

The Siam Cement Public Company Limited

SCG Procurement and Vendor Selection Policies and Guidelines

The Board of Directors of The Siam Cement Public Company Limited, in its meeting held on Wednesday 29 October 2014, approved the setting up and disclosure of SCG Procurement and Vendor Selection Policies and Guidelines to ensure that the selection process of SCG will be systematic, fair and transparent. SCG endorses vendors who are committed to ethical business practices and responsibilities toward society and environment and will not conduct transactions with any person who is involved in illegal or fraudulent activities or is suspected to do as such.

Definitions

Procurement means the purchase, hire of work, outsource service, transportation service, lease and hire purchase.

Vendor means a seller/supplier, contractor, service provider, lessor or hire purchase provider who delivers goods or services to SCG.

Vendor List means a list of Vendors who conduct transactions with SCG and whose names are listed in the SCG system.

Approved Vendor List means Vendors listed in the Vendor List who have undergone SCG's selection and performance evaluation processes for the relevant goods and service categories.

SCG Procurement and Vendor Selection Policies

SCG will conduct its Procurement in a systematic manner according to the strict controlled procurement regulations of SCG, taken into account the needs of SCG in terms of quality, price, quantity, time, service, delivery, after-sale service, warranty, and other requirements. SCG will not conduct transactions with any person who is involved in illegal or fraudulent activities or is suspected to do as such.

SCG Vendor Selection shall be systematic, fair and transparent. SCG endorses Vendors who are committed to ethical business practices and responsibilities toward society and environment.

Qualifications of SCG Vendors

1. The Vendor shall have verifiable business facilities.
2. The Vendor shall have reliable staff, machinery and equipment, products, services, warehouses, financial status and performance records.
3. The Vendor shall agree to comply with SCG Supplier Code of Conduct.
4. The Vendor shall have satisfactory performance records, which will be evaluated by SCG on the basis of the quality of goods and services, including the delivery, after-sale services, warranty or other transactional requirements.
5. The Vendor shall have no conflict of interest with SCG's business.
6. The Vendor shall never been banned from doing business due to fraudulent conducts.

Application

1. Prospective vendors can submit an application form provided by SCG together with detailed information and supporting documents, which include a registration certificate or identity certificate, other certificates issued by government authorities, power of attorney documents, bank account numbers and copies of registration certificates issued by the Department of Revenue such as a copy of the Certificate of Value Added Tax (Por Por 20). The application form and supporting documents shall be submitted to SCG's procurement unit.
2. SCG's Vendor shall sign its agreement to comply with SCG Supplier Code of Conduct.

Business Transaction Procedures

1. SCG only deals business with Vendors listed in the Vendor List, except for the cases of a price quotation or a tender where the non-listed Vendors may be invited to submit a quotation or tender and can apply for a Vendor status thereafter if selected. SCG may ask its Vendors to agree to electronic transactions in accordance with the applicable electronic transactions laws for convenience and speed of the transactions.
2. A written purchase order or an agreement between a Vendor and SCG will be considered constituting the transactional obligations between both parties.
3. For submitting a price quotation or entering into an agreement, SCG may request in writing a performance bond, from the Vendor which will be returned after all transactional obligations are completed.
4. Upon the completion of their obligations under an agreement, contract or purchase order, Vendors shall submit the relevant tax invoices, receipts and/or other necessary supporting documents to SCG for payment at the time and place specified by SCG. This is to provide

convenience and speed of operation for all work units. SCG will pay the Vendors for the prices of the delivered goods/services after deducting the withholding tax required by laws, and other expenses incurred under the agreement such as a performance bond. The payment will be transferred into the bank account notified by the Vendors unless a cheque payment is requested. SCG reserves the right to issue only account payee cheques.

5. Vendors may request an amendment of their data in the SCG system by contacting SCG's procurement unit and submitting supporting documents certified by the Vendors' authorized person.
6. Vendors may file a complaint on unfair treatment under the SCG Corporate Governance Principles through the specified channel at SCG Whistleblower System, <https://ia.scg.com/whistleblowing/step1.aspx>

Approved by SCG Board of Directors
on 29 October 2014