347	
Noritake SCG Plaster Co., Ltd.	10	155	93	60	
<b>Purchases from the Group</b>		<b>2,867</b>	<b>2,289</b>	<b>2,931</b>	Market price applied with third party transactions
Siam Global House Public Company Limited	32	2,023	1,666	2,118	
The Siam Gypsum Industry (Saraburi) Co., Ltd.	29	676	501	631	
<b>Service income charged to the Group</b>		<b>55</b>	<b>31</b>	<b>37</b>	Market price applied with third party transactions
<b>Service expenses and others charged by the Group</b>		<b>271</b>	<b>112</b>	<b>90</b>	Market price applied with third party transactions
<b>Borrowings from the Group (as at December 31)</b>		<b>294</b>	<b>139</b>	<b>153</b>	Agreed interest rate
Sekisui-SCG Industry Co., Ltd.	49	120	-	-	

#### 1.2 Chemicals Business

<b>Sales to the Group *</b>		<b>15,476</b>	<b>9,873</b>	<b>13,750</b>	Market price applied with third party transactions
Siam Polyethylene Co., Ltd.	50	7,059	4,785	5,177	* Most transactions are from selling goods to subsidiaries as follows:
Bangkok Synthetics Co., Ltd.	54	2,706	1,178	2,223	SCG Chemicals Co., Ltd.
Thai MMA Co., Ltd.	47	2,240	1,093	1,626	SCG Plastics Co., Ltd.
Chandra Asri Trading Company Pte. Ltd.	31	1,786	-	-	SCG Performance Chemicals Co., Ltd.
Siam Synthetic Latex Co., Ltd.	50	1,320	736	968	SCG Chemicals Trading Singapore Pte. Ltd.
PT Chandra Asri Petrochemical Tbk	31	185	2,026	3,708	Map Ta Phut Olefins Co., Ltd.
Siam Styrene Monomer Co., Ltd.	50	130	-	-	
<b>Purchases from the Group **</b>		<b>46,797</b>	<b>26,363</b>	<b>37,281</b>	Market price applied with third party transactions
Siam Polyethylene Co., Ltd.	50	18,410	10,627	14,056	** Most transactions are from purchasing goods from subsidiaries as follows:
Siam Styrene Monomer Co., Ltd.	50	7,170	2,927	4,193	SCG Performance Chemicals Co., Ltd.
Bangkok Synthetics Co., Ltd.	54	6,052	2,707	5,046	Map Ta Phut Olefins Co., Ltd.
Siam Synthetic Latex Co., Ltd.	50	4,992	2,943	3,414	Rayong Olefins Co., Ltd.
Grand Siam Composites Co., Ltd.	46	4,557	2,698	4,150	
Thai MMA Co., Ltd.	47	2,411	1,315	1,882	
Riken (Thailand) Co., Ltd.	35	1,419	836	99	
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	854	626	651	
PT Chandra Asri Petrochemical Tbk	31	735	252	467	
Siam Tohcello Co., Ltd.	45	111	43	49	
<b>Service income charged to the Group</b>		<b>3</b>	<b>3</b>	<b>1</b>	Market price applied with third party transactions

<sup>1</sup> List the details by companies with transaction value greater than or equal to 0.03% of Net Tangible Asset (NTA)

Type of Transaction / Connected Companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)			Pricing Policy
		2021	2020	2019	
<b>Service expenses and others charged by the Group</b>		<b>2,303</b>	<b>1,990</b>	<b>1,955</b>	Market price applied with third party transactions
PT Chandra Asri Petrochemical Tbk	31	710	726	688	
Thai MMA Co., Ltd.	47	474	464	452	
Grand Siam Composites Co., Ltd.	46	370	208	238	
Bangkok Synthetics Co., Ltd.	54	320	201	110	
Siam Polyethylene Co., Ltd.	50	119	87	90	
Siam Synthetic Latex Co., Ltd.	50	96	80	60	
<b>Borrowings from the Group (as at December 31)</b>					
Da Nang Plastics Joint Stock Company	16	7	13	39	Agreed interest rate

**1.3 SCGP (Packaging Business)**

<b>Sales to the Group</b>		<b>237</b>	<b>254</b>	<b>295</b>	Market price applied with third party transactions
Siam Nippon Industrial Paper Co., Ltd.	23	144	173	189	
Siam Toppan Packaging Co., Ltd.	35	93	81	106	
<b>Purchases from the Group</b>		<b>510</b>	<b>391</b>	<b>711</b>	Market price applied with third party transactions
Siam Nippon Industrial Paper Co., Ltd.	23	259	152	458	
Siam Toppan Packaging Co., Ltd.	35	223	219	234	
<b>Service income charged to the Group</b>		<b>26</b>	<b>13</b>	<b>12</b>	Market price applied with third party transactions
<b>Service expenses and others charged by the Group</b>		<b>49</b>	<b>46</b>	<b>39</b>	Market price applied with third party transactions
<b>Guarantees by the Group (as at December 31)</b>					
Siam Nippon Industrial Paper Co., Ltd.	23	132	198	264	Contract rate

**1.4 Others**

<b>Sales to the Group</b>					
Siam Kubota Corporation Co., Ltd.	40	1,386	991	1,243	Market price applied with third party transactions
<b>Purchases from the Group</b>		<b>80</b>	<b>62</b>	<b>115</b>	Market price applied with third party transactions
<b>Service income charged to the Group</b>		<b>961</b>	<b>954</b>	<b>839</b>	Market price applied with third party transactions
IT One Co., Ltd.	20	939	954	839	
<b>Service expenses and others charged by the Group</b>		<b>2,376</b>	<b>1,275</b>	<b>1,299</b>	Market price applied with third party transactions
Siam Kubota Corporation Co., Ltd.	40	2,307	1,178	1,204	

**2. Transactions with Other Companies of Which SCC's Executives Hold Director Titles**

<b>Sales to the Group</b>					
Siam Yamato Steel Co., Ltd.	10	2,252	1,571	2,514	Market price applied with third party transactions
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					

Type of Transaction / Connected Companies / Relationship	Total Direct / Indirect Holding (%)	Amount (Million Baht)			Pricing Policy
		2021	2020	2019	
<b>Purchases from the Group</b>		<b>321</b>	<b>234</b>	<b>188</b>	Market price applied with third party transactions
Siam Yamato Steel Co., Ltd.	10	209	106	102	
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					
<b>Service expenses and others charged by the Group</b>		<b>490</b>	<b>370</b>	<b>439</b>	Market price applied with third party transactions
Siam Yamato Steel Co., Ltd.	10	393	298	376	
Mr. Aree Chavalitcheewingul / Director					
Mr. Yuttana Jiamtragan / Director					

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### 3. Transactions with Other Companies Which Have Directors or Major Shareholders or Controlling Persons in Common

<b>Sales / Service income charged to the Group</b>		<b>642</b>	<b>982</b>	<b>735</b>	Market price applied with third party transactions
The Deves Insurance Public Company Limited	-	473	896	616	
Thai Wah Public Company Limited	-	89	-	-	
<b>Purchases / Service expenses and others charged by the Group</b>		<b>1,184</b>	<b>444</b>	<b>488</b>	Market price applied with third party transactions
The Deves Insurance Public Company Limited	-	458	60	20	
Beer Thai (1991) Public Company Limited	-	252	218	256	
<b>Interest paid to the Group</b>		<b>52</b>	<b>77</b>	<b>70</b>	Agreed interest rate
<b>Interest received from the Group</b>		<b>256</b>	<b>45</b>	<b>26</b>	Agreed interest rate
The Siam Commercial Bank Public Company Limited	-	136	45	26	
Bangkok Bank Public Company Limited	-	120	-	-	
<b>Service fee and others charged to the Group</b>		<b>101</b>	<b>187</b>	<b>60</b>	Contract rate
<b>Deposits of the Group (as at December 31)</b>		<b>33,212</b>	<b>8,108</b>	<b>3,269</b>	Agreed interest rate
The Siam Commercial Bank Public Company Limited	-	20,761	8,108	3,269	
Bangkok Bank Public Company Limited	-	12,451	-	-	
<b>Loans to the Group (as at December 31)</b>		<b>10,645</b>	<b>4,198</b>	<b>482</b>	Agreed interest rate
Bangkok Bank Public Company Limited	-	10,981	-	-	
The Siam Commercial Bank Public Company Limited	-	10,645	4,198	482	
<b>Forward exchange contracts (as at December 31)</b>		<b>14,996</b>	<b>6,699</b>	<b>9,319</b>	Contract rate
The Siam Commercial Bank Public Company Limited	-	12,449	6,699	9,319	
Bangkok Bank Public Company Limited	-	2,547	-	-	

<sup>2</sup> Conforming to the instruction manual of form 56-1 One Report preparation and disclosure these transactions since the first year of relationship

# 18

## LEGAL DISPUTES

### **The Case of the Theft of Company Property (Form of Ordinary Share Certificates) and Fraud to the Company's Shareholder by an Ex-Employee**

In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the heirs and the estate administrator of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On December 22, 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 314.38 Baht per share, together with dividends and an interest until the date of payment, and ordering the Company, as an 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 of December 31, 2015 of 201 Million Baht.

On January 21, 2016 the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for 319 Million Baht in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On November 21, 2017 the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On March 8, 2019 the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of 149 Million Baht together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on December 4, 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of 62.55 Million Baht together with the interest at the rate of 7.5% per annum. On June 4, 2020 Thailand



Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on August 6, 2020 the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On February 23, 2021 the Appeal Court affirmed the decision made by the Civil Court. Currently, Thailand Securities Depository Co., Ltd. has filed a petition to the Supreme Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on June 4, 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd. on July 9, 2021. Currently the case is under the review of the Supreme Court.

### **Risk Reduction of Projects in Map Ta Phut**

On September 29, 2009 the Central Administrative Court ordered 8 government 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 57,500 Million Baht which are mainly joint ventures projects of SCG Chemicals.

On September 2, 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 fell within the list of 11 types of serious impact projects issued on August 31, 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 falls

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 April 1, 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.

### **Temporary Suspension of Mawlamyine Cement Limited (MCL)'s Production in Myanmar**

In October 2020, Mawlamyine Cement Limited ("MCL"), a joint venture company incorporated in Myanmar between SCG Cement Co., Ltd. ("SCG Cement") and Pacific Link Cement Industry Ltd. ("PLCI"), has temporarily suspended its production due to lack of limestone, the main raw material for cement manufacturing process. The cause has occurred from the failure to amicably resolve dispute between SCG Cement and PLCI. SCG Cement has filed the claim to an arbitration pursuant to the Joint Venture Agreement with PLCI. This case is currently under review of the arbitral tribunal. Moreover, PLCI has also filed a lawsuit against MCL to Myanmar court. SCG Cement and MCL, therefore, have filed the objections to the said lawsuit. Currently this case is under review of Myanmar court.

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## REFERENCES

<b>Securities Registrar Address</b>	Thailand Securities Depository Company Limited The Stock Exchange of Thailand Building 14 <sup>th</sup> Floor, 93 Ratchadapisek Road, Dindaeng, Bangkok, 10400
<b>Tel.</b>	66-2009-9999
<b>Fax</b>	66-2009-9991
<b>e-mail</b>	SETContactCenter@set.or.th
<b>Website</b>	www.set.or.th/tsd
<b>Auditor</b>	KPMG Phoomchai Audit Ltd. Mr. Vairoj Jindamaneepitak (Certificated Public Accountant No. 3565) or Ms. Thanyalux Keadkeaw (Certified Public Accountant No. 8179) or Ms. Dussanee Yimsuwan (Certified Public Accountant No. 10235)
<b>Address</b>	1 Empire Tower 50 <sup>th</sup> – 51 <sup>st</sup> Floor , 1 South Sathorn Road, Yan Nawa, Sathorn, Bangkok, 10120
<b>Tel.</b>	66-2677-2000
<b>Fax</b>	66-2677-2222
<b>Legal Advisor</b>	SCG Legal Counsel Limited
<b>Address</b>	1 Siam Cement Road, Bangsue, Bangkok 10800
<b>Tel.</b>	66-2586-5777 or 66-2586-5888
<b>Fax</b>	66-2586-2976
<b>Trustee of Debenture Holders</b>	CIMB Thai Bank Public Company Limited (Only for debenture SCC224A)
<b>Address</b>	Capital Financial Markets and Payments Operations Department Agency Service and Compliance Unit, 15 <sup>th</sup> Floor, 44 Langsuan Road, Lumpini, Pathum Wan, Bangkok, 10330
<b>Tel.</b>	66-2626-7508
<b>Fax</b>	66-2657-3390
<b>Website</b>	<a href="http://www.cimbthai.com">http://www.cimbthai.com</a>
<b>Trustee of Debenture Holders</b>	Bank of Ayudhya Public Company Limited (For all debenture traches except SCC224A)
<b>Address</b>	Capital Financial Markets and Payments Operations Department 1222 Rama III Road, Bang Phongphang, Yan Nawa, Bangkok, 10120
<b>Tel.</b>	66-2296-3582
<b>Fax</b>	66-2683-1298
<b>Website</b>	<a href="http://www.krungsri.com">http://www.krungsri.com</a>

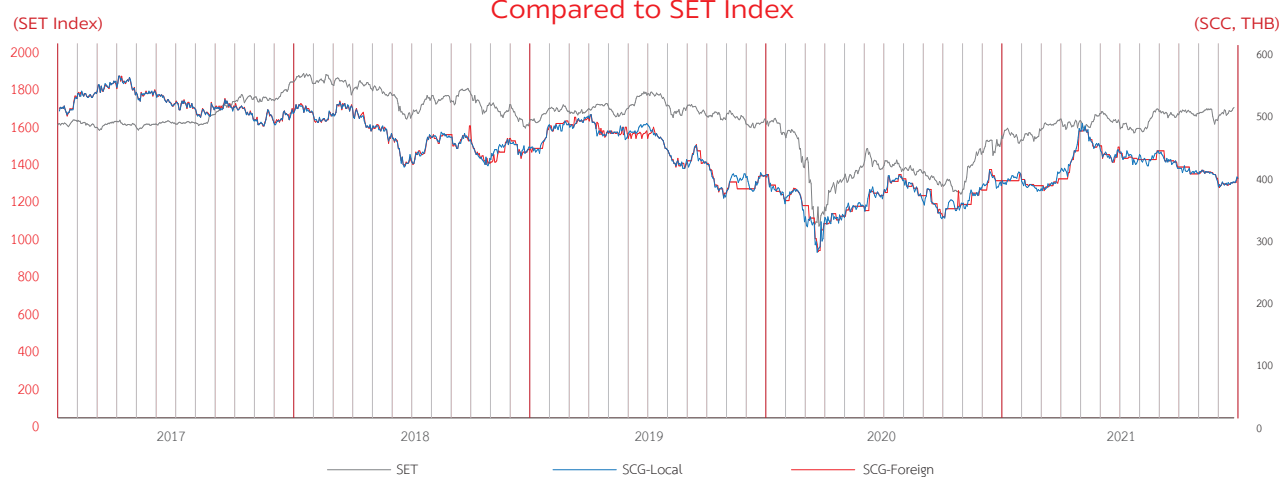
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## INVESTOR INFORMATION

<b>Name</b>	The Siam Cement Public Company Limited	<b>Contacts</b>
<b>Stock Code</b>	SCC (Listed on the Stock Exchange of Thailand - SET)	<b>Corporate Headquarters</b>
<b>Registration No.</b>	0107537000114	Tel. 66-2586-3333, 66-2586-4444
<b>Type of Business</b>	Holding Company	Fax 66-2586-2974
<b>Website</b>	www.scg.com	e-mail: info@scg.com
<b>Year of Establishment</b>	1913	<b>Corporate Secretary Office</b>
<b>First Trade Date</b>	April 30, 1975	Tel. 66-2586-6098
<b>Headquarter Address</b>	1 Siam Cement Road, Bangsue, Bangkok, 10800	Fax 66-2586-3007
<b>Registered Capital</b>	1,600 Million Baht	email: corporatesecretary@scg.com
<b>Paid-up Capital</b>	1,200 Million Baht Comprised of 1,200 Million Ordinary shares	<b>Investor Relations Department</b>
<b>Par value</b>	1 Baht par value	Tel. 66-2586-4299
<b>Preferred Share</b>	None	email: invest@scg.com
<b>Fiscal Year</b>	January 1 - December 31 of each year	<b>Enterprise Brand Management Office</b>
<b>Shareholders</b>	His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua and CPB Equity Co., Ltd. hold 33.7% of shares while the remaining shares are held by other institutional and individual shareholders.	Tel. 66-2586-2339
		Fax 66-2586-2974
		email: ebmo@scg.com
		<b>Independent Directors as Minority Shareholders' Representative</b>
		Fax 66-2586-3007
		email: ind_dir@scg.com

### 5 Years Share Prices (2017-2021)

#### Compared to SET Index



## ATTACHMENTS

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- Attachment 1** Information of Directors, Executives, Chief Officers in Accounting and Finance and Company Secretary
- Attachment 2** Information of Directors of Major Subsidiaries of the Core Businesses
- Attachment 3** Information of Head of Internal Audit and Head of Compliance and Legal
- Attachment 4** Assets Used in Operations
- Attachment 5** SCG Corporate Governance Principles, SCG Policies, SCG Code of Conduct, SCG Supplier Code of Conduct and Investor Relations Code of Conduct
- Attachment 6** Report of the Audit Committee, Report of the Corporate Governance Committee, Report of the Remuneration Committee and Report of the CSR Committee for Sustainable Development



Please find more details of the Company's information from the attachment which are on website [www.scg.com](http://www.scg.com) \*

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



**The Siam Cement Public Company Limited (Corporate Headquarter)**

1 Siam Cement Road, Bangsue, Bangkok 10800 Thailand

Tel: 66-2586-3333, 66-2586-4444 Fax: 66-2586-2974

[www.scg.com](http://www.scg.com)





The Siam Cement Public Company Limited

# Financial Report 2021

Form 56-1 One Report\*



## ACHIEVING ESG WHILE GROWING BUSINESS



# ESG

# SCG

\*Annual Registration Statement/Annual Report



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Financial Statements of  
The Siam Cement Public Company Limited

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



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

# 01

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## Report on the Board of Directors' Responsibilities for Financial Statements

The Board of Directors of The Siam Cement Public Company Limited is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board oversees and reviews corporate governance as well as establishes and maintains

a proactive risk management system and internal control system to ensure that accounting records are accurate, complete and timely, and that the Company's assets are properly safeguarded against fraud, operational irregularities and other risks. The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee's views are reported in its report in the Company's annual report.

The Board is confident that the internal control system and the internal audit of the Siam Cement Public Company Limited and its subsidiaries represent the financial position, results of operations, and cash flows that give a true and fair view in accordance with Thai Financial Reporting Standards.

Air Chief Marshal



**Satitpong Sukvimol**

Chairman



**Roongrote Rangsiyopash**

President & CEO

# 02

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**Consolidated Financial Statements of  
The Siam Cement Public Company Limited  
and its Subsidiaries**



KPMG Phoomchai Audit Ltd.  
 50<sup>th</sup> Floor, Empire Tower  
 1 South Sathorn Road, Yannawa  
 Sathorn, Bangkok 10120, Thailand  
 Tel +66 2677 2000  
 Fax +66 2677 2222  
 Website home.kpmg/th

บริษัท เคพีเอ็มจี ภูมิภาคไทย สอบบัญชี จำกัด  
 ชั้น 50 เอ็มไพร์ทาวเวอร์  
 1 ถนนสาทรใต้ แขวงยานนาวา  
 เขตสาทร กรุงเทพฯ 10120  
 โทร +66 2677 2000  
 แฟกซ์ +66 2677 2222  
 เว็บไซต์ home.kpmg/th

## Independent auditor's report

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

#### *Opinion*

I have audited the consolidated financial statements of The Siam Cement Public Company Limited and its subsidiaries (“the Group”), which comprise the consolidated statement of financial position as at 31 December 2021, the consolidated income statement and statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Group as at 31 December 2021, 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 3 (a) and 4 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The Group acquired companies, both in Thailand and in overseas, comprising of companies in Packaging Business, Cement-Building Materials Business, Chemicals Business and Other. These result in the increase in production capacity, customer base, and competitive advantages of the Group. The accounting for the business acquisition is material and complex which require management to make significant judgments on identifying and determining the fair values of assets acquired and liabilities assumed from a business acquisition based on assumptions which are uncertain 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>	<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 by management, 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>



The impairment testing of goodwill	
Refer to Notes 3 (m), and 13 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>Business risk arising from internal and external factors causes the management to pay more attention to impairment testing of goodwill arising from business acquisition, especially from the acquisition of overseas business. Besides this, according to the financial reporting standard, the Group performs an impairment testing on goodwill derived from business combination on an annual basis or whenever an indication of impairment exists. This requires management's judgments and estimates in determining the recoverable amount of cash generating unit, in particular the forecasting of future cash flows from business plan and its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>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 appropriateness of identification of the CGU by management to which goodwill belongs, 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>



The impairment testing of property, plant and equipment	
Refer to Notes 3 (m), and 11 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The management assessed the indication of impairment leading to impairment testing of property, plant and equipment of the Group. The management focused on the business that its performance was consistently below expectations. The impairment testing of property, plant and equipment is considered to be a key risk area due to the fact that it involves significant judgment by management to identify whether there is any indication of impairment and to consider the recoverable amount. Judgmental aspects include estimates and assumptions in respect of the forecasting of future cash flows along with its forecast growth rate and discount rate used for each cash generating unit. Therefore, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of impairment indicator and the key assumptions which underpin management's forecast.</p> <p>I evaluated the appropriateness of identification of the CGU by management and valuation methodology, reasonableness of impairment indicator with reference to current market situations, operating environment, industry knowledge, and other information obtained during the audit.</p> <p>I tested significant assumptions which supported discounted cash flows projection by comparing the key assumptions with internal and external sources of information, appropriateness of the valuation methodology, discount rate and sensitivity analysis to determine the effect of changes in the significant assumptions 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>



### *Emphasis of Matter*

I draw attention to Note 4. The Group acquired a business in Spain during the year ended 31 December 2021 and engaged an independent appraiser to determine the fair value of the identifiable assets acquired and liabilities assumed from the business acquisitions. As at the reporting date, the appraisal has not yet been completed therefore the determination of the fair value was determined provisionally and is subject to adjustment. My opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements and my auditor's report thereon.

My opinion on the consolidated financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated financial statements, my responsibility is to read and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### *Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.



As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, 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

18 February 2022



## Consolidated statement of financial position

As at 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

Assets	Note	2021	2020
<i>(in thousand Baht)</i>			
<b>Current assets</b>			
Cash and cash equivalents	6, 26	35,992,841	64,399,343
Investments in short-term debt instruments	26	31,617,339	38,581,581
Trade and other current receivables	5, 7, 26	78,951,351	54,842,169
Short-term loans	5, 26	200,011	109,806
Inventories	8	83,120,814	54,653,952
Other current assets		1,759,437	1,410,066
Non-current assets classified as held for sale	9	1,374,158	19,984
<b>Total current assets</b>		<b>233,015,951</b>	<b>214,016,901</b>
<b>Non-current assets</b>			
Investments in debt instruments	26	1,080,292	4,626,097
Investments in equity instruments	26	17,627,913	12,806,897
Investments in joint ventures and associates	9	118,870,585	97,375,431
Other non-current receivables		2,196,175	1,907,473
Long-term loans	5, 26	105,107	81,899
Investment property	10	2,124,236	2,118,552
Property, plant and equipment	11	410,707,624	363,425,136
Goodwill	13	46,736,462	34,030,699
Other intangible assets	13	19,651,681	11,007,440
Deferred tax assets	14	4,525,289	5,000,697
Other non-current assets		4,459,712	2,983,656
<b>Total non-current assets</b>		<b>628,085,076</b>	<b>535,363,977</b>
<b>Total assets</b>		<b>861,101,027</b>	<b>749,380,878</b>

On behalf of the Board of Directors

Air Chief Marshal



**Satitpong Sukvimol**

Chairman



**Roongrote Rangsiyopash**

President & CEO

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of financial position

As at 31 December 2021

The Sam Cement Public Company Limited and its Subsidiaries

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Current liabilities</i></b>			
Bank overdrafts and short-term borrowings			
from financial institutions	<i>15, 16, 26</i>	39,261,911	21,509,892
Trade and other current payables	<i>5</i>	75,025,513	65,273,081
Current portion of long-term borrowings	<i>5, 15, 16, 26</i>	4,618,308	16,649,584
Current portion of lease liabilities	<i>5, 15, 16, 26</i>	2,254,837	2,325,642
Current portion of debentures	<i>15, 16, 26</i>	39,931,615	49,932,830
Short-term borrowings	<i>5, 15, 16, 26</i>	324,264	509,609
Corporate income tax payable		2,757,761	3,926,703
Other current liabilities		4,211,982	1,293,120
<b>Total current liabilities</b>		<b>168,386,191</b>	<b>161,420,461</b>
<b><i>Non-current liabilities</i></b>			
Long-term borrowings	<i>5, 15, 16, 26</i>	76,163,631	35,879,588
Lease liabilities	<i>5, 15, 16, 26</i>	10,432,170	9,883,113
Debentures	<i>15, 16, 26</i>	130,127,584	124,673,528
Deferred tax liabilities	<i>14</i>	8,326,935	5,610,130
Non-current provisions for employee benefits	<i>17</i>	14,541,393	14,688,462
Other non-current liabilities		3,114,776	1,099,554
<b>Total non-current liabilities</b>		<b>242,706,489</b>	<b>191,834,375</b>
<b>Total liabilities</b>		<b>411,092,680</b>	<b>353,254,836</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of financial position

As at 31 December 2021

The Sam Cement Public Company Limited and its Subsidiaries

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b>Shareholders' equity</b>			
Share capital			
<i>Authorized share capital</i>			
<i>(1,600 million ordinary shares, par value at Baht 1 per share)</i>		<b>1,600,000</b>	<b>1,600,000</b>
<i>Issued and paid share capital</i>			
<i>(1,200 million ordinary shares, par value at Baht 1 per share)</i>		1,200,000	1,200,000
Other surpluses		3,467,105	4,252,020
Retained earnings			
<i>Appropriated</i>			
Legal reserve	18	160,000	160,000
General reserve		10,516,000	10,516,000
<i>Unappropriated</i>			
Other components of shareholders' equity		1,789,716	(16,253,023)
<b>Total equity attributable to owners of the parent</b>		<b>365,690,734</b>	<b>320,972,179</b>
Non-controlling interests		84,317,613	75,153,863
<b>Total shareholders' equity</b>		<b>450,008,347</b>	<b>396,126,042</b>
<b>Total liabilities and shareholders' equity</b>		<b>861,101,027</b>	<b>749,380,878</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated income statement

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

	<i>Note</i>	2021	2020
<i>(in thousand Baht)</i>			
Revenue from sales	5	530,111,632	399,939,200
Cost of sales	5	(421,000,123)	(309,947,193)
<b>Gross profit</b>		<b>109,111,509</b>	<b>89,992,007</b>
Other income	5, 20	10,594,323	7,277,959
<b>Profit before expenses</b>		<b>119,705,832</b>	<b>97,269,966</b>
Distribution costs	21	(32,312,537)	(24,090,833)
Administrative expenses	22	(30,484,220)	(28,723,808)
Other expenses	11, 13	(4,058,439)	(3,720,076)
<b>Total expenses</b>		<b>(66,855,196)</b>	<b>(56,534,717)</b>
<b>Profit from operations</b>		<b>52,850,636</b>	<b>40,735,249</b>
Finance costs		(6,757,347)	(7,082,371)
Share of profit of joint ventures and associates accounted for using equity method		17,542,655	9,455,791
<b>Profit before income tax</b>		<b>63,635,944</b>	<b>43,108,669</b>
Tax expense	24	(8,900,024)	(5,808,530)
<b>Profit for the year</b>		<b>54,735,920</b>	<b>37,300,139</b>
Profit attributable to			
<b>Owners of the parent</b>		<b>47,173,987</b>	<b>34,143,870</b>
Non-controlling interests		7,561,933	3,156,269
		<b>54,735,920</b>	<b>37,300,139</b>
<b>Basic earnings per share (in Baht)</b>			
<b>Attributable to owners of the parent</b>		<b>39.31</b>	<b>28.45</b>

On behalf of the Board of Directors

Air Chief Marshal



**Satitpong Sukvimol**  
Chairman



**Roongrote Rangsiyopash**  
President & CEO

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of comprehensive income

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b>Profit for the year</b>		<b>54,735,920</b>	<b>37,300,139</b>
<b>Other comprehensive income</b>			
<b><i>Items that will be reclassified subsequently to profit or loss</i></b>			
Exchange differences on translating financial statement		17,272,085	(833,541)
Loss on cash flow hedges	26	(131,172)	-
Gain (loss) on measurement of financial assets		(63,926)	46,064
Share of other comprehensive income of joint ventures and associates accounted for using equity method		2,370,138	(184,209)
Income tax relating to items that will be reclassified subsequently to profit or loss	24	9,877	(5,715)
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>19,457,002</b>	<b>(977,401)</b>
<b><i>Items that will not be reclassified subsequently to profit or loss</i></b>			
Gain on investments in equity instruments measured at fair value		1,644,604	66,350
Gain (loss) on remeasurements of defined benefit plans	17	880,434	(204,027)
Share of other comprehensive income of joint ventures and associates accounted for using equity method		147,124	44,123
Income tax relating to items that will not be reclassified subsequently to profit or loss	24	(495,483)	20,119
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>2,176,679</b>	<b>(73,435)</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>21,633,681</b>	<b>(1,050,836)</b>
<b>Total comprehensive income for the year</b>		<b>76,369,601</b>	<b>36,249,303</b>
Total comprehensive income attributable to			
<b>Owners of the parent</b>		<b>65,901,511</b>	<b>33,096,968</b>
Non-controlling interests		10,468,090	3,152,335
		<b>76,369,601</b>	<b>36,249,303</b>

The accompanying notes are an integral part of these financial statements.



## Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

	Retained earnings				Other components of shareholders' equity				Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity		
	Appropriated	Unappropriated	Exchange differences on translating financial statements	Gain on investments in equity instruments measured at fair value	Gain on measuring financial assets	Share of other comprehensive income of joint ventures and associates accounted for using equity method	Total other components of shareholders' equity						
Issued and paid share capital													
Balance at 1 January 2020	1,200,000	(11,905,746)	160,000	10,516,000	302,061,072	(20,145,120)	29,686	6,427,161	(1,627,849)	(15,316,122)	286,715,204	47,508,955	334,224,159
Transactions with owners, recorded directly in shareholders' equity													
Contributions by and distributions to owners of the parent													
Dividends	-	-	-	-	(14,997,759)	-	-	-	-	-	(14,997,759)	(1,446,393)	(16,444,152)
Total contributions by and distributions to owners of the parent	-	-	-	-	(14,997,759)	-	-	-	-	-	(14,997,759)	(1,446,393)	(16,444,152)
Changes in ownership interests in subsidiaries													
Changes that do not result in a loss of control	-	-	-	-	-	-	-	-	-	-	-	-	-
Changes that result in an acquisition or a loss of control	-	16,157,766	-	-	-	-	-	-	-	-	16,157,766	25,682,436	41,840,202
Total changes in ownership interests in subsidiaries	-	16,157,766	-	-	-	-	-	-	-	-	16,157,766	25,682,436	41,840,202
Total transactions with owners, recorded directly in shareholders' equity	-	16,157,766	-	-	-	-	-	-	-	-	16,157,766	25,938,966	42,096,732
Comprehensive income for the year													
Profit or loss	-	-	-	-	34,143,870	-	-	-	-	-	34,143,870	3,156,269	37,300,139
Other comprehensive income	-	-	-	-	(110,001)	(868,512)	41,146	53,899	(163,434)	(936,901)	(1,046,902)	(3,934)	(1,050,836)
Total comprehensive income for the year	-	-	-	-	34,033,869	(868,512)	41,146	53,899	(163,434)	(936,901)	33,096,968	3,152,335	36,249,303
Balance at 31 December 2020	1,200,000	4,252,020	160,000	10,516,000	321,097,182	(21,013,632)	70,832	6,481,060	(1,791,283)	(16,253,023)	320,972,179	75,153,863	396,126,042

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of changes in shareholders' equity

For the year ended 31 December 2021

The Stam Cement Public Company Limited and its Subsidiaries

	Other components of shareholders' equity													
	Retained earnings					Share of other comprehensive income of								
	Issued and paid share capital	Other surpluses (deficits)	Legal reserve	General reserve	Unappropriated	Exchange differences on translating financial statements	Loss on cash flow hedges	Gain (loss) on measuring financial assets	Gain (loss) on equity instruments measured at fair value	Gain on investments in joint ventures and associates accounted for using equity method	Total other components of shareholders' equity	Total equity attributable to owners of the parent	Non-controlling interests	Total shareholders' equity
<b>Balance at 1 January 2021</b>	1,200,000	4,252,020	1,600,000	10,516,000	321,097,182	(21,013,632)	-	70,832	6,481,060	(1,791,283)	(16,253,023)	320,972,179	75,153,863	396,126,042
Transactions with owners, recorded directly in shareholders' equity														
Contributions by and distributions to owners of the parent	-	-	-	-	(20,398,041)	-	-	-	-	-	-	(20,398,041)	(3,718,843)	(24,116,884)
Dividends	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total contributions by and distributions to owners of the parent</b>	-	-	-	-	(20,398,041)	-	-	-	-	-	-	(20,398,041)	(3,718,843)	(24,116,884)
Changes in ownership interests in subsidiaries														
Changes that do not result in a loss of control	-	(784,915)	-	-	-	-	-	-	-	-	-	(784,915)	(431,742)	(1,216,657)
Changes that result in an acquisition or a loss of control	-	-	-	-	-	-	-	-	-	-	-	-	2,846,245	2,846,245
<b>Total changes in ownership interests in subsidiaries</b>	-	(784,915)	-	-	-	-	-	-	-	-	-	(784,915)	2,414,503	1,629,588
Total transactions with owners, recorded directly in shareholders' equity	-	(784,915)	-	-	(20,398,041)	-	-	-	-	-	-	(21,182,956)	(1,304,340)	(22,487,296)
Comprehensive income for the year														
Profit or loss	-	-	-	-	47,173,987	-	-	-	-	-	-	47,173,987	7,561,933	54,735,920
Other comprehensive income	-	-	-	-	684,785	14,445,658	(131,172)	(72,315)	1,344,919	2,455,649	18,042,739	18,727,524	2,906,157	21,633,681
<b>Total comprehensive income for the year</b>	-	-	-	-	47,858,772	14,445,658	(131,172)	(72,315)	1,344,919	2,455,649	18,042,739	65,901,511	10,468,090	76,369,601
<b>Balance at 31 December 2021</b>	1,200,000	3,467,105	1,600,000	10,516,000	348,557,913	(6,567,974)	(131,172)	(1,483)	7,825,979	664,366	1,789,716	365,690,734	84,317,613	450,008,347

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

	2021	2020
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	54,735,920	37,300,139
<b><i>Adjustments for</i></b>		
Tax expense	8,900,024	5,808,530
Depreciation and amortization	28,834,768	27,377,257
Loss on inventories devaluation	759,073	166,808
Non-current provisions for employee benefit expense	1,259,712	1,311,902
Loss (gain) on foreign currency exchange	(117,179)	186,407
Share of profit of joint ventures and associates accounted for using equity method	(17,542,655)	(9,455,791)
Dividend income	(1,697,278)	(669,658)
Interest income	(1,047,284)	(1,116,550)
Interest expense	6,757,347	7,128,987
Loss on impairment of assets	3,933,338	3,053,981
Gain on fair value adjustment and others	(3,239,404)	(305,503)
<b>Cash flows generated from operations</b>	<b>81,536,382</b>	<b>70,786,509</b>
<b>before changes in operating assets and liabilities</b>	<b>81,536,382</b>	<b>70,786,509</b>
<b><i>Decrease (increase) in operating assets</i></b>		
Trade and other current receivables	(21,110,731)	4,994,942
Inventories	(24,792,741)	692,963
Other assets	(1,207,005)	345,300
<b>Net decrease (increase) in operating assets</b>	<b>(47,110,477)</b>	<b>6,033,205</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Increase (decrease) in operating liabilities</i></b>			
Trade and other current payables		14,814,969	(57,057)
Non-current provisions for employee benefits		(888,335)	(1,008,381)
Other liabilities		281,944	(244,679)
<b>Net increase (decrease) in operating liabilities</b>		<b>14,208,578</b>	<b>(1,310,117)</b>
<b>Net cash flows generated from operations</b>		<b>48,634,483</b>	<b>75,509,597</b>
Income tax paid		(9,834,287)	(5,094,436)
<b>Net cash flows provided by operating activities</b>		<b>38,800,196</b>	<b>70,415,161</b>
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of subsidiaries		-	766,437
Acquisition of subsidiaries, net of cash acquired	4	(14,477,264)	(2,945,788)
Proceeds from sale of interests in joint ventures and associates		13,480	286,452
Acquisition of interests in joint ventures and associates		(13,185,687)	(239,401)
Proceeds from sale of equity and debt instruments of other entities		79,234,556	56,058,983
Acquisition of equity and debt instruments of other entities		(68,504,427)	(81,035,851)
Proceeds from sale of property, plant and equipment		285,711	462,026
Acquisition of property, plant and equipment		(58,007,441)	(51,357,002)
Acquisition of intangible assets		(2,470,838)	(1,602,399)
Proceeds from (payment of) repayment of loans		(132,000)	48,245
Dividends received		10,796,037	7,348,506
Interest received		1,049,015	1,024,799
<b>Net cash flows used in investing activities</b>		<b>(65,398,858)</b>	<b>(71,184,993)</b>

The accompanying notes are an integral part of these financial statements.

## Consolidated statement of cash flows

For the year ended 31 December 2021

The Sam Cement Public Company Limited and its Subsidiaries

	<i>Note</i>	2021	2020
<i>(in thousand Baht)</i>			
<b><i>Cash flows from financing activities</i></b>			
Proceeds from changes in ownership interests			
in subsidiaries that do not result in a loss of control	4	1,152,611	43,107,076
Payments of changes in ownership interests in subsidiaries			
that do not result in a loss of control		(2,370,798)	(1,416,042)
<b><i>Proceeds from (payments of) borrowings</i></b>			
Proceeds from bank overdrafts and short-term borrowings		14,275,956	2,476,004
Proceeds from long-term borrowings		40,822,850	27,062,626
Payments of long-term borrowings		(17,804,003)	(7,041,183)
Payments of lease liabilities		(2,984,353)	(2,624,934)
Proceeds from issuance of debentures		45,400,625	49,850,062
Redemption of debentures		(49,916,830)	(49,881,503)
<b>Net increase in borrowings</b>		<b>29,794,245</b>	<b>19,841,072</b>
<b>Dividends paid</b>			
Dividends paid to owners of the parent		(20,398,041)	(14,997,759)
Dividends paid to non-controlling interests		(3,514,136)	(1,410,812)
<b>Total dividends paid</b>		<b>(23,912,177)</b>	<b>(16,408,571)</b>
Interest and other finance costs paid		(7,902,085)	(7,652,582)
<b>Net cash flows provided by (used in) financing activities</b>		<b>(3,238,204)</b>	<b>37,470,953</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(29,836,866)</b>	<b>36,701,121</b>
Effect of exchange rate changes on cash and cash equivalents		1,430,364	71,262
Cash and cash equivalents at beginning of the year		64,399,343	27,626,960
<b>Cash and cash equivalents at end of the year</b>		<b>35,992,841</b>	<b>64,399,343</b>
<b><i>Supplementary information for cash flows</i></b>			
<b>Non-cash transactions at end of the year</b>			
Account payables from purchase of assets		12,991,851	22,382,496
Accrued investments		3,696,173	577,743

The accompanying notes are an integral part of these financial statements.



## Notes to the financial statements

For the year ended 31 December 2021

The Siam Cement Public Company Limited and its Subsidiaries

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These notes form an integral part of the consolidated financial statements.

The consolidated financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 18 February 2022.

## 1 General information

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company and its subsidiaries, the “Group”, is an industrial group which operates core businesses of Cement-Building Materials Business, Chemicals Business and Packaging Business.

Details of the subsidiaries, which have significant operations and were included in the consolidated financial statements, are as follows:

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement-Building Materials Business</i></b>		<b><i>Cement-Building Materials Business</i></b>	
SCG Cement Co., Ltd.	100	Vietnam Construction Materials Joint Stock Company (Incorporated in Vietnam)	100
The Concrete Products and Aggregate Co., Ltd.	100	Song Gianh Cement Joint Stock Company (Incorporated in Vietnam)	100
The Siam Cement (Kaeng Khoi) Co., Ltd.	100	Mien Trung Cement One Member Company Limited (Incorporated in Vietnam)	100
The Siam Cement (Ta Luang) Co., Ltd.	100	Danang Cement One Member Company Limited (Incorporated in Vietnam)	100
The Siam Cement (Thung Song) Co., Ltd.	100	Phu Yen Cosevco Cement Company Limited (Incorporated in Vietnam)	100
The Siam Cement (Lampang) Co., Ltd.	100	CPAC Construction Solution Co., Ltd.	100
Khammouane Cement Co., Ltd. (Incorporated in Lao PDR)	100	SCG Building Materials Co., Ltd.	100
The Siam Refractory Industry Co., Ltd.	100	Cementthai Gypsum Co., Ltd.	100
Eco Plant Services Co., Ltd.	100	MRC Roofing Co., Ltd.	100
SCI Eco Services Co., Ltd.	100	Cementthai Ceramics Co., Ltd.	100
Q Mix Supply Co., Ltd.	100	Cementthai Ceramics Philippines Holdings, Inc. (Incorporated in the Philippines)	100
Silathai Sanguan (2540) Co., Ltd.	100	Cementthai Gypsum (Singapore) Pte. Ltd. (Incorporated in Singapore)	100
Silasanon Co., Ltd.	100	The Siam Fibre-Cement Co., Ltd.	100
PT SCG Pipe and Precast Indonesia (Incorporated in Indonesia)	100	Siam Fibre Cement Group Co., Ltd.	100
PT Semen Lebak (Incorporated in Indonesia)	100	SCG Landscape Co., Ltd.	100
PT SCG Readymix Indonesia (Incorporated in Indonesia)	100	Siam Fiberglass Co., Ltd.	100
PT CPAC Surabaya (Incorporated in Indonesia)	100	SCG Roofing Co., Ltd.	100
The Concrete Products and Aggregate (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100	SCG Concrete Roof (Vietnam) Co., Ltd. (Incorporated in Vietnam)	100
SCG Cement-Building Materials Vietnam Limited Liability Company (Incorporated in Vietnam)	100		

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement-Building Materials Business</i></b>		<b><i>Cement-Building Materials Business</i></b>	
SCG Concrete Roof (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Myanmar CBM Services Co., Ltd. (Incorporated in Myanmar)	100
SCG Cement-Building Materials Philippines, Inc. (Incorporated in the Philippines)	100	Nexter Digital Co., Ltd.	100
PT SCG Lightweight Concrete Indonesia (Incorporated in Indonesia)	100	BetterBe Marketplace Co., Ltd.	100
The Siam Sanitary Fittings Co., Ltd.	100	Nexter Ventures Co., Ltd.	100
SCG Cement-Building Materials Company Limited	100	SCG Living and Housing Solution Co., Ltd. (Formerly: Nexter Retail Co., Ltd.)	100
SCG Distribution Co., Ltd.	100	SCG Experience Co., Ltd.	100
SCG International Corporation Co., Ltd.	100	SCG Skills Development Co., Ltd.	100
SCG International Australia Pty. Ltd. (Incorporated in Australia)	100	SCG Retail Holding Co., Ltd.	100
SCG International China (Guangzhou) Co., Ltd. (Incorporated in China)	100	Prime Group Joint Stock Company (Incorporated in Vietnam)	100
SCG International Hong Kong Limited (Incorporated in China)	100	Prime Trading, Import and Export One Member Limited Liability Company (Incorporated in Vietnam)	100
SCG International (Philippines) Corporation Co., Ltd. (Incorporated in the Philippines)	100	Prime International Import-Export and Service Trading Company Limited (Incorporated in Vietnam)	100
SCG International USA Inc. (Incorporated in USA)	100	Prime - Ngoi Viet Joint Stock Company (Incorporated in Vietnam)	100
PT SCG International Indonesia (Incorporated in Indonesia)	100	Prime Pho Yen Joint Stock Company (Incorporated in Vietnam)	100
SCG International Laos Co., Ltd. (Incorporated in Lao PDR)	100	Prime - Yen Binh Joint Stock Company (Incorporated in Vietnam)	100
SCG Marketing Philippines Inc. (Incorporated in the Philippines)	100	Prime - Tien Phong Joint Stock Company (Incorporated in Vietnam)	100
SCG International Malaysia Sdn. Bhd. (Incorporated in Malaysia)	100	Prime - Vinh Phuc Joint Stock Company (Incorporated in Vietnam)	100
SCG International (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	Prime - Truong Xuan Joint Stock Company (Incorporated in Vietnam)	99
SCG International Middle East Dmcc (Incorporated in the United Arab Emirates)	100	Buu Long Industry and Investment Joint Stock Company (Incorporated in Vietnam)	99
SCG International Vietnam Co., Ltd. (Incorporated in Vietnam)	100	Siam Sanitary Ware Co., Ltd.	99
SCG International India Private Limited (Incorporated in India)	100	Siam Sanitary Ware Industry Co., Ltd.	99
Oitolabs Technologies Private Limited (Incorporated in India)	100	Siam Sanitary Ware Industry (Nongkae) Co., Ltd.	99
SCG Building and Living Care Consulting Co., Ltd.	100	PT Semen Jawa (Incorporated in Indonesia)	98
Unify Smart Tech Joint Stock Company (Incorporated in Vietnam)	100	SCG Logistics Management Co., Ltd.	98
Nexter Living Co., Ltd.	100	SCG Logistics Lao Co., Ltd. (Incorporated in Lao PDR)	98
		SCG Logistics Management (Cambodia) Co., Ltd. (Incorporated in Cambodia)	98

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Cement-Building Materials Business</i></b>		<b><i>Cement-Building Materials Business</i></b>	
SCG Express Co., Ltd. (Formerly: SCG Yamato Express Co., Ltd.)	98	SCGT Automobile Co., Ltd.	67
Mawlamyine Cement Limited (Incorporated in Myanmar)	96	Quality Construction Products Public Company Limited	61
Prime Dai An Joint Stock Company (Incorporated in Vietnam)	95	Q-Con Eastern Co., Ltd.	61
PT KIA Serpih Mas (Incorporated in Indonesia)	94	Rudy Technology Co., Ltd.	61
Kampot Cement Co., Ltd. (Incorporated in Cambodia)	92	SCG-PSA Holdings Co., Ltd.	59
PT KIA Keramik Mas (Incorporated in Indonesia)	92	SCG-Boonthavorn (Cambodia) Co., Ltd. (Incorporated in Cambodia)	58
PT Keramika Indonesia Assosiasi, Tbk. (Incorporated in Indonesia)	92	Prime Dai Quang Joint Stock Company (Incorporated in Vietnam)	56
PT Kokoh Inti Arebama Tbk. (Incorporated in Indonesia)	91	SCG-Shwe Me Logistics (Myanmar) Co., Ltd. (Incorporated in Myanmar)	55
Prime Dai Viet Joint Stock Company (Incorporated in Vietnam)	90	Panel World Co., Ltd.	55
Prime Thien Phuc Joint Stock Company (Incorporated in Vietnam)	90	Jumbo Barges and Tugs Co., Ltd.	55
Prime Phong Dien Joint Stock Company (Incorporated in Vietnam)	90	Jumbo Barges (Cambodia) Co., Ltd. (Incorporated in Cambodia)	55
Prime Dai Loc Joint Stock Company (Incorporated in Vietnam)	90	SCG-Sekisui Sales Co., Ltd.	51
CPAC Cambodia Co., Ltd. (Incorporated in Cambodia)	90	SCG-Boonthavorn Holding Co., Ltd.	51
SCG Ceramics Public Company Limited	83	Smart Build Bangladesh Co., Ltd. (Incorporated in Bangladesh)	51
Sosuco Ceramic Co., Ltd.	83	Mingalar Motor Co., Ltd. (Incorporated in Myanmar)	50
Saraburirat Co., Ltd.	83	PT Siam-Indo Gypsum Industry (Incorporated in Indonesia)	50
Mariwasa-Siam Ceramics, Inc. (Incorporated in the Philippines)	83	PT Siam-Indo Concrete Products (Incorporated in Indonesia)	50
SCG Myanmar Concrete and Aggregate Co., Ltd. (Incorporated in Myanmar)	80	Thai Connectivity Terminal Co., Ltd.	50
PT Surya Siam Keramik (Incorporated in Indonesia)	80	Bangkok Interfreight Forwarding Co., Ltd.	50
SCG Builk One Philippines, Inc. (Incorporated in the Philippines)	75	PT Pion Quarry Nusantara (Incorporated in Indonesia)	49
Green Conservation Solution Co., Ltd.	74	Home Center Quang Ninh Joint Stock Company (Incorporated in Vietnam)	49
SCG Home Retail Co., Ltd.	73	PT SCG Barito Logistics (Incorporated in Indonesia)	49
Prime Hao Phu Joint Stock Company (Incorporated in Vietnam)	70	PT Renos Marketplace Indonesia (Incorporated in Indonesia)	49
		PT Tambang Semen Sukabumi (Incorporated in Indonesia)	48
		Kampot Land Co., Ltd. (Incorporated in Cambodia)	45

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b><i>Chemicals Business</i></b>		<b><i>Chemicals Business</i></b>	
SCG Chemicals Co., Ltd.	100	Nawa Intertech Co., Ltd.	100
Thai Polyethylene Co., Ltd.	100	Chemtech Co., Ltd.	
SCG Plastics Co., Ltd.	100	(Incorporated in Vietnam)	100
SCG Performance Chemicals Co., Ltd.	100	Total Plant Service Co., Ltd.	100
SCG Chemicals Trading Singapore Pte. Ltd.		Xplore S.R.L.	
(Incorporated in Singapore)	100	(Formerly: HTExplore S.R.L.)	
Rayong Engineering & Plant Service Co., Ltd.	100	(Incorporated in Italy)	100
Protech Outsourcing Co., Ltd.	100	SENFU UK Limited	
Repeco Maintenance Co., Ltd.	100	(Incorporated in the United Kingdom)	100
RIL 1996 Co., Ltd.	100	SENFU Swiss GmbH	
Texplore Co., Ltd.	100	(Incorporated in Switzerland)	100
Vina SCG Chemicals Co., Ltd.	100	Rayong Pipeline Co., Ltd.	92
Long Son Petrochemicals Co., Ltd.		SCG ICO Polymers Company Limited	87
(Incorporated in Vietnam)	100	Map Ta Phut Tank Terminal Co., Ltd.	82
WTE Company Limited	100	Grand Nawaplastic Myanmar Co., Ltd.	
SCG Chemicals (Singapore) Pte. Ltd.		(Incorporated in Myanmar)	80
(Incorporated in Singapore)	100	Viet-Thai Plastchem Co., Ltd.	
Tuban Petrochemicals Pte. Ltd.		(Incorporated in Vietnam)	72
(Incorporated in Singapore)	100	TPC Vina Plastic and Chemicals Corporation Ltd.	
Hexagon International, Inc.		(Incorporated in Vietnam)	70
(Incorporated in USA)	100	Rayong Olefins Co., Ltd.	68
SENFU Norway AS		Map Ta Phut Olefins Co., Ltd.	67
(Incorporated in Norway)	100	Nawaplastic (Cambodia) Co., Ltd.	
Norner AS		(Incorporated in Cambodia)	60
(Incorporated in Norway)	100	Circular Plas Company Limited	60
Norner Research AS		PT Nusantara Polymer Solutions	
(Incorporated in Norway)	100	(Incorporated in Indonesia)	55
SCGN AS		Binh Minh Plastics Joint Stock Company	
(Incorporated in Norway)	100	(Incorporated in Vietnam)	54
SMH Co., Ltd.	100	North Binh Minh Plastics Limited Company	
Thai Plastic and Chemicals Public		(Incorporated in Vietnam)	54
Company Limited	100	PT Berjaya Nawaplastic Indonesia	
PT TPC Indo Plastic and Chemicals		(Incorporated in Indonesia)	51
(Incorporated in Indonesia)	100	Kation Power Co., Ltd.	51
TPC Paste Resin Co., Ltd.	100	Flowlab & Service Co., Ltd.	51
Nawaplastic Industries Co., Ltd.	100		
<b><i>Packaging Business</i></b>		<b><i>Packaging Business</i></b>	
SCG Packaging Public Company Limited	72	Invenique Co., Ltd.	72
Siam Kraft Industry Co., Ltd.	72	SCGP Excellence Training Center Co., Ltd.	72
Visy Packaging (Thailand) Limited	72	SCG Paper Energy Co., Ltd.	72
Precision Print Co., Ltd.	72	SCGP Solutions Co., Ltd.	72



	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b>Packaging Business</b>		<b>Packaging Business</b>	
SCGP Solutions (Singapore) Pte. Ltd. (Incorporated in Singapore)	72	Orient Containers Co., Ltd. PT Indoris Printingdo (Incorporated in Indonesia)	50
Go-Pak UK Limited (Incorporated in the United Kingdom)	72	PT Indocorr Packaging Cikarang (Incorporated in Indonesia)	50
Go-Pak Vietnam Limited (Incorporated in Vietnam)	72	Duy Tan Plastics Manufacturing Corporation Joint Stock Company (Incorporated in Vietnam)	50
Go-Pak Paper Products Vietnam Co., Ltd. (Incorporated in Vietnam)	72	Duy Tan Long An Co., Ltd. (Incorporated in Vietnam)	50
SCGP Rigid Plastics Co., Ltd.	72	Duy Tan Precision Mold Co., Ltd. (Incorporated in Vietnam)	50
SCGP Rigid Packaging Solutions Pte. Ltd. (Incorporated in Singapore)	72	Duy Tan Binh Duong Plastics Co., Ltd. (Incorporated in Vietnam)	50
International Healthcare Packaging Co., Ltd. (Formerly: SKIC International Co., Ltd.)	72	Mata Plastic Co., Ltd. (Incorporated in Vietnam)	50
Thai Cane Paper Public Company Limited	71	Phoenix Pulp & Paper Public Company Limited	50
Detalab Global, S.L. (Incorporated in Spain)	61	Thai Paper Co., Ltd.	50
Detalab, S.L. (Incorporated in Spain)	61	The Siam Forestry Co., Ltd.	50
Keylab, S.L.U. (Incorporated in Spain)	61	Panas Nimit Co., Ltd.	50
Nirco, S.L. (Incorporated in Spain)	61	Thai Panason Co., Ltd.	50
Envases Farmaceuticos, S.A. (Incorporated in Spain)	61	Thai Panadorn Co., Ltd.	50
Equilabo Scientific, S.L.U. (Incorporated in Spain)	61	Thai Panaram Co., Ltd.	50
Sanilabo, S.L.U. (Incorporated in Spain)	61	Suanpa Rungsaris Co., Ltd.	50
United Pulp and Paper Co., Inc. (Incorporated in the Philippines)	54	Siam Panawes Co., Ltd.	50
Thai Containers Group Co., Ltd.	50	Thai Panaboon Co., Ltd.	50
Thai Containers Khonkaen Co., Ltd.	50	Thai Wanabhum Co., Ltd.	50
Thai Containers Rayong Co., Ltd.	50	TCG Solutions Pte. Ltd. (Incorporated in Singapore)	50
Vina Kraft Paper Co., Ltd. (Incorporated in Vietnam)	50	Interpress Printers Sendirian Berhad (Incorporated in Malaysia)	49
New Asia Industries Co., Ltd. (Incorporated in Vietnam)	50	PT Primacorr Mandiri (Incorporated in Indonesia)	49
Alcamax Packaging (Vietnam) Co., Ltd. (Incorporated in Vietnam)	50	Bien Hoa Packaging Joint Stock Company (Incorporated in Vietnam)	48
AP Packaging (Hanoi) Co., Ltd. (Incorporated in Vietnam)	50	PT Fajar Surya Wisesa Tbk. (Incorporated in Indonesia)	40
Packamex (Vietnam) Co., Ltd. (Incorporated in Vietnam)	50	PT Dayasa Aria Prima (Incorporated in Indonesia)	40
		PT Indonesia Dirtajaya Aneka Industri Box (Incorporated in Indonesia)	38
		PT Bahana Buana Box (Incorporated in Indonesia)	38

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
<b>Packaging Business</b>		<b>Packaging Business</b>	
PT Rapipack Asritama (Incorporated in Indonesia)	38	TC Flexible Packaging Co., Ltd.	38
Tin Thanh Packing Joint Stock Company (Incorporated in Vietnam)	38	SCGP-T Plastics Co., Ltd.	37
Prepack Thailand Co., Ltd.	38	Tawana Container Co., Ltd.	36
		Conimex Co., Ltd.	28
<b>Other</b>		<b>Other</b>	
Cementhai Holding Co., Ltd.	100	SCG HR Solutions 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 (Incorporated in Indonesia)	100
SCG Accounting Services Co., Ltd.	100	Bangsue Industry Co., Ltd.	100
SCG Legal Counsel Limited	100	Add Ventures Capital Co., Ltd.	100
CTO Management Co., Ltd.	100	Add Ventures Capital International Co., Ltd.	100
Cementhai Captive Insurance Pte. Ltd. (Incorporated in Singapore)	100	A.I. Technology Co., Ltd.	51
SCG Cleanergy Co., Ltd. (Formerly: Siam Innovation Product and Solution Co., Ltd.)	100	A.I. Tech Inter Private Limited (Incorporated in Singapore)	51
SCG Learning Excellence Co., Ltd.	100	Siam GNE Solar Energy Co., Ltd.	50

Details of the subsidiaries with insignificant operations that were included in the consolidated financial statements are as follows:

	<b>Direct/ Indirect Holding (%)</b>		<b>Direct/ Indirect Holding (%)</b>
Siam Mortar Co., Ltd.	100	Dhara Pipe Co., Ltd.	100
CPAC Concrete Products (Cambodia) Co., Ltd. (Incorporated in Cambodia)	100	SCG Corporation S.A. (Incorporated in Panama)	100
SCG Roofing Philippines, Inc. (Incorporated in the Philippines)	100	PT Karya Makmur Kreasi Prima (Incorporated in Indonesia)	91
Ceramic Research Institution (Incorporated in Vietnam)	100	United Industrial Energy Corporation (Incorporated in the Philippines)	54
Siam TPC Co., Ltd.	100	TCG Rengo (S) Limited (Incorporated in Singapore)	50
Siam TPC (Singapore) Pte. Ltd. (Incorporated in Singapore)	100	Dyna Packs Co., Ltd.	50
SCG Holding Co., Ltd.	100	D-In Pack Co., Ltd.	50
The Nawaloha Foundry Bangpakong Co., Ltd.	100	Phoenix Utilities Co., Ltd.	50
The Siam Iron and Steel Co., Ltd.	100		

Most of the above subsidiaries were established in Thailand unless otherwise stated. There was no material change in the percentage of holding from 2020.

During 2021, the Group acquired the ordinary shares of Go-Pak UK Limited and its subsidiaries, Duy Tan Plastics Manufacturing Corporation Joint Stock Company and its subsidiaries, PT Indonesia DIRTAJAYA Aneka Industri Box, PT Bahana Buana Box, and PT Rapipack Asritama (collectively, “Intan Group”), A.I. Technology Co., Ltd. and its subsidiary, Deltalab, S.L. and its subsidiaries, Oitolabs Technologies Private Limited and Kation Power Co., Ltd. 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 Group has adopted the amendment to TFRS 16 *COVID-19 related rent concessions* which provides an option for lessees not to assess whether eligible COVID-19 related rent concessions are lease modification and the amendment to TFRS 3 *Definition of a Business* which clarifies the definition of a business and provides further guidance on how to determine whether a transaction represents a business combination. In addition, the amendment introduce an optional “concentration test” that permits a simplified assessment of whether an acquired set of activities and assets is an asset rather than a business acquisition, when substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The Group has adopted amendments to TFRS 16 and TFRS 3 since 1 January 2021, which have no material effect on the consolidated financial statements.

### **(b) Functional and presentation currency**

The consolidated financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

### **(c) 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.

The COVID-19 outbreak resulted in estimation uncertainty. In 2020, the Group elected to apply accounting guidance on *temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19* by excluding COVID-19 situation for consideration of impairment of assets, fair values measurement and lease modifications. As the accounting guidance already expired on 31 December 2020, the Group has adjusted the value of assets of 2021 that has no material impact on the consolidated financial statements.

### 3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### (a) *Basis of consolidation*

The Group applies the acquisition method when the Group assesses that the acquired set of activities and assets include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. The acquisition date is the date on which control is transferred to the Group, other than business combinations with entities under common control. Expenses in connection with a business combination are recognized as incurred.

In a business combination achieved in stages, the Group shall remeasure its previously held equity interest of investment in the acquiree to its acquisition-date fair value and recognize the resulting gain or loss in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that investment were disposed of.

Goodwill is measured as the fair value of the consideration transferred including the recognized amount of any non-controlling interest in the acquiree, less the fair value amount of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognized in profit or loss immediately.

Consideration transferred measured at fair value includes assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, any contingent consideration and equity interests issued by the Group.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognized in profit or loss.

A contingent liability of the acquiree 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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted or additional assets or liabilities are recognized during the measurement period to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

#### (b) *Investments in subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intra-group balances and transactions, and any unrealized income or expenses arising from intra-group transactions, are eliminated on consolidation. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

At the acquisition date, the Group measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree when there is a change in the Group's interest in a subsidiary that does not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid from the acquisition or consideration received from disposal are accounted for as other surpluses or deficits in shareholders' equity.

When the Group loses control over a subsidiary, it derecognizes the assets and liabilities of the subsidiary, any related non-controlling interests and other components of equity. Any resulting gain or loss arising from loss of control in subsidiary is recognized in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

**(c) *Investments in joint ventures and associates***

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

The Group recognized investments in joint ventures and associates using the equity method in the consolidated financial statements. They are initially recognized at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include dividend income, the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence or joint control ceases.

Unrealized gains arising from transactions with joint ventures and associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

**(d) *Cash and cash equivalents***

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments which have a maturity of three months or less from the date of acquisition and are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

**(e) *Trade and other receivables***

A receivable is recognized when the Group has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss. Bad debts are written off when incurred.

The Group estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status by taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.



**(f) Inventories**

Inventories are measured at the lower of cost and net realizable value. Cost is calculated using the weighted average cost or first in first out principle which is considered based on appropriateness of type of inventory.

Cost comprises costs of purchase, costs of conversion or relevant direct costs incurred in acquiring the inventories. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realizable value is the estimated selling price in the ordinary course of business less the costs to complete and to make the sale.

**(g) Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale and measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are no longer depreciated or amortized and any equity-accounted investee is no longer equity accounted.

**(h) Investment property**

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Group. Investment properties are held to earn rental income, or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation charged on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 - 20	years
Buildings and structures	5 - 40	years

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

***Reclassification to property, plant and equipment***

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

**(i) Property, plant and equipment***Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognized in profit or loss.

*Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

*Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 - 50	years
Buildings and structures		
- Cement-Building Materials Business	3 - 47	years
- Chemicals Business	5 - 30	years
- Packaging Business	5 - 40	years
- Other	5 - 50	years
Machinery and equipment		
- Cement-Building Materials Business	2 - 30	years
- Chemicals Business	2 - 30	years
- Packaging Business	3 - 30	years
Transportation and equipment	5 - 20	years
Furniture, fixtures and office equipment	2 - 20	years

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(j) Goodwill**

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment and an impairment loss on such an investment is not allocated to any assets.

**(k) Other intangible assets**

*Research and development expenditure*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalized only when it increases the future economic benefits.

*Other intangible assets*

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

Concession and license fees	Term of agreements
Software licenses	2 - 20 years
Customer contracts and relationship	5, 20, 26 years
Others	3 - 25 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(l) Leases**

At inception of a contract, the Group assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. The Group has elected not to separate non-lease components and accounted for the lease and non-lease components as a single lease component.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurements of lease liability.

The cost of right-of-use asset includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the Group will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful lives of the underlying asset which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Group uses the Group's incremental borrowing rate to discount the lease payments to the present value. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

**(m) Impairment of non-financial assets**

The carrying amounts of the Group's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Group will estimate the assets' recoverable amounts. For goodwill and other intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

*Calculation of recoverable amount*

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversal of impairment*

Impairment losses of assets recognized in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(n) Trade and other payables**

Trade and other payables are stated at amortized cost.

**(o) Employee benefits***Defined contribution plans*

Obligations for contributions to provident fund for the Group's employee are expensed in profit or loss as the related service is provided.

*Defined benefit plans*

The Group's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. The defined benefit obligations is discounted to the present value which performed annually by a qualified actuary.

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 by taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Gain or loss on remeasurements 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 or when the Group recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(p) Provisions**

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

**(q) Revenue from contracts with customers***(1) Revenue recognition*

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts and volume rebates.

*Sale of goods and rendering of services*

Revenue from sales of goods is recognized at a point in time when the Group transfers control of the goods to customers, generally on delivery of the goods to the customers. For the sales that permit the customers to return the goods, the Group estimates the returns based on the historical return data, does not recognize revenue for this transaction and remains recognition of inventory for the estimated products to be returned.

Revenue for rendering of services is recognized over time based on progress towards complete satisfaction of the performance obligation or as the services are provided. The progress towards complete satisfaction is assessed based on either output or input methods.

For bundled packages, the Group recognizes revenue from sales of products and rendering of services separately if a product or service is separately identifiable from other items and a customer can benefit from it or the multiple services are rendered in different reporting periods. The consideration received is allocated based on their relative stand-alone selling prices which are determined based on the price list at which the Group sells the products and services in separate transactions.

The Group has a timing of revenue recognition mainly from the sale of goods which is recognized at a point in time.

*Customer loyalty programme*

For customer loyalty programme that the Group offers to customers, the consideration received is allocated based on the relative stand-alone selling price of the products and the loyalty points. The amount allocated to the loyalty points is recognized as contract liabilities and revenue is recognized when loyalty points are redeemed, the likelihood of the customer redeeming the loyalty points becomes remote or the points expire. The stand-alone selling prices of the points is estimated based on the discount provided to customers and the likelihood that the customers will redeem the points. The estimate is reviewed at the end of the reporting period.

*Other income*

Other income comprising dividend income, interest income and others is recognized on an accrual basis except dividend income which is recognized in profit or loss on date the Group's right to receive payments is established.

*Royalty fee income*

Royalty fee income is recognized throughout the royalty period.

*(2) Contract assets and liabilities*

Contract assets are recognized when the Group has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Group is entitled to, less allowance for expected credit loss. The contract assets are classified as trade receivables when the Group issues an invoice.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognized when the Group receives or has an unconditional right to receive non-refundable consideration from the customer before the Group recognizes the related revenue.

**(r) Expenses***Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions 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 Group offered certain qualifiable employees the option to take early retirement from the Group. The eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Group records expenses on early retirement upon mutual acceptance.

**(s) *Income tax***

Income tax expense for the year comprises current and deferred tax, which is recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is recognized in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries, joint ventures and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(t) *Foreign currencies***

*Foreign currency transactions*

Transactions in foreign currencies are translated to the respective functional currencies of each entity in the Group 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.

Non-monetary assets and liabilities which include those 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 currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI and the effective portion of cash flow hedges are recognized in other comprehensive income.

*Foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Thai Baht at the exchange rates at the end of the reporting period. The revenues and expenses of foreign operations are translated to Thai Baht at 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, except to extent that the translation difference is allocated to non-controlling interest and presented in other components of equity until disposal of the foreign operation.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Group disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation, recognized in other comprehensive income and presented in other components of equity until disposal of the foreign operation.

**(u) Financial instruments***Classification and measurement*

Debt securities that the Group issued are initially recognized when they are originated. Other financial assets and financial liabilities, except trade receivables and trade payables are initially recognized when the Group becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

An equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortized cost using the effective interest method, except held for trading or derivative are classified as measured at FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

Financial assets measured at amortized costs are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and gain or loss on derecognition are recognized in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income which calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognized in profit or loss. Gains and losses from changes in fair value are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss on the date on which the Group's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

#### *Derecognition and offset*

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### *Derivatives*

Derivative are recognized at fair value and remeasured at fair value at each reporting date. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting.

#### *Hedge accounting*

At inception of designated hedging relationships, the Group documents the risk management objective and strategy for undertaking the risk, the economic relationship between the hedged item and the hedging instrument, including consideration of the hedge effectiveness at the inception of the hedging relationship and throughout the remaining period to determine the existence of economic relationship between the hedged item and the hedging instrument.



*Cash flow hedges*

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in OCI and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss.

For cash flow hedges, the amount accumulated in the cash flow hedging reserve is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss.

The hedge accounting is discontinued prospectively when the hedge is expired, sold or terminated or when the hedge no longer meets the criteria for hedge accounting or no longer expects to occur. The Group will transfer hedging reserve in other comprehensive income to profit or loss for terminated hedging relationships. If cash flow that is hedged is expected to occur, accumulated in hedging reserve will not reclassify until cash flow that is hedged affect to profit or loss. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the cash flow hedging reserve are immediately reclassified to profit or loss.

The Group held some derivative as hedging instrument for hedging interest rate risk.

*Impairment of financial assets*

The Group recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt investments measured at FVOCI and lease receivables.

The Group recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets or trade receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Group considers a financial asset to have low credit risk when its credit rating is the investment grade. The Group recognizes ECLs for low credit risk financial asset as 12-month ECLs.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

*Write-off*

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

*Interest*

Interest income and expense are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

**(v) Fair value measurement**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

Measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and asset positions at a bid price and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

**(w) Business segment reporting**

Segment results that are reported to the Group's Chief Operating Decision Maker include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**(x) Related parties**

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

## 4 Acquisitions of business and changes in ownership interests in subsidiaries

### Year 2021

#### *Acquisitions*

During 2021, the Group acquired the significant businesses as follows:

#### ***(1) Go-Pak UK Limited and its subsidiaries, the United Kingdom***

On 12 January 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 100% stake in Go-Pak UK Limited (“Go-Pak”), one of leading foodservice packaging solution providers in the UK, Europe and North America. This agreement has total consideration of approximately Pound Sterling 133.6 million or equivalent to Baht 5,449 million. The payment has been divided into the first payment of Pound Sterling 77.5 million or equivalent to Baht 3,161 million and the remaining payment which will be based on the Go-Pak’s incremental financial performance in 2021 and 2022. In the third quarter of 2021, the Group paid the second payment to the former shareholders of Go-Pak in the amount of Pound Sterling 29.9 million or equivalent to Baht 1,358 million. Subsequently, in the fourth quarter of 2021, the Group has decreased the remaining contingent consideration amounting to Pound Sterling 26.2 million or equivalent to Baht 1,183 million in accordance with condition in specified agreement. The Group has recognized gain from this transaction by presenting in other income in the consolidated income statement.

Obtaining control in Go-Pak further reinforces the Group to expand SCGP’s foodservice packaging business and elevates its consumer platform, while giving access to customer base in the UK, Europe and North America. This will also broaden SCGP’s total packaging solutions and strengthen its production and distribution capabilities to grow in the ASEAN market.

#### ***(2) Duy Tan Plastics Manufacturing Corporation Joint Stock Company and its subsidiaries, Vietnam***

On 23 July 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 70% stake in Duy Tan Plastics Manufacturing Corporation Joint Stock Company (“Duy Tan”), a Vietnam’s leading producer of rigid plastic packaging products. This agreement has total consideration of approximately Vietnamese Dong 5,500 billion or equivalent to Baht 7,870 million. The payment has been divided into the first payment of Vietnamese Dong 3,630 billion or equivalent to Baht 5,195 million and the remaining payment which will be based on Duy Tan’s incremental financial performance in 2020 and 2021. In the fourth quarter of 2021, the Group has increased provision of contingent consideration amounting to Vietnamese Dong 76 billion or equivalent to Baht 112 million and recognized loss on this transaction by netting and presenting in other income in the consolidated income statement.

Obtaining control in Duy Tan further reinforces the Group to expand SCGP’s rigid packaging business in ASEAN and elevates the supporting for both consumer goods manufacturer and consumer in Vietnam. Duy Tan’s main customers are multinational corporations and domestic consumer goods manufacturers with high growth rates. In addition, Duy Tan also manufactures branded home products, such as food wares and food containers. This expansion by merger and partnership enlarges the customer base and also synergizes through the selling of related supplementary products.

**(3) PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box, and PT Rapipack Asritama (collectively, “Intan Group”), Indonesia**

On 13 August 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 75% stake in PT Indonesia Dirtajaya Aneka Industri Box, PT Bahana Buana Box, and PT Rapipack Asritama (collectively, “Intan Group”), the corrugated container producers in Indonesia. This agreement has total consideration of approximately Rupiah 856 billion or equivalent to Baht 1,978 million. The payment has been divided into the first payment of Rupiah 822 billion or equivalent to Baht 1,897 million and the remaining payment which will be based on the Intan Group’s incremental financial performance in 2022 and 2023.

Intan Group is one of Indonesia’s leading corrugated container producers and operates in four strategic locations namely Surabaya in East Java, Semarang in Central Java, Bekasi in West Java, and Minahasa in North Sulawesi. Intan Group’s main customers are multinational companies and local brand owners in the food, beverage and consumer segments. The acquisition of Intan Group is to expand SCGP’s fiber-based packaging business across Indonesia, enhancing SCGP’s capability to serve customers, and also increases the proportion of vertical integration (Internal integration) with the packaging paper mill PT Fajar Surya Wisesa Tbk.

**(4) Deltalab, S.L. and its subsidiaries, Spain**

On 9 December 2021, a subsidiary in Packaging Business has signed a share purchase agreement to acquire a 85% stake in Deltalab, S.L. (“Deltalab”), a specialized manufacturer and distributor of high-quality medical supplies and labware registered in Spain. This agreement has total consideration of approximately Euro 86.4 million or equivalent to Baht 3,307 million.

Acquisition in Deltalab is an expansion of business into the medical supplies and labware market. It will elevate the Group’s customers base and products portfolio in response to a growth in the hygiene and healthcare industry, as well as enriching its global services capabilities and adding synergy to its related production. Currently, the Group introduces the products in forms of packaging for transportation, product packaging and display packaging. It is also an essential foundation for the Group’s future expansions of healthcare and medical supplies industry in Asia Pacific.

**(5) A.I. Technology Co., Ltd. and its subsidiary, Thailand**

On 30 November 2021, a subsidiary in Other has signed a share purchase agreement to acquire a 51% stake in A.I. Technology Co., Ltd., (“AIT”), a leading Automation System Integrator in Thailand. This agreement has total consideration of approximately Baht 644 million. The payment has been divided into the first payment of Baht 633 million and the remaining payment which will be based on AIT’s incremental financial performance in 2019 and 2022.

Obtaining control in AIT is the opportunity for the Group to fully enter into an automation business, and it is another significant step for the innovative development and technology in order to enhance the level of Thailand industry. Currently, the demand of automotive usage trend is continuously increased according to the policy of driving towards Thailand Industry 4.0, in order to increase the country's competitiveness and encourage industrialists to use modern technology and innovation.

**(6) Others**

In the third quarter of 2021, a subsidiary in Cement-Building Materials Business has signed a share purchase agreement to acquire a 100% stake in Oitolabs Technologies Private Limited (“Oitolabs”), a leading software development company which has its head office in India. In addition, a subsidiary in Chemicals Business has signed a share purchase agreement to acquire a 51% stake in Kation Power Co., Ltd. (“Kation”), a leading chemical cleaning service provider which has its head office in Thailand, for a total consideration of Baht 100 million.

According to the above acquisition, the Group has engaged independent appraisers to determine the fair values of net assets and liabilities acquired. As at 31 December 2021, the determination of the fair values has been completed, and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly, except Deltalab’s assets and liabilities acquired on 9 December 2021. The determination of the fair values, especially for intangible assets acquired, has not been completed. Therefore, they have been recorded at provisional amounts in consolidated statement of financial position as at 31 December 2021. The fair values of the assets acquired and liabilities assumed and goodwill may be adjusted when the report of the appraiser is completed.

The Group has continuously reviewed 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 transaction of such acquisition will be made.

Assets acquired and liabilities assumed at the acquisition date were as follows:

	Fair value						Total
	Go-Pak	Duy Tan	Intan Group	Deltalab	AIT	Others	
	<i>(in million Baht)</i>						
Cash and cash equivalents	479	283	35	243	28	16	1,084
Trade and other current receivables	290	1,204	699	571	251	34	3,049
Inventories	431	1,824	344	356	19	-	2,974
Investment property	-	-	-	-	33	-	33
Property, plant and equipment	595	4,743	1,698	154	192	67	7,449
Intangible assets	2,263	4,497	-	34	131	-	6,925
Other non-current assets	5	35	18	40	126	7	231
Trade and other current payables	(208)	(1,168)	(733)	(370)	(128)	(30)	(2,637)
Interest-bearing liabilities	(357)	(2,861)	(585)	(594)	(115)	(55)	(4,567)
Other current liabilities	(49)	(37)	(9)	(59)	(8)	-	(162)
Non-current liabilities	(444)	(1,198)	(117)	(68)	(100)	(11)	(1,938)
<b>Net identifiable assets and liabilities</b>	<b>3,005</b>	<b>7,322</b>	<b>1,350</b>	<b>307</b>	<b>429</b>	<b>28</b>	<b>12,441</b>
<i>Less non-controlling interests</i>	-	(2,196)	(338)	(46)	(210)	(13)	(2,803)
<b>Recognized value of net assets acquired</b>	<b>3,005</b>	<b>5,126</b>	<b>1,012</b>	<b>261</b>	<b>219</b>	<b>15</b>	<b>9,638</b>
Goodwill from business acquisition	2,444	2,744	966	3,046	425	85	9,710
<b>Total consideration transferred</b>	<b>5,449</b>	<b>7,870</b>	<b>1,978</b>	<b>3,307</b>	<b>644</b>	<b>100</b>	<b>19,348</b>
Cash acquired							(1,084)
<b>Total consideration transferred - net</b>							<b>18,264</b>

Consideration transferred includes cash in escrow account amounting to Baht 380 million, which will be released when certain conditions are met within 5 years from the acquisition date; and contingent consideration which is based on the incremental financial performance recognized at fair value at the acquisition date and classified as a level 3 fair value (see note 26).

The assets, liabilities and operating results of these subsidiaries have been included in the Group's consolidated financial statements for the period ended 31 December 2021 since the acquisition date with total revenue from sales and service of Baht 7,515 million and profit for period of Baht 365 million which has been included in the Group's performance. Revenue from sales and service of those subsidiaries since 1 January 2021 to the acquisition date amounted to Baht 8,598 million and profit for period amounted to Baht 568 million.

The Group incurred acquisition costs totaling Baht 369 million which have been included in administrative expenses in the consolidated income statement.

## **Year 2020**

### ***(a) Acquisitions***

During 2020, the Group acquired the significant businesses as follows:

#### ***(1) Xplore S.R.L., Italy***

In the fourth quarter of 2020, a subsidiary in Chemicals Business acquired a 100% stake in Xplore S.R.L. ("Xplore"), a leading High Throughput Experimentation service provider which has its headquarter in Naples, Italy, for a total consideration of Euro 1.6 million or equivalent to approximately Baht 58 million.

Obtaining control in Xplore will allow the Group to increase its capability in catalyst testing via High Throughput Experimentation which will significantly reduce catalyst development time. Catalyst testing is an essential process in developing high value added products. The acquisition will help increase research and development capability of the Group.

According to the above acquisitions, the Group engaged an independent appraiser to determine the fair values of net assets and liabilities acquired. As at 31 December 2020, the determination of the fair values had been completed and the carrying amount of the assets acquired and liabilities assumed were recorded accordingly.

#### ***(2) Bien Hoa Packaging Joint Stock Company, Vietnam***

On 18 December 2020, a subsidiary in Packaging Business acquired a 94% stake in Bien Hoa Packaging Joint Stock Company ("SOVI"), listed on the Vietnam Stock Exchange which is one of leading fiber based packaging company, for a total consideration of Vietnamese Dong 2,070 billion or equivalent to approximately Baht 2,669 million.

Obtaining control in SOVI will allow the Group to enlarge customer base particularly in food, beverage and fast-moving consumer goods segments and reinforce internal integration with its packaging paper manufacturing.

With respect to the above acquisitions, the Group has engaged independent appraisers to determine the fair values of net assets and liabilities acquired. As at 31 December 2020, the determination of the fair values had not been completed. Therefore, the assets and liabilities of SOVI had been recorded at provisional amounts in consolidated statement of financial position as at 31 December 2020.



Subsequently in the first quarter of 2021, 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 recognized a decrease of goodwill of Baht 128 million. This adjustment is in accordance with the accounting adjustment condition for business acquisition.

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:

	<b>Fair value</b>		<b>Total</b>
	<b>Xplore</b>	<b>SOVI</b>	
	<i>(in million Baht)</i>		
Cash and cash equivalents	1	42	43
Trade and other current receivables	8	532	540
Inventories	9	184	193
Other current assets	-	194	194
Property, plant and equipment	79	1,017	1,096
Other non-current assets	-	9	9
Interest-bearing borrowings	(11)	(252)	(263)
Trade and other current payables	-	(404)	(404)
Other current liabilities	-	(17)	(17)
Non-current liabilities	(17)	(115)	(132)
<b>Net identifiable assets and liabilities</b>	<b>69</b>	<b>1,190</b>	<b>1,259</b>
<i>Less non-controlling interests</i>	-	(70)	(70)
<b>Recognized value of net assets acquired</b>	<b>69</b>	<b>1,120</b>	<b>1,189</b>
Goodwill from business acquisition	-	1,549	1,549
Gain on a bargain purchase	(11)	-	(11)
<b>Total consideration transferred</b>	<b>58</b>	<b>2,669</b>	<b>2,727</b>
Cash acquired			(43)
<b>Total consideration transferred - net</b>			<b>2,684</b>

Consideration transferred includes cash in escrow account amounting to Baht 534 million. The amount will be released to the former shareholders when certain conditions are met within 2 years from acquisition date.

The assets, liabilities and operating results of those subsidiaries have been included in the Group's consolidated financial statements for the period ended 31 December 2020 since the acquisition date. Revenue from sales and service of those subsidiaries since 1 January 2020 to the acquisition date amounted to Baht 2,282 million and profit for the period amounted to Baht 195 million.

The Group incurred acquisition costs totaling Baht 58 million which has been included in administrative expenses in the consolidated income statement.

**(b) Change in ownership interest in subsidiaries**

On 28 October 2019, the Board of Directors' Meeting No. 234 (8/2019) 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.

In the fourth quarter of 2020, SCGP offered 1,127.55 million newly issued ordinary shares, for which the increase of paid-up share capital was registered with the Ministry of Commerce on 19 October 2020, with an offering price of Baht 35 per share (par value of Baht 1). SCGP allocated the newly issued ordinary shares in order to accommodate the exercise right of the Over-Allotment Agent for 39.37 million shares, totaling 1,166.92 million shares, amounting to Baht 40,842 million and had expenses directly related to the IPO of Baht 750 million, net cash received amounting to Baht 40,092 million. As a result, the Group's ownership decreased from 99% to 72%. The shares of SCGP began trading on the Stock Exchange of Thailand on 22 October 2020.

The following summarizes the effect of the change in the Group's ownership interests in SCGP:

	<i>(in million Baht)</i>
Consideration received from non-controlling interests	40,092
Less Carrying amount of non-controlling interests transferred	(24,186)
<b>Increase in equity attributable to owners of the Group from reduction of investments in SCGP</b>	<b><u>15,906</u></b>

## 5 Related parties

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2021	2020	Pricing policies
	<i>(in million Baht)</i>		
<i>Joint ventures and associates</i>			
Purchases	20,478	14,041	Market price
Service fee, lease-related expense and others	1,045	970	Market price
Revenue from sales	50,254	29,105	Market price
Revenue from transportation and other services	2,371	1,797	Market price
Management fee and others	2,628	1,626	Mainly based on percentage of revenue from sales
Dividend income	10,182	6,488	Upon declaration
<i>Other related parties</i>			
Purchases	2,776	2,128	Market price
Service fee, lease-related expense and others	329	297	Market price
Revenue from sales	3,136	1,472	Market price
Revenue from transportation and other services	144	119	Market price
Management fee and others	384	312	Mainly based on percentage of revenue from sales
Dividend income	1,570	658	Upon declaration

Balances as at 31 December with related parties were as follows:

	2021	2020
	<i>(in million Baht)</i>	
<i>Trade receivables</i>		
Joint ventures and associates	5,600	3,884
Other related parties	739	472
<b>Total</b>	<b>6,339</b>	<b>4,356</b>
<i>Other current receivables</i>		
Joint ventures and associates	2,703	660
Other related parties	26	48
<b>Total</b>	<b>2,729</b>	<b>708</b>
<i>Short-term loans</i>		
Associates	197	75
<i>Long-term loans</i>		
<i>Current and non-current portion</i>		
Joint ventures and associates	104	77
Other related parties	4	10
<b>Total</b>	<b>108</b>	<b>87</b>
<i>Trade payables</i>		
Joint ventures and associates	2,290	1,728
Other related parties	217	135
<b>Total</b>	<b>2,507</b>	<b>1,863</b>
<i>Other current payables</i>		
Joint ventures and associates	171	52
Other related parties	27	51
<b>Total</b>	<b>198</b>	<b>103</b>
<i>Short-term borrowings</i>		
Associates	80	71
Other related parties	244	439
<b>Total</b>	<b>324</b>	<b>510</b>
<i>Long-term borrowings</i>		
<i>Current and non-current portion</i>		
Other related parties	15	4

	2021	2020
	<i>(in million Baht)</i>	
<i>Lease liabilities</i>		
<i>Current and non-current portion</i>		
Associates	184	169
Other related parties	1,629	1,318
<b>Total</b>	<b>1,813</b>	<b>1,487</b>

***The Board of Directors and key management compensation***

	2021	2020
	<i>(in million Baht)</i>	
<i>For the years ended 31 December</i>		
Short-term employee benefits	393	325
Post-employment benefits	27	26
<b>Total</b>	<b>420</b>	<b>351</b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, special remuneration benefit, others and contribution to defined contribution plans.

**6 Cash and cash equivalents**

	2021	2020
	<i>(in million Baht)</i>	
Cash on hand and at banks	26,598	58,586
Highly liquid short-term investments	9,395	5,813
<b>Total</b>	<b>35,993</b>	<b>64,399</b>

**7 Trade receivables**

	<i>Note</i>	2021	2020
		<i>(in million Baht)</i>	
<i>At 31 December</i>			
<i>Trade receivables</i>			
Related parties	5	6,339	4,356
Other companies		56,835	38,075
Less allowance for expected credit loss		(1,723)	(1,550)
<b>Net</b>		<b>55,112</b>	<b>36,525</b>
<b>Total</b>		<b>61,451</b>	<b>40,881</b>

	2021	2020
	<i>(in million Baht)</i>	
<b>At 31 December</b>		
<b>Trade receivables</b>		
<b>Related parties</b>		
Within credit terms	6,243	4,269
Overdue:		
Less than 1 month	49	59
1 - 3 months	28	14
Over 3 - 12 months	19	14
<b>Total</b>	<b>6,339</b>	<b>4,356</b>
<b>Other companies</b>		
Within credit terms	48,096	31,524
Overdue:		
Less than 1 month	4,153	2,904
1 - 3 months	1,785	1,223
Over 3 - 12 months	805	725
Over 12 months	1,996	1,699
	56,835	38,075
Less allowance for expected credit loss	(1,723)	(1,550)
<b>Net</b>	<b>55,112</b>	<b>36,525</b>
<b>Total</b>	<b>61,451</b>	<b>40,881</b>

The normal credit term granted by the Group is 15 - 90 days.

	2021	2020
	<i>(in million Baht)</i>	
<b>Allowance for expected credit loss</b>		
<b>At 1 January</b>	<b>1,550</b>	<b>1,266</b>
Addition	170	427
Reversal	(113)	(76)
Write-off	(81)	(58)
Acquisitions through business combinations	78	-
Currency translation differences	119	(9)
<b>At 31 December</b>	<b>1,723</b>	<b>1,550</b>

As at 31 December 2021, the outstanding overdue amounts of trade receivables have credit bank guarantees amounting to Baht 1,904 million (2020: Baht 3,503 million).



## 8 Inventories

	2021	2020
	<i>(in million Baht)</i>	
Finished goods	31,163	20,990
Work in progress	4,486	3,625
Raw materials	24,887	10,875
Spare parts	8,743	8,543
Stores, supplies and others	6,028	4,860
Raw materials in transit	9,670	7,036
<b>Total</b>	<b>84,977</b>	<b>55,929</b>
Less allowance for decline in value	(1,856)	(1,275)
<b>Net</b>	<b>83,121</b>	<b>54,654</b>
Cost of inventories recognized as an expense in cost of sales	408,563	298,849
Write-down to net realizable value	2,330	2,117
Reversal of write-down	(1,683)	(2,160)
Changes in finished goods and work in progress	(11,034)	680
Raw materials and supplies used	233,337	141,445

## 9 Investments in joint ventures and associates

Movements for the years ended 31 December in investments in joint ventures and associates accounted for using the equity method were as follows:

	2021	2020
	<i>(in million Baht)</i>	
<b>At 1 January</b>	<b>97,375</b>	<b>94,393</b>
Share of net profit of investments - equity method	17,543	9,456
Increase in investments	13,186	239
Dividend income	(10,182)	(6,488)
Disposals and return on capital	(11)	(5)
Transfer to non-current assets held for sale	(1,372)	-
Change of the status to investment in equity instrument	(217)	-
Others	2,548	(220)
<b>At 31 December</b>	<b>118,870</b>	<b>97,375</b>

Investments in joint ventures and associates as at 31 December and dividends from these investments for the years then ended were as follows:

	Total direct /		Paid-up capital		Cost method		Equity method		Dividend income	
	indirect holding		2021	2020	2021	2020	2021	2020	2021	2020
	2021	2020								
	( <i>%</i> )		<i>(in million Baht)</i>							
<b>Joint ventures</b>										
<b>Cement-Building Materials Business</b>										
Global House International Company Limited	66	66	2,686	1,519	1,343	760	1,531	842	-	-
SCG Nichirei Logistics Co., Ltd.	50	51	770	770	393	393	401	385	-	-
Other companies			251	99	129	50	110	44	-	-
<b>Investments in joint ventures</b>			<b>3,707</b>	<b>2,388</b>	<b>1,865</b>	<b>1,203</b>	<b>2,042</b>	<b>1,271</b>	<b>-</b>	<b>-</b>
<b>Associates</b>										
<b>Cement-Building Materials Business</b>										
Siam Global House Public Company Limited	32	32	4,602	4,402	10,951	10,913	14,416	13,595	263	278
PT Catur Sentosa Adiprana Tbk	31	31	1,030	1,030	2,666	2,660	2,939	2,683	12	5
Anhui Conch-SCG Refractory Co., Ltd.	30	30	816	816	244	244	721	556	29	-
The Siam Gypsum Industry Co., Ltd.	29	29	150	150	46	46	675	697	141	240
Sekisui-SCG Industry Co., Ltd.	49	49	2,325	2,325	1,139	1,139	478	462	-	-
PT M Class Industry	28	28	222	222	106	106	100	86	-	-
China ASEAN Supply Chain Management Co., Ltd.	49	49	116	116	75	75	83	73	-	-
Noritake SCG Plaster Co., Ltd.	10	10	405	405	34	34	52	57	10	-
Other companies			522	548	188	193	105	94	5	-
			<b>10,188</b>	<b>10,014</b>	<b>15,449</b>	<b>15,410</b>	<b>19,569</b>	<b>18,303</b>	<b>460</b>	<b>523</b>
<b>Chemicals Business</b>										
PT Chandra Asri Petrochemical Tbk	31	31	62,157	27,248	28,761	18,090	35,297	22,060	954	-
Bangkok Synthetics Co., Ltd.	54	49	1,173	1,173	12,453	10,800	14,111	10,431	573	859
Siam Polyethylene Co., Ltd.	50	50	4,366	4,366	2,183	2,183	7,533	6,351	1,075	975
Siam Synthetic Latex Co., Ltd.	50	50	5,789	5,789	2,788	2,788	4,316	3,330	1,736	866
Thai MMA Co., Ltd.	47	47	5,590	5,590	2,571	2,571	3,534	3,075	959	635
Siam Styrene Monomer Co., Ltd.	50	50	1,189	1,189	594	594	1,945	1,865	240	223
Siam Polystyrene Co., Ltd.	50	50	995	995	493	493	1,097	1,048	254	112
Grand Siam Composites Co., Ltd.	46	46	64	64	167	167	912	891	369	508
PT Siam Maspion Terminal	50	50	327	327	163	163	413	315	62	61
Riken (Thailand) Co., Ltd.	35	35	120	120	42	42	390	421	99	144
Mitsui Advanced Composites (Zhongshan) Co., Ltd.	20	20	596	596	119	119	307	248	-	41
Siam Tohcello Co., Ltd.	45	45	406	406	266	266	254	255	34	-
A.J. Plast (Vietnam) Company Limited	50	-	306	-	140	-	140	-	-	-
Thai MFC Co., Ltd.	45	45	200	200	87	87	104	98	5	8
Other companies			323	323	104	110	130	135	1	1
			<b>83,601</b>	<b>48,386</b>	<b>50,931</b>	<b>38,473</b>	<b>70,483</b>	<b>50,523</b>	<b>6,361</b>	<b>4,433</b>
<b>Packaging Business</b>										
Siam Toppa Packaging Co., Ltd.	35	35	500	500	245	245	458	430	8	3
Siam Nippon Industrial Paper Co., Ltd.	23	23	1,100	1,100	495	495	337	315	-	-
Other companies			453	453	153	153	78	78	6	5
			<b>2,053</b>	<b>2,053</b>	<b>893</b>	<b>893</b>	<b>873</b>	<b>823</b>	<b>14</b>	<b>8</b>
<b>Other</b>										
Siam Kubota Corporation Co., Ltd.	40	40	2,739	2,739	1,120	1,120	24,706	22,500	1,883	1,297
Thai Engineering Products Co., Ltd.	30	30	85	85	76	76	746	874	-	-
The Nawaloha Industry Co., Ltd.	30	30	300	300	90	90	705	844	246	33
Aisin Takaoka Foundry Bangkok Co., Ltd.	30	30	475	475	142	142	375	814	568	87
Siam AT Industry Co., Ltd.	30	30	240	240	72	72	352	742	443	29
The Siam Nawaloha Foundry Co., Ltd.	25	25	308	308	74	74	294	393	142	5
Lysando AG	-	20	-	39	-	355	-	220	-	-
Other companies			80	80	16	16	107	68	65	73
			<b>4,227</b>	<b>4,266</b>	<b>1,590</b>	<b>1,945</b>	<b>27,285</b>	<b>26,455</b>	<b>3,347</b>	<b>1,524</b>
<b>Investments in associates</b>			<b>100,069</b>	<b>64,719</b>	<b>68,863</b>	<b>56,721</b>	<b>118,210</b>	<b>96,104</b>	<b>10,182</b>	<b>6,488</b>
Less accumulated impairment losses							(10)	-		
Less classified as assets held for sale							(1,372)	-		
<b>Investments in associates - net</b>			<b>100,069</b>	<b>64,719</b>	<b>68,863</b>	<b>56,721</b>	<b>116,828</b>	<b>96,104</b>	<b>10,182</b>	<b>6,488</b>
<b>Investments in joint ventures and associates - net</b>			<b>103,776</b>	<b>67,107</b>	<b>70,728</b>	<b>57,924</b>	<b>118,870</b>	<b>97,375</b>	<b>10,182</b>	<b>6,488</b>

Summarized financial information for the Group's interest in immaterial joint ventures and associates based on the amounts reported in the Group's consolidated financial statements as follows:

	Joint ventures		Associates	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Carrying amount of interests in joint ventures and associates	<b>2,042</b>	<b>1,271</b>	<b>116,828</b>	<b>96,104</b>
The Group's share of:				
- Profit for the year	109	34	17,434	9,422
- Other comprehensive income for the year	-	-	2,517	(140)
- Total comprehensive income for the year	<b>109</b>	<b>34</b>	<b>19,951</b>	<b>9,282</b>

#### *Significant acquisition*

In the third quarter of 2021, the Group acquired equity rights issuance in PT Chandra Asri Petrochemical Tbk ("CAP") amounting to Baht 10,671 million to maintain a 30.57% stake in CAP. In addition, the Group acquired 5.37% of shares in Bangkok Synthetics Co., Ltd. ("BST") amounting to Baht 1,653 million resulting in increase of the Group's stake in BST to 54.20%. In accordance with the shareholder agreement of BST, the Group has no control over BST.

#### *Reclassify to non-current assets held for sale*

The Group is in the process of divesting partial of shares in four associated companies under other segment with a total book value of Baht 1,372 million. The sales of such investments will be completed within the second quarter of 2022. Therefore, the Group has classified such investments as non-current assets classified as held for sale in the consolidated financial statements.

#### *Common stock dividend payment*

In the second quarter of 2021, the Annual General Meeting of the Shareholders of Siam Global House Public Company Limited approved dividend payment for the year 2020 of cash dividend and common stock dividend with the date of dividend payment on 7 May 2021. The Group is entitled to receive common stock dividend of 65 million shares at the par value Baht 1 per share, totaling Baht 65 million.

**10 Investment property**

	Land and land improvements	Buildings and structures	Construction in progress	Total
	<i>(in million Baht)</i>			
<b>Cost</b>				
At 1 January 2020	1,548	660	-	2,208
Additions	261	-	-	261
Disposals	-	(3)	-	(3)
Transfers from property, plant and equipment	81	196	119	396
<b>At 31 December 2020</b>	<b>1,890</b>	<b>853</b>	<b>119</b>	<b>2,862</b>
Acquisitions through business combinations	18	37	-	55
Additions	1	27	-	28
Disposals	-	(5)	-	(5)
Transfers to property, plant and equipment	(13)	(27)	-	(40)
Currency translation differences	2	(1)	-	1
<b>At 31 December 2021</b>	<b>1,898</b>	<b>884</b>	<b>119</b>	<b>2,901</b>
<b>Accumulated depreciation and accumulated impairment losses</b>				
At 1 January 2020	124	462	-	586
Depreciation charge for the year	1	24	-	25
Disposals	-	(3)	-	(3)
Transfers from property, plant and equipment	15	110	10	135
<b>At 31 December 2020</b>	<b>140</b>	<b>593</b>	<b>10</b>	<b>743</b>
Acquisitions through business combinations	-	22	-	22
Depreciation charge for the year	1	27	-	28
Impairment losses	-	-	1	1
Disposals	-	(3)	-	(3)
Transfers to property, plant and equipment	(4)	(10)	-	(14)
<b>At 31 December 2021</b>	<b>137</b>	<b>629</b>	<b>11</b>	<b>777</b>
<b>Carrying amount</b>				
<b>At 31 December 2020</b>	<b>1,750</b>	<b>260</b>	<b>109</b>	<b>2,119</b>
<b>At 31 December 2021</b>	<b>1,761</b>	<b>255</b>	<b>108</b>	<b>2,124</b>

The Group determined fair value of investment properties at open market values on an existing use basis. As at 31 December 2021, the fair value was Baht 8,284 million (2020: Baht 8,357 million).

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is the discounted cash flows and market approach.

## 11 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
	<i>(in million Baht)</i>						
<b>Cost</b>							
At 1 January 2020	46,239	87,721	461,180	16,445	8,183	63,521	683,289
Acquisitions through business combinations	172	318	1,105	26	14	13	1,648
Additions	3,095	987	7,686	1,397	399	56,031	69,595
Disposals/written off	(1,224)	(95)	(4,682)	(1,084)	(239)	(70)	(7,394)
Transfers to investment property	(81)	(196)	-	-	-	(119)	(396)
Transfers in (out)	1,025	2,059	8,809	49	16	(11,832)	126
Currency translation differences	(55)	240	449	(18)	11	(158)	469
<b>At 31 December 2020</b>	<b>49,171</b>	<b>91,034</b>	<b>474,547</b>	<b>16,815</b>	<b>8,384</b>	<b>107,386</b>	<b>747,337</b>
Acquisitions through business combinations	1,960	2,118	6,066	441	179	571	11,335
Additions	3,177	1,372	5,903	1,500	332	47,850	60,134
Disposals/written off	(500)	(634)	(2,694)	(915)	(195)	(36)	(4,974)
Transfers from investment property	13	27	-	-	-	-	40
Transfers in (out)	940	1,615	23,217	73	134	(28,199)	(2,220)
Currency translation differences	1,197	1,874	6,539	272	52	9,041	18,975
<b>At 31 December 2021</b>	<b>55,958</b>	<b>97,406</b>	<b>513,578</b>	<b>18,186</b>	<b>8,886</b>	<b>136,613</b>	<b>830,627</b>

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment	Furniture, fixtures and office equipment	Construction in progress	Total
<i>(in million Baht)</i>							
<b><i>Accumulated depreciation and accumulated impairment losses</i></b>							
At 1 January 2020	11,784	44,682	288,853	9,561	6,623	38	361,541
Acquisitions through business combinations	-	82	443	16	11	-	552
Depreciation charge for the year	1,683	3,315	18,465	1,873	592	-	25,928
Impairment losses (reversal)	(1)	341	762	(4)	-	16	1,114
Disposals/written off	(200)	(165)	(4,389)	(251)	(215)	(7)	(5,227)
Transfers to investment properties	(14)	(111)	-	-	-	(10)	(135)
Transfers in (out)	180	(15)	(94)	4	(43)	10	42
Currency translation differences	2	(8)	121	(25)	7	-	97
<b>At 31 December 2020</b>	<b>13,434</b>	<b>48,121</b>	<b>304,161</b>	<b>11,174</b>	<b>6,975</b>	<b>47</b>	<b>383,912</b>
Acquisitions through business combinations	24	305	3,063	210	99	-	3,701
Depreciation charge for the year	1,543	3,376	19,712	1,779	522	-	26,932
Impairment losses	246	1,450	1,975	5	4	-	3,680
Disposals/written off	(189)	(362)	(2,125)	(700)	(172)	(19)	(3,567)
Transfers from investment properties	4	10	-	-	-	-	14
Transfers in (out)	4	173	(33)	14	2	1	161
Currency translation differences	80	569	4,194	185	58	-	5,086
<b>At 31 December 2021</b>	<b>15,146</b>	<b>53,642</b>	<b>330,947</b>	<b>12,667</b>	<b>7,488</b>	<b>29</b>	<b>419,919</b>
<b><i>Carrying amount</i></b>							
<b>At 31 December 2020</b>							
Owned assets	24,815	40,322	168,346	3,253	1,228	107,339	345,303
Right-of-use assets	10,922	2,591	2,040	2,388	181	-	18,122
<b>At 31 December 2021</b>							
Owned assets	28,377	40,773	181,885	3,182	1,247	136,584	392,048
Right-of-use assets	12,435	2,991	746	2,337	151	-	18,660

In 2021, the right-of-use assets of the Group has increased amounting to Baht 3,276 million (2020: Baht 4,936 million).

In 2021, the Group capitalized borrowing costs relating to the acquisition of the property, plant and equipment as part of the cost of construction in progress, amounting to Baht 2,115 million (2020: Baht 651 million), rates of interest capitalized at 0.58% to 4.90% per annum (2020: 0.91% to 5.35% per annum).



During 2021, the Group has recognized an impairment loss on property, plant and equipment totaling Baht 3,680 million which mainly came from Myanmar cement operations (2020: Baht 1,114 million), which is included in other expenses in the consolidated income statement.

For the purpose of impairment testing of property, plant and equipment of the Group where indicators occurred, the recoverable amount was based on the higher of its value in use, determined by discounting the future cash flows, or its fair value less costs to sell.

The Group used 5-year forecast discounted future cash flows projections, terminal values and discount rates derived from the weighted average cost of capital of the Group which have been determined by the estimation and judgment of the management under the discounted future cash flows method. The recoverable amount from fair value in which the Group assessed by independent appraiser and fair value measurement was classified as the fair value level 3.

## 12 Leases

The Group leases land, buildings, transportation and equipment both in Thailand and overseas. The rental due and rate are as specified in the contract.

### *For the years ended 31 December*

	2021	2020
	<i>(in million Baht)</i>	
<b><i>Amounts recognized in profit or loss</i></b>		
Depreciation of right-of-use assets:		
- Land and land improvements	868	887
- Buildings and structures	625	520
- Transportation and equipment	1,210	1,245
- Others	407	433
Interest on lease liabilities	477	462
Expenses relating to short-term leases	489	565
Expenses relating to leases of low-value assets	313	301
Variable lease payments	2,261	2,211

Most of the variable lease payments are concrete mixer truck leases, the leases are valid for one year with extension options at the end of lease terms and payment terms are common.

### 13 Goodwill and other intangible assets

	Goodwill	Other intangible assets				Total other intangible assets
		Software copyright patent and trademark	Development cost	Customer contracts and relationship	Concession and others	
<i>(in million Baht)</i>						
<b>Cost</b>						
At 1 January 2020	35,738	11,766	814	154	8,570	21,304
Acquisitions through business combinations	1,208	4	-	-	-	4
Additions	-	569	829	-	38	1,436
Disposals/written off	-	(146)	(18)	-	(27)	(191)
Transfers in (out)	-	491	(582)	-	90	(1)
Currency translation differences	(219)	(1)	-	-	(2)	(3)
<b>At 31 December 2020</b>	<b>36,727</b>	<b>12,683</b>	<b>1,043</b>	<b>154</b>	<b>8,669</b>	<b>22,549</b>
Acquisitions through business combinations	9,582	2,417	-	4,704	41	7,162
Additions	-	672	809	-	79	1,560
Disposals/written off	-	(412)	(41)	-	(9)	(462)
Transfers in (out)	-	732	769	-	118	1,619
Currency translation differences	3,346	120	(5)	277	150	542
<b>At 31 December 2021</b>	<b>49,655</b>	<b>16,212</b>	<b>2,575</b>	<b>5,135</b>	<b>9,048</b>	<b>32,970</b>

	Goodwill		Other intangible assets			
	Software copyright patent and trademark	Development cost	Customer contracts and relationship	Concession and others	Total other intangible assets	
<i>(in million Baht)</i>						
<b><i>Accumulated amortization and accumulated impairment losses</i></b>						
At 1 January 2020	1,437	7,197	-	24	2,329	9,550
Acquisitions through business combinations	-	3	-	-	-	3
Amortization charge for the year	-	982	-	50	491	1,523
Impairment losses	1,259	97	-	-	559	656
Disposals/written off	-	(135)	-	-	(27)	(162)
Transfers in (out)	-	(18)	-	-	(10)	(28)
<b>At 31 December 2020</b>	<b>2,696</b>	<b>8,126</b>	<b>-</b>	<b>74</b>	<b>3,342</b>	<b>11,542</b>
Acquisitions through business combinations	-	202	-	-	34	236
Amortization charge for the year	-	1,176	-	214	451	1,841
Impairment losses	222	5	-	-	24	29
Disposals/written off	-	(393)	-	-	(8)	(401)
Transfers in (out)	-	36	-	1	34	71
<b>At 31 December 2021</b>	<b>2,918</b>	<b>9,152</b>	<b>-</b>	<b>289</b>	<b>3,877</b>	<b>13,318</b>
<b><i>Carrying amount</i></b>						
<b>At 31 December 2020</b>	<b>34,031</b>	<b>4,557</b>	<b>1,043</b>	<b>80</b>	<b>5,327</b>	<b>11,007</b>
<b>At 31 December 2021</b>	<b>46,737</b>	<b>7,060</b>	<b>2,575</b>	<b>4,846</b>	<b>5,171</b>	<b>19,652</b>

For the purpose of impairment testing of goodwill of the Group, the recoverable amount was based on value in use, determined by discounting the future cash flows. The Group used 5-year forecast discounted future cash flows projections, terminal values and discount rates derived from the weighted average cost of capital of the Group which have been determined by the estimation and judgment of the management.

#### 14 Deferred tax assets (deferred tax liabilities)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, and are included in the consolidated statement of financial position as follows:

	2021	2020
	<i>(in million Baht)</i>	
Deferred tax assets	4,525	5,001
Deferred tax liabilities	<u>(8,327)</u>	<u>(5,610)</u>
<b>Net</b>	<b><u>(3,802)</u></b>	<b><u>(609)</u></b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2020	Credited (charged) to		Increase through business combinations	Currency translation differences	At 31 December 2020
		profit or loss <i>(note 24)</i>	other comprehensive income			
	<i>(in million Baht)</i>					
<b><i>Deferred tax assets</i></b>						
Loss carry forward	1,139	(239)	-	-	(4)	896
Investments	70	35	(2)	-	-	103
Property, plant and equipment	706	274	-	2	(1)	981
Non-current provisions for employee benefits	2,840	89	27	1	3	2,960
Others	605	243	-	(1)	-	847
<b>Total</b>	<b><u>5,360</u></b>	<b><u>402</u></b>	<b><u>25</u></b>	<b><u>2</u></b>	<b><u>(2)</u></b>	<b><u>5,787</u></b>
<b><i>Deferred tax liabilities</i></b>						
Investments	(1,661)	(3)	(17)	-	-	(1,681)
Property, plant and equipment	(5,109)	773	-	(131)	54	(4,413)
Others	(306)	1	-	-	3	(302)
<b>Total</b>	<b><u>(7,076)</u></b>	<b><u>771</u></b>	<b><u>(17)</u></b>	<b><u>(131)</u></b>	<b><u>57</u></b>	<b><u>(6,396)</u></b>
<b>Net</b>	<b><u>(1,716)</u></b>	<b><u>1,173</u></b>	<b><u>8</u></b>	<b><u>(129)</u></b>	<b><u>55</u></b>	<b><u>(609)</u></b>

	At 1 January 2021	Credited (charged) to			Currency translation differences	At 31 December 2021
		profit or loss (note 24)	other comprehensive income	Increase through business combinations		
<i>(in million Baht)</i>						
<b>Deferred tax assets</b>						
Loss carry forward	896	(141)	-	52	19	826
Investments	103	4	16	-	8	131
Property, plant and equipment	981	(30)	-	5	22	978
Non-current provisions for employee benefits	2,960	109	(181)	38	30	2,956
Others	847	(59)	1	50	(13)	826
<b>Total</b>	<b>5,787</b>	<b>(117)</b>	<b>(164)</b>	<b>145</b>	<b>66</b>	<b>5,717</b>
<b>Deferred tax liabilities</b>						
Investments	(1,681)	(615)	(323)	-	(3)	(2,622)
Property, plant and equipment	(4,413)	(56)	-	(805)	(360)	(5,634)
Others	(302)	16	-	(916)	(61)	(1,263)
<b>Total</b>	<b>(6,396)</b>	<b>(655)</b>	<b>(323)</b>	<b>(1,721)</b>	<b>(424)</b>	<b>(9,519)</b>
<b>Net</b>	<b>(609)</b>	<b>(772)</b>	<b>(487)</b>	<b>(1,576)</b>	<b>(358)</b>	<b>(3,802)</b>

In 2020, The Indonesian Government, through PP No. 1 Tahun 2020 dated 31 March 2020 announced a change in the corporate income tax rate from 25% to 22% for accounting periods 2020 and 2021, and to 20% for accounting periods 2022 onward. The Group has applied the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense decrease amounting to Baht 512 million in the consolidated income statement.

In 2021, The Indonesian Government, through UU No. 7/2021 dated 29 October 2021 announced a change in the corporate income tax rate from 20% to 22% for accounting periods 2022 onward. The Group has applied the measurement of deferred tax assets and deferred tax liabilities, which made income tax expense increase amounting to Baht 205 million in the consolidated income statement.

The deductible temporary differences and unused tax losses that the Group has not recognized as deferred tax assets (liabilities) are as follow:

	2021	2020
<i>(in million Baht)</i>		
Deductible temporary differences		
- Inventories	57	62
- Property, plant and equipment	4,189	1,301
- Non-current provisions for employee benefits	278	157
- Others	932	992
Unused tax losses	32,590	31,876
<b>Total</b>	<b>38,046</b>	<b>34,388</b>

The unused tax losses on which the Group has not recognized deferred tax assets are the tax losses which have not yet expired under tax legislation and would be expired within 2026.

As at 31 December 2021 and 2020, no deferred tax liability has been recognized in respect of temporary differences associated with investments in subsidiaries, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such difference will not reverse in the foreseeable future.

## 15 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities were as follows:

	Note	Bank overdrafts and short-term borrowings	Long-term borrowings	Lease liabilities (in million Baht)	Debentures	Total
At 1 January 2020		19,267	33,145	11,804	174,683	238,899
Changes from financing cash flows		2,477	20,021	(2,625)	(31)	19,842
Leases		-	-	2,725	-	2,725
Changes arising from obtaining subsidiaries	4	197	68	-	-	265
The effect of changes in foreign exchange rates		79	(45)	7	-	41
Other non-cash movement		-	(660)	298	(46)	(408)
<b>At 31 December 2020</b>		<b>22,020</b>	<b>52,529</b>	<b>12,209</b>	<b>174,606</b>	<b>261,364</b>
Changes from financing cash flows		14,276	23,019	(2,985)	(4,516)	29,794
Leases		-	-	2,482	-	2,482
Changes arising from obtaining subsidiaries	4	2,175	1,707	685	-	4,567
The effect of changes in foreign exchange rates		1,041	3,340	296	-	4,677
Other non-cash movement		74	187	-	(31)	230
<b>At 31 December 2021</b>		<b>39,586</b>	<b>80,782</b>	<b>12,687</b>	<b>170,059</b>	<b>303,114</b>



## 16 Interest-bearing liabilities

	2021			2020		
	Secured	Unsecured	Total (in million Baht)	Secured	Unsecured	Total
<b>Current</b>						
Bank overdrafts and short-term borrowings from financial institutions	86	39,176	39,262	-	21,510	21,510
Short-term borrowings	-	324	324	-	510	510
Current portion of long-term borrowings	115	4,503	4,618	7	16,642	16,649
Current portion of lease liabilities	-	2,255	2,255	-	2,326	2,326
Current portion of debentures	-	39,932	39,932	-	49,933	49,933
	<b>201</b>	<b>86,190</b>	<b>86,391</b>	<b>7</b>	<b>90,921</b>	<b>90,928</b>
<b>Non-current</b>						
Long-term borrowings	209	75,955	76,164	50	35,830	35,880
Lease liabilities	-	10,432	10,432	-	9,883	9,883
Debentures	-	130,127	130,127	-	124,673	124,673
	<b>209</b>	<b>216,514</b>	<b>216,723</b>	<b>50</b>	<b>170,386</b>	<b>170,436</b>
<b>Total interest-bearing liabilities</b>	<b>410</b>	<b>302,704</b>	<b>303,114</b>	<b>57</b>	<b>261,307</b>	<b>261,364</b>

The collateral of the secured interest-bearing borrowings from the business acquisition in Vietnam and in Thailand as at 31 December 2021 consists of property, plant and equipment. The Group has to comply with certain covenants. At present, the Group is in the process of financing unsecured long-term borrowings to refinance existing long-term borrowings and release the loan covenants.

On 24 September 2021, SCG Packaging Public Company Limited (“SCGP”) had entered into a long-term loan agreement with a financial institution amounting to Baht 5,000 million. This long-term loan is the 4-year Sustainability-Linked Loan (SLL) with fixed interest rate and the interest rate will be adjusted down in line with operational achievements of Sustainability Performance Targets or SPTs according to the agreement. As at 31 December 2021, SCGP has already withdrawn all loan.

As at 31 December 2021, the Group has overdraft lines with several banks amounting to approximately Baht 9,622 million (2020: Baht 10,347 million).

As at 31 December 2021, the Group has undrawn credit facilities totaling equivalent to Baht 63,858 million (2020: Baht 89,558 million) including facilities for a petrochemical complex project in Vietnam amounting to US Dollars 1,801 million, equivalent to approximately Baht 60,192 million.

The average interest rates of long-term borrowings are 0.75% to 8.50% per annum in 2021 (2020: 1.43% to 10.90% per annum).

**Debentures**

As at 31 December 2021, the Company and its subsidiary have unsubordinated and unsecured debentures totaling Baht 170,500 million (2020: Baht 175,000 million) as follows:

Debentures no.	2021 (in million Baht)	2020	Interest rate (% p.a.)	Term	Maturity date
<b>Debentures - The Siam Cement Public Company Limited</b>					
1/2017	-	25,000	3.25	4 years	1 April 2021
2/2017	10,000	10,000	2.97	7 years	30 August 2024
3/2017	-	25,000	3.05	4 years	1 October 2021
1/2018	30,000	30,000	3.00	4 years	1 April 2022
2/2018	10,000	10,000	3.10	4 years	1 October 2022
1/2019	15,000	15,000	3.10	4 years	1 April 2023
2/2019	10,000	10,000	3.00	4 years	1 November 2023
1/2020	25,000	25,000	2.80	4 years	1 April 2024
2/2020	25,000	25,000	2.80	4 years	1 November 2024
1/2021	15,000	-	2.65	4 years	1 April 2025
2/2021	25,000	-	2.65	4 years	1 October 2025
	<u>165,000</u>	<u>175,000</u>			
<b>Debentures - SCG Packaging Public Company Limited</b>					
1/2021	<u>5,500</u>	<u>-</u>	2.65	3 years 8 Months	1 December 2024
<b>Total</b>	<b><u>170,500</u></b>	<b><u>175,000</u></b>			
<i>Less</i> debentures held by a subsidiary and debenture issuing expenses					
	<u>(441)</u>	<u>(394)</u>			
<b>Net</b>	<b><u>170,059</u></b>	<b><u>174,606</u></b>			
<i>Less</i> current portion					
	<u>(39,932)</u>	<u>(49,933)</u>			
<b>Net</b>	<b><u>130,127</u></b>	<b><u>124,673</u></b>			

## 17 Non-current provisions for employee benefits

The Group operates defined benefit plans based on the requirement of the Thai Labor Protection Act B.E. 2541 to provide retirement benefits and other long-term benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

*Non-current provisions for employee benefits in consolidated statements of financial position as at 31 December*

	2021	2020
	<i>(in million Baht)</i>	
Post-employment benefits		
Legal severance payments plan	13,497	13,701
Pension	110	103
Other long-term employee benefits	810	782
<b>Total non-current provisions for defined benefit plans</b>	<b>14,417</b>	<b>14,586</b>
Other employee benefits	240	216
<b>Total</b>	<b>14,657</b>	<b>14,802</b>
Less plan assets of foreign subsidiaries	(116)	(114)
<b>Total non-current provisions for employee benefits - net</b>	<b>14,541</b>	<b>14,688</b>

*Movements in the present value of non-current provisions for defined benefit plans*

	2021	2020
	<i>(in million Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	14,586	14,077
<b><i>Included in profit or loss</i></b>		
Current service costs	866	881
Interest on obligation	278	298
Actuarial losses	7	134
Others	(35)	(2)
	<b>1,116</b>	<b>1,311</b>
<b><i>Included in other comprehensive income</i></b>		
Actuarial losses (gains)	(880)	203
Currency translation differences	162	4
	<b>(718)</b>	<b>207</b>
<b><i>Others</i></b>		
Benefits paid	(763)	(1,019)
Acquisitions through business combinations	134	-
Others	62	10
	<b>(567)</b>	<b>(1,009)</b>
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b>14,417</b>	<b>14,586</b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2021	2020
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Demographic assumptions	35	29
Financial assumptions	(1,014)	177
Experience adjustment	99	(2)
<b>Total</b>	<b><u>(880)</u></b>	<b><u>204</u></b>

***Actuarial assumptions***

*Principal actuarial assumptions as of the end of the reporting period*

	2021	(%)	2020
Discount rate *			
- Thailand	1.06 - 3.03		1.02 - 2.31
- Vietnam	2.07		2.53
- Indonesia	3.39 - 7.91		3.26 - 8.30
- Others	4.00 - 5.09		4.91 - 5.21
Salary increase rate	0.50 - 10.00		1.00 - 8.50
Employee turnover rate **	1.50 - 22.00		1.50 - 24.00
Mortality rate ***	50.00 of TMO2017		50.00 of TMO2017

\* Market yields on government's bonds for legal severance payments plan and pension

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table 2017

As at 31 December 2021, the Group has the weighted-average duration for payment of long-term employee benefits approximately 7 - 31 years.

***Sensitivity analysis***

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

**Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease)	
	2021	2020
	<i>(in million Baht)</i>	
Discount rate		
0.5% increase	(668)	(743)
0.5% decrease	726	811
Salary increase rate		
1.0% increase	1,395	1,522
1.0% decrease	(1,211)	(1,315)
Employee turnover rate		
10.0% increase	(348)	(380)
10.0% decrease	363	398

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it provides an approximation of the sensitivity of the assumptions shown.

**18 Legal reserve**

Section 116 of the Public Companies Act B.E. 2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorized capital. The legal reserve is not available for dividend distribution.

## 19 Business segment information

Segment information is presented in respect of the Group's business segments. The primary format, business segments, is based on the Group's management and internal financial reporting structure.

Segment assets, revenues and results of operations include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

### ***Business segments***

The Group comprises the following main business segments:

<i>Cement-Building Materials Business</i>	Manufacture and distribute of grey cement, ready-mixed concrete, white cement, dry mortar, roof tiles, ceiling & wall board, wood substitute, concrete paving blocks, ceramic tiles, sanitary wares and sanitary fittings. Distribute of cement, building and decorative products including service and solutions for home and residence through active omni channel. Provide logistics, delivery services, import and export services.
<i>Chemicals Business</i>	Manufacture and sale of olefins, polyolefins, vinyl and other chemical products.
<i>Packaging Business (SCGP)</i>	Comprehensive packaging solutions providers comprising of two main operating businesses (1) Integrated Packaging Chain; fiber-based packaging, packaging paper and performance and polymer packaging; and (2) Fibrous Chain; foodservice products, pulp and paper products comprising mainly printing and writing paper, and pulp.
<i>Other</i>	Jointly invest with leading companies in other businesses, mainly agricultural machine, automotive parts and components, steel, clean energy business and pertinent technologies, as well as automation system integration business, and other services.

The business segment information is used by management to evaluate the performance of segments and to allocate resources. The Group evaluates operating performance based on EBITDA.



Information relating to business segments for years ended 31 December was as follows:

	Total assets		Revenue from sales		EBITDA (1)	
	2021	2020	2021	2020	2021	2020
	<i>(in million Baht)</i>					
Consolidated SCG	861,101	749,381	530,112	399,939	91,867	74,600
<b><i>Business Segments</i></b>						
Cement-Building Materials Business	224,226	212,615	182,529	171,720	18,877	21,591
Chemicals Business	377,174	283,614	238,390	146,870	41,465	30,965
Packaging Business	206,824	172,429	124,223	92,786	21,164	16,884
Other	392,074	318,831	219	122	10,810	5,462

	Profit		Depreciation and	
	for the year (2)		amortization	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Consolidated SCG	47,174	34,144	28,834	27,377
<b><i>Business Segments</i></b>				
Cement-Building Materials Business	4,262	6,422	11,688	12,117
Chemicals Business	28,931	17,667	8,328	7,441
Packaging Business	8,294	6,457	8,315	7,183
Other	8,110	3,862	760	866

(1) Represents profit before share of profit of joint ventures and associates accounted for using equity method, finance costs, income tax expense, depreciation and amortization and includes dividends from associates.

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

*Operation results of business segments*

	Cement-Building		Chemicals Business		Packaging Business	
	Materials Business		2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020
	<i>(in million Baht)</i>					
<b><i>Information from statements of financial position</i></b>						
Current assets	71,128	58,655	83,483	55,275	69,186	62,919
Investments in joint ventures and associates	21,621	19,584	70,473	50,523	873	823
Property, plant and equipment	102,079	106,902	210,566	168,249	97,181	87,271
Other non-current assets	29,398	27,474	12,652	9,567	39,584	21,416
<b>Total assets</b>	<b>224,226</b>	<b>212,615</b>	<b>377,174</b>	<b>283,614</b>	<b>206,824</b>	<b>172,429</b>
Short-term borrowings	57,542	58,134	77,108	49,387	32,889	31,809
Other current liabilities	23,343	19,976	39,838	39,134	19,087	11,428
Long-term borrowings	5,157	5,204	63,547	32,535	23,882	13,119
Other non-current liabilities	8,097	8,134	5,599	4,046	8,666	6,232
Total liabilities	94,139	91,448	186,092	125,102	84,524	62,588
Shareholders' equity	130,087	121,167	191,082	158,512	122,300	109,841
<b>Total liabilities and shareholders' equity</b>	<b>224,226</b>	<b>212,615</b>	<b>377,174</b>	<b>283,614</b>	<b>206,824</b>	<b>172,429</b>
<b><i>Supplementary information</i></b>						
Increase in non-current assets	9,972	10,030	44,020	52,521	30,882	11,201

	Other		Intersegment Elimination		Consolidated SCG	
	2021	2020	2021	2020	2021	2020
<i>(in million Baht)</i>						
<b><i>Information from</i></b>						
<b><i>statements of financial position</i></b>						
Current assets	135,456	144,463	(126,237)	(107,295)	233,016	214,017
Investments in joint ventures and associates	25,913	26,455	(10)	(10)	118,870	97,375
Property, plant and equipment	2,598	2,607	(1,716)	(1,604)	410,708	363,425
Other non-current assets	228,107	145,306	(211,234)	(129,199)	98,507	74,564
<b>Total assets</b>	<b>392,074</b>	<b>318,831</b>	<b>(339,197)</b>	<b>(238,108)</b>	<b>861,101</b>	<b>749,381</b>
Short-term borrowings	41,212	50,884	(122,360)	(99,286)	86,391	90,928
Other current liabilities	3,242	2,363	(3,514)	(2,408)	81,996	70,493
Long-term borrowings	124,738	124,768	(601)	(5,190)	216,723	170,436
Other non-current liabilities	4,125	3,643	(504)	(657)	25,983	21,398
Total liabilities	173,317	181,658	(126,979)	(107,541)	411,093	353,255
Shareholders' equity	218,757	137,173	(212,218)	(130,567)	450,008	396,126
<b>Total liabilities and shareholders' equity</b>	<b>392,074</b>	<b>318,831</b>	<b>(339,197)</b>	<b>(238,108)</b>	<b>861,101</b>	<b>749,381</b>
<b><i>Supplementary information</i></b>						
Increase in non-current assets	1,024	296	-	-	85,898	74,048

	Cement-Building		Chemicals Business		Packaging Business	
	Materials Business		2021	2020	2021	2020
	2021	2020	2021	2020	2021	2020
	<i>(in million Baht)</i>					
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	171,125	162,959	237,315	146,118	121,453	90,740
Intersegment	11,404	8,761	1,075	752	2,770	2,046
Total revenue from sales	182,529	171,720	238,390	146,870	124,223	92,786
Cost of sales	(139,436)	(130,955)	(195,657)	(117,279)	(101,345)	(73,333)
Gross profit	43,093	40,765	42,733	29,591	22,878	19,453
Other income	1,785	2,446	790	1,981	2,532	603
Profit before expenses	44,878	43,211	43,523	31,572	25,410	20,056
Operating expenses	(38,149)	(34,260)	(16,747)	(12,481)	(12,575)	(10,363)
Profit before finance costs						
and income tax	6,729	8,951	26,776	19,091	12,835	9,693
Finance costs	(1,876)	(2,268)	(1,748)	(908)	(1,180)	(1,452)
Profit before income tax	4,853	6,683	25,028	18,183	11,655	8,241
Tax expense	(2,082)	(1,490)	(3,795)	(3,311)	(2,065)	(1,001)
Profit after income tax	2,771	5,193	21,233	14,872	9,590	7,240
Share of profit of joint ventures						
and associates accounted for						
using equity method	1,511	1,012	11,577	5,033	57	66
<b>Profit for the year</b>	<b>4,282</b>	<b>6,205</b>	<b>32,810</b>	<b>19,905</b>	<b>9,647</b>	<b>7,306</b>
Profit (loss) attributable to:						
<b>Owners of the parent</b>	<b>4,262</b>	<b>6,422</b>	<b>28,931</b>	<b>17,667</b>	<b>8,294</b>	<b>6,457</b>
Non-controlling interests	20	(217)	3,879	2,238	1,353	849
	4,282	6,205	32,810	19,905	9,647	7,306

	Other		Intersegment Elimination		Consolidated SCG	
	2021	2020	2021	2020	2021	2020
<i>(in million Baht)</i>						
<b>Information from</b>						
<b>income statements</b>						
Revenue from sales						
External customers	219	122	-	-	530,112	399,939
Intersegment	-	-	(15,249)	(11,559)	-	-
Total revenue from sales	219	122	(15,249)	(11,559)	530,112	399,939
Cost of sales	(112)	(87)	15,550	11,707	(421,000)	(309,947)
Gross profit	107	35	301	148	109,112	89,992
Other income	12,615	8,965	(7,128)	(6,717)	10,594	7,278
Profit before expenses	12,722	9,000	(6,827)	(6,569)	119,706	97,270
Operating expenses	(6,019)	(5,928)	6,635	6,497	(66,855)	(56,535)
Profit before finance costs and income tax	6,703	3,072	(192)	(72)	52,851	40,735
Finance costs	(2,035)	(2,551)	81	97	(6,758)	(7,082)
Profit before income tax	4,668	521	(111)	25	46,093	33,653
Tax expense	(958)	(5)	-	(2)	(8,900)	(5,809)
Profit after income tax	3,710	516	(111)	23	37,193	27,844
Share of profit of joint ventures and associates accounted for using equity method	4,398	3,346	-	(1)	17,543	9,456
<b>Profit for the year</b>	<b>8,108</b>	<b>3,862</b>	<b>(111)</b>	<b>22</b>	<b>54,736</b>	<b>37,300</b>
Profit (loss) attributable to:						
<b>Owners of the parent</b>	<b>8,110</b>	<b>3,862</b>	<b>(2,423)</b>	<b>(264)</b>	<b>47,174</b>	<b>34,144</b>
Non-controlling interests	(2)	-	2,312	286	7,562	3,156
	8,108	3,862	(111)	22	54,736	37,300

**Geographical segment**

The Group has expanded its investment and operation in foreign countries. All significant revenue from sales and non-current assets on the basis of geography is presented in this information. Segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

**Geographical segment information**

	Revenue from sales		Non-current assets	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Thailand	287,226	231,220	219,758	228,614
Vietnam	48,809	35,795	167,737	111,308
Indonesia	48,618	30,505	54,518	38,647
China	24,853	21,743	11	8
Others	120,606	80,676	37,196	32,005
<b>Total</b>	<b>530,112</b>	<b>399,939</b>	<b>479,220</b>	<b>410,582</b>

**Major customer**

The Group has no revenue from one customer for the amount over 10% of the Group's total revenue from sales.

**20 Other income**

	2021	2020
	<i>(in million Baht)</i>	
Management fee income	2,880	1,737
Gain on financial instruments measured at fair value	2,371	684
Dividend income from other companies	1,697	670
Gain on contingent consideration adjustment	1,071	-
Interest income from financial institutions	1,047	1,225
Others	1,528	2,962
<b>Total</b>	<b>10,594</b>	<b>7,278</b>



**21 Distribution costs**

	2021	2020
	<i>(in million Baht)</i>	
Freight	20,050	13,226
Salary, welfare, personnel and employee development expenses	5,960	5,701
Sales promotion and advertising expenses	2,178	1,998
Depreciation and amortization expenses	760	671
Commission expenses	652	532
Rental expenses	97	182
Others	2,616	1,781
<b>Total</b>	<b><u>32,313</u></b>	<b><u>24,091</u></b>

**22 Administrative expenses**

	2021	2020
	<i>(in million Baht)</i>	
Salary, welfare, personnel and employee development expenses	18,550	18,179
Depreciation and amortization expenses	2,991	2,598
IT fees and outside wages	2,640	2,116
Idle capacity costs	1,315	1,138
Professional fees	1,165	1,026
Tax license fees and others	876	891
Publication and donation	819	640
Others	2,128	2,136
<b>Total</b>	<b><u>30,484</u></b>	<b><u>28,724</u></b>

**23 Employee benefit expenses**

	2021	2020
	<i>(in million Baht)</i>	
Salaries and wages	40,517	38,643
Welfares and others	3,723	3,772
Contribution to defined contribution plans	2,238	2,153
Contribution to defined benefit plans	1,116	1,311
Early retirement expenses	327	917
<b>Total</b>	<b><u>47,921</u></b>	<b><u>46,796</u></b>

The Group has provident fund plans to provide retirement and gratuity benefits to employees upon resignation at 5% to 10% of the employees' salaries, depending on the length of employment.

The defined contribution plans comprise provident funds established by the Group for its employees in addition to the above provident fund. The provident funds were registered with the Ministry of Finance under the Provident Fund Act B.E. 2530. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at 2% to 15% of their basic salaries and by the Company at 5% to 13% of the members' basic salaries, depending on the length of employment

## 24 Income tax

	Note	2021 (in million Baht)	2020
<b>Income tax recognized in profit or loss</b>			
<b>Current tax</b>			
Current tax		7,936	6,939
Under provided in prior years		192	43
		<u>8,128</u>	<u>6,982</u>
<b>Deferred tax</b>			
Movement in temporary differences	14	772	(1,173)
<b>Total</b>		<u>8,900</u>	<u>5,809</u>
<b>Income tax recognized in other comprehensive income</b>			
Gains (losses) on measurement of financial assets		(10)	6
Gains on investments in equity instruments measured at fair value		316	13
Gains (losses) on remeasurement of defined benefit plans		179	(33)
<b>Total</b>	14	<u>485</u>	<u>(14)</u>

**Reconciliation of effective tax rate**

	Rate (%)	2021 (in million Baht)	Rate (%)	2020 (in million Baht)
Profit before income tax expense		63,636		43,109
Share of profit of joint ventures and associates		(17,543)		(9,456)
		<u>46,093</u>		<u>33,653</u>
Income tax using the Thai corporation tax rate	20	9,219	20	6,731
Effect of different tax rates in foreign jurisdictions		(126)		(70)
Income not subject to tax		(517)		(355)
Tax privileges		(1,337)		(977)
Expenses deductible at a greater amount		(477)		(391)
Expenses not deductible for tax purposes and others		985		1,528
Tax losses		189		473
<b>Current tax</b>		<u>7,936</u>		<u>6,939</u>
Under provided in prior years		192		43
Movement in temporary differences		772		(1,173)
<b>Income tax expense</b>	<b>19</b>	<u>8,900</u>	<b>17</b>	<u>5,809</u>

## 25 Dividends

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<b>2021</b>				
Annual dividend 2020	31 March 2021	23 April 2021	8.50	10,199
Interim dividend 2021	29 July 2021	27 August 2021	8.50	10,199
<b>Total</b>			<b>17.00</b>	<b>20,398</b>
<b>2020</b>				
Interim dividend 2019	18 March 2020	17 April 2020	7.00	8,398
Interim dividend 2020	29 July 2020	28 August 2020	5.50	6,600
<b>Total</b>			<b>12.50</b>	<b>14,998</b>

## 26 Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Total	Fair value			Total
	Fair value through profit or loss	Fair value through other comprehensive income	Amortized cost		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>								
<b>At 31 December 2021</b>								
<b>Financial assets</b>								
Cash and cash equivalents	-	-	35,993	35,993				
Investments in short-term debt instruments								
- Deposit with financial institutions	-	-	18,272	18,272				
- Fund	12,113	1,232	-	13,345	-	13,345	-	13,345
Trade receivables	-	-	61,451	61,451				
Loans to	-	-	305	305				
Derivatives assets	345	-	-	345	-	345	-	345
Investments in debt instruments								
- Deposit with financial institutions	-	-	440	440	-	439	-	439
- Fund	-	273	-	273	-	273	-	273
- Debentures and convertible debentures	306	-	62	368	-	61	306	367
Investments in equity instruments	-	17,628	-	17,628	919	-	16,709	17,628
<b>Total financial assets</b>	<b>12,764</b>	<b>19,133</b>	<b>116,523</b>	<b>148,420</b>				
<b>Financial liabilities</b>								
Bank overdrafts and short-term borrowings	-	-	39,586	39,586				
Trade payables	-	-	43,670	43,670				
Contingent consideration	2,989	-	-	2,989	-	-	2,989	2,989
Long-term borrowings	-	-	80,782	80,782				
Lease liabilities	-	-	12,687	12,687				
Debentures	-	-	170,059	170,059	-	175,880	-	175,880
Derivatives liabilities	270	131	-	401	-	401	-	401
<b>Total financial liabilities</b>	<b>3,259</b>	<b>131</b>	<b>346,784</b>	<b>350,174</b>				

	Carrying amount			Fair value					
	Fair value through profit or loss	Fair value through other comprehensive income		Amortized cost	Total	Level 1	Level 2	Level 3	Total
<i>(in million Baht)</i>									
<b>At 31 December 2020</b>									
<b>Financial assets</b>									
Cash and cash equivalents	-	-	64,399	64,399					
Investments in short-term debt instruments									
- Deposit with financial institutions	-	-	12,364	12,364					
- Fund	-	26,218	-	26,218	-	26,218	-	26,218	
Trade receivables	-	-	40,881	40,881					
Loans to	-	-	192	192					
Derivatives assets	258	-	-	258	-	258	-	258	
Investments in debt instruments									
- Deposit with financial institutions	-	-	364	364	-	364	-	364	
- Fund	-	3,805	-	3,805	-	3,805	-	3,805	
- Debentures and convertible debentures	-	-	457	457	-	498	-	498	
Investments in equity instruments	-	12,807	-	12,807	763	-	12,044	12,807	
<b>Total financial assets</b>	<b>258</b>	<b>42,830</b>	<b>118,657</b>	<b>161,745</b>					
<b>Financial liabilities</b>									
Bank overdrafts and short-term borrowings	-	-	22,020	22,020					
Trade payables	-	-	28,655	28,655					
Long-term borrowings	-	-	52,529	52,529					
Lease liabilities	-	-	12,209	12,209					
Debentures	-	-	174,606	174,606	-	179,627	-	179,627	
Derivatives liabilities	534	-	-	534	-	534	-	534	
<b>Total financial liabilities</b>	<b>534</b>	<b>-</b>	<b>290,019</b>	<b>290,553</b>					

In the first quarter of 2021, the Group invested in a mutual fund with an asset management company amounting to Baht 12,000 million which is measured at FVTPL with an average rate of return of approximately 1% per year and holding period of approximately 1 year. As at 31 December 2021, investments in debt instruments measured at FVOCI are mainly in private funds which are managed by 2 independent asset management companies (AMCs). The AMCs have invested in debt securities which had high liquidity and rating as investment grade with return rates from 0.44% to 2.86% per annum (2020: 0.35% to 2.02% per annum).

**Financial instruments measured at fair value**

The Group determined Level 2 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investment in debt instruments which are simple over-the-counter securities were based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Group and counterparty when appropriate.
- Derivatives assets and liabilities such as forward exchange contracts and commodity contracts were calculated using the rates initially quoted by the Group's bankers which were based on market conditions existing at the end of the reporting period to reflect current fair values of the contracts. The fair value of interest rate swap is calculated from the difference between the present value of future cash flows based on the yield curve of the contractual interest rate and the expected interest rate based on observable market for similar financial instruments.

The Group determined Level 3 fair values for financial assets and financial liabilities using valuation techniques as follows:

- Investments in equity instruments which are not actively traded in market were calculated using valuation techniques such as the latest reporting net assets adjusted by relevant factors. This was because the equity instruments were not listed on any stock exchanges and there were no recent observable arm's length transactions in the instruments.
- Contingent consideration using the discounted cash flow technique: significant unobservable inputs such as expected cash flows and risk-adjusted discount rate.

**Financial instruments measured at amortized cost**

The Group determined Level 2 fair value for debentures based on quoted selling price from the Thai Bond Market Association at the closing price on the reporting date.

**(b) *Financial risk management policies******Risk management framework***

The Group's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Group's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Group's Finance Committee monitors financial status and reports regularly to the Group's Management Committee.



**(1) Credit risk**

Credit risk is the risk of Group's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

**(1.1) Cash and cash equivalent and derivatives**

The Group's credit risk arising from cash and cash equivalents and derivatives is limited because the counterparties are banks and financial institutions which the Group considers having low credit risk.

**(1.2) Investment in debt instruments**

The Group's credit risk is limited by investing only in high liquidity and credibility debt instruments.

**(1.3) Trade receivables**

The Group's credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with the industry and country in which customers operate.

The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before credit limit, credit term and trade terms are offered. In case of sales exceeding the limits, it must be approval by authorized person.

The Group limits its exposure to credit risk from trade receivables by establishing a maximum payment period. Outstanding trade receivables are regularly monitored by the Group. An impairment analysis is performed by the Group at each reporting date. The provision rates of expected credit loss are based on days past due to reflect differences between economic conditions in the past, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

Information relevant to trade receivables and contract assets are disclosed in note 7.

**(2) Liquidity risk**

The Group oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Group's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
<b>Year 2021</b>					
<b>Current</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.55 - 6.20 MOR/ MMR plus 0.55 Cost of fund plus (0.65 - 2.50) LIBOR plus (0.75 - 1.25) JIBOR plus 1.50	39,262	-	-	39,262
Short-term borrowings	1.05 , 4.50	324	-	-	324
Long-term borrowings from financial institutions	0.75 - 8.50 MLR minus (1.50 - 2.65) LIBOR plus (1.25 - 1.75) JIBOR plus (1.15 - 1.30) VNIBOR plus 0.50 Cost of fund plus (0.60 - 1.75) THBFIX plus (1.01 - 1.10)	4,618	-	-	4,618
Lease liabilities	1.40 - 12.12	2,649	-	-	2,649
Debentures	3.00 - 3.10	39,932	-	-	39,932
<b>Non-current</b>					
Long-term borrowings from financial institutions	0.75 - 8.50 MLR minus (1.50 - 2.65) LIBOR plus (1.25 - 2.50) JIBOR plus (1.15 -1.30) VNIBOR plus 0.50 Cost of fund plus (0.60 - 1.75) THBFIX plus (1.01 - 1.10)	-	32,153	44,011	76,164
Lease liabilities	1.40 - 12.12	-	6,340	7,483	13,823
Debentures	2.65 - 3.10	-	130,127	-	130,127
<b>Total</b>		<b>86,785</b>	<b>168,620</b>	<b>51,494</b>	<b>306,899</b>
Less deferred interest - lease liabilities					(3,785)
<b>Net</b>					<b>303,114</b>

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years	After 5 years	Total
			(in million Baht)		
<b>Year 2020</b>					
<b>Current</b>					
Bank overdrafts and short-term borrowings from financial institutions	0.55 - 7.50 MMR / MLR minus 1.00 Cost of fund plus (0.50 - 2.50) LIBOR plus (0.75 - 1.50) JIBOR plus (0.75 - 1.50)	21,510	-	-	21,510
Short-term borrowings	1.05 , 3.15	510	-	-	510
Long-term borrowings from financial institutions	1.43 - 10.90 MLR minus (1.50 - 2.75) LIBOR plus (1.25 - 1.75) JIBOR plus 1.15 VNIBOR plus 0.50 Cost of fund plus 0.65	16,649	-	-	16,649
Lease liabilities	1.81 - 15.00	2,699	-	-	2,699
Debentures	3.05 - 3.25	49,933	-	-	49,933
<b>Non-current</b>					
Long-term borrowings from financial institutions	1.43 - 10.90 MLR minus (1.50 - 2.75) LIBOR plus (1.25 - 2.50) JIBOR plus 1.15 VNIBOR plus 0.50 Cost of fund plus (0.60 - 3.78) THBFIX plus (1.01 - 1.10)	-	22,511	13,369	35,880
Lease liabilities	1.81 - 15.00	-	5,835	7,205	13,040
Debentures	2.80 - 3.10	-	124,673	-	124,673
<b>Total</b>		<b>91,301</b>	<b>153,019</b>	<b>20,574</b>	<b>264,894</b>
Less deferred interest - lease liabilities					(3,530)
<b>Net</b>					<b>261,364</b>

### (3) Market risk

The Group has the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

#### (3.1) Foreign currency risk

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Group has foreign exchange risk arisen from the fluctuation of foreign exchange rate from purchases, sales, payment of machines and equipment and other receipt and payment which are denominated in foreign currencies. The Group manages that risk by entering forward exchange contracts to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

As at 31 December, the Group has significant foreign currency risk from foreign currency assets and liabilities are as follows:

	2021		2020	
	US Dollars	Vietnamese Dong	US Dollars	Vietnamese Dong
		<i>(in million Baht)</i>		
Trade and other receivables	12,344	1,082	4,881	1,084
Interest-bearing liabilities	(6,077)	(5)	(5,691)	(5)
Trade and other payables	(11,756)	(7,641)	(6,686)	(10,179)
<b>Net statement of financial position exposure</b>	<b>(5,489)</b>	<b>(6,564)</b>	<b>(7,496)</b>	<b>(9,100)</b>
Forward exchange purchase contracts	9,570	-	10,716	-
Forward exchange selling contracts	(8,681)	-	(5,830)	-
<b>Net exposure</b>	<b>(4,600)</b>	<b>(6,564)</b>	<b>(2,610)</b>	<b>(9,100)</b>

#### *Cross currency swap*

The Group has entered into cross currency swap contracts with a foreign bank to hedge against the risk arisen from payment on long-term loan of US Dollars 63 million or equivalent to approximately Baht 2,110 million whereby, exchanging currency from US Dollars to functional currency. These contracts will be due within January 2027.

*Sensitivity analysis*

A reasonably possible strengthening and weakening of functional currency against foreign currencies at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

<b><i>Impact to profit or loss</i></b>	<b>Movement (%)</b>	<b>Strengthening (in million Baht)</b>	<b>Weakening</b>
<b>2021</b>			
US Dollars	1	46	(46)
Vietnamese Dong	1	66	(66)
<b>2020</b>			
US Dollars	1	33	(33)
Vietnamese Dong	1	91	(91)

## (3.2) Interest rate risk

Interest rate risk is the risk that caused from future movements in market interest rates that will affect the results of the Group's operations and its cash flows certainty. The Group is exposed to interest rate risk which mainly came from its borrowings from financial institution. The Group mitigates this risk by entering into interest rate swap contracts in order to manage exposure to fluctuations in interest rates on specific borrowings.

<b><i>Exposure to interest rate risk at 31 December</i></b>	<b>2021</b>	<b>2020</b>
	<i>(in million Baht)</i>	
<b><i>Financial instruments with variable interest rates</i></b>		
Financial assets	919	337
Financial liabilities	(100,836)	(48,367)
<b>Net statement of financial position exposure</b>	<b>(99,917)</b>	<b>(48,030)</b>
Interest rate swaps contracts	46,188	3,260
<b>Net exposure</b>	<b>(53,729)</b>	<b>(44,770)</b>

*Interest rate swap contract*

The Group has entered into interest rate swap contracts with local banks to hedge against the risk of interest on long-term loans of Baht 1,000 million, whereby exchanging floating interest rates based on THBFIX with fixed interest rates 1.50% per annum. These contracts will be gradually due within February 2027.

The Group has entered into interest rate swap contracts with a foreign bank to hedge against the risk of interest on long-term loans of US Dollars 63 million or equivalent to approximately Baht 2,110 million, whereby exchanging floating interest rates based on LIBOR with fixed interest rates at 0.27% per year. These contracts will be due within January 2027.

The Group has entered into interest rate swap contracts with foreign banks to hedge against the risk of interest on long-term loans of US Dollars 1,289 million or equivalent to approximately Baht 43,078 million, whereby exchanging floating interest rates based on LIBOR with average fixed interest rates at 1.54% per year. These contracts will be due within November 2027.

*Cash flow sensitivity analysis for variable-rate financial instruments*

A reasonable possible change of 1% in interest rates at 31 December would have affected profit or loss and other components of shareholders' equity by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

	Profit or loss		Other components of shareholders' equity	
	1% increase in interest rate	1% decrease in interest rate	1% increase in interest rate	1% decrease in interest rate
	<i>(in million Baht)</i>			
<b>2021</b>				
Financial instruments with variable interest rate	(525)	525	-	-
Interest rate swaps	31	(31)	431	(431)
<b>Cash flow sensitivity (net)</b>	<b>(494)</b>	<b>494</b>	<b>431</b>	<b>(431)</b>
<b>2020</b>				
Financial instruments with variable interest rate	(480)	480	-	-
Interest rate swaps	32	(32)	-	-
<b>Cash flow sensitivity (net)</b>	<b>(448)</b>	<b>448</b>	<b>-</b>	<b>-</b>

**(4) Cash flow risk**

The Group has entered into interest rate swaps which is cash flow hedge at the end of reporting period. The Group recognized the effective portion of changes in the fair value in OCI and accumulated in the hedging reserve in other components of shareholder's equity amounting to Baht 131 million. The Group has no changes in the fair value of the ineffective portion.

**27 Commitments and contingent liabilities**

As at 31 December, the Group had:

	2021	2020
	<i>(in million Baht)</i>	
(a) Guarantees on loans of non-consolidated related parties	132	198
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	2,340	2,008
(c) Unused letters of credit	2,123	436
(d) Commitments		
- for purchase of raw material contracts	53,870	32,176
- for rental and service agreements	1,801	1,688
- for construction, installation of machinery contracts and others	16,730	38,936

Commitment for construction and installation of machinery contracts included engineering, procurement, and construction of petrochemical complex in Vietnam amounting to US Dollars 152 million and Vietnamese Dong 3,001 billion, total equivalent to approximately Baht 9,466 million.



- (e) The Company has entered into the service agreements with 2 local companies. Those companies will provide information and technology outsourcing services to the Group. The commencement price is approximately Baht 6,800 million. The agreement period is for 7 years with the commencement date in June 2016.
- (f) During the year 2018 and 2021, subsidiaries in Chemicals Business have entered into the contracts for purchasing raw materials and utilities from local and oversea companies with the supply period of 10 - 15 years for each contract. Both parties are obligated to supply and take such raw materials and utilities at the price, quantity and conditions specified in the contract.
- (g) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the estate administrator and the heirs of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On 21 November 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On 8 March 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on 4 December 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On 4 June 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on 6 August 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On 23 February 2021, the Appeal Court affirmed the decision made by the Civil Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on 4 June 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd. on 9 July 2021. Currently, the case is under the review of the Supreme Court.

## 28 Capital Management

The management of the Group has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Group considers to have a strong financial foundation. Therefore, the Group focuses on investing in projects that have good rates of return, maintaining appropriate working capital and having sufficient cash reserves and an appropriate investment structure to have a firm operating business in the future and to maintain the confidence of shareholders, investors, creditors and other stakeholders.

## 29 Others

- (a) 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 12 projects to resume construction. However, the remaining 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 Chemicals Business.

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) In October 2020, Mawlamyine Cement Limited (“MCL”), a joint venture company incorporated in Myanmar between SCG Cement Co., Ltd. (“SCG Cement”) and Pacific Link Cement Industry Ltd. (“PLCI”), has temporary suspended its production due to lack of limestone, the main raw material for cement manufacturing process. The cause has occurred from the failure to amicably resolve dispute between SCG Cement and PLCI. SCG Cement has filed the claim to an arbitration pursuant to the Joint Venture Agreement with PLCI. This case has been currently considered by the arbitrator. Moreover, PLCI has also filed a lawsuit against MCL to Myanmar court. SCG Cement and MCL, therefore, have filed the objections to the said lawsuit. This case has been currently considered by Myanmar court.
- (c) On 27 April 2021, a subsidiary under Chemicals Business has signed a share purchase agreement to acquire a 70% stake in Sirplaste-Sociedade Industrial de Recuperados de Plástico, S.A. (“Sirplaste”), the largest plastic recycling company in Portugal. The transaction is expected to be completed by the first half of 2022.

### 30 Events after the reporting period

- (a) At the Board of Directors' Meeting of the Company held on 26 January 2022, the directors approved the following matters:
- (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2021 at the rate of Baht 18.50 per share, totaling approximately Baht 22,200 million. An interim dividend of Baht 8.50 per share was paid on 27 August 2021, as disclosed in note 25. The final dividend will be at the rate of Baht 10.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 12,000 million and is scheduled for payment on 26 April 2022. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2022.
  - (2) To approve the plan to issue and offer newly issued ordinary share of SCG Chemicals Company Limited ("SCGC") as an initial public offering ("IPO") and to list SCGC's ordinary shares on the Stock Exchange of Thailand. The portion of the newly issued ordinary shares will not exceed 25.2% of SCGC's paid-up capital after the paid-up capital increase post-IPO. The Group will remain as the major and controlling shareholder of SCGC and SCGC will remain the Group's subsidiary.
  - (3) To approve SCGC becoming a public limited company, in accordance with the regulations in the Public Limited Companies Act B.E. 2535, as amended, and approved other matters that are necessary for, and relevant to, the Listing Plan.
- (b) On 20 January 2022, the Board of Directors of SCGC has approved establishment of non-collateral revolving short-term loans from financial institutions with floating market interest rate. The facility amount does not exceed Baht 40,500 million.
- (c) On 28 January 2022, SCGC has been approved by the Securities and Exchange Commission ("SEC") for the offering of the newly issued debt securities under the Medium-Term Note (MTN) program in the amount of not exceeding Baht 100,000 million at any time (Revolving Basis) through various methods at one time or on a case-by-case basis for 2-year term. On 15 February 2022, SEC has approved SCGC to issue and offer debentures No.1/2022, amount of not exceeding Baht 30,000 million. Term of the debentures is 4 years at a fixed interest rate of 2.75% per annum. SCGC will issue the debentures on 1 April 2022 with the maturity date on 1 April 2026. The issuance and offering of the debentures is in accordance with the resolution of the Board of Directors of SCGC's Meeting on 22 September 2021.

### 31 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2022 and have not been adopted in the preparation of these consolidated financial statements because they are not yet effective. The Group has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the year of initial application.

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## **Financial Statements of The Siam Cement Public Company Limited**



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## Independent auditor’s report

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

#### *Opinion*

I have audited the financial statements of The Siam Cement Public Company Limited (the “Company”), which comprise the statement of financial position as at 31 December 2021, 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 2021, 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 subsidiaries and associates	
Refer to Notes 2 and 5 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
<p>The management assessed the impairment indicators of investments in subsidiaries and associates given rise to impairment testing by focusing on the business that its performance was below expectations. The impairment testing of investments in subsidiaries and associates highly involves management judgments in identifying whether there are impairment indicators on the investment, including estimating the recoverable amount of the investment, in particular the forecasting of future cash flows derived from financial budget of the subsidiaries and associates, expected growth rates and discount rate for those future cash flows, this is an area of focus in my audit.</p>	<p>My audit procedures focused on assessing the reasonableness of impairment indicators and the key assumptions which underpinned the recoverable amount of investment in subsidiaries and associates.</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.

A handwritten signature in blue ink, appearing to read 'Vairoj J.' with a small flourish at the end.

(Vairoj Jindamaneepitak)  
Certified Public Accountant  
Registration No. 3565

KPMG Phoomchai Audit Ltd.  
Bangkok  
18 February 2022

## Statement of financial position

As at 31 December 2021

The Siam Cement Public Company Limited

<b>Assets</b>	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Current assets</i></b>			
Cash and cash equivalents	18	5,342,977	10,916,024
Investments in short-term debt instruments	18	1,231,620	26,925,648
Other current receivables	4	3,259,302	1,582,321
Short-term loans	4, 18	119,600,377	96,764,105
Other current assets		33,794	212,400
Non-current assets classified as held for sale	5	189,974	-
<b>Total current assets</b>		<b><u>129,658,044</u></b>	<b><u>136,400,498</u></b>
<b><i>Non-current assets</i></b>			
Investments in debt instruments	18	273,054	3,805,085
Investments in equity instruments	18	11,912,932	10,734,705
Investments in subsidiaries and associates	5	211,450,512	134,473,383
Investment property	6	1,901,552	1,892,071
Property, plant and equipment	7	2,312,864	2,526,046
Other intangible assets	9	1,596,143	1,954,274
Other non-current assets		719,436	519,121
<b>Total non-current assets</b>		<b><u>230,166,493</u></b>	<b><u>155,904,685</u></b>
<b>Total assets</b>		<b><u><u>359,824,537</u></u></b>	<b><u><u>292,305,183</u></u></b>

On behalf of the Board of Directors

Air Chief Marshal



**Satitpong Sukvimol**  
Chairman



**Roongrote Rangsiyopash**  
President & CEO

The accompanying notes are an integral part of these financial statements.

## Statement of financial position

As at 31 December 2021

The Sam Cement Public Company Limited

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Current liabilities</i></b>			
Other current payables	4	807,821	748,996
Accrued interest expense		1,136,192	1,261,459
Current portion of lease liabilities	18	42,058	95,382
Current portion of debentures	18	40,000,000	50,000,000
Short-term borrowings	4, 18	6,581,295	5,299,108
Other current liabilities		72,283	73,846
<b>Total current liabilities</b>		<b><u>48,639,649</u></b>	<b><u>57,478,791</u></b>
<b><i>Non-current liabilities</i></b>			
Lease liabilities	18	55,317	72,464
Debentures	18	124,931,086	124,955,090
Deferred tax liabilities	10	1,482,441	1,230,841
Non-current provisions for employee benefits	12	1,155,976	1,233,579
Other non-current liabilities	4	866,257	1,056,892
<b>Total non-current liabilities</b>		<b><u>128,491,077</u></b>	<b><u>128,548,866</u></b>
<b>Total liabilities</b>		<b><u>177,130,726</u></b>	<b><u>186,027,657</u></b>

The accompanying notes are an integral part of these financial statements.

## Statement of financial position

As at 31 December 2021

The Sam Cement Public Company Limited

<b>Liabilities and shareholders' equity</b>	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b>Shareholders' equity</b>			
Share capital			
<i>Authorized share capital</i>			
<i>(1,600 million ordinary shares, par value at Baht 1 per share)</i>		<b><u>1,600,000</u></b>	<b><u>1,600,000</u></b>
<i>Issued and paid share capital</i>			
<i>(1,200 million ordinary shares, par value at Baht 1 per share)</i>		1,200,000	1,200,000
Retained earnings			
<i>Appropriated</i>			
Legal reserve	<i>13</i>	160,000	160,000
General reserve		10,516,000	10,516,000
<i>Unappropriated</i>			
Other components of shareholders' equity		<u>7,182,799</u>	<u>6,294,490</u>
<b>Total shareholders' equity</b>		<b><u>182,693,811</u></b>	<b><u>106,277,526</u></b>
<b>Total liabilities and shareholders' equity</b>		<b><u>359,824,537</u></b>	<b><u>292,305,183</u></b>

The accompanying notes are an integral part of these financial statements.

## Income statement

For the year ended 31 December 2021

The Siam Cement Public Company Limited

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b>Revenues</b>			
Dividend income	4	94,821,781	18,463,008
Intellectual property, management fees for administration, and service income	4	8,891,614	7,830,072
Interest income	4	3,102,988	3,165,434
Other income	4	197,935	171,328
<b>Total revenues</b>		<b>107,014,318</b>	<b>29,629,842</b>
<b>Expenses</b>			
Administrative expenses	14	(5,852,526)	(5,862,659)
Finance costs	4	(4,971,803)	(5,393,099)
<b>Total expenses</b>		<b>(10,824,329)</b>	<b>(11,255,758)</b>
<b>Profit before income tax</b>		<b>96,189,989</b>	<b>18,374,084</b>
Tax expense	16	(302,908)	(26,125)
<b>Profit for the year</b>		<b>95,887,081</b>	<b>18,347,959</b>
<b>Basic earnings per share (in Baht)</b>		<b>79.91</b>	<b>15.29</b>

On behalf of the Board of Directors

Air Chief Marshal



**Satitpong Sukvimol**  
Chairman



**Roongrote Rangsiyopash**  
President & CEO

The accompanying notes are an integral part of these financial statements.



## Statement of comprehensive income

For the year ended 31 December 2021

The Sam Cement Public Company Limited

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b>Profit for the year</b>		<b>95,887,081</b>	<b>18,347,959</b>
<b>Other comprehensive income</b>			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gain (loss) on measurement of financial assets		(63,926)	26,066
Income tax relating to items that will be reclassified subsequently to profit or loss	<i>16</i>	<u>12,785</u>	<u>(5,213)</u>
<b>Total items that will be reclassified subsequently to profit or loss</b>		<b>(51,141)</b>	<b>20,853</b>
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Gain on investments in equity instruments measured at fair value		1,178,227	-
Gain (loss) on remeasurements of defined benefit plans	<i>12</i>	48,670	(14,407)
Income tax relating to items that will not be reclassified subsequently to profit or loss	<i>16</i>	<u>(248,511)</u>	<u>2,881</u>
<b>Total items that will not be reclassified subsequently to profit or loss</b>		<b>978,386</b>	<b>(11,526)</b>
<b>Other comprehensive income for the year, net of tax</b>		<u><b>927,245</b></u>	<u><b>9,327</b></u>
<b>Total comprehensive income for the year</b>		<u><u><b>96,814,326</b></u></u>	<u><u><b>18,357,286</b></u></u>

The accompanying notes are an integral part of these financial statements.

## Statement of changes in shareholders' equity

For the year ended 31 December 2021

The Siam Cement Public Company Limited

	Retained earnings				Other components of shareholders' equity				Total shareholders' equity
	Issued and paid share capital	Appropriated	Unappropriated	Gain (loss) on measuring financial assets (in thousand Baht)	Gain on investments in equity instruments measured at fair value	Total other components of shareholders' equity			
<b>Balance at 1 January 2020</b>	<b>1,200,000</b>	<b>160,000</b>	<b>10,516,000</b>	<b>84,784,019</b>	<b>31,713</b>	<b>6,226,267</b>	<b>6,257,980</b>	<b>102,917,999</b>	
<b>Transactions with owners, recorded directly in shareholders' equity</b>									
<i>Contributions by and distributions to owners of the Company</i>									
Dividends	-	-	-	(14,997,759)	-	-	-	(14,997,759)	
<i>Total contributions by and distributions to owners of the Company</i>				<b>(14,997,759)</b>				<b>(14,997,759)</b>	
<b>Comprehensive income for the year</b>									
Profit or loss	-	-	-	18,347,959	-	-	-	18,347,959	
Other comprehensive income	-	-	-	(27,183)	20,853	15,657	36,510	9,327	
<i>Total comprehensive income for the year</i>				<b>18,320,776</b>	<b>20,853</b>	<b>15,657</b>	<b>36,510</b>	<b>18,357,286</b>	
<b>Balance at 31 December 2020</b>	<b>1,200,000</b>	<b>160,000</b>	<b>10,516,000</b>	<b>88,107,036</b>	<b>52,566</b>	<b>6,241,924</b>	<b>6,294,490</b>	<b>106,277,526</b>	
<b>Balance at 1 January 2021</b>	<b>1,200,000</b>	<b>160,000</b>	<b>10,516,000</b>	<b>88,107,036</b>	<b>52,566</b>	<b>6,241,924</b>	<b>6,294,490</b>	<b>106,277,526</b>	
<b>Transactions with owners, recorded directly in shareholders' equity</b>									
<i>Contributions by and distributions to owners of the Company</i>									
Dividends	-	-	-	(20,398,041)	-	-	-	(20,398,041)	
<i>Total contributions by and distributions to owners of the Company</i>				<b>(20,398,041)</b>				<b>(20,398,041)</b>	
<b>Comprehensive income for the year</b>									
Profit or loss	-	-	-	95,887,081	-	-	-	95,887,081	
Other comprehensive income	-	-	-	38,936	(51,141)	939,450	888,309	927,245	
<i>Total comprehensive income for the year</i>				<b>95,926,017</b>	<b>(51,141)</b>	<b>939,450</b>	<b>888,309</b>	<b>96,814,326</b>	
<b>Balance at 31 December 2021</b>	<b>1,200,000</b>	<b>160,000</b>	<b>10,516,000</b>	<b>163,635,012</b>	<b>1,425</b>	<b>7,181,374</b>	<b>7,182,799</b>	<b>182,693,811</b>	

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The accompanying notes are an integral part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2021

The Siam Cement Public Company Limited

	2021	2020
	<i>(in thousand Baht)</i>	
<b><i>Cash flows from operating activities</i></b>		
Profit for the year	95,887,081	18,347,959
<b><i>Adjustments for</i></b>		
Tax expense	302,908	26,125
Depreciation and amortization	722,688	821,537
Non-current provisions for employee benefit expense	78,794	86,805
Loss on foreign currency exchange	1,021	1,274
Dividend income	(94,821,781)	(18,463,008)
Interest income	(3,102,988)	(3,096,933)
Interest expense	4,971,803	5,362,969
Gain on fair value adjustment, sale of investments, and others	(26,264)	(65,222)
<b>Cash flows generated from operations</b>		
<b>before changes in operating assets and liabilities</b>	<b><u>4,013,262</u></b>	<b><u>3,021,506</u></b>
<b><i>Decrease (increase) in operating assets</i></b>		
Other current receivables	(1,007,340)	311
Other assets	4,803	3,203
<b>Net decrease (increase) in operating assets</b>	<b><u>(1,002,537)</u></b>	<b><u>3,514</u></b>
<b><i>Increase (decrease) in operating liabilities</i></b>		
Other current payables	171,180	(56,645)
Non-current provisions for employee benefits	(107,727)	(72,763)
Other liabilities	(174,949)	(221,933)
<b>Net decrease in operating liabilities</b>	<b><u>(111,496)</u></b>	<b><u>(351,341)</u></b>
<b>Net cash flows generated from operations</b>	<b><u>2,899,229</u></b>	<b><u>2,673,679</u></b>
Income tax paid	(315,654)	(229,853)
<b>Net cash flows provided by operating activities</b>	<b><u>2,583,575</u></b>	<b><u>2,443,826</u></b>

The accompanying notes are an integral part of these financial statements.

## Statement of cash flows

For the year ended 31 December 2021

The Sam Cement Public Company Limited

	<i>Note</i>	2021	2020
		<i>(in thousand Baht)</i>	
<b><i>Cash flows from investing activities</i></b>			
Proceeds from sale of a subsidiary	5	5,244,739	-
Payments of investments in subsidiaries	5	(22,402,787)	(1,052,067)
Proceeds from sale of equity and debt instruments of other entities		78,953,685	56,058,784
Acquisition of debt instruments of other entities		(49,774,559)	(75,701,652)
Acquisition of property, plant and equipment, and intangible assets		(238,692)	(211,440)
Proceeds from repayment of loans to (loans to) related parties	4	(22,836,272)	17,896,287
Dividends received		34,091,029	18,515,504
Interest received		3,141,502	3,076,273
<b>Net cash flows provided by investing activities</b>		<b>26,178,645</b>	<b>18,581,689</b>
<b><i>Cash flows from financing activities</i></b>			
<b><i>Proceeds from (payments of) borrowings</i></b>			
Proceeds from (payments of) short-term borrowings from related parties	4	1,282,187	(1,269,875)
Payments of lease liabilities		(92,880)	(99,806)
Proceeds from issuance of debentures		40,000,000	50,000,000
Redemption of debentures		(50,000,000)	(50,000,000)
<b>Net decrease in borrowings</b>		<b>(8,810,693)</b>	<b>(1,369,681)</b>
Dividends paid		(20,398,041)	(14,997,759)
Interest and other finance costs paid		(5,126,533)	(5,433,215)
<b>Net cash flows used in financing activities</b>		<b>(34,335,267)</b>	<b>(21,800,655)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(5,573,047)</b>	<b>(775,140)</b>
Cash and cash equivalents at beginning of the year		10,916,024	11,691,164
<b>Cash and cash equivalents at end of the year</b>		<b>5,342,977</b>	<b>10,916,024</b>

The accompanying notes are an integral part of these financial statements.

## Notes to the financial statements

For the year ended 31 December 2021

The Siam Cement Public Company Limited

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai and English languages and were approved and authorized for issue by the audit committee, as appointed by the Board of Directors of the Company, on 18 February 2022.

## **1 General information**

The Siam Cement Public Company Limited, the “Company”, is incorporated in Thailand. The Company’s registered office is at 1 Siam Cement Road, Bangsue, Bangkok 10800, Thailand.

The Company holds investments in the following core business segments: Cement-Building Materials Business, Chemicals Business 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 Company has adopted the amendment to TFRS 16 *COVID-19 related rent concessions* which provides an option for lessees not to assess whether eligible COVID-19 related rent concessions are lease modification. The Company has adopted amendment to TFRS 16 since 1 January 2021, which has no material effect on the financial statements.

### **(b) Functional and presentation currency**

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

### **(c) 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.

The COVID-19 outbreak resulted in estimation uncertainty. In 2020, the Company elected to apply accounting guidance on *temporary accounting relief measures for additional accounting options in response to impact from the situation of COVID-19* by excluding COVID-19 situation for consideration of fair values measurement. As the accounting guidance already expired on 31 December 2020, the Company has adjusted the value of assets of 2021 that has no material impact on the financial statements.



### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Investments in subsidiaries and associates**

Investments in subsidiaries and associates are accounted for using the cost method less allowance for impairment losses. Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established. If the Company disposes of part of its investment, the deemed cost of the part sold is determined using the weighted average method. Gains and losses on disposal of the investments are recognized in profit or loss.

#### **(b) Cash and cash equivalents**

Cash and cash equivalents in the statement of cash flows comprise cash on hand, saving deposits, current deposits and highly liquid short-term investments which have a maturity of three months or less from the date of acquisition and are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

In addition, bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

#### **(c) Other receivables**

A receivable is recognized when the Company has an unconditional right to receive consideration. A receivable is measured at transaction price less allowance for expected credit loss.

The Company estimates lifetime expected credit losses (ECLs), using a provision matrix to find ECLs rate. This method groups the debtors based on shared credit risk characteristics and past due status by taking into account historical credit loss data, adjusted for factors that are specific to the debtors and an assessment of both current economic conditions and forward-looking general economic conditions at the reporting date.

#### **(d) Non-current assets classified as held for sale**

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use which are available for immediate sale and measured at the lower of their carrying amount and fair value less cost to sell.

Non-current assets classified as held for sale are no longer depreciated or amortized.

#### **(e) Investment property**

Investment properties are properties which are held as right-of-use assets, as well as properties that are owned by the Company. Investment properties are held to earn rental income, or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials, direct labor, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalized borrowing costs of a qualifying asset.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation charged on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5, 20 years
Buildings and structures	20, 40 years

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of investment property are recognized in profit or loss.

#### *Reclassification to property, plant and equipment*

When the use of an investment property changes such that it is reclassified as property, plant and equipment, its carrying amount at the date of reclassification becomes its cost for subsequent accounting.

### **(f) *Property, plant and equipment***

#### *Owned assets*

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labor, any other costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs of a qualifying asset. Licensed software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

Any gains or losses arising from differences between the proceeds from disposal and the carrying amount of property, plant and equipment are recognized in profit or loss.

#### *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, its carrying amount is recognized and reclassified as investment property.

#### *Subsequent costs*

The cost of replacing a part of an item of property, plant and equipment, including major inspections, is recognized in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of property, plant and equipment, or other amount substituted for cost, less its residual value.

Depreciation is calculated on a straight-line basis over the estimated useful lives of each asset and recognized in profit or loss. No depreciation is provided on freehold land and construction in progress.

The estimated useful lives are as follows:

Land improvements	5 years
Buildings and structures	5, 20, 40, 50 years
Machinery and equipment	5, 10, 20 years
Transportation and equipment	5 years
Furniture, fixtures and office equipment	3, 5, 10 years

Depreciation methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(g) Other intangible assets***Research and development expenditure*

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in profit or loss as incurred.

Development expenditure is capitalized only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure is recognized in profit or loss as incurred.

Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labor, overhead costs that are directly attributable to preparing the asset for its intended use, and borrowing costs. Subsequent expenditure is capitalized only when it increases the future economic benefits.

*Other intangible assets*

Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses.

Subsequent expenditure is capitalized only when it increases the future economic benefits.

Amortization is calculated on a straight-line basis over the estimated useful lives of intangible assets and recognized in profit or loss, from the date that they are available for use. No amortization is provided on development cost.

The estimated useful lives are as follows:

License fee	Term of agreements
Software licenses	3, 5, 10 years
Others	5, 10, 25 years

Amortization methods, useful lives and residual values are reviewed at each reporting period and adjusted if appropriate.

**(h) Leases**

At inception of a contract, the Company assesses that a contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At commencement or on modification of a contract, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices of each component. The Company has elected not to separate non-lease components and accounted for the lease and non-lease components as a single lease component.

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which are recognized as an expense on a straight-line basis over the lease term.

Right-of-use asset is measured at cost, less any accumulated depreciation and accumulated impairment losses, and adjusted for any remeasurements of lease liability.

The cost of right-of-use asset includes the initial amount of the lease liability, adjusted for any lease payments made at or before the commencement date, plus any initial direct costs and an estimate of restoration costs, less any lease incentives received.

Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the Company will exercise a purchase option. In that case, the right-of-use asset will be depreciated over the useful lives of the underlying asset which is determined on the same basis as those of property and equipment.

The lease liability is initially measured at the present value of all lease payments that shall be paid under the lease. The Company uses the Company's incremental borrowing rate to discount the lease payments to the present value. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a lease modification, or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property in property, plant and equipment in the statement of financial position.

**(i) Lessor**

At inception or on modification of a contract, the Company allocates the consideration in the contract to each component on the basis of their relative stand-alone selling prices.

At lease inception, the Company considers to classify a lease that transfers substantially all of the risks and rewards incidental to ownership of the underlying asset to lessees as a finance lease. A lease that does not meet this criteria is classified as an operating lease.

When the Company is an intermediate lessor, the Company classifies the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease.

The Company recognizes finance lease receivables at the net investment of the leases, which includes the present value of the lease payments, and any unguaranteed residual value, discounted using the interest rate implicit in the lease. Finance lease income reflects a constant periodic rate of return on the Company's net investment outstanding in respect of the leases.

The Company recognizes lease payments received under operating leases in profit or loss on a straight-line basis over the lease term as part of rental income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

**(j) Impairment of non-financial assets**

The carrying amounts of the Company's assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, the Company will estimate the assets' recoverable amounts. For other intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

*Calculation of recoverable amount*

The recoverable amount is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversal of impairment*

Impairment losses of assets recognized in prior periods is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

**(k) Trade and other payables**

Trade and other payables are stated at amortized cost.

**(l) Employee benefits**

*Defined contribution plans*

Obligations for contributions to provident fund for the Company's employee are expensed in profit or loss as the related service is provided.

*Defined benefit plans*

The Company's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their services in the current and prior periods. The defined benefit obligations is discounted to the present value which performed annually by a qualified actuary.

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 by taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Other long-term employee benefits*

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their services in the current and prior periods. That benefit is discounted to determine its present value. Gain or loss on remeasurements 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 or when the Company recognizes costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the end of the reporting period, then they are discounted.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.



**(m) Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance costs.

**(n) Revenue from contracts with customers**

*(1) Revenue recognition*

Revenue is recognized when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Company expects to be entitled, excluding those amounts collected on behalf of third parties and value added tax.

*Service fee income*

Intellectual property income, management fees for administration and service income are recognized on an accrual basis in accordance with the terms of agreement.

*Rental income*

Rental income is recognized in profit or loss on a straight-line basis over the term of the rent.

*Other income*

Other income comprises dividend income, interest income and others that recognized on accrual basis except dividend income which is recognized in profit or loss on date the Company's right to receive payments is established.

*(2) Contract assets and liabilities*

Contract assets are recognized when the Company has recognized revenue before it has an unconditional right to receive consideration. The contract assets are measured at the amount of consideration that the Company is entitled to, less allowance for expected credit loss. The contract assets are classified as receivables when the Company issues an invoice.

Contract liabilities are the obligation to transfer goods or services to the customer. The contract liabilities are recognized when the Company receives or has an unconditional right to receive non-refundable consideration from the customer before the Company recognizes the related revenue.

**(o) Expenses***Finance costs*

Finance costs comprise interest expense on borrowings, unwinding of the discount on provisions 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. The eligible employees who accept the offer are paid a lump sum amount which is calculated based on a formula using their final month's pay, number of years of service or the number of remaining months before normal retirement as variables. The Company records expenses on early retirement upon mutual acceptance.

**(p) Income tax**

Income tax expense for the year comprises current and deferred tax, which is recognized in profit or loss except to the extent that they relate to items recognized directly in equity or in other comprehensive income.

Current tax is recognized in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities and the amounts used for taxation purposes. Deferred tax is not recognized for the temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and associates to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

**(q) Foreign currencies transactions**

Transactions in foreign currencies 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.

Non-monetary assets and liabilities which include those 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 currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of an investment in equity securities designated as at FVOCI.

**(r) Financial instruments***Classification and measurement*

Debt securities that the Company issued are initially recognized when they are originated. Other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument, and measured at fair value by taking into account for transaction costs that are directly attributable to its acquisition or issue of the securities, except for financial assets and financial liabilities measured at FVTPL, which are initially and subsequently measured at fair value, and any transaction costs that are directly attributable to its acquisition or issue of the securities are recognized in profit or loss.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI); or fair value through profit or loss (FVTPL).

An equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

On initial recognition, financial liabilities are classified as measured at amortized cost using the effective interest method, except held for trading or derivative are classified as measured at FVTPL. Interest expense, foreign exchange gains and losses and any gain or loss on derecognition are recognized in profit or loss.

Financial assets measured at amortized costs are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by expected credit losses. Interest income, foreign exchange gains and losses, expected credit loss and gain or loss on derecognition are recognized in profit or loss.

Debt investments measured at FVOCI are subsequently measured at fair value. Interest income which calculated using the effective interest method, foreign exchange gains and losses and expected credit loss are recognized in profit or loss. Gains and losses from changes in fair value are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments measured at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss on the date on which the Company's right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Gains and losses from changes in fair value are recognized in OCI and never reclassified to profit or loss.

#### *Derecognition and offset*

The Company derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled, or expired. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount extinguished and the consideration paid is recognized in profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

#### *Impairment of financial assets*

The Company recognizes allowances for expected credit losses (ECLs) on financial assets measured at amortized cost, debt instruments measured at FVOCI and lease receivables.

The Company recognizes ECLs equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition or credit-impaired financial assets or account receivables under simplified approach, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

ECLs are a probability-weighted estimate of credit losses based on forward-looking and historical experience. Credit losses are measured as the present value of all cash shortfalls discounted by the effective interest rate of the financial asset.

The Company considers a financial asset to have low credit risk when its credit rating is the investment grade. The Company recognizes ECLs for low credit risk financial asset as 12-month ECLs.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due, significant deterioration in credit rating, significant deterioration in the operating results and existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Company.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 90 days past due.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Increase in loss allowance is recognized as an impairment loss in profit or loss.

#### *Write-off*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering. Subsequent recoveries of an asset that was previously written off, are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

#### *Interest*

Interest income and expense are recognized in profit or loss using the effective interest method.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to carrying amount of the financial assets after impairment losses. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

#### **(s) Fair value measurement**

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value of a liability reflects its non-performance risk.

Measuring the fair value of an asset or liability, the Company uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs are unobservable inputs for the asset or liability.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Company measures assets and asset positions at a bid price, and liabilities and liability positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received.

#### **(t) Related parties**

Parties are considered to be related to the Company if the Company has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa.

#### 4 Related parties

Significant transactions with related parties for the years ended 31 December and the pricing policies are summarized as follows:

	2021	2020	Pricing policies
	<i>(in million Baht)</i>		
<i>Subsidiaries</i>			
Dividend income	92,216	17,425	Upon declaration
Intellectual property income, service income and others	6,247	6,306	Based on percentage of revenue from sales and comparable cost plus method
Interest income	2,907	2,769	Contract interest rate
Interest expense	22	36	Contract interest rate
<i>Associates</i>			
Dividend income	1,036	380	Upon declaration
Intellectual property income, management fees for administration, service income and others	2,280	1,249	Based on percentage of revenue from sales and comparable cost plus method
<i>Other related parties</i>			
Dividend income	1,570	658	Upon declaration
Management fees for administration, service income and others	379	311	Based on percentage of revenue from sales and comparable cost plus method



Balances as at 31 December with related parties were as follows:

	2021	2020
	<i>(in million Baht)</i>	
<i>Other current receivables - Current accounts</i>		
Subsidiaries	1,219	1,023
Associates	1,872	376
Other related parties	21	42
<b>Total</b>	<b>3,112</b>	<b>1,441</b>
 <i>Short-term loans - Notes receivable</i>		
Subsidiaries	<b>119,600</b>	<b>96,764</b>

Movements during the years on short-term loans to related parties were as follows:

	2021	2020
	<i>(in million Baht)</i>	
At 1 January	96,764	114,660
Increase	43,880	40,708
Decrease	(21,044)	(58,604)
<b>At 31 December</b>	<b>119,600</b>	<b>96,764</b>

	2021	2020
	<i>(in million Baht)</i>	
<i>Other current payables and other non-current liabilities</i>		
<i>Current accounts</i>		
Subsidiaries	47	40
Associates	21	15
<b>Total</b>	<b>68</b>	<b>55</b>
 <i>Advance received from software licenses</i>		
Subsidiaries	694	842
Associates	21	25
Other related parties	6	7
<b>Total</b>	<b>721</b>	<b>874</b>
 <i>Short-term borrowings - Notes payable</i>		
Subsidiaries	<b>6,581</b>	<b>5,299</b>

Movements during the years on short-term borrowings from related parties were as follows:

	2021	2020
	<i>(in million Baht)</i>	
At 1 January	5,299	6,569
Increase	3,381	4,217
Decrease	(2,099)	(5,487)
<b>At 31 December</b>	<b>6,581</b>	<b>5,299</b>

***The Board of Directors and key management compensation***

	2021	2020
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Short-term employee benefits	181	149
Post-employment benefits	<u>8</u>	<u>8</u>
<b>Total</b>	<b><u>189</u></b>	<b><u>157</u></b>

The Board of Directors and key management compensation comprises the remuneration paid to the directors of The Siam Cement Public Company Limited under the articles of the Company and the remuneration paid to the management as staff expenses in terms of salary, bonus, special remuneration benefit, others and contribution to defined contribution plans.

**5 Investments in subsidiaries and associates**

Movements for the years ended 31 December in investments in subsidiaries and associates accounted for using the cost method were as follows:

	2021	2020
	<i>(in million Baht)</i>	
<b>At 1 January</b>	<b>134,473</b>	<b>133,421</b>
Acquisitions and additional investments	82,426	1,052
Disposals	(5,258)	-
Transfer to non-current assets as held for sale	<u>(190)</u>	<u>-</u>
<b>At 31 December</b>	<b><u>211,451</u></b>	<b><u>134,473</u></b>

Investments in subsidiaries and associates as at 31 December and dividends from these investments for the years then ended were as follows:

	Total holding		Cost method		Dividend income	
	2021	2020	2021	2020	2021	2020
	(%)		(in million Baht)			
<b><i>Subsidiaries</i></b>						
Cement-Building Materials Business	100	100	70,953	70,953	-	170
Chemicals Business	100	100	121,001	44,084	90,035	13,940
Packaging Business	72	72	17,363	17,363	2,167	1,300
Other	100	100	2,202	1,951	14	2,015
<b>Investments in subsidiaries</b>			<b>211,519</b>	<b>134,351</b>	<b>92,216</b>	<b>17,425</b>
<b><i>Associates</i></b>						
<b>Investments in associates</b>			<b>374</b>	<b>374</b>	<b>1,036</b>	<b>380</b>
<b>Investments in subsidiaries and associates</b>			<b>211,893</b>	<b>134,725</b>	<b>93,252</b>	<b>17,805</b>
<i>Less</i> accumulated impairment losses			(252)	(252)		
<i>Less</i> classified as assets held for sale			(190)	-		
<b>Investments in subsidiaries and associates - net</b>			<b>211,451</b>	<b>134,473</b>	<b>93,252</b>	<b>17,805</b>

In January 2020, SCG Distribution Co., Ltd. called for the payment of share capital totaling Baht 1,047 million.

In the fourth quarter of 2020, SCG Packaging Public Company Limited (“SCGP”), a subsidiary in packaging business, had Allocated Newly Issued Ordinary Shares of the Initial Public Offering (IPO), totaling 1,166.92 million shares (including allocated newly issued ordinary shares for the exercise right of the Over-Allotment Agent), net amounting to Baht 40,092 million. As a result, the Company’s ownership was decreased from 99% to 72%.

In the second quarter of 2021, SCG Chemicals Co., Ltd. called for the remaining payment of share capital totaling Baht 2,145 million.

In the third quarter of 2021, SCG Chemicals Co., Ltd. had paid the 2021 interim dividend amounting to Baht 80,031 million and the Company paid for additional investment in SCG Chemicals Co., Ltd. amounting to Baht 80,031 million. The Company sold the entire investment in Thai Plastic and Chemicals Public Company Limited to a related party with the proceeds from sale of Baht 5,245 million.

## 6 Investment property

	Land and land improvements	Buildings and structures <i>(in million Baht)</i>	Total
<b>Cost</b>			
At 1 January 2020 and at 31 December 2020	1,619	616	2,235
Additions	-	22	22
<b>At 31 December 2021</b>	<b>1,619</b>	<b>638</b>	<b>2,257</b>
<b>Accumulated depreciation</b>			
At 1 January 2020	107	224	331
Depreciation charge for the year	-	12	12
<b>At 31 December 2020</b>	<b>107</b>	<b>236</b>	<b>343</b>
Depreciation charge for the year	-	12	12
<b>At 31 December 2021</b>	<b>107</b>	<b>248</b>	<b>355</b>
<b>Carrying Amount</b>			
<b>At 31 December 2020</b>	<b>1,512</b>	<b>380</b>	<b>1,892</b>
<b>At 31 December 2021</b>	<b>1,512</b>	<b>390</b>	<b>1,902</b>

The Company determined fair value of investment properties at open market values on an existing use basis. As at 31 December 2021, the fair value was Baht 5,533 million (2020: Baht 5,086 million).

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation technique used, which is the discounted cash flows and market approach.

### *Leases (as a lessor)*

The leases of investment property are classified as operating leases in term of which the Company does not transfer any risks and rewards of ownership to the lessee. The leases of the Company contain land and land improvements and buildings and structures with the periods of 1 to 3 years. The subsequent renewals are negotiated with the lessee. The rental income from the leases is fixed under the contract for all investment property.

Maturity of lease payment received under operating lease as at 31 December were as follows:

	2021	2020
	<i>(in million Baht)</i>	
Within 1 year	199	198
After 1 year but not more than 5 years	479	533
<b>Total</b>	<b>678</b>	<b>731</b>

## 7 Property, plant and equipment

	Land and land improvements	Buildings and structures	Machinery and equipment	Transportation and equipment <i>(in million Baht)</i>	Furniture, fixtures and office equipment	Construction in progress	Total
<b>Cost</b>							
At 1 January 2020	957	3,279	1,242	136	660	-	6,274
Additions	68	6	13	69	17	4	177
Disposals/written off	(6)	(14)	(4)	(25)	(9)	-	(58)
Transfers in (out)	-	-	2	-	-	(2)	-
<b>At 31 December 2020</b>	<b>1,019</b>	<b>3,271</b>	<b>1,253</b>	<b>180</b>	<b>668</b>	<b>2</b>	<b>6,393</b>
Additions	6	31	3	44	3	5	92
Disposals/written off	(1)	(25)	(2)	(46)	(13)	-	(87)
Transfers in (out)	-	3	-	-	-	(3)	-
<b>At 31 December 2021</b>	<b>1,024</b>	<b>3,280</b>	<b>1,254</b>	<b>178</b>	<b>658</b>	<b>4</b>	<b>6,398</b>
<b>Accumulated depreciation and accumulated impairment losses</b>							
At 1 January 2020	741	1,701	517	20	524	-	3,503
Depreciation charges for the year	53	141	81	52	61	-	388
Disposals/written off	(6)	(9)	(1)	(5)	(3)	-	(24)
<b>At 31 December 2020</b>	<b>788</b>	<b>1,833</b>	<b>597</b>	<b>67</b>	<b>582</b>	<b>-</b>	<b>3,867</b>
Depreciation charges for the year	42	80	70	48	38	-	278
Disposals/written off	(1)	(21)	-	(26)	(12)	-	(60)
<b>At 31 December 2021</b>	<b>829</b>	<b>1,892</b>	<b>667</b>	<b>89</b>	<b>608</b>	<b>-</b>	<b>4,085</b>
<b>Carrying amount</b>							
<b>At 31 December 2020</b>							
Owned assets	169	1,434	656	2	65	2	2,328
Right-of-use assets	62	4	-	111	21	-	198
<b>At 31 December 2021</b>							
Owned assets	167	1,388	587	1	38	4	2,185
Right-of-use assets	28	-	-	88	12	-	128

In 2021, the right-of-use assets of the Company has decreased amounting to Baht 70 million (2020: increased Baht 109 million).

## 8 Leases

Most of the Company's lease contracts are land and transportation, which term are 2 to 5 years and 30 years. The rental is payable periodically prepaid.

<i>For the years ended 31 December</i>	2021	2020
	<i>(in million Baht)</i>	
<b><i>Amounts recognized in profit or loss</i></b>		
Depreciation of right-of-use assets:		
- Land and land improvements	35	42
- Buildings and structures	3	5
- Transportation and equipment	45	52
- Furniture, fixtures and office equipment	9	12
Interest on lease liabilities	2	3
Expenses relating to short-term leases	1	12
Expenses relating to leases of low-value assets	31	31

## 9 Other intangible assets

	Software licenses	Development cost	Others	Total
	<i>(in million Baht)</i>			
<b><i>Cost</i></b>				
At 1 January 2020	3,165	19	665	3,849
Additions	39	56	-	95
Disposals/written off	(4)	-	-	(4)
Transfers in (out)	18	(18)	(2)	(2)
<b>At 31 December 2020</b>	<b>3,218</b>	<b>57</b>	<b>663</b>	<b>3,938</b>
Additions	38	36	-	74
Disposals/written off	(9)	-	(1)	(10)
Transfers in (out)	44	(44)	-	-
<b>At 31 December 2021</b>	<b>3,291</b>	<b>49</b>	<b>662</b>	<b>4,002</b>
<b><i>Accumulated amortization and accumulated impairment losses</i></b>				
At 1 January 2020	1,509	-	53	1,562
Amortization charge for the year	380	-	46	426
Disposals/written off	(4)	-	-	(4)
<b>At 31 December 2020</b>	<b>1,885</b>	<b>-</b>	<b>99</b>	<b>1,984</b>
Amortization charge for the year	386	-	45	431
Disposals/written off	(9)	-	-	(9)
<b>At 31 December 2021</b>	<b>2,262</b>	<b>-</b>	<b>144</b>	<b>2,406</b>
<b><i>Carrying amount</i></b>				
<b>At 31 December 2020</b>	<b>1,333</b>	<b>57</b>	<b>564</b>	<b>1,954</b>
<b>At 31 December 2021</b>	<b>1,029</b>	<b>49</b>	<b>518</b>	<b>1,596</b>



## 10 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:

	2021	2020
	<i>(in million Baht)</i>	
Deferred tax assets	326	346
Deferred tax liabilities	<u>(1,808)</u>	<u>(1,577)</u>
<b>Net</b>	<b><u>(1,482)</u></b>	<b><u>(1,231)</u></b>

Movements in total deferred tax assets and liabilities during the years were as follows:

	At 1 January 2020	<u>Credited (charged) to</u>		At 31 December 2020
		profit or loss	other comprehensive income	
		<i>(note 16)</i>		
		<i>(in million Baht)</i>		
<b><i>Deferred tax assets</i></b>				
Investments in subsidiaries and other	52	-	(2)	50
Provisions for employee benefits	253	4	2	259
Others	36	1	-	37
<b>Total</b>	<b><u>341</u></b>	<b><u>5</u></b>	<b><u>-</u></b>	<b><u>346</u></b>
<b><i>Deferred tax liabilities</i></b>				
Investments in equity instruments	(1,557)	-	2	(1,555)
Investments in debt instruments	(8)	-	(5)	(13)
Others	-	(9)	-	(9)
<b>Total</b>	<b><u>(1,565)</u></b>	<b><u>(9)</u></b>	<b><u>(3)</u></b>	<b><u>(1,557)</u></b>
<b>Net</b>	<b><u>(1,224)</u></b>	<b><u>(4)</u></b>	<b><u>(3)</u></b>	<b><u>(1,231)</u></b>

	At 1 January 2021	<u>Credited (charged) to</u> profit or other loss comprehensive income <i>(note 16)</i> <i>(in million Baht)</i>		At 31 December 2021
<b><i>Deferred tax assets</i></b>				
Investments in subsidiaries	50	-	-	50
Provisions for employee benefits	259	(6)	(10)	243
Others	37	(4)	-	33
<b>Total</b>	<b>346</b>	<b>(10)</b>	<b>(10)</b>	<b>326</b>
<b><i>Deferred tax liabilities</i></b>				
Investments in equity instruments	(1,555)	-	(239)	(1,794)
Investments in debt instruments	(13)	-	13	-
Others	(9)	(5)	-	(14)
<b>Total</b>	<b>(1,557)</b>	<b>(5)</b>	<b>(226)</b>	<b>(1,808)</b>
<b>Net</b>	<b>(1,231)</b>	<b>(15)</b>	<b>(236)</b>	<b>(1,482)</b>

## 11 Changes in liabilities arising from financing activities

Changes in significant liabilities arising from financing activities were as follows:

	Short-term borrowings	Lease liabilities	Debentures	Total
	<i>(in million Baht)</i>			
At 1 January 2020	6,569	151	175,000	181,720
Changes from financing cash flows	(1,270)	(100)	-	(1,370)
Other non-cash movement	-	117	(45)	72
<b>At 31 December 2020</b>	<b>5,299</b>	<b>168</b>	<b>174,955</b>	<b>180,422</b>
Changes from financing cash flows	1,282	(93)	(10,000)	(8,811)
Other non-cash movement	-	22	(24)	(2)
<b>At 31 December 2021</b>	<b>6,581</b>	<b>97</b>	<b>164,931</b>	<b>171,609</b>

## 12 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*

	2021	2020
	<i>(in million Baht)</i>	
Post-employment benefits		
Legal severance payments plan	1,131	1,206
Other long-term employee benefits	25	28
<b>Total</b>	<b><u>1,156</u></b>	<b><u>1,234</u></b>

*Movements in the present value of non-current provisions for defined benefit plans*

	2021	2020
	<i>(in million Baht)</i>	
Non-current provisions for defined benefit plans at 1 January	1,234	1,205
<b><i>Included in profit or loss</i></b>		
Current service costs	62	62
Interest on obligation	17	20
Actuarial losses	-	8
Non-current provisions for defined benefit plans transfer to the related parties	-	(3)
	<u>79</u>	<u>87</u>
<b><i>Included in other comprehensive income</i></b>		
Actuarial losses (gains)	(49)	14
<b><i>Others</i></b>		
Benefits paid	<u>(108)</u>	<u>(72)</u>
<b>Non-current provisions for defined benefit plans at 31 December</b>	<b><u>1,156</u></b>	<b><u>1,234</u></b>

Actuarial losses (gains) recognized in other comprehensive income as of the end of the reporting period arising from:

	2021	2020
	<i>(in million Baht)</i>	
<b><i>For the years ended 31 December</i></b>		
Demographic assumptions	1	1
Financial assumptions	(92)	12
Experience adjustment	42	1
<b>Total</b>	<b>(49)</b>	<b>14</b>

### ***Actuarial assumptions***

*Principal actuarial assumptions as of the end of the reporting period*

	2021	2020
	<i>(%)</i>	
Discount rate *	1.94 - 2.12	1.39 - 1.48
Salary increase rate	0.80 - 7.00	1.25 - 5.20
Employee turnover rate **	2.50 - 10.00	2.50 - 10.00
Mortality rate ***	50.00 of TMO2017	50.00 of TMO2017

\* Market yields on government's bond for legal severance payments plan

\*\* Upon the length of service

\*\*\* Reference from TMO2017: Thai Mortality Ordinary Table 2017

As at 31 December 2021, the Company has weighted-average duration for payment of long-term employee benefits approximately 14 years.

### ***Sensitivity analysis***

Reasonably possible changes at the end of the reporting period to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the non-current provisions for defined benefit plans by the amounts shown below.

### **Effect on the non-current provisions for defined benefit plans at 31 December**

	Increase (decrease)	
	2021	2020
	<i>(in million Baht)</i>	
Discount rate		
0.5% increase	(59)	(67)
0.5% decrease	63	73
Salary increase rate		
1.0% increase	121	134
1.0% decrease	(106)	(117)
Employee turnover rate		
10.0% increase	(30)	(34)
10.0% decrease	31	35

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.

**13 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.

**14 Administrative expenses**

	2021	2020
	<i>(in million Baht)</i>	
Salary, welfare, personnel and employee development expenses	3,286	3,175
Depreciation and amortization expenses	713	813
IT fees	528	505
Publication	377	378
Professional fees	332	348
Outside wages	207	216
Others	410	428
<b>Total</b>	<b>5,853</b>	<b>5,863</b>

**15 Employee benefit expenses**

	2021	2020
	<i>(in million Baht)</i>	
Salaries and wages	2,748	2,658
Welfares and others	114	118
Contribution to defined contribution plans	220	221
Contribution to defined benefit plans	79	90
Early retirement expenses	68	29
<b>Total</b>	<b>3,229</b>	<b>3,116</b>

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.

**16 Income tax**

	<i>Note</i>	2021 <i>(in million Baht)</i>	2020 <i>(in million Baht)</i>
<b><i>Income tax recognized in profit or loss</i></b>			
<b>Current tax</b>			
Current tax		283	23
Under (over) provided in prior years		5	(1)
		<u>288</u>	<u>22</u>
<b>Deferred tax</b>			
Movement in temporary differences	10	15	4
<b>Total</b>		<u>303</u>	<u>26</u>
<b><i>Income tax recognized in other comprehensive income</i></b>			
Gains (losses) on measurement of financial assets		(13)	5
Gains on investments in equity instruments measured at fair value		239	-
Gains (losses) on remeasurement of defined benefit plans		10	(3)
<b>Total</b>	10	<u>236</u>	<u>2</u>
<b><i>Reconciliation of effective tax rate</i></b>			
	Rate	2021 <i>(in million Baht)</i>	2020 <i>(in million Baht)</i>
	(%)		Rate (%)
Profit before income tax expense		96,190	18,374
Income tax using the Thai corporation tax rate	20	19,238	3,675
Income not subject to tax		(18,953)	(3,681)
Expenses deductible at a greater amount		(5)	(6)
Expenses not deductible for tax purposes and others		3	35
<b>Current tax</b>		<u>283</u>	<u>23</u>
Under (over) provided in prior years		5	(1)
Movement in temporary differences		15	4
<b>Income tax expense</b>	<b>0.3</b>	<u>303</u>	<b>0.1</b> <u>26</u>

**17 Dividends**

The dividends paid by the Company to shareholders were as follows:

	Approval date	Payment schedule	Dividend rate per share <i>(Baht)</i>	Amount <i>(in million Baht)</i>
<b>2021</b>				
Annual dividend 2020	31 March 2021	23 April 2021	8.50	10,199
Interim dividend 2021	29 July 2021	27 August 2021	8.50	10,199
<b>Total</b>			<u>17.00</u>	<u>20,398</u>
<b>2020</b>				
Interim dividend 2019	18 March 2020	17 April 2020	7.00	8,398
Interim dividend 2020	29 July 2020	28 August 2020	5.50	6,600
<b>Total</b>			<u>12.50</u>	<u>14,998</u>



## 18 Financial instruments

### (a) Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at amortized cost if the carrying amount is a reasonable approximation of fair value.

	Carrying amount			Fair value		
	Fair value through other comprehensive income	Amortized cost	Total (in million Baht)	Level 2	Level 3	Total
<b>At 31 December 2021</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	5,343	5,343			
Investments in short-term debt instruments						
- Deposit with financial institutions	-	593	593			
- Fund	639	-	639	639	-	639
Short-term loans	-	119,600	119,600			
Investments in debt instruments	273	-	273	273	-	273
Investments in equity instruments	11,913	-	11,913	-	11,913	11,913
<b>Total financial assets</b>	<b>12,825</b>	<b>125,536</b>	<b>138,361</b>			
<b>Financial liabilities</b>						
Short-term borrowings	-	6,581	6,581			
Lease liabilities	-	97	97			
Debentures	-	164,931	164,931	170,719	-	170,719
<b>Total financial liabilities</b>	<b>-</b>	<b>171,609</b>	<b>171,609</b>			
	Carrying amount			Fair value		
	Fair value through other comprehensive income	Amortized cost	Total (in million Baht)	Level 2	Level 3	Total
<b>At 31 December 2020</b>						
<b>Financial assets</b>						
Cash and cash equivalents	-	10,916	10,916			
Investments in short-term debt instruments						
- Deposit with financial institutions	-	708	708			
- Fund	26,218	-	26,218	26,218	-	26,218
Short-term loans	-	96,764	96,764			
Investments in debt instruments	3,805	-	3,805	3,805	-	3,805
Investments in equity instruments	10,735	-	10,735	-	10,735	10,735
<b>Total financial assets</b>	<b>40,758</b>	<b>108,388</b>	<b>149,146</b>			
<b>Financial liabilities</b>						
Short-term borrowings	-	5,299	5,299			
Lease liabilities	-	168	168			
Debentures	-	174,955	174,955	179,986	-	179,986
<b>Total financial liabilities</b>	<b>-</b>	<b>180,422</b>	<b>180,422</b>			

As at 31 December 2021, investments in debt instruments measured at FVOCI are mainly in private funds which are managed by 2 independent asset management companies (AMCs). The AMCs have invested in debt securities which had high liquidity and rating as investment grade with return rates from 0.44% to 2.86% per annum (2020: 0.35% to 2.02% per annum).

***Financial instruments measured at fair value***

Since the majority of the financial assets and liabilities classified as short-term and borrowings are bearing interest at rates closed to current market rate, the management believes that as at 31 December 2021 and 2020, the carrying amount of the Company's financial instruments does not materially differ from their aggregate fair value.

The Company determined Level 2 fair values for investment in debt instruments which are simple over-the-counter securities based on broker quotes. Those quotes are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar financial instrument at the measurement date. Fair values reflect the credit risk of the financial instrument and include adjustments to take account of the credit risk of the Company and counterparty when appropriate.

The Company determined Level 3 fair values for investments in equity instruments which are not actively traded in market calculated by using valuation techniques such as the latest reporting net assets adjusted by relevant factors. This was because the equity investments were not listed on any stock exchange and there were no recent observable arm's length transactions in the instruments.

***Financial instruments measured at amortized cost***

The Company determined Level 2 fair values for debentures based on quoted selling price from the Thai Bond Market Association at the closing price on the reporting date.

### ***Debentures***

As at 31 December 2021, the Company has unsubordinated and unsecured debentures totaling Baht 165,000 million (2020: Baht 175,000 million) as follows:

Debentures no.	2021 <i>(in million Baht)</i>	2020	Interest rate <i>(% p.a.)</i>	Term	Maturity date
1/2017	-	25,000	3.25	4 years	1 April 2021
2/2017	10,000	10,000	2.97	7 years	30 August 2024
3/2017	-	25,000	3.05	4 years	1 October 2021
1/2018	30,000	30,000	3.00	4 years	1 April 2022
2/2018	10,000	10,000	3.10	4 years	1 October 2022
1/2019	15,000	15,000	3.10	4 years	1 April 2023
2/2019	10,000	10,000	3.00	4 years	1 November 2023
1/2020	25,000	25,000	2.80	4 years	1 April 2024
2/2020	25,000	25,000	2.80	4 years	1 November 2024
1/2021	15,000	-	2.65	4 years	1 April 2025
2/2021	25,000	-	2.65	4 years	1 October 2025
Total	165,000	175,000			
Less debenture issuing expenses	(69)	(45)			
<b>Net</b>	<b>164,931</b>	<b>174,955</b>			
Less current portion	(40,000)	(50,000)			
<b>Net</b>	<b>124,931</b>	<b>124,955</b>			

### ***(b) Financial risk management policies***

#### ***Risk management framework***

The Company's Finance Committee has responsibility for the establishment of financial risk management policies and guidelines including foreign currency risk related to capital expenditures, investment, borrowing, deposit and international trade transaction. This also includes establishing policies and overseeing the process of financial derivatives and cash management for efficiency of the Company's financial operation under risk appetite and consistent practice. The policies are appropriately reviewed to the changing situation. The Company's Finance Committee monitors financial status and reports regularly to the Company's Management Committee.

#### ***(1) Credit risk***

Credit risk is the risk of the Company's financial loss if a customer or a financial counterparty fails to meet its contractual obligations.

##### ***(1.1) Cash and cash equivalent***

The Company's credit risk arising from cash and cash equivalents is limited because the counterparties are banks and financial institutions which the Company considers having low credit risk.

##### ***(1.2) Investments in debt instruments***

The Company's credit risk is limited by investing only in high liquidity and credibility debt instruments.

## (1.3) Guarantees

As at 31 December 2021, the Company has issued a guarantee to certain banks in respect of credit facilities granted to a subsidiary.

**(2) Liquidity risk**

The Company oversees its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management for the Company's operations including payment of liabilities that are due and to mitigate the risk from the lack of future liquidity.

The effective interest rates of loans receivable and interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature were as follows:

## Loans receivable

	Effective interest rates (% p.a.)	Within 1 year (in million Baht)	Total
<b>Year 2021</b>			
<b>Current</b>			
Short-term loans to related parties	3.10	<u>119,600</u>	<u>119,600</u>
<b>Total</b>		<b><u>119,600</u></b>	<b><u>119,600</u></b>
<b>Year 2020</b>			
<b>Current</b>			
Short-term loans to related parties	3.15	<u>96,764</u>	<u>96,764</u>
<b>Total</b>		<b><u>96,764</u></b>	<b><u>96,764</u></b>

*Interest-bearing financial liabilities*

	Effective interest rates (% p.a.)	Within 1 year	After 1 year but within 5 years (in million Baht)	Total
<b>Year 2021</b>				
<b>Current</b>				
Lease liabilities	1.38 - 2.68	42	-	42
Short-term borrowings from related parties	0.25 and 0.35	6,581	-	6,581
Debentures	3.00 - 3.10	40,000	-	40,000
<b>Non-current</b>				
Lease liabilities	1.40 - 2.71 and 4.16	-	55	55
Debentures	2.65 - 3.10	-	124,931	124,931
<b>Total</b>		<b>46,623</b>	<b>124,986</b>	<b>171,609</b>
<b>Year 2020</b>				
<b>Current</b>				
Lease liabilities	1.81 - 2.68	95	-	95
Short-term borrowings from related parties	0.25 and 0.40	5,299	-	5,299
Debentures	3.05 - 3.25	50,000	-	50,000
<b>Non-current</b>				
Lease liabilities	1.81 - 2.71 and 4.16	-	73	73
Debentures	2.80 - 3.10	-	124,955	124,955
<b>Total</b>		<b>55,394</b>	<b>125,028</b>	<b>180,422</b>

**(3) Market risk**

The Company has the risks that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is as follows:

**(3.1) Foreign currency risk**

Foreign exchange risk arises from the fluctuation of foreign exchange rate.

The Company has foreign currency risk arisen from the fluctuation of foreign exchange rate from services and purchase software licenses which are denominated in foreign currencies.

As at 31 December, the Company has significant foreign currency risk from US Dollars currency assets and liabilities are as follows:

	2021	2020
	<i>(in million Baht)</i>	
Other receivables	80	25
Other payables	(11)	(97)
<b>Net statement of financial position exposure</b>	<b>69</b>	<b>(72)</b>

**(3.2) Interest rate risk**

Interest rate risk is the risk that caused from future movements in market interest rates that will affect the results of the Company's operations and its cash flows certainty. The Company has interest rate risk from its borrowings.

<i>Exposure to interest rate risk at 31 December</i>	2021	2020
	<i>(in million Baht)</i>	
<b>Financial instruments with variable interest rates</b>		
Financial assets	119,600	96,764
Financial liabilities	(6,581)	(5,299)
<b>Net statement of financial position exposure</b>	<b>113,019</b>	<b>91,465</b>

**19 Commitments and contingent liabilities**

As at 31 December, the Company had:

	2021	2020
	<i>(in million Baht)</i>	
(a) Guarantees on loans of a subsidiary	48,273	10,874
(b) Bank guarantees issued by banks to government, state enterprises and private sectors	54	54
(c) Commitments		
- for rental agreements	21	25
- for construction and improvement of office building and implementation project	5	7
- for sponsor agreement	19	17



- (d) The Company has entered into the service agreements with 2 local companies. Those companies will provide information and technology outsourcing services to the Company and affiliates. The commencement price is approximately Baht 6,800 million. The agreements period is for 7 years with the commencement date in June 2016.
- (e) In the first quarter of 2009, the Company lodged a complaint in criminal case against an ex-employee for theft (form of ordinary share certificate) and the forgery of 672,000 Company's ordinary share certificates. In the second quarter of 2009, the Company was notified by the Civil Court that the estate administrator and heirs of the shareholder whose shares were forged ("Plaintiff") filed a civil lawsuit against the Company and relevant individuals and juristic persons for compensation. At present, the case has reached the final judgment.

On 22 December 2015, in which the Supreme Court has made the judgment ordering the ex-employee, the offender committed a tort against the Plaintiff, to return the shares or to pay the cash for the share price at the last trading price of the Company's shares on the date of payment, which shall not be less than Baht 314.38 per share, together with dividends and an interest until the date of payment, and ordering the Company, as employer, Thailand Securities Depository Co., Ltd., and relevant persons to be jointly liable with the ex-employee. Therefore, the Company has recorded the provision for compensation for the amount which the Company is expected to be liable, in the statement of financial position as at 31 December 2015 of Baht 201 million.

On 21 January 2016, the Company has fully made compensation to the Plaintiff by returning the shares with the ordinary share certificates and making payment of dividends both from the shares prior to the commencement of a civil lawsuit with interest thereon and from the commencement date of a civil lawsuit including any costs and expenses paid for court procedure, accounting for Baht 319 million in total. Later on, Thailand Securities Depository Co., Ltd., the co-defendant, has filed a petition to the Supreme Court for an interpretation on the judgment. On 21 November 2017, the Supreme Court has already ordered the mentioned petition to be dismissed. In December 2018, the Company has filed a civil lawsuit against the ex-employee and Thailand Securities Depository Co., Ltd. for recourse. On 8 March 2019, the Central Labour Court has made the judgment ordering the ex-employee, the offender committed the tort, to compensate the Company in the amount of Baht 149 million together with the interest at the rate of 7.5% per annum. There was no appeal from both sides against the Central Labour Court's judgment; therefore, the judgment was final and it is currently under the civil execution procedure. For the court case for recourse Thailand Securities Depository Co., Ltd., the Civil Court has made the judgment on 4 December 2019 ordering Thailand Securities Depository Co., Ltd. to make the repayment to the Company in the amount of Baht 62.55 million together with the interest at the rate of 7.5% per annum. On 4 June 2020, Thailand Securities Depository Co., Ltd. has filed for an appeal against the Civil Court's judgment and on 6 August 2020, the Company has filed a counter appeal against the appeal of Thailand Securities Depository Co., Ltd. On 23 February 2021, the Appeal Court affirmed the decision made by the Civil Court. Thailand Securities Depository Co., Ltd. has filed the request for petition to the Supreme Court on 4 June 2021 and the Company has filed the objection to such request of Thailand Securities Depository Co., Ltd. on 9 July 2021. Currently, the case is under the review of the Supreme Court.

## 20 Capital Management

The management of the Company has a capital management policy with the objective to maintain a strong capital base by emphasizing on planning and determining operating strategies that will ensure a sustainable business performance and cash flow management. In addition, the Company considers to have a strong financial foundation. Therefore, the Company focuses on investing in projects that have good rate of return, maintaining appropriate working capital, and having a sufficient cash reserves and an appropriate investment structure to have a firm operating business in the future and to maintain the confidence of shareholders, investors, creditors, and other stakeholders.

## 21 Events after the reporting period

At the Board of Directors' Meeting of the Company held on 26 January 2022, the directors approved the following matters:

- (1) To submit for approval at the Annual General Meeting of Shareholders, the payment of a dividend for 2021 at the rate of Baht 18.50 per share, totaling approximately Baht 22,200 million. An interim dividend of Baht 8.50 per share was paid on 27 August 2021, as disclosed in note 17. The final dividend will be at the rate of Baht 10.00 per share, payable to shareholders entitled to receive dividends totaling approximately Baht 12,000 million and is scheduled for payment on 26 April 2022. This dividend is subject to the approval of the Shareholders at the Annual General Meeting to be held on 30 March 2022.
- (2) To approve the plan to issue and offer newly issued ordinary share of SCGC Chemicals Company Limited ("SCGC") as an initial public offering ("IPO") and to list SCGC's ordinary shares on the Stock Exchange of Thailand. The portion of the newly issued ordinary shares will not exceed 25.2% of SCGC's paid-up capital after the paid-up capital increase post-IPO. The Company will remain as the major and controlling shareholder of SCGC and SCGC will remain the subsidiary.
- (3) To approve SCGC becoming a public limited company, in accordance with the regulations in the Public Limited Companies Act B.E. 2535, as amended, and approved other matters that are necessary for, and relevant to, the Listing Plan.

## 22 Thai Financial Reporting Standards (TFRSs) that have been issued but are not yet effective

The Federation of Accounting Professions has revised TFRSs which are effective for annual accounting periods beginning on or after 1 January 2022 and have not been adopted in the preparation of these financial statements because they are not yet effective. The Company has assessed the potential initial impact on the financial statements of these revised TFRSs and expected that there will be no material impact on the financial statements in the year of initial application.



***PASSION FOR BETTER***

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