



**Annual Report 2022**

**Moving forward  
through volatility  
and adversity**

**56-1 One Report**  
Annual Registration Statement/  
Annual Report

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# Sustainable Development

Environmental. Social. Governance.

# Report of the Sustainability Steering Committee

## Dear Shareholder,

The Sustainability Steering Committee (SSC) comprises one director and four experienced management level employees, and is chaired by Mr. Aidan John Lynam, Director and Group CEO.

In 2022, the SSC continued its duties and responsibilities according to the Committee Charter with a total of seven meetings conducted. With strong commitment to supervise and implement activities that aims at overseeing the actions to deliver SCCC Group's Sustainability Ambition 2030 which are Climate and Energy, Circular Economy, Biodiversity and Water, Community and Stakeholder Engagement, and Occupational Health and Safety (OH&S), the SSC has aligned and integrated management of sustainability into core business strategy and plans, with each CEO, Country Sustainability Coordinators, and Pillar Working Group member responsible in the delivery of targets as committed in the roadmaps of each country.

The key activities of the SSC in 2022 are summarized below.

### 1. Task Force on Climate-related Financial Disclosure (TCFD)

The Company wishes to disclose information on the financial implications of climate-related risks and opportunities on our business. Therefore, following the principles of TCFD, the SSC has conducted internal workshops which identifies opportunities to be taken and risks to be mitigated, relating to the impacts of climate change.

### 2. INSEE See Beyond

An engagement and communication tool of SCCC Group's Sustainability Ambition 2030, **INSEE See Beyond** showcases SCCC ambitions through well-illustrated case examples, carrying out our pledge to make a positive impact on every community which we are engaged with.

### 3. Memorandum of Understanding with IUCN

The Memorandum of Understanding which the Company has signed with the International Union for Conservation of Nature (IUCN) aims to focus on strengthening and enhancing collaboration between IUCN and SCCC Group for biodiversity offsets to compensate for any unavoidable impacts of SCCC Group's quarrying and cement production processes in its plants in Thailand, Vietnam, Cambodia, and Sri Lanka.

In conclusion, the Sustainability Steering Committee continues to fulfil its duties in ensuring effective ESG activities and governance to deliver earnestly on actions (and beyond mere words) on one of our Groups' commitments which is '**Caring About our Future**'.

Aidan John Lynam

**(Mr. Aidan John Lynam)**

Chairman of the Sustainability Steering Committee

# Sustainable Development

## Moving through volatility and adversity to a Sustainable Future


In spite of all the volatility and inflationary pressures being faced, SCCC Group is committed to continuing to take decisive actions to tackle climate change and promote biodiversity, circular economy, zero harm in workplace, and community engagement as promised in our Sustainability Ambition 2030. This is embodied in one of our commitments, “**Caring about our future**”, and we assure that our business leaders embed sustainability throughout our business operations across the Group.

We also measure, track and report on our sustainability performance within the reporting of key non-financial metrics and performance indicators in the Annual Report in the areas of climate change, workplace safety, and workplace inclusivity. The report has adopted the ‘GRI Standards’ developed by the Global Reporting Initiative (GRI) and the GRI Index is included in our disclosure.

In addition, in 2022, we have further advanced our disclosures in line with enhanced Stock Exchange of Thailand guidelines, Task Force on Climate-related Financial Disclosures (TCFD) standards, and KPIs of Global Cement and Concrete Association (GCCA).

Our environment management complies with ISO14001, within the scope of the current standard ISO14001:2015 version covering all major processes of the organization.

To deliver on this promise, we adhere to our Sustainable Development Policy that sets standards for good corporate governance, as well as for creating economic, environmental, and social value.

 For more details on Sustainable Development Policy and Environment Policy, see on the Company’s website at <https://siamcitycement.com>

## 1. SCCC Group Sustainability Ambition

In 2021, we have launched our Sustainability Ambition 2030 with three basic pillars. These are **Climate and Energy, Circular Economy, and Biodiversity and Water**. There are also two interconnecting themes which form the baseline and heart of our operations respectively - **Occupational Health and Safety** and our **Community & Stakeholder Engagement**.

## Sustainability Ambition 2030

### Pillar 1: Climate & Energy

- Reduce our CO<sub>2</sub> emissions to less than 530 kg net CO<sub>2</sub>/ton cementitious
- Reduce our specific electricity consumption by >10 percent
- Ensure at least 20 percent of electricity consumption comes from alternative energy sources

### Pillar 3: Biodiversity & Water

- Have a net-positive impact on biodiversity
- preserve water in Company operations

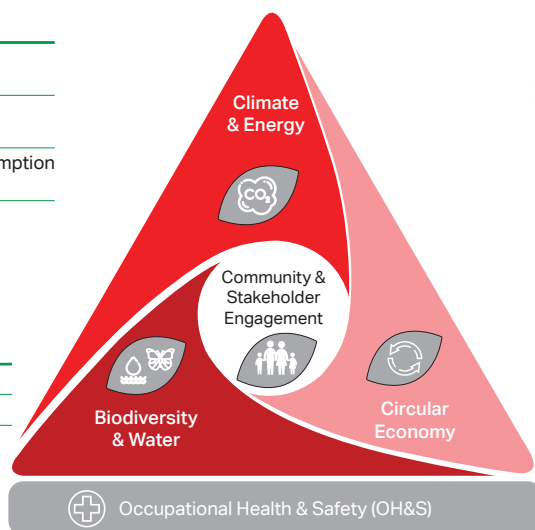
### Pillar 2: Circular Economy

- Double our usage of waste derived fuels and raw materials in clinker production from 0.5 million to >1.0 million tons
- Increase byproducts absorption (fly ash, slag) by >65 percent to >1.4 million tons per annum

### Theme 2:

#### Community & Stakeholder engagement

- Continue to proactively engage with our communities and stakeholders



### Theme 1:

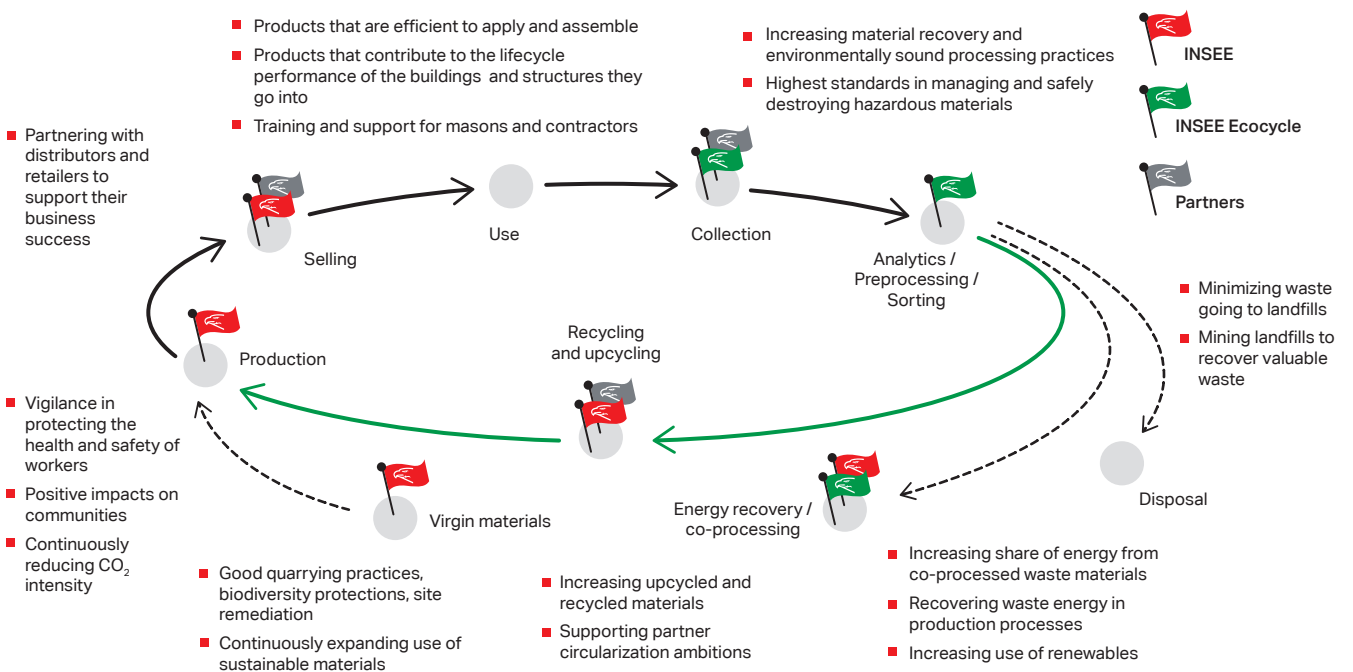
#### Occupational Health & Safety

- Our ambition is Zero Harm by 2030

To ensure we adhere to and deliver on the Sustainability Ambition 2030, we have already established a Sustainability Steering Committee comprising top management executives of the Company. Our Board is updated regularly on this committee's activities. In addition to this, sustainability country coordinators and working groups are assigned to define country specific sustainability roadmaps and ensure progress is being made according to defined annual targets.

## 2. SCCC Group's Value Chain Commitments

We integrate sustainability throughout our value chain (see the diagram below) to ensure that we adhere to the highest standards of good governance while reducing our environmental footprint wherever possible and optimizing our production according to international best-practice standards. Throughout our value chain, we adhere to our commitment to ensuring the health and well-being of our workers, reducing our CO<sub>2</sub> footprint, optimizing our energy usage, having a net positive impact on biodiversity and water preservation, and proactively engaging with our communities and other stakeholders.





## 3. Sustainability Ambition Journey

### 3.1 Climate and Energy



#### 3.1.1 Ambition

Global warming is one of the most urgent challenges the world is facing. If left unaddressed, it will impact both our climate system and the security of the population in general.

Risks are related to deregulation of land and oceans temperatures; heat waves; drought; higher precipitation; and negative consequences across the food supply chain.

SCCC Group acknowledges the importance of this problem as well as the need to reduce carbon emission by developing a climate and energy ambition with achievable targets and initiatives aligned with a 2°C pathway, according to the IEA (International Energy Agency) technology road map for a low carbon transition in the cement industry.

To reach this ambition, Group and country-specific climate and energy roadmaps with intermediate targets have been established with corresponding strategies and initiatives based on the IEA guidelines.

Internal and external engagement and communication is foreseen as an important lever to develop consciousness about this major engagement on which SCCC Group has already embarked.

2030 SCCC Group climate and energy related ambitions are:

The Global Cement and Concrete Association (GCCA) scope 1 and scope 2 reporting protocols are used to set targets and monitor results on a yearly basis.

**Scope 1:** To reduce its CO<sub>2</sub> emissions to less than 530 kg net CO<sub>2</sub>/ton cementitious materials. This translates to a reduction of 30 percent from 1990 and 15 percent from 2020 baselines.

**Scope 2:** To reduce its CO<sub>2</sub> emissions to less than 37 kg net CO<sub>2</sub>/ton cementitious materials. This translates to a reduction of the specific electricity consumption by 10 percent compared to 2020 baselines and that at least 20 percent of its electricity consumption comes from alternative energy sources.

#### 3.1.2 Strategy

To achieve this ambition there are necessary step changes to bring to the Company cement product portfolio in general and in the deployment of alternative energy sources, thermal and electrical. Efficiencies need to be improved to strengthen the baseline and to reduce wasted energy along the production processes.

Investments in new technologies are and will play an important role along the years to achieve this ambition.

### 3.1.3 Performance and Outlook

#### Cement product portfolio, clinker factor targets and initiatives;

SCCC Group will reduce its clinker factor to 65 percent in 2030 from a 74 percent baseline in 2020. The two main levers are the clinker factor reduction and the alternative fuel usage. In 2022 SCCC Group achieved 607 kg net CO<sub>2</sub>/ton cementitious materials, a reduction of 3.7 percent compared to 2020 baseline and in the trajectory to the 2030 target of 530.

#### Product carbon intensity reduction initiatives;

Thailand' focus is to reduce the share of Ordinary Portland Cement (OPC) in its portfolio promoting the usage of composite cement with a lower clinker factor at same performance. A lower clinker factor equates to a lowered carbon intensity in the product. A sizeable investment realized during 2022 now allows an important reduction during 2023. Vietnam has continued to operate with a low clinker factor of less than 60 percent, whilst Sri Lanka did a significant clinker factor reduction from 78 percent to 72 percent with the usage of slag in the cement grinding process.

#### Energy intensity reduction initiatives;

SCCC Group has significantly increased its Thermal Substitution Rate (TSR) from 11 percent in 2021 to 16 percent in 2022. Thailand has progressed by 83 percent, Vietnam by 15 percent, Cambodia by 44 percent while Sri Lanka suffered a decrease by 9 percent due to the country economic situation in the first part of the year. Improvements were possible through some specific investment, increase in the waste supply and operational measures.

In achieving 16 percent TSR in 2022, SCCC Group is well on track to deliver its ambition of a minimum of 20 percent TSR) by 2030.

On the electrical energy side, Waste Heat Recovery (WHR) systems have increased their efficiencies to deliver 3 percent of electrical energy coming from kiln waste heat. Solar Photo Voltaic projects have been prepared during 2022 and will be installed during 2023 in Sri Lanka and Thailand. Solar energy will represent 3 percent of total SCCC Group electrical energy consumption once implemented.



For more details on our Climate and Energy Performance, see our **Sustainability Performance Index 2022** and on the **Company's website**.



### 3.1.4 Project Results in 2022

#### ■ Palavi and Ruhunu Slag and Fly Ash Project in Sri Lanka



One of this project's objective is to reduce clinker factor by using Granulated Blast Furnace Slag (GBFS) and Fly Ash, with investment of 994 mio LKR. The construction phase is now completed and now in operation. CO<sub>2</sub> reduction target is 70 kg CO<sub>2</sub>/ton cementitious reduction.

#### ■ Thi Vai Slag and Fly Ash Project in Vietnam



Another CO<sub>2</sub> reduction project of the Group in Vietnam aims to also reduce clinker factor by using Ground Granulated Blast Furnace Slag (GGBFS) and Fly Ash, enhanced with close collaboration with local slag generators. With investment of 1.8 million USD, the project will deliver 19 kg CO<sub>2</sub>/ton cementitious reduction.

## 3.2 Circular Economy

### Our SDG priorities



#### 3.2.1 Ambition

With the rising global population, there is a greater need for natural resources compounded by the gradual degradation of the environment.

Recognizing the effects of global challenges, SCCC strives to increase circularization in wider economies to support customers and partners by minimizing waste in construction and maximizing the design life of buildings and infrastructure.

Across the Group, our Ecocycle business provides “peace of mind” waste management solutions to industrial, consumer goods, and oil and gas companies, improving their environmental footprint while simultaneously recovering energy and resources from their waste materials. We help ensure that hazardous wastes are safely managed and upcycled. We support our own and our customers’ Zero Waste to Landfill commitments for general waste and help safeguard rivers and oceans from potential leakage of waste.

Our ambition is, by latest 2023, to double the use of waste-derived fuels and raw materials in clinker production (from 0.5 million to >1.0 million tons) and increase the use of by-products such as fly

ash, slag etc., by around 65 percent to over 1.4 million tons of by-product use per annum to produce our cementitious products.

#### 3.2.2 Strategy


To reach this ambition, every SCCC Group Operating companies is working towards road-mapped targets for thermal substitution and clinker factor reduction. These roadmaps are built plant-by-plant and backed up by specific technical and business actions to enable the consumption of alternative fuel and obtain sources of alternative materials. Further, we actively work with customers and industry associations to increase the acceptance of hydraulic cements.

In our Ecocycle business, we obtain waste materials directly from industrial sources and from post-consumer waste collectors. We work with governments and municipalities to mine existing landfills for high energy waste. We also work with partners to develop new upcycling and recycling technologies.

#### 3.2.3 Performance and Outlook

We have largely delivered on overall Group targets in 2022. Shifts in the mix of end-market demand toward large infrastructure projects (a segment in which acceptance of hydraulic, low-clinker cements is lower) affected progress, notably in Thailand. Going forward, however, we are confident that increasing industry and government acceptance of and support for new standards will help us accelerate. Policies and programs such as Thailand’s Bio-Circular-Green initiatives (BCG) are driving broad industry change while our direct efforts to change markets are paying off.

Beyond Thailand we are also on track to deliver improved clinker factor reductions and improving the thermal substitution rates in our pyro-processes, thus steadily reducing the carbon intensity within all of our product range.

 For more details on our Circular Economy Performance, see our **Sustainability Performance Index 2022** and on the **Company's website**.

### 3.3 Biodiversity and Water

#### Our SDG priorities



#### 3.3.1 Ambition

Water is embedded in all forms of developments. Water is often a scarce resource, while it is our most precious natural resource and central to sustainable development. Water is required to support biodiversity including human beings. Without sufficient water, stresses on species increase driving global/local biodiversity losses. Biodiversity supports water and nutrient cycling in soils and therefore plants, including all food crops. Together these processes control land erosion and regulate water quality and quantity. The United Nations (UN) has proposed 17 sustainable development goals among which one of them is Goal 6 focusing on ensuring water security (clean

water and sanitation) for all and calls on us to take any action. We are committed to achieving our ambition of reducing specific water consumption by more than 20 percent and using more than 40 percent surface water collection by 2030.

As a Company active in mining, we know that our activities have an impact on biodiversity. Therefore, we strictly follow the mitigation hierarchy of avoiding, minimizing, rehabilitating and off-setting biodiversity impacts. In doing so, we aim for a Net Positive Impact (NPI) on biodiversity by 2030. In this context, we are evaluating and implementing nature-climate or nature-based solutions (e.g. artificial reefs for marine habitat or mangrove nurseries) which also contribute to the climate and energy ambition.

#### 3.3.2. Strategy

To reach the biodiversity net positive impact ambition, we prioritize impact avoidance as the most preferred option, followed by impact mitigation and rehabilitation, and finally, once these options have been exhausted, biodiversity offsetting to cover any residual damage that cannot be otherwise addressed. During this journey, we are challenged, guided and supported by experts from IUCN as we have a regional MOU, which is detailed out in country-specific agreements ensuring that the roadmaps are implemented, and local specificities considered appropriately.

Each site has a water action plan. Among site specific actions, it consists of more general initiatives such as systematic measurement of our water consumption to ensure water conservation. To identify and track potential water loss as well as

opportunities to optimize water consumption such as increasing equipment cooling efficiency, regular water balances are conducted by using the GCCA guideline and tools. Moreover, we keep collecting surface water by building more reservoirs (ponds and quarry dewatering) to make sure that we reach >40 percent surface water usage by 2030. We will use internal benchmarking and industry leaders' performance to continuously improve and potentially go beyond the initial target.

### 3.3.3. Performance and Outlook

In 2022, we continued to work with subject matter experts to verify the baseline of our biodiversity value, based on guidelines and tools issued by the GCCA (Global Cement and Concrete Association). Based on this solid basis, the Biodiversity Management Plan (BMP) is developed and adjusted (if needed) to ensure being on track for our NPI target. The BMP helps to seek on-site solutions by considering the impact of the operation and designing subsequent restoration and reclamation efforts for the greatest possible biodiversity benefit while adopting compensatory measures such as biodiversity offset programs.

Stakeholders are involved at all stages as we are convinced that the long-term sustainability of all initiatives can only be achieved with appropriate partnerships. As such, in 2022 we executed the regional MOU with IUCN and country specific agreements have been renewed (e.g. in Sri Lanka).

In 2022, we continued to optimize water consumption based on minimization of the total water withdrawal and water loss indicators. Also, reused wastewater is treated to Waste Heat Recovery (WHR) for water cooling instead of

discharging it outside. We keep increasing surface water usage by rainwater harvesting, maximizing water usage and building new water open pits and utilizing material for cement production. The quarterly Group meetings are as well used to share best practices and encourage peers to do more with regards to water preservation.

For more details on our Biodiversity and Water Performance, see our Sustainability Performance Index 2022 and on the Company's website.

### 3.3.4 Lighthouse Project

#### ■ Water net positive (Chip Mong INSEE Cement Corporation, Cambodia)

To achieve 100 percent surface water dependency as Water Net Positive for water consumptions linked with biodiversity, our target is to increase surface water storage for consumptions and operation as much as we could by constructing a second large water catchment pond from 2023 with estimated volume of about 40,000 cubic meters per year. This is to preserve and sustain life and protect groundwater from future events, which may impact on the subsurface environment. Using such natural infrastructure is one of the suitable approaches to balance between biodiversity and water. As mentioned already, water is required to sustain biodiversity, and biodiversity supports the water cycle. Hence, increasing water surface water storage is an example of "Climate Proofing" to collect runoff water (rainwater) for many purposes, including company operations and domestic use as climate change may pose serious impacts in many years ahead.



The main objectives are protecting the health of all employees, contractors and the communities where SCCC Group operates. Subsequently, this involves reducing our targets for Lost Time Injury Rate by at least 10 percent every year until we get to zero harm, including zero fatalities and zero permanent disabilities across SCCC Group by 2030.

Through pro-active safety leadership, we strive to prevent all injuries and illnesses by providing a safe and healthy workplace, safe systems of work, all necessary safety equipment, training in safe operating procedures and enforcement of best practice safety regulations.

### 3.4 Occupational Health and Safety

#### Our SDG priorities



#### 3.4.1 Ambition

At Siam City Cement, our overriding safety objective has been and will always be Zero Harm to Anyone. We view this as a foundational element of our Sustainability Ambition 2030.

It is our priority that every employee and contractor in our business is treated as a valuable and equal partner whose health and wellbeing is prioritized, protected, and cared for.

#### 3.4.2 Strategy

Our Occupational Health and Safety (OH&S) governance assures cascaded accountability across the company, with clear KPIs, for Executive Committee members in all countries, area owners, managers, supervisors and frontline staff focusing on:

- The implementation and compliance to the newly developed Group Safety Management System
- Auditing world class OH&S procedures across all SCCC Group businesses
- Applying practices which go beyond what is legally required
- Holding all leaders and managers accountable on all aspects of OH&S

- Applying visible and effective leadership and supervision with all employees and contractors
- Providing regular health and wellbeing checks to ensure the fitness and welfare of all employees and contractors at all times and particularly during the COVID-19 outbreak


Along with tracking and benchmarking with external OH&S best practice, this strategy is complemented with capability building and training, with certification of qualified staff where applicable across all aspects of the business. Peer-to-Peer auditing across the companies within the Group supports cross challenging and learning to reinforce a consistent implementation quality of OH&S systems and processes.

### 3.4.3 Performance and Outlook

Ongoing COVID-19 pandemic in early 2022 has still presented enormous challenges for our businesses. Together with our employees we have shaped and adapted to a «new normal» which goes beyond all public health directives to protect the health and mental wellbeing of all employees and visitors to our sites and offices. We also continued to support local communities with financial aids, medical items, and necessity kits.

Our Group-wide OH&S workgroup, chaired by the Group CEO, continues to oversee the improvement of OH&S processes and systems, to keep up with global best practices and to assure OH&S capability building. Via a visible and felt leadership approach, positive reinforcement is practiced, and prompt consequence management is used to address conduct breaches.

With the high proportion of transportation associated with SCCC Group's business, the topic of "Safety on the Road" has also been closely addressed. Defensive driving courses and training on vehicle inspections are regularly set up using competent experts, including international specialists, who cover topics related to driving standards and safe behavior.

 For more details on our OH&S Performance, see our **Sustainability Performance Index 2022** and on the Company's website.

For our Quality Environment OH&S Management Policy, see on the Company's website

## 3.5 Community and Stakeholder Engagement

### Our SDG priorities





### 3.5.1 Ambition

**SCCC Group's ambition is to proactively engage with its communities and stakeholders.**

SCCC Group has been continuously involving its stakeholders in reaching the Sustainability Ambition 2030 as well as employees, suppliers and customers, having a community and stakeholder engagement plan for all sites and assessing the impact of the Sustainability Ambition and its community and stakeholder engagement activities. The focus of community engagement activities at SCCC Group are quality education be it as enterprise vocation education programs or masons training which is an urgent need in the region as well as capacity building in the areas of climate and energy, circular economy, biodiversity and water or occupational health and safety.

SCCC Group will confirm its commitment to the Sustainability Ambition 2030 by joining the UN Global Compact (UNGC).

### 3.5.2 Strategy

Along the value chain, SCCC Group identifies the groups of stakeholders to ensure the effectiveness of our business operations by placing high value on information, suggestions and recommendations from key stakeholders. We analyze obtained information to formulate our engagement strategy to meet the requirements and expectations of stakeholders.

The following table gives an overview of the engagement strategy with our stakeholders:

Stakeholders	Objective/Expectation	Engagement Strategy
<b>Employees</b>	Create safe work environments and promote employee's health & wellbeing. Ensure equal opportunities and offer learning and career development within the workplace	<ul style="list-style-type: none"> <li>■ Develop leadership capabilities in supervisors to be more attentive to subordinates</li> <li>■ Promote engagement and two-way communications within the organization</li> <li>■ Develop a safety culture in the workplace and build awareness about the environmental impact of our business</li> <li>■ Conduct employee engagement survey to regularly listen to employees' opinions</li> </ul>
<b>Customers</b>	Build and enhance long-term relationships with customers	<ul style="list-style-type: none"> <li>■ Arrange regular meetings and customer visits physically and virtually</li> <li>■ Develop communication channels, online sales and support system to increase speed, convenience and effectiveness to the customer's needs</li> <li>■ Provide customer training and knowledge sharing</li> <li>■ Constantly conduct surveys to listen to customer's opinions for continuous improvement</li> </ul>
<b>Communities</b>	Implement CSR-in-process to prevent or minimize operational impact on the communities, including creating projects to continuously support the communities' sustainable development the so-called CSR-after-process	<ul style="list-style-type: none"> <li>■ Regularly conduct surveys of communities' opinions</li> <li>■ Develop communication channels, both official and unofficial</li> <li>■ Arrange factory visits for community leaders and the public</li> <li>■ Promote the community's engagement and joint management in some important projects</li> <li>■ Create a fund for community development and environment, as well as community advisory panels</li> </ul>

Stakeholders	Objective/Expectation	Engagement Strategy
<b>Goods &amp; Service Suppliers</b>	Promote good collaboration and mutual support to create business opportunities and mutual growth	<ul style="list-style-type: none"> <li>■ Announce and implement the Suppliers Code of Conduct</li> <li>■ Announce and implement the Sustainable Procurement Policy and Guidelines</li> <li>■ Arrange meetings with suppliers to promote good communications and training programs on various topics</li> </ul>
<b>Shareholders</b>	Carry out business operations with good corporate governance while building sustainable progress for the organization	<ul style="list-style-type: none"> <li>■ Organize the Annual Shareholders Meeting</li> <li>■ Regularly communicate and arrange field visits, and participations in CSR and environmental projects</li> </ul>
<b>Government Agencies &amp; Independent Organizations</b>	Strictly adhere to the laws and ensure good cooperation with the government sector. Seek opportunities for joint activities and projects which are beneficial to the society and the nations	<ul style="list-style-type: none"> <li>■ Study legal implications and control all aspects of the business to ensure legal compliance</li> <li>■ Participate in meetings, seminars and forums with government agencies, as well as support official exhibitions and seminars</li> <li>■ Support and participate in projects for society and the nation as organized by the government sectors</li> </ul>
<b>Media</b>	Promote good understanding of the company's operations, including policies and major projects so that the media is able to communicate them accurately to our stakeholders and the general public	<ul style="list-style-type: none"> <li>■ Regularly provide the media with information, operational facts and figures, and progress of major projects</li> <li>■ Regularly arrange opportunities for the media to meet senior management, visit factory and participate in sustainable development activities</li> </ul>

### 3.5.3 Performance and Outlook

#### Customer Relationship Management

The Company is committed to building and enhancing long-term relationships with its customers and undertakes a wide range of activities to maximize customer satisfaction and ensure the sustainability of our customer's businesses. Our activities include extensive training and development of customers throughout the value chain, providing our business partners with the knowledge and expertise to succeed. The Company routinely conducts surveys to measure customer satisfaction and collects customer feedback that supports continuous improvement activities to strengthen our relationships with them.

#### Customer Training and Knowledge Sharing

The Company provides high-quality training to its distribution partners, end users of its products, and to design and engineering professionals.

Training of masons and contractors is a priority across all our markets to maximize the success of customers who use the Company's products. Dozens of events are held regularly across the Group to deliver product education, product demonstrations, and to promote best practices in construction. This includes training on health and safety that was expanded to address personal COVID-19 protection, as well as safety in workplace. For example, the safety syllabus has been designed and executed with support from Ministry of Labour in Thailand to give fundamental safety lessons for local masons.

The Company's technical specialists provide training to engineers, architects and design professionals throughout Southeast Asia. This presents private and public companies, and government agencies, with the latest information on product design, project management, cost optimization, testing and performance. A key pillar of this professional education is the technical performance, regulation and composition of new materials to minimize environmental impact.

In Sri Lanka, the Company's i2i (innovation to industry) collaboration space provides knowledge sharing webinars, drawing on a global team of industry professionals and academics to present information on topics including construction practices, material innovation and sustainable building design. These seminars have run monthly since the program's inception in 2018.

The Company's distribution and retail partners receive continuous education and coaching. This includes sales training and sales coaching for their representatives and business coaching for managers. To further support their business growth, our in-field teams conduct product demonstrations at our partners' premises to supplement the advice they provide their customers.

#### Customer Surveys and Continuous Improvement

The Company continues implementing customer surveys throughout its markets, using Net Promoter Score (NPS). NPS is an important measure of customer loyalty, satisfaction, and their purchasing experience. In 2022 NPS score for SCCC businesses in Thailand was 72.7 percent

against the target of 80 percent, and the results of SCCC's Customer Satisfaction Index (CSI) of 91.9 percent against the target of 90 percent, the Company represents a strong commitment in customers' experience development continuously.

### Employees

In 2022, the Employee Engagement Survey continues to be conducted to gather employee's voices and feedback across our Group companies. Impact plans have been defined and executed to enhance employee's overall engagement.

### Protection of Human Rights

Guided by the United Nations Guiding Principles (UNGP) on Human Rights, Siam City Cement and its Group companies (SCCC Group) believes that our business can thrive only when the human rights are respected, advanced and upheld. And that all relevant stakeholders uphold and comply to the same principles.

#### 1. Protection of Employee Rights

Our employee rights and their working conditions comply with labor standards of both domestic and international laws where SCCC Group operates. This includes embedding in our work culture the respect of rights inherent to all human beings, regardless of physical or mental status, race, nationality, country of origin, ethnicity, religion, gender, language, age, skin color, education, social status, culture, tradition or any other status as specified by laws of each country.

1.1 Recruitment and Screening: SCCC Group provides the opportunities to all applicants regardless of gender, sexual orientation, disability, education, race, age or religion, with fair and transparent recruitment and screening processes.

1.2 Learning and Development: Throughout their employment, all employees are provided with equal learning opportunities for self-development and are encouraged to have on-going conversation with their supervisor about their development journey.

1.3 Fair Compensation: SCCC Group ensures the pay is attractive to key talents in the market and employees are paid fairly and competitively.

1.4 Performance Assessment: SCCC Group is committed to driving employees to engage in a performance-driven culture where fair and transparent evaluation process are followed strictly.

1.5 Termination and Separation: SCCC Group ensures fair and transparent employee termination/separation, with appropriate consideration of organizational needs, transparent process, and legal compliance, in line with the fair treatment and consistency of procedures.

1.6 Culture of Diversity and Inclusion: SCCC Group continuously promotes an inclusive work culture by including transparency, professional manner, and equal opportunities in every activity we do, as well as provides the suitable communication channels in order to cascade the Management’s direction, and to continuously receive valuable feedbacks from employees.

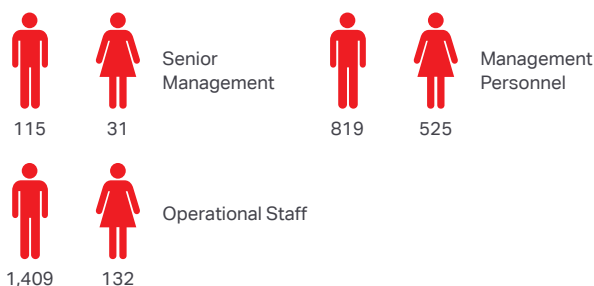
## 2. Compliance and Consequence Management

The Board of Directors, the Management team and all employees, as well as any individual or entity who represents or performs work on behalf of any entity under SCCC Group shall ensure full compliance to the same principles.

Any party who violates the human rights shall be considered disciplinary penalty as defined by SCCC Group and may be subject to legal punishment if the act is against the law.

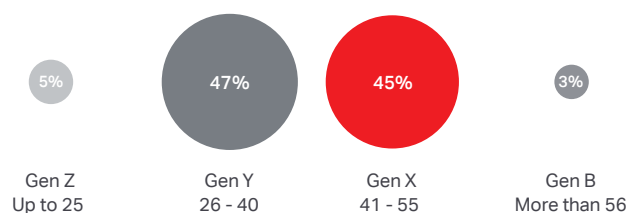
### Gender

Proportion of employees by level (person)



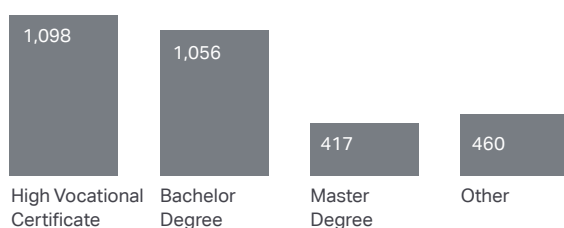
### Age

Year old



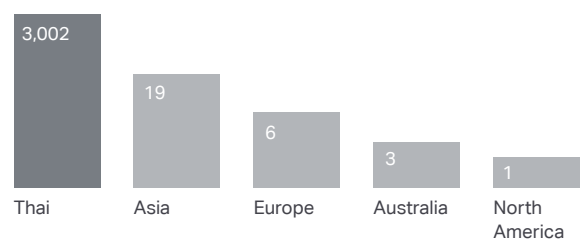
### Education

Person



### Nationality

Person



**Remark:** 2022 information included only SCCC and its Subsidiary in Thailand



## Communities

All production units of companies within the Group prepare community engagement plans on an annual basis that cover both CSR-in-process and CSR-after-process as well as promote effective communication with the communities and allow them to have a role in the planning and operating community development activities supported by the knowhow, expertise and resources of the SCCC Group which can be important tools in the support of the sustainable development of the communities and the society.

**Q** For more details on our Community and Stakeholder Engagement Performance, see our **Sustainability Performance Index 2022** and on the Company's website.

For more details on our Corporate Social Responsibility Policy, see on the Company's website.

### 3.5.4 Lighthouse Project

#### ■ INSEE Green Heart Plus

INSEE Green Heart Plus is a project of Siam City Cement Public Company Limited with focus on engaging SCCC employees in Thailand with the sustainability agenda of the Group. In 2022, we partnered on ocean waste projects with INSEE Ecocycle, Rayong Municipality Office and Department of Marine and Coastal Resources, Ministry of Natural Resources and Environment, together with our business partners i.e. Bank of Ayudhya, Great Wall Motors and Tourism Authority



of Thailand, bringing SCCC volunteers to clean beaches of Prasae Estuary, Klang District, Rayong province. Plastic collected from the activity goes into RDF process and used in co-processing with coals in cement kilns. This is in line with INSEE Ecocycle's policy of waste management sustainability, which also support SCCC Group Sustainability Ambition 2030 on Circular Economy.

■ Reverse Osmosis Water Treatment for schools in Puttalam, Sri Lanka

Siam City Cement (Lanka) Limited opened a Reverse Osmosis (RO) water treatment plant to provide clean drinking water as the water in the area contains hard particles such as Calcium and Magnesium deposits that impact human health. The RO water treatment plant was identified by the Company’s Community Advisory Panel as a suitable CSR initiative to mark the Children’s Day and benefit not only the school children, but the teachers and their parents living in the northwestern Eluwankulam, Puttalam district. This is the 7<sup>th</sup> water treatment project offered by SCCC Group to schools in Puttalam area.



🔍 Follow more community and stakeholder engagement activities on the Facebook Page: INSEE Care and INSEE Community Team



## Task Force on Climate-related Financial Disclosures (TCFD)

International standard setters, regulators and investors call for TCFD reporting, and more and more jurisdictions have TCFD-aligned reporting requirements (e.g., Hong Kong, Japan, and Singapore in the APAC region). 2022 is the first year that we disclose TCFD-aligned information focusing on governance, strategy, risk management as well as metrics and targets (see table).

### Governance around climate-related risks and opportunities

Disclosures	Annual Report 2022
<ul style="list-style-type: none"> <li>■ Board's oversight of climate-related risks and opportunities</li> </ul>	p. 115
<ul style="list-style-type: none"> <li>■ Management's role in assessing and managing climate-related risks and opportunities</li> </ul>	p. 78, 118

### Strategy: Impacts of climate-related risks and opportunities

Disclosures	Annual Report 2022
<ul style="list-style-type: none"> <li>■ Climate-related risks and opportunities SCCC Group have identified over the short, medium, and long-term</li> </ul>	p. 100-103
<ul style="list-style-type: none"> <li>■ Impact of climate-related risks and opportunities on SCCC Group's business strategy and financial planning (Climate strategy and scenario planning)</li> </ul>	p. 100-102

## Risk Management: Identification, Assessment and Management of Climate-Related Risks

Disclosures	Annual Report 2022
■ SCCC Group's processes for identifying and assessing climate-related risks	p. 78, 100-103, 118
■ SCCC Group's processes for managing climate-related risk	p. 78, 103, 118
■ Integration of climate-related risks into SCCC Group's overall risk management	p. 78, 103, 118

## Metrics and Targets used to assess and manage relevant climate-related risks

Disclosures	Annual Report 2022
■ Climate-related metrics	p. 79, 83
■ Disclosure of Scope 1 greenhouse gas emissions	p. 80, 82
■ Climate-related targets	p. 80, 82

## Strategy: Impacts of climate-related risks and opportunities

Global warming is one of the most urgent challenges the world is facing. If left unaddressed, it will impact both our climate system and the security of the population in general. Risks are related to deregulation of land and oceans temperatures; heat waves; drought; higher precipitation; and negative consequences across the food supply chain.

SCCC Group acknowledges the importance of this problem as well as the need to reduce carbon emissions and has developed a climate and energy ambition with Group and country-specific climate and energy roadmaps, targets and initiatives (see page 80-84)

The most significant climate-related risks and impacts have been identified, reviewed and prioritized during a workshop in October 2022 (see page 100-104). In line with the Business Risk Management the significance and likelihood were assessed based on the financial and reputational impacts considering different time horizons: short-term (until 2025), medium-term (until 2030) and long-term (after 2030).

## Climate-related risks and opportunities assessment outcome

Risk Type	Risks/ opportunity	Time horizon	Description	Impact (-) = negative impact (+) = positive impact
<b>Physical risks</b>				
Chronic & acute	Changes in weather patterns as well as increased severity and frequency of extreme events	Medium	Countries where SCCC Group operates are experiencing heavier rainfall and flooding and sea level rise. An increase in severity and frequency of extreme events will affect business operations due to the proximity of some plants to shorelines and rivers as well as soil erosion risks	<ul style="list-style-type: none"> <li>- The impact of changing weather patterns could affect our assets, production, and potentially the market in some countries, increasing operating costs and negatively impacting our revenue. There may be a need to relocate at-risk assets</li> <li>+ Mitigation action such as flooding, and landslide protection could lead to an increased demand for cement and concrete and may open up opportunities for more resilient infrastructure projects</li> </ul>
<b>Transition risk</b>				
Technology	Substitution of existing products and services with lower emission options	Medium/ long-term	The cement and concrete industry must play its part in reducing the carbon intensity of cement and its associated semi-finished products, clinker content must be reduced continuously over time, without compromising excellent quality of our products in performance applications	<ul style="list-style-type: none"> <li>- New technologies could disrupt the business of SCCC Group</li> <li>- The demand and price for secondary materials such as fly ash or alternative fuels and raw materials will increase due to international demand for greener cement</li> <li>+ Opportunities arise from the improvement, substitution and diversification of the product portfolio to meet market demands and be a first mover / industry leader</li> </ul>



<b>Risk Type</b>	<b>Risks/ opportunity</b>	<b>Time horizon</b>	<b>Description</b>	<b>Impact</b> (-) = negative impact (+) = positive impact
Reputation	Changing public perception of the sector	Medium	In some countries of SCCC Group's operations there is a growing awareness and sensitivity to climate change while in other countries the focus on climate is not yet as relevant. Consequently, some of our higher-emission products could be viewed negatively in some markets	<ul style="list-style-type: none"> <li>- Not responding to the demand for greener products combined with a curtailment of high-emission products could disrupt the business</li> <li>+ Green ratings and labels have a positive impact in promoting green products and investing in R&amp;D of new green products</li> </ul>
Policy & Legal	Regulatory changes	Short	Regulatory changes are being observed in some countries such as the new Environmental Protection Law and Extended Producer Responsibility in Vietnam	<ul style="list-style-type: none"> <li>- New product specification and regulatory requirements have to be met in order to secure funding from investors</li> <li>+ Anticipating new product specification provide the opportunity to expand the product portfolio and innovate new products ahead of peers</li> </ul>
Market	Pricing of GHG emissions	Medium	A tax on GHG emissions is to be expected after 2025 in some of the countries where SCCC Group operates	<ul style="list-style-type: none"> <li>- Pricing of GHG emissions will raise the cost of production &amp; services</li> <li>+ New products and services with lower CO<sub>2</sub> emissions are seen as an opportunity to differentiate SCCC Group from other players</li> </ul>

## Risk Management: Identification, Management and Management of Climate-Related Risks

The Board of Directors of Siam City Cement Public Company Limited establishes a risk governance structure by assuring risk assessment and management at all levels of the business, as well as awareness of and action on both risks and opportunities as they arise.

In 2022, we assessed climate-related risks and opportunities with representatives from our different operations in Thailand, Bangladesh, Cambodia, Sri Lanka, and Vietnam. We conducted a workshop introducing TCFD and best practices in the sector and asked all CEOs to assess the likelihood and significance of physical and transitional risks at our different operations. The risks were chosen based on the WBCSD Construction and Building Materials TCFD Preparer Forum. The likelihood was thereby equated to time horizons, i.e., a risk is very likely if it occurs by 2025, potentially likely if it occurs between 2025-2030, less likely if it occurs after 2030.

Significance was assessed in line with our Business Risk Management considering financial and reputational impacts. The results of the survey were then used for in-depth discussions in a workshop with senior leaders and representatives from Business Risk Management to identify climate-related risks that could adversely impact the Group as well as potential opportunities to direct our business to a more sustainable future.

The outputs of the risk workshop were approved by the Sustainability Steering Committee and the Board of Directors and are included in our risk and opportunity disclosure on page 100-102.

Group Management oversees risk management through working committees such as Investment Committee, CAPEX Committee, Sustainability Steering Committee. In addition, the Board of Directors and the Audit Committee set the agenda for reviewing risk identification and management of risk mitigation on a quarterly basis.

This process covers changes in market, competitive, operational, financial, and talent conditions that potentially affect our performance and growth—positively or negatively—and review of actions to address changes. As of 2023 the SD coordinators in each country will review the climate-related risks with the Business Risk Management Champions on a quarterly basis and the action plans defined for the most significant climate-related risks will be reviewed at least on a yearly basis.



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