

Risk Management Policy

Group

Framework

The Risk Management Policy comprises of:

1. Objective
2. Scope
3. Definitions
4. Responsibilities
5. Policy Directives
6. Compliance and Consequence for Non-Compliance
7. Policy Measurement Metrics
8. Policy Exemptions
9. Reference

Annex 1: Document Approval and Version History

Annex 2: Common Terms

1. Objective

Siam City Cement Public Company Limited (“the Company” or “SCCC”) and its Subsidiaries directly and indirectly held (collectively called the “Group”) emphasize the importance of risk management to be an integral part of both sound management practice and good corporate governance. Risk Management, that is culturally embedded, is an active component to improve governance, strategy and planning, policies, processes, values, and cultures throughout the organization and places confidence in having an effective risk management systems and processes which will provide reasonable assurance to the shareholders on the conduct of the company’s affairs and allows the company to manage the risk appropriately to maximize potential opportunity and minimize the adverse effects of risk.

The policy is to formalize and communicate to the approach to risk management within SCCC. The policy provides guidance in relation to a transparent and consistent on risk management to assist in the creation and protection of value to the achievement of the company’s goals and objectives. Risk Management encompasses:

1. Aligning risk appetite and strategy
2. Enhancing risk response decisions
3. Reducing Operational surprises and losses
4. Identifying and managing multiple and cross enterprise risks
5. Seizing opportunities
6. Improving deployment of capital
7. Crisis management

2. Scope

This Policy applies to all employees, management, directors as well as any person who represents or performs work on behalf of any entity under the Group.

3. Definitions

Enterprise Risk Management (ERM)	<p>is a process, effected by an entity's board of directors, management and other personnel, applied in strategy setting and across the enterprise, designed to identify potential events including any crisis that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives which set into 4 categories:</p> <ul style="list-style-type: none">- Strategic Risk – high level goals, aligned with supporting its mission- Operational and Business Risk – effective and efficient use of its resources- Compliance Risk – compliance with applicable laws and regulations- Financial Risk – various types of risk associated with financing, including financial transactions
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4. Responsibilities

Board of Directors (BoD) shall be ultimately responsible for ensuring that adequate and effective governance risk management and environment including crisis management is established and maintained in SCCC and its Group Companies.

Audit Committee (AC) shall be responsible to review the risk management systems including business processes to ensure that they are suitable and efficient.

Group Internal Audit and Compliance (GIAC) should provide independently assurance over the adequacy of risk management systems to the Audit Committee that operational controls are designed to manage risks and are operating in efficient, effects and ethical manner.

Group Chief Executive Officer (GCEO) shall be accountable for establishing and supporting the necessary organization culture, structure and competence across all levels of personnel and organization in SCCC and its Group Companies for effective implementation of risk management and crisis management.

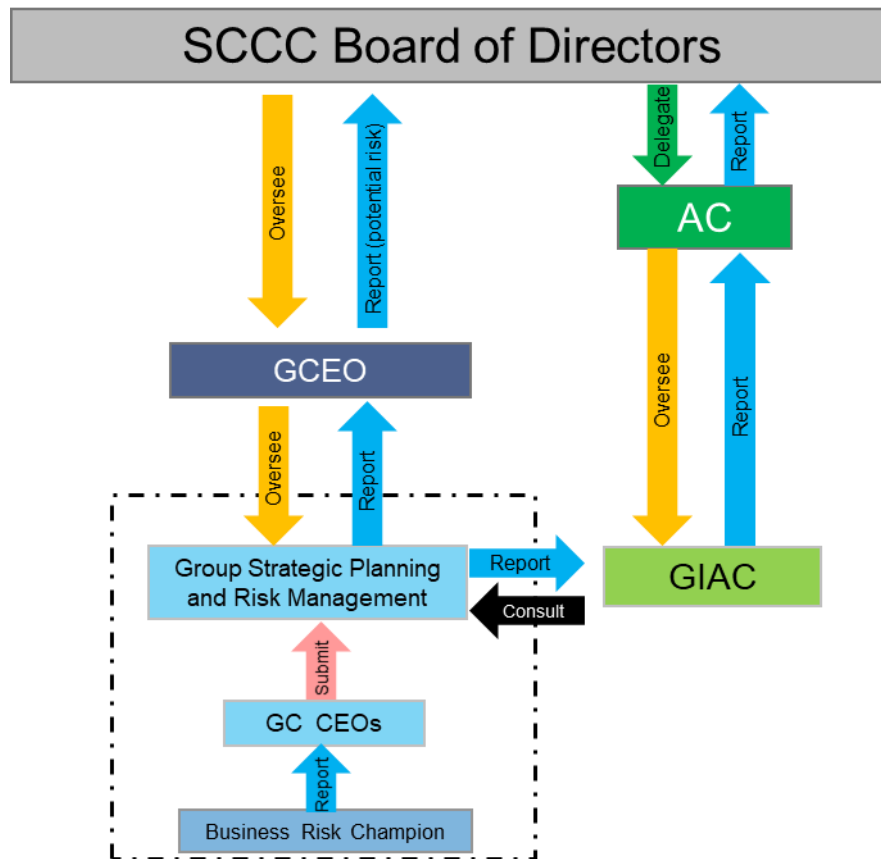
Group Company Chief Executive Officer (GC-CEO) shall be responsible for supporting risk management systems and processes to be operated actively and effectively according to the policy including business processes and crisis management which identify measures, monitor, reporting and manage risks by risk owners. The risk awareness shall be encouraged to each individual in the organization to create company culture.

All Managers and Employees must perform, monitor and communicate material business risk to relevant party according with risk management structure. Visible actions are required

to identify, assess and mitigate risks that could negatively affect the strategy or business goal of SCCC and its Group Companies.

5. Policy Directives

5.1 Risks Governance Structure



- 5.2 Risks including any crisis which have potential impact to group strategies or group objectives must be reported transparently to the standing meeting cycles of BoD, AC, and GCEO on quarterly basis. The Group Companies would ensure proper control on residual risks by having accurate and consistent monitoring, review and reporting.
- 5.3 All managers and employees have been established to act both as risk owner and independent review mechanism for risks and opportunities escalated by countries, functions and projects. All risks, including emerging local risks and macro risks, must be promptly evaluated and registered by identifying root causes, mitigation plans and opportunities to understand and enable SCCC and its Group Companies to achieve its common goals.
- 5.4 For effective risk management, a reliable management information system is required for risk monitoring of the critical activities and processes of each organization. The system should be supported by effective channels of communication to ensure that all employees entirely understand and adhere to the policies and standard operating procedures affecting their duties and responsibilities. Any deficiencies, which get identified should be immediately escalated and reported to the appropriate level of Management and GCEO for corrective actions and monitoring as well as to the AC / BoD for their acknowledgement and direction.

- 5.5 Overall effectiveness of the SCCC and its Group Companies' risk management should be responsible by each individual to proactively understand and promote risk awareness. Risk Management shall be recognized that risk is imbedded in considered as part of company culture.

6. Compliance and Consequence for Non-Compliance

All entities and their employees, management, directors as well as any person who represents or performs work on behalf of any entity under the Group shall ensure full compliance with this Policy. They are expected to assure that appropriate resources are available. Reviews are regularly undertaken to ensure that the implementation and application of this Policy remain robust.

Anyone who breaches the Policy shall be subject to disciplinary action, which could result in dismissal or termination for any misconduct.

7. Policy Measurement Metrics

A Quality review will be conducted to assess the efficiency and sustainability of internal control of the Group.

8. Policy Exemptions

No exceptions are permitted.

Variations to this Policy shall be reviewed by the Document Manager and proposed to the Document Owner prior to submitting to the Board of Directors for approval.

9. Reference

- 9.1 Charter of the Audit Committee

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