



The Siam Cement Public Company Limited

**Stakeholder Engagement Policy**

**Message from the President and CEO**

SCG first introduced its “Stakeholder Engagement Policy” in 2010. Subsequently, to ensure that the executive and every employee would have a clear and comprehensive set of guidelines regarding appropriate and fair treatment of stakeholders to follow, SCG issued its “SCG Policies and Guidelines towards Stakeholders” in 2011.

To ensure that SCG’s stakeholder engagement takes into consideration issues material to decision making, expectations of each stakeholder group, and risk management and is systematically audited and assessed for continual improvement and integration into the Company’s corporate governance, business strategy formulations, and management at every level for sustainable business development throughout the organization, SCG has combined the two previous versions of Stakeholder Engagement Policy to be this revised Stakeholder Engagement Policy, with additional guidelines to cover the aforementioned issues in order to promote SCG’s growth on the basis of fair treatment for all parties.

Therefore, I would like to request that all SCG employees study the revised Stakeholder Engagement Policy. Should there be any inquiries, please consult with your supervisor.

[Signature]

Mr. Roongrote Rangsiyopash  
President and CEO  
May 31, 2017

## STAKEHOLDER ENGAGEMENT POLICY

SCG has always paid attention to the engagement with stakeholders. This is evident from the corporate philosophy of conducting business with ethics and responsibility to society as well as being a good citizen, implementing the code of conduct as a basis of work of all employees, employing the good corporate governance as a principle of management and exercising the sustainable development of SCG.

Along with the changing of the society, environment, and business conditions, groups of stakeholders are more complicated, carrying higher expectations of fair treatment and demand for participation in the expression of opinions, process of decision-making, and governance of affected issues. The engagement of stakeholders is thus more important than ever. SCG, therefore, provides written “SCG Stakeholder Engagement Policy” in 2010 to be a clear guideline for SCG employees in conducting business to offer long-term value to the shareholders long-term and to be more concerned about the impact on other stakeholders of SCG.

### **Definition of Stakeholders**

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

### **Stakeholder Engagement Policy**

SCG is committed to acting as a good citizen of society, especially in every community where SCG has business operations. SCG honors the rights of stakeholders and treats them fairly, listens to their opinions and concerns, builds understanding with stakeholders, encourages co-operation constructively in matters that interest stakeholders, and takes part in developing society and environment so that SCG continues its business sustainably.

### **Guidelines for the Engagement with Stakeholders**

#### **1. Determining, Identifying, and Analyzing Stakeholders**

Clearly determine, identify and categorize stakeholders taking into consideration the connection with each business unit in order to be able to analyze the risks and impacts, direct or indirect, incurred to each group of stakeholders comprehensively and clearly by bearing in mind that each group of stakeholders has its own set of perspectives and expectations. Different strategies and priorities of implementation thus need to be formulated for each respective group.

Materiality shall be determined in order to indicate the relevance and significance to SCG and its stakeholders. A material issue is an issue that will influence the decisions, actions and performance of SCG or its stakeholders.

Stakeholder mapping should be developed to understand who are the key stakeholders and relevance to SCG. Their perspective orientations, impacts and expectations will be taking in to consideration in the planning and implementation of the engagement. The appropriate responsiveness and corresponding communication strategies will affect SCG sustainability performance in terms of decisions, actions and performance as well as communication with stakeholders.

Good relations with stakeholders should be initiated from the very beginning, that is, from the planning stage, so that plans can be adjusted or work procedures can be revised on time.

## 2. Adopting Communication Strategies

Closely communicate and persistently build understanding with stakeholders in order to gain correct perception and lead to good relationship with and trust from stakeholders. Communication strategies, methods, formats, and procedures should be selected and best suitable to each group of stakeholders, situation, duration, and culture. This may be determined by the degree of damage or possible impacts incurred from negligence or inaction.

## 3. Disclosing Information

Disclose information accurately, explicitly, transparently, and comprehensively to assure that the stakeholders received sufficient, consistent, and timely information. For example, the disclosure of useful information should be done at the appropriate time, stated the real purpose of information and assured that there is a transparent process of reporting information to stakeholders.

However, disclosure of information should be considered based on appropriateness and compliance with SCG Disclosure Policy

## 4. Encouraging Participation

Encourage stakeholders to participate in matters that affect them; provide channels for getting suggestions, problems, and complaints from stakeholders; welcome opinion and exchange views (Stakeholder Dialogue) constructively in order to perceive ideas, expectations, and needs of stakeholders. In doing the Stakeholder Dialogue, one must recognize that differences of stakeholders may affect the opinions, e.g. age, gender, race, ethnicity, education, experience, attitudes, social status, or cultural background, etc.

Moreover, one should provide preliminary information prior to discussion, report outcomes of the discussion, disseminate reports to participants, and keep filing systematically.

SCG should also consider participating in giving opinions and identifying problems or obstacles to those having roles in regulating rules and orders which could have an impact to business activities of SCG.

#### 5. Risk Management of Stakeholder Engagement

Anticipate, identify and prioritize risks from stakeholder engagement in order to prepare a responding plan and handle potential risks arisen from Stakeholder Dialogue constructively. There are possible common risks of stakeholder engagement that should be considered, e.g. unwillingness to engage, participation fatigue, creating expectations of change that the organization is unwilling or unable to fulfil, lack of balance between weak and strong stakeholders, disruptive stakeholders, uninformed stakeholders, disempowered stakeholders, technical barriers in case of online engagement processes, and conflict between participating stakeholders, etc.

#### 6. Review and Reporting

Systematically monitor and evaluate the overall quality of the stakeholder engagement for further improvement of stakeholder engagement, develop an action plan, ensure collaboration among different parts of SCG and stakeholders, follow up the collaborative actions, and communicate the results and resolution from engagement to stakeholders. In addition, SCG shall publicly report on the aggregate of engagement activities together with overall outcomes, impacts and scope of implementation as well as demonstrate how SCG's engagement with stakeholders contribute value to its strategy and operations.

### The Duty of Management

The duty of management is to efficiently and effectively administer operations in accordance with the Stakeholder Engagement Policy by providing suitable resources, such as allocating budget, assigning adequate number of dedicated, skilled and knowledgeable staffs, and providing systems for taking suggestions from stakeholders, compiling information, monitoring progress, and evaluating results. Stakeholder engagement information should be integrated into organizational governance, strategy and management at all levels of SCG in order to achieve inclusive organizational adoption and sustainable development throughout the organization.

## **Policies and Guidelines of SCG towards each Group of Stakeholders**

SCG has defined the policy and guideline for 12 stakeholder groups as a basis for doing business, creating more value to the organization and sustainable development as follows:

### **Policies and Guidelines towards Shareholders**

SCG places great importance on its shareholders, who are owners of the business. Accordingly, the executives and employees as well as the Board of Directors, which itself represents shareholders, are committed to carrying out business in line with the principles of good corporate governance and SCG's own business philosophy to ensure maximum benefits and long-term economic value for shareholders. To ensure proper treatment of shareholders, the company has set forth the following guidelines, pledging:

1. To operate in accordance with SCG's corporate vision and corporate governance principles with honesty and prudence, and without conflict of interest, while creating good returns for every shareholder in a sustainable manner.
2. To respect the rights of shareholders and provide equitable and fair treatment to every one of them. Accordingly, to not perform any act that might violate or restrict the rights of shareholders.
3. To provide shareholders the right to propose the agenda of the Annual General Meeting of Shareholders and to nominate any qualified person to be a director with sufficient time in advance.
4. To provide shareholders with all significant details concerning the Shareholders' Meeting and the Meeting agenda items to be considered by the shareholders with sufficient time in advance.
5. To prevent the directors, executives, and employees in the involved departments as well as their spouses and children from making use of inside information for their own benefit or that of others before disclosure to the public.
6. To assign independent directors to take care of minor shareholders and to receive complaints or suggestions from shareholders through easily accessible channels established by the Company.
7. To establish efficient measures for internal control, internal audit, and risk management.
8. To disclose the Company's significant information, financial reports, and operating results on an accurate, complete, timely, transparent, and reliable basis through easily accessible channels to consistently keep shareholders abreast of the Company's operating performance.

## **Policies and Guidelines towards Employees**

SCG firmly believes that employees are its most valuable assets and a vital contributing factor to the Company's success. Regarding SCG Human Rights Policy, the Company treats employees fairly with concern for their needs. The goals are to foster a good relationship between the Company and employees, to promote ongoing development of employees' skills and potential, and to provide job security and career advancement. The guidelines for practice toward employees are as follows:

1. To recruit employees through a fair and efficient selection system and employment conditions to find "smart and ethical" employees having strong qualifications and integrity to join the Company.
2. To treat employees with sensitivity and fairness while paying due respect to their personal rights, protecting these rights from being violated. Likewise, to support and respect the right of employees to express their opinions independently.
3. To provide channels for employees to file grievances and report any act of impropriety in violation of the SCG Code of Conduct as well as to protect the complainant from retribution or penalty related to filing a complaint (Whistleblower Policy).
4. To provide employees in every field of work and at all levels sufficient and continuous professional development appropriate for their duties and responsibilities and to instill ethical awareness into every employee.
5. To promote and encourage working as a team to create unity and to raise employees' awareness about work discipline.
6. To evaluate employees' performance and provide fair remuneration on the basis of the suitability, capability, and competence of each individual. The Company is also committed to providing fair and appropriate benefits to employees. The benefits will be constantly improved to keep them on a par with those of leading companies in the same industry.
7. To raise awareness and promote employees' occupational health and safety while maintaining a congenial work environment that enables employees to feel like being part of a family.
8. To operate in compliance with internationally accepted occupational health and safety standards as well as environmental management standards.
9. To encourage employees to find a balance between family life and work.
10. To provide channels where important information can be disclosed to employees to keep them informed of the operations and operating results of all SCG business units.

### **Policies and Guidelines towards Customers**

SCG pledges to ensure that customers for SCG products and services receive maximum benefits and complete satisfaction in terms of quality and fair price. Likewise the company pledges to develop and maintain a sustainable relationship with customers. The practice guidelines are as follows:

1. To deliver products and services that address the needs of consumers and the general public and to play a part in contributing to better quality of life and the sustainable development of society.
2. To constantly drive innovation and research & development to generate high quality, high value-added products and services that meet the needs of customers in multiple ways.
3. To develop environmentally-friendly products and services with a focus on resource efficiency, energy-efficiency, recyclability, and long life of service.
4. To produce safe, reliable products and services as well as to give accurate and adequate information about them to customers.
5. To store customers' information safely and systematically and refrain from abusing the information.
6. To set the prices of products and services at reasonable rates.
7. To implement a quality management system that matches international standards.
8. To set up a customer support office to provide product information, advice, and solutions to problems, while also handling complaints, to ensure customers' highest satisfaction.

### **Policies and Guidelines towards Suppliers**

SCG always obeys fair competition standards and strictly complies with all contractual obligations, the SCG Code of Conduct, and all promises to suppliers. The guidelines are as follows:

1. To determine and establish fair and reasonable prices by taking into account the reasonableness of the offered prices, quality, and service levels and to be able to provide appropriate reasons during any audit.
2. To pay suppliers accurately and on time.
3. To establish clear procurement regulations.
4. To operate business sustainably and transparently by complying with all the terms and conditions agreed upon in a transaction and treating all involved parties equitably and fairly.
5. To refrain from demanding or accepting any improper benefits from its suppliers.
6. To pay regular visits to suppliers to exchange ideas and listen to their suggestions or advice on improvement.
7. To support procurement of eco-friendly and community products.

8. To refrain from purchasing products from suppliers that violate human rights or intellectual property law.
9. To refrain from disclosing information of suppliers to others without their prior consent.
10. To refrain from dealing in any business with any supplier that carries out illegal acts or acts against public order and good morals.
11. To encourage its suppliers to conduct their businesses with societal and environmental concerns and behave as good citizens and comply with SCG Supplier Code of Conduct.

### **Policies and Guidelines towards Business Contractors**

SCG has a policy of taking good care of its contractors regarding the human rights standard, environment, work safety, and remuneration. Further, the Company is resolved to develop the capabilities and knowledge of contractors both within and outside work to enable them to work more efficiently. The guidelines are as follows:

1. To determine appropriate and fair remuneration and ensure that the amount of remuneration paid by the contractors to their workers shall not be less than the wage rate stipulated by law.
2. To promote safety awareness among contractors and oversee a safe work environment in their operations.
3. To open up opportunities for contractors to meet with SCG executives to listen to their opinions and concerns so they can work more efficiently to achieve goals.
4. To encourage contractors to develop their knowledge to ensure maximum work efficiency.
5. To encourage its suppliers to conduct their businesses with societal and environmental concerns and behave as good citizens and comply with SCG Supplier Code of Conduct.

### **Policies and Guidelines towards Joint Venture Partners**

SCG respects the rights of joint venture partners and treats every partner equitably and fairly. SCG commits to encouraging joint venture partners to respect human rights regarding SCG Human Rights Policy. The Company works collaboratively with joint venture partners to ensure that the joint ventures achieve the shared goals. The relevant guidelines are as follows:

1. To collaborate with joint venture partners in supporting and strengthening the joint venture operations.
2. To encourage the exchange of ideas and suggestions with the joint venture partners and to jointly define the business plans to ensure the sustainable growth and development of the joint ventures.
3. To monitor the operations of the joint ventures in order to ascertain that they comply with the law and the sustainable development approach.

4. To work with the joint venture partners in allocating profits from the joint ventures in a fair and transparent manner.
5. To refrain from taking advantage of the joint venture partners in any way.

### **Policies and Guidelines towards Creditors**

SCG has a policy to treat its creditors equitably, fairly, and transparently with commitment to strictly comply with all terms and conditions agreed upon. The guidelines are as follows:

1. To enter into contract with all types of creditors legally, equitably, fairly, and transparently without taking advantage of the contract party.
2. To refrain from resorting to dishonest means or concealment of any information that might harm the Company's creditors.
3. To strictly abide by any term or condition stated in any contract entered into with all types of creditors accurately and straightforwardly.
4. To repay loans and interest in full to all types of creditors on time as agreed upon.

### **Policies and Guidelines towards Communities**

SCG conducts business with commitment to human rights and fairness to all stakeholders, and with concern for social responsibility. The Company provides constant support to activities that contribute to improving the quality of life and development of the communities and societies in which SCG operates both in Thailand and the ASEAN countries. The Company encourages its employees and other concerned parties to be good citizens contributing to communities and society. The guidelines are as follows:

1. To support and provide needed assistance to society and communities, especially the communities surrounding SCG's plants.
2. To preserve the environment nearby the communities and to control and manage waste from the production process and general consumption as well as contamination released into the atmosphere through the use of efficient technology and close monitoring.
3. To promote and support the carrying out of activities/projects designed to develop the potential and capabilities of youths in the areas of education, science, technology, sports, and art as well as instilling ethics and morals into young people so they are both smart and ethical individuals.
4. To support activities/projects dedicated to providing immediate assistance to those affected by disasters and to improve the potential and quality of life of people in society through various efforts such as career development, and building strong communities to enable people to become self-reliant sustainably.
5. To support medical and public welfare activities/projects to enable people in local communities and society at large to have better health and better quality of life.

6. To promote and support activities in the areas of art, cultural heritage preservation, and sustaining religion as appropriate.
7. To provide support to foundations and charitable organizations to help and provide opportunities to the disenfranchised in society, empowering them to lead better lives. This support also extends to organizations carrying out activities beneficial to human resources development.
8. To open up opportunities for communities and other stakeholders to take part in the activities/projects, to voice their opinions and suggestions, or to file complaints as a result of SCG's operations, with the goal of allowing industry and the community to coexist sustainably.

### **Policies and Guidelines towards Government Agencies**

SCG places great importance on government agencies as stakeholders of the Company. Guidelines for engaging in transactions with government agencies are defined in SCG Code of Conduct to allow employees to proceed appropriately and in compliance. The Company also cooperates with government agencies, providing technical assistance and support for various activities. The guidelines are as follows:

1. To strictly abide by applicable laws and regulations and keep in mind that laws, regulations, cultures, and traditions in each locale may have different conditions, procedures, or practices.
2. To refrain from influencing government officers to abet and collude in improper acts.
3. To build a body of knowledge in community development for government agencies such as local administration organizations.
4. To provide support to activities undertaken by government agencies.
5. To participate in meetings to share ideas, and to provide technical assistance on a continuous basis.
6. To receive visits from government agencies.
7. To receive comments, suggestions, or complaints from government agencies.

### **Policies and Guidelines towards Media**

SCG stresses the importance of disclosing information to the media so they can communicate the information to the public accurately and rapidly. The guidelines are as follows:

1. To disclose information to the media equitably. The information must be accurate, clear, and right to the point.
2. To communicate information on a quick and timely basis.
3. To provide opportunities for the media to meet and talk with high-ranking executives.
4. To facilitate the media to get in contact with the Company.

5. To establish good relationships with the media through various activities such as plant visits to allow the media to observe the production process and plant management as well as obtain accurate first-hand information.

### **Policies and Guidelines towards Civil Society Sector, Academia, and Opinion Leaders**

SCG conducts business with concern for social responsibility and all stakeholders. In addition to full and accurate disclosure of information, the Company is open to comments and suggestions from every part of the civil society sector to ensure a shared approach to operating business sustainably alongside social and community development. The guidelines are as follows:

1. To disclose information regarding business operations transparently and verifiably.
2. To disclose information in the annual report, sustainability report, articles and news releases, as well as in the form of electronic documents and information.
3. To carry out business with concern for impact on the environment and the community and to encourage involved persons to take part in protecting the environment.
4. To collaborate with the agencies concerned to foster a relationship with the community and promote community involvement.
5. To receive comments, suggestions, or complaints from the concerned parties to find means for collaboration and to meet the needs of all stakeholders.

### **Policies and Guidelines towards Competitors**

SCG has a policy to treat competitors fairly within the framework of honest competition. 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 trade competition law. The guidelines are as follows:

1. To operate under a fair competition framework and applicable laws ethically and transparently and to refrain from taking advantage of competitors unlawfully.
2. To refrain from obtaining confidential information through fraudulent or improper means.
3. To refrain from violating the intellectual property rights of competitors.
4. To refrain from attacking and destroying competitors' reputations by defaming them with any false statement.
5. To promote and support free trade and avoid entering into any agreement with competitors that may reduce or restrict competition.