
**REPORT OF THE AUDIT COMMITTEE
AND REPORTS OF THE OTHER
SUB-COMMITTEES**

REPORT OF THE AUDIT COMMITTEE

The Audit Committee independently performed its duties in accordance with the Audit Committee Charter, which is reviewed to keep in line with current business situations and approved by the Board of Directors on an annual basis. In 2021, the Audit Committee placed emphasis on applying digital technology to auditing, governance, strategy formulation, business operations, and monitoring in order to enable SCG to achieve its goals and conduct business sustainably. To accomplish these goals, the Management and all SCG employees must have ethics, integrity, and a good understanding of their roles and responsibilities as specified by the Three Lines Model, as well as fulfill their duties in adherence to the Integrated Governance, Risk, and Compliance (Integrated GRC).

In 2021, the Audit Committee convened a total of six meetings, all with a quorum present. The annual year-end performance assessment of the Audit Committee as a whole and self-assessment were conducted, and the results were very satisfactory. The areas under assessment were namely the structure and qualifications of the committee, the roles and responsibilities, the performance of duties and meetings, overall opinions, the performance of the Audit Committee's secretary, and the performance of the Internal Audit Office. The key activities of the Audit Committee could be summarized as follows:

1. **Review of Financial Statements:** The Audit Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2021 as well as the consolidated financial statements of the Siam Cement Public Company Limited and its subsidiaries, which were prepared in accordance with the Thai Financial Reporting Standards (TFRS), which are in compliance with the International Financial Reporting Standards (IFRS). The Audit Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Director of the Internal Audit Office. Having verified that the financial statements and the disclosure of the notes to the financial statements were in compliance with the relevant laws and financial reporting standards, the Audit Committee approved the financial statements, reviewed and audited by the external auditors, without reservation. In addition, the Audit Committee held a meeting with the external auditors without the Management so as to freely discuss the acquisition and review of material

information involved in the preparation of the financial statements, the disclosure of information in accordance with relevant financial reporting standards for the benefits of the user of the financial statements, and Key Audit Matters, as well as to see whether there was any suspicious information indicating potential fraud according to Section 89/25 of the Securities and Exchange Act B.E. 1992, as amended by the Securities and Exchange Act (No.4) B.E. 2008. In 2021, the external auditors made no remarks and did not find any indications of suspicious incidents. Furthermore, to ensure the absence of such incidents, the Audit Committee resolved that the President and CEO report the results of compliance with the aforementioned Act received from the Presidents and relevant responsible parties in all business units to the Audit Committee. In 2021, the President and CEO confirmed that no indication of such suspicious incidents was found. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability, transparency, and compliance with the Financial Reporting Standards, and the external auditors performed their duties independently and with verifiability.

2. **Review of Connected Transactions, Acquisition and Disposition Transactions, and Transactions That Might Result in Conflicts of Interest:** The Audit Committee reviewed the connected transactions and transactions which might result in conflicts of interest, as well as reports by relevant directors. These transactions and information were correctly reviewed and disclosed to the Stock Exchange of Thailand in a timely manner.
3. **Review of Corporate Governance:** SCG continued to conduct its business in accordance with sustainable development and corporate governance principles in accordance with international standards, including the Organization for Economic Co-operation and Development (OECD), the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and the Thai Institute of Directors Association (IOD). The Audit Committee reviewed the efficiency and effectiveness of corporate governance and found that the directors, the Management, and all employees had strictly complied with the policy, with the Board of Directors and the Management serving as role models. A total of 29,571 employees passed the Ethics e-Testing, implemented for the seventh consecutive year, with a score of 100%. Furthermore, the Anti-corruption Policy continued to be actively implemented. In addition to its fourth recertification by the Thai Private

Sector Collective Action Against Corruption (CAC) on September 30, 2021, SCG extended its commitment to its suppliers by compiling the Supplier Code of Conduct for use as guidelines, with the goal of encouraging its suppliers to be good citizens and make concrete social and environmental commitments beyond legal and regulatory requirements. Furthermore, the Board of Directors also approved compliance with the “Guidelines on Appropriate Internal Control Measures to Prevent Bribery of State Officials, Foreign Public Officials, and Agents of Public International Organizations,” issued by the National Anti-Corruption Commission (NACC), as approved by the Audit Committee and the President & CEO communicated with all employees through “Message from CEO”, which set the tone at the top and showed that the Management attached great significance to the matter.

4. **Review of Risk Management Assessment:** The Audit Committee reviewed the efficiency and effectiveness of the Company’s risk management process, overseen by SCG Risk Management Committee, consisting of the President & CEO, serving as the Chairman, and the Management, serving as the members. SCG Risk Management Committee is responsible for reviewing risk management structures and policies, risk management frameworks, and risk management plans, as well as reviewing risk profiles and monitoring the Company’s risk management on a monthly and quarterly basis, while the Corporate Risk Management Unit is responsible for compiling reports of risks and SCG’s risk management, presented in the form of a risk dashboard. In 2021, SCG focused on emerging risks, such as business operations amid trade competition, digital transformation, cyber threats due to greater reliance on technology, changing consumer behaviors in response to the concept of circular economy, efficient plastic consumption, policies related to the environment, pollution, and carbon reduction, as well as climate change. All of which were considered risks of significance and were likely to materialize in the future. In preparation, SCG Risk Management Committee has formulated risk management measures by developing medium-term plans and annual plans as well as taking investment projects into consideration.

5. **Review of Compliance:** SCG developed its compliance management system (CMS) in accordance with ISO 19600, which was applied and integrated into the management systems of each business unit as appropriate. SCG also formulated guidelines and checklists with regard to compliance with key policies of SCG, including Antitrust Policy, Insider Trading Policy, and Disclosure Policy, as well as introduced a compliance management system to ensure full and prompt compliance with new and amended laws. In addition, 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.

6. **Review of Internal Control System:** The Audit Committee reviewed the results of the internal control assessment for both operational and information technology systems, both as reported on a monthly and quarterly basis by the Internal Audit Office and as reported in the internal control adequacy assessment by the Securities and Exchange Commission (SEC). The Audit Committee concluded that SCG's internal control was adequate and appropriate for its business operations. This corresponded with the external auditor's opinion that there was no material deficiency that might impact the Company's financial statements, one of the missions stipulated in the Audit Committee Charter. This year, the Management continued to foster awareness and promote moral principles, ethical behavior, adherence to the Code of Conduct, and Anti-corruption efforts. To this end, the Audit Committee focused its efforts on developing a proactive and preventive system, comprising Ethics e-Testing, e-Policy e-Testing, and risk management and control practices in accordance with the Three Lines Model, as well as on communicating case studies related to corruption and non-compliance with laws, the Company's regulations, policies, and Code of Conduct to employees. In addition, each business unit, both domestic and overseas, implemented appropriate control self-assessment (CSA) tools and appointed a self-audit team in accordance with their level of readiness and in compliance with relevant laws and regulations. To further mitigate risks for overseas companies, workshops were organized for each company's executives and staff to raise awareness about governance, risk management, compliance, and internal controls. Additionally, the Internal Audit Office, in collaboration with First Line operators, also continued to further develop Data Analytics (DA) for reporting, with which each business could oversee

the compliance of the business units within its sphere of responsibility and which auditors could use in the auditing process. Workshops were also organized for different business units, using case studies based on key findings to give people in charge at all levels a better understanding of the risks, impacts, and key internal controls involved in each step of their operations.

7. **Internal Audit:** The Audit Committee conducted an annual review of the Audit Committee Charter and the Internal Audit Office Charter to ensure their relevancy to SCG's current risk and business environment. In 2021, the Internal Audit Office reviewed and adjusted its audit strategies in accordance with the COVID-19 situation and risks in the new normal era by utilizing Machine Learning (ML), Robotic Process Automation (RPA), and Data Analytics (DA) in order to improve the efficiency of risk analysis. In addition, fieldwork was conducted as needed, and the auditor's capacity was also developed to raise awareness on governance, risk management, compliance, and cybersecurity for internal control, and they organized online seminars, Data Analytic workshops that enabled auditors to write basic programs, as well as a hackathon, held for a third consecutive year. Furthermore, continuous efforts were made to promote the implementation of the Three Lines Model, in which the First Line, as the top management of the department was encouraged to take key roles and serve as role models for employees, as well as communicate with their subordinates and provide suggestions for collaborative risk assessment, control identification, and performance monitoring for SCG's current systems, new systems, new businesses, or new IT systems. In addition, the Internal Audit Office also developed internal auditor teams in Vietnam and Indonesia to enable them to assess the efficiency and effectiveness of the governance, risk management, compliance, and internal controls of SCG and its overseas subsidiaries, under the supervision of the Internal Audit Office in Thailand, as well as prepare and revise internal audit documents to accommodate changes in work processes brought on by technology integration. Also, workshops were organized for representatives to disseminate knowledge about international standards, risks, internal control, and IT audit results.

8. **Review of Fraud Investigations:** In addition to the internal whistleblowing system for employees, SCG has developed a whistleblowing system for external parties, through which they may file complaints via www.scg.com both in Thai and English and access at all time in addition to the existing channels, which include phone calls and submission of emails or letters to the Independent Directors, the Audit Committee, the Internal Audit Office, and the Corporate Secretary Office. In 2021, a total of 30 complaints involving non-compliance with laws, the Company's regulations, Anti-corruption policy, corporate governance policy, SCG 4 Core Values, SCG Code of Conduct, and SCG Supplier Code of Conduct were filed through SCG Whistleblowing System for external parties and employees. Of these, 28 were fully investigated cases (including 8 pending cases from the previous year), consisting of 6 cases involving non-compliance with SCG's regulations and 6 cases involving non-compliance with SCG Code of Conduct. None was related to non-compliance with SCG's Anti-corruption Policy, Antitrust Policy, and Human Rights Policy. The damages were insignificant, and the investigation results were used to inform the protocols and preventive guidelines. In addition, the Audit Committee reviewed the results of fraud investigations, disciplinary actions, and fraud risk assessments as well as the impact of fraud cases in order to prescribe preventive guidelines against potential risks in operational systems, and consistently reviewed the measures for the revision of investigation protocols to ensure that they were up-to-date and appropriate for the business environment.
9. **Appointment of the External Auditor and Review of the Audit Fee for 2022:** KPMG Phoomchai Audit Ltd. has been selected and appointed as the external audit firm of SCG for the five-year period from 2018 to 2022. It has been prescribed that an audit firm shall be selected every five years and then reviewed and proposed to the Annual General Meeting of Shareholders every year, taking into consideration its independency, capabilities, quality of work, service offering, and auditing methods in keeping with the key audit partner rotation practice in compliance with the notification of the Securities and Exchange Commission. Based on their satisfactory performance, qualification as independent auditors, as well as their professional expertise, knowledge, experience in auditing SCG's businesses, and ability to share knowledge related to the Company's businesses in addition to auditing, the Audit Committee recommended that

the Board of Directors seek approval at the Shareholders' Meeting for the appointment of Mr. Wairoj Jindamaneepitak, Certified Public Accountant Registration No. 3565; or Ms. Porntip Rimdusit, Certified Public Accountant Registration No. 5565; or Ms. Dusanee Yimsuwan, Certified Public Accountant Registration No. 10235; all of whom are auditors at KPMG Phoomchai Audit Ltd., as the Company's auditors for the year 2022; as well as for the approval of the Company's audit fee for the fiscal year 2022 and the annual audit and quarterly review fees for SCC's consolidated financial statements, amounting to 3.53 million Baht; and for the acknowledgement of the annual audit fees for the year 2022 of the subsidiaries' financial statements and quarterly review fees for the financial statements of the listed subsidiaries audited by KPMG in Thailand and KPMG overseas. SCG subsidiaries were responsible for the audit fees, totaling 83.79 million Baht.

On behalf of the Audit Committee



Mrs. Tarisa Watanagase

Chairman of the Audit Committee

REPORT OF THE GOVERNANCE AND NOMINATION COMMITTEE

The Governance and Nomination Committee in 2021 performed their duties as assigned by the Board of Directors. Chief among them were the recommendation of policies and guidelines with regard to the corporate governance of SCG to the Board of Directors and the nomination of qualified candidates to replace the retiring directors in 2022.

In 2021, the Governance and Nomination Committee convened a total of five meetings, with an attendance record of 100%, and provided useful recommendations to the management for the development of the corporate governance development of SCG. The significant duties performed by the committee in 2021 were as follows:

1. Recommendations of Policies and Guidelines with regard to the Corporate Governance of SCG

In 2021, the Board of Directors resolved to approve the recommendations of the Governance and Nomination Committee to prescribe and review policies and guidelines regarding the corporate governance of SCG as follows:

- Reviewed the scope of authority of the Board of Directors in the charter of the Board of Directors to ensure alignment with the eight principles stipulated by the Corporate Governance Code for Listed Companies 2017 (CG Code).
- Approved the establishment of 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.

2. Knowledge and Competency Enhancement of Directors for more Efficient Performance of Duties

- Approved the appointment of an external consulting firm to perform the 2021 annual performance assessment of the Board of Directors in addition to the annual self-assessment to ensure that their performance is on par with international corporate governance principles and general, widely recognized corporate governance principles.

- Held four hybrid director seminars, in which local and international experts were invited to share and exchange their opinions with the Directors and executives, consisting of two seminars on business operations according to the ESG principles, namely WBCSD Version 2050 to SCG Board of Directors (first seminar) and ESG and Climate Resilience (second seminar), and two seminars on current business trends, namely Customer Centric (third seminar) and Energy Transition Outlook (fourth seminar).
- Organized an exhibition showcasing innovations, products, and services developed by the R&D arms of SCG's core businesses during a workshop held for the Board for the formulation of medium-term plans. In addition, to foster a better understanding and keep them up to date on SCG's business plans during the COVID-19 pandemic, site visits to key businesses of SCG, including the Cement-Building Material Business, the Chemicals Business, and the Packaging Business, were arranged for the Directors in strict compliance with the state's COVID-19 preventive measures.
- Encouraged the board members to attend conferences and seminars beneficial to the performance of their duties. Among these were the Advanced Audit Committee Program (AACP) and the National Director Conference 2021: Leadership Behind Closed Door, organized by the Thai Institute of Directors (IOD)

3. Promotion of Awareness and Compliance with SCG Principles of Corporate Governance and Code of Conduct among SCG Employees

- Carried 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, as well as its currency, with emphasis on applicability to both domestic and international contexts by employees at all levels.
- Ethics e-Testing Held activities to raise awareness of Integrated GRC (Governance, Risk and Compliance, and Internal Audit) to encourage employees to appreciate the importance of applying GRC to their work as well as support their operations to ultimately contribute to sustainable business growth, such as by producing educational videos entitled GRC Expected Behaviors, publishing the GRC Voice e-Newsletter to serve as a channel for the

related agencies to communicate good practices to employees, publicizing GRC Helpline, where consultation can be sought, as well as adding questions on GRC to Ethics e-Testing.


4. Fostering Good Relations and Understanding between SCG and Shareholders

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.

5. Nomination of Qualified Candidates to Replace the Retiring Directors in 2022

- Reviewed the Policy on Director Qualifications and Nomination and the Board Skill Matrix, adding required expertise in accordance with key trends and CG 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.
- Allowed the shareholders to propose agenda items and nominate directors prior to the 2022 Annual General Meeting of Shareholders during 16th August - 15th November 2021. The criteria were posted on SET Link, developed by The Stock Exchange of Thailand (SET), and the Company's website.
- Created a succession pool of qualified candidates for directorship and independent directorship to be nominated by the Board of the Directors in accordance with SCG's business strategies and operations.

On behalf of the Governance and Nomination Committee



Mr. Chumpol NaLamlieng

Chairman of the Governance and Nomination Committee

REPORT OF THE REMUNERATION COMMITTEE

The Remuneration Committee performed their duties as prescribed in the Charter of the Remuneration Committee by the Board of Directors with prudence, fairness, and rationality. The Committee considered the remuneration in comparison with the remuneration offered by other listed companies or leading corporations in the same business.

In 2021, the Committee held a total of seven meetings comprising of six ordinary meetings and one special meeting to assess the performance and consider the remuneration of SCG President & CEO and top executives in alignment with the performance of each executive and SCG's operating results to retain SCG leadership in the industry. The Committee also recommended a succession plan of the Company's President & CEO and the top executives to the Board of Directors for consideration.

Moreover, the Remuneration Committee also provided views and recommendations to the Management with regard to human resources management to be fair and competitive with external companies.

On behalf of the Remuneration Committee



Mr. Prasarn Trairatvorakul

Chairman of the Remuneration Committee

REPORT OF THE CSR COMMITTEE FOR SUSTAINABLE DEVELOPMENT

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. The collaboration from all sectors, particularly the business sector will be a major driving force to help alleviate the grave challenges facing the world today to make a better and more sustainable world for future generations.

SCG deems it its organizational responsibility to help tackle social and environmental issues that have exerted pressure on people's livelihoods and quality of life. To that effect, SCG resolves to leverage the ESG 4 Plus strategy to “**Set Net Zero-Go Green-Reduce Inequality-Embrace Collaboration**” with adherence to fairness, transparency, and verification, which is the development framework adopted by world-class businesses, and in line with the SDGs of the United Nations and the government's BCG Economy model. The CSR Committee for Sustainable Development, in collaboration with employees, the civil society sector, the business sector, and the government, carried out the following socially-responsible activities:

Creating Occupations and Reducing Income Inequality

To reduce social inequality among those unemployed due to the COVID-19 pandemic, SCG has conducted a skills development project dedicated to reskilling, upskilling, and developing high-demand jobs. In 2021, SCG developed skills and high-demand jobs for 3,000 individuals and will continue to reach a skilled workforce of 20,000 by 2025. Examples are training truck and ambulance drivers through the SCG Skills Development School, developing home renovation handymen with Q-Chang, and supporting the development of nurses, dental assistants, and elderly caregivers through the SCG Foundation. On top of this is the Power of the Community Project designed to instill knowledge in tune with the Sufficiency Economy Principles, inspiring the community to develop themselves by processing local goods to create added value and sell through online and offline channels to make a living amid the crisis.

SCG also carries out the scholarship program in a number of ASEAN countries to support education and professions in demand such as doctors, nurses, engineers, and teachers.

No Drought, No Poverty Model

In the wake of the climate emergency which has triggered extreme weather conditions, including droughts and floods, impacting people's way of living, especially farmers, who rely on water for agriculture, 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 this end, the "SCG Helps 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 108th 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 all year round. Take Ban Sa, Amphoe Chae Hom, Lampang for example. The community's income has increased fourfold, clearly exhibiting that when a community is capable of managing water by themselves, there will be no drought, no poverty.

To restore natural balance, SCG has continuously joined forces with communities to construct check dams. To date, more than 110,000 check dams have been 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

SCG is dedicated to reducing housing inequality around the 61-rai Bang Sue pond area in Chatuchak district in Bangkok, which was once a source of major raw materials for cement production. The early community comprising families of workers having worked for SCG have 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. Under the Pracharat-Bang Sue Pond Development project, SCG, in cooperation with the government agencies, and 250 households in Bueng Bang Sue community, restored the once deteriorating areas, transforming it into a new housing compound. In late 2021, the construction of townhouses and condominiums was completed and are ready for the residents to enjoy new warm and safe lives there.

COVID-19 Innovations

SCG pledges to play a part in mitigating the impacts of the COVID-19 situation, minimizing the risk of infection among health care workers by expediting the development of COVID-19 innovations to assist the patients in response to the fast-changing situation in each period in a timely manner. To date, SCG has contributed COVID-19 innovations worth over 470 million baht in Thailand and the ASEAN region. Examples are Modular ICU, Isolation Capsule for Air Transportation, Modular Bathroom, SCGP Paper Field Hospital Bed, 100,000 of which have been delivered to field hospitals nationwide, SCG COVID-19 Vaccination Center at the Bang Sue Headquarters area, having provided standardized vaccination services to 250,000 people, and the temperature-controlled trucks to transport vaccines to the southern border provinces.

Growing Trees to Mitigate Global Warming

SCG has set its sight on growing 3-million rais of trees under the Growing Trees to Mitigate Global Warming project as part of the goal to pursue the Net Zero Target by 2050. To this end, the Company has engaged all sectors in the efforts to grow trees on land and in the sea and ensure they grow to become carbon sinks. 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 carbon in ten years' time.

Maximizing Resource Efficiency and Reducing Waste

Circulating and reusing resources in line with the circular economy principles is key to alleviating the issues of resource scarcity and waste. As a consequence, SCG has encouraged communities to take part in various waste management efforts such as separating waste for recycling, producing refuse-derived fuels (RDFs), and turning organic waste into compost. In 2021, Ban Nong Song Hong, one of the Ban Pong Model waste-free communities, won a Zero Waste award granted by the Department of Environmental Quality Promotion in the small community category.

Transparent Business and Promotion of Business Code of Ethics

The practice of conducting business with responsibility, transparency, and fairness 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 the business code of ethics, providing continued support for 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.

SCG firmly believes that taking an active role in resolving the environmental issues, reducing social inequality, promoting fairness, and nurturing the community to become self-reliance is key to driving advancement and empowering the world to grow and thrive sustainably for posterity.

On behalf of the CSR Committee for Sustainable Development

Kasem Watanachai

Mr. Kasem Watanachai

Chairman of the CSR Committee for Sustainable Development
