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

The Company defines clear roles and responsibilities regarding the Board of Directors and the management. The Board shall be responsible for establishing the policies and overseeing the management's implementation of those policies. The top executives, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. Therefore, the chairman and the president & CEO of the Company shall not be the same person, and each must be nominated and elected by the Board in order to ensure their appropriateness. Furthermore, the Board is responsible for establishing a succession plan covering the top executives, which is subject to annual review.

The chairman shall not be a member of the management and shall not participate in management of SCG’s business; nor shall the chairman be authorized to sign binding agreements on behalf of the Company. This is to clearly define separate roles between supervision of the Company’s overall policy, and management of the business.

In 2010, SCG's top executives comprised eight executives including the president & CEO, vice president - Finance and Investment & CFO, and vice president - Corporate Administration as well as the presidents of five main businesses - SCG Chemicals, SCG Paper, SCG Cement, SCG Building Materials, and SCG Distribution - who report directly to SCG’s president & CEO. The eight executives are authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.