

Procurement Policy

Group

Framework

The Procurement Policy comprises the following sections:

1. Objective
2. Scope
3. Definitions
4. Responsibilities
5. Policy Directives
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1. Objective

This Procurement Policy (“Policy”) is established to provide an overall framework and directives on the aspects of procurement in Siam City Cement Public Company Limited (“the Company” or “SCCC”) and its subsidiaries (“Group Companies”), whether directly and indirectly held (collectively referred to as “the Group”). The overall objectives of procurement activities within the Group are to:

- achieve the best value for procured goods and services at the lowest Total Cost of Ownership (TCO), at the right time, and in the best interests of the Group;
- use a fair and open process when calling for, receiving, evaluating commercial offers from bidders, and awarding supply contracts;
- enhance transparency and promote the adoption of good corporate governance practices in the procurement process; and
- meet the legal and ethical obligations in the acquisition of goods or services.

2. Scope

This Policy applies to all Employees, Management, and Directors, as well as any person who represents or performs work on behalf of any entities within the Group.

They shall refer to this Policy to ensure a uniform standard of procurement procedures and practice, with the aim of achieving best possible value while minimizing supply risk. The scope of the Policy covers all third-party spend of the Group. This Policy applies to 100% of third-party spend with the exception of items listed in Annex 4: Benchmark KPI P2P Performance.

3. Definitions

Procurement	Procurement is defined as any activity that leads to an expenditure made by the Group in exchange for goods or services. Such activities are carried out by the Procurement Function in each country.
Segregation of Duties (SoD)	An internal control mechanism designed to prevent error and fraud by ensuring that at least two individuals in segregated roles are responsible for the separate parts of any given task.
Total Cost of Ownership (TCO)	This is a more detailed analysis of the cost of goods or a service through all its lifecycle from acquisition to disposal. TCO elements consist of purchase price, acquisition costs, usage costs, and end-of-life costs.
Magic Triangle	This is a collaboration model which brings together the key elements of knowledge and value creation in the business, being the Procurement Department, the End-User (or Business Unit), and the Technical Specifier or Subject Matter Expert.
Procure to Pay (P2P)	This is a process enabled by technology designed to speed up the process from point of order to payment. This may include the utilization of the SAP MM module and e-Procurement software like Ariba. The P2P lifecycle (and related processes) include all the stages from the initial identification of requirements to the procurement of the item, the receipt of the goods, through to the payment of the supplier once the goods are received.
Vendor/Supplier	These terms are fundamentally interchangeable and refer to anyone who provides goods or services to SCCC Group or Group Companies.
Trader	This is a merchant that on-sells a product or material from the original manufacturer or original source. This definition does not include the following: authorized agent, dealer, or distributor of a product or material from the original manufacturer or original source, the holder of an official regulatory permit e.g., explosives and detonators, and catalogue consolidators e.g., Officemate.
ESG (Environmental, Social, Governance)	ESG (Environmental, Social, and Governance) is a strategic framework integrated into our corporate strategy to create value for the organization. It extends our objectives to include identifying, assessing, and managing sustainability-related risks and opportunities with all stakeholders and the environment. This policy underscores active ESG management within our supply chain and the necessary considerations for Procurement to ensure thorough pre- and post-award due diligence and evaluation.

4. Responsibilities

Group CEO (GCEO) shall set the appropriate tone (top-down approach) and ensure that all procurement activities align with the Group business goals and strategy. The GCEO shall encourage procurement standards and strategy excellence across the Group.

Group Company CEO (GC-CEO) shall set the appropriate tone (top-down approach) and ensure that all procurement activities align with the business goals and strategy. The GC-CEO shall create necessary conditions and direct cultural behavior both in words and actions to all employees involved in the procurement process to adhere to the policy, procedures, and practices outlined in this document and procurement operating procedures.

Procurement Council/Tendering Committee shall comprise the Head of Procurement, Chief Financial Officer (CFO), and GC-CEO or EXCO Member. This body will review recommendations for award above the spend threshold of THB 50 million or equivalent, and ensure compliance with relevant policies and procedures, review evaluations, ensure all meetings are properly recorded, and ensure that superior value is attained.

Head of Procurement (HOP) shall be responsible for the management of the Procurement Function. The HOP shall ensure that all procurement initiatives are undertaken to the highest possible ethical standards and with fairness to all suppliers. The HOP shall encourage and promote the procurement activities to adhere to the policies outlined in this document, in order to avoid violation of all applicable laws, corruption, making false statements, distortion or destruction of records, or taking advantage for personal benefit.

Procurement Function shall be responsible for the acquisition of goods or services efficiently and effectively while providing flexibility in response to market changes and assuring the most competitive cost. Procurement shall be performed through open competition unless there are exceptional well justified reasons, in order to ensure that all spending provides best value and follows a transparent process for review and audit purposes. In cases of non-compliance or any inappropriate action, even among colleagues, or requests to take any bribe or act for personal gain, any involved employee shall reject such offer and report such act to their supervisor, HOP, Internal Auditor, management and/or INSEE Speak Up immediately.

All Employees who participate in the Procurement of goods and services as a member of the Magic Triangle, shall provide sufficient requirements, technical knowledge, as well as provide technical specification and guidance before bidding for sourcing quality goods and services to get the best value. These employees shall also be responsible for managing supplier performance in day-to-day operation and feedback with collaboration to the Procurement Function on repetitive or critical supply issues and risks.

5. Policy Directives

5.1 Value Creation

5.1.1 The overall objective of the Procurement Function is to achieve the best value for procured goods and services at the lowest TCO, in the most efficient and effective manner possible, ultimately having a favorable financial impact to improve our competitiveness. This is achieved through leveraging of supplier fair competition, volume pooling, standardization of procurement processes and strategic sourcing principles, whilst ensuring sustainable supplier relationships and respecting the environmental, social, safety and health aspects.

5.1.2 The Procurement Function will maintain a collaborative role as facilitator of value initiatives at all levels within the Group. This will ensure that Procurement will work closely with the business units to transform the business needs into procurement strategies and actions – and to ensure alignment between procurement initiatives and business objectives for superior value and positive EBITDA impact. Procurement will regularly participate in key business meetings and workshops to ensure they obtain up to date business information, can provide relevant and timely procurement advice, and can understand and contribute to long term business strategies. The Procurement function is accountable to flag up undue influence of business partners in the selection of suppliers, or where due procurement policy is not being applied.

5.2 Organization and People

5.2.1 Procurement Organization Structure: The Head of Procurement in each country reports directly to the GC-CEO or GC-CFO. Each country's procurement function is to be right-sized based on a detailed review of the organization and consideration of total spend, local requirements, risks and complexity.

5.2.2 Procurement Organization Design Principles: The Procurement organization at each Group Company level shall adhere to the following design principles.

- Category Management: This involves strategic sourcing activities which include, but are not limited to, the development of robust category strategies, relevant market intelligence to drive innovation, ensuring sufficient and reliable vendor pool, and the creation of value to the organization. In addition, these strategic sourcing activities require an end-to-end procurement process which involves ideation within the magic triangle, tendering, commercial negotiation, and finalization of contracts.
- Operational or Transactional Procurement: This involves the conversion of purchase requisition to purchase order based upon the contracts finalized by Category Teams and as well as low value spends. The latter is a process driven within controlled spend thresholds to identify the requirement for one, two, or three quotes to achieve adequate competition whilst also ensuring the efficiency of each transaction.
- Spares Warehousing (preferred reporting to Procurement): This involves the end-to-end strategic and operational activities of procured and refurbished spare parts which includes ordering, storing, tracking, and disposal. The ability to optimize these areas will ensure increased plant reliability with required spare parts provided in full and on time, whilst also having the most optimal possible impact on net working capital (NWC).

5.2.3 People: Selection of procurement team members shall be based upon specific procurement related skills (e.g., negotiation, business acumen, and knowledge of categories). Furthermore, Procurement staff shall be regularly rotated every three to four years and systematic assessments of personnel and the development of training plans shall be carried out with the support of external and internal specialists.

5.3 Business Conduct

5.3.1 In carrying out the procurement duties and responsibilities, all concerned employees are expected to demonstrate the Groups' commitment to high legal, ethical and moral

standards. Thus, all employees must adhere to the Code of Business Conduct, Anti-bribery and Corruption Policy, and shall act, and be seen to be acting, in a fair/open, and unbiased manner when they are involved in procurement processes or activities.

- 5.3.2 Procurement teams shall adhere to the Procurement Code of Practice, with respect to fair competition, confidentiality, and shall not use information for personal gain and/or communicate information inaccurately, or in a manner designed to mislead any parties.
- 5.3.3 The roles of the requestor, buyer, receiving unit, payment, and approver in the procurement process shall be treated according to well accepted SoD principles. In exceptional cases, prior approval must be obtained from GC-CEO and GC-CFO.

5.4 Processes

- 5.4.1 The owner of the Procurement Function is the Head of Procurement in each country. Whilst countries may have a different P2P flow, the processes and controls at all levels must be developed with and approved by the Head of Procurement and the GC-CFO. These processes must comply with the good internal controls via joint responsibility with the business.
- 5.4.2 The Procurement Function in each country will have a structured process in managing the relationship with its vendors. This includes managing the compliance and governance associated with vendors throughout the P2P process and the process of working collaboratively to co-develop new ideas for greater efficiency. Vendor master data creation and related editing or change requests will be managed in accordance with local procedures and need to be supported by a formal document/letter from the vendor (the confirmation via an e-mail is prohibited for sensitive data). The use of one-time vendors (OTV) should be very selective and minimized and shall require the approval from the Head of Procurement.
- 5.4.3 The Group is committed to ethical business practices and thus holds suppliers to the same high standards. All vendors or suppliers are obligated, in all their activities, to operate in full compliance with the laws and regulations of the countries in which they operate while upholding the Group policies and directives as detailed in the Supplier Code of Conduct. All countries will ensure that the supplier signs this document when their vendor profile is created and refreshed routinely – as a guide every two years.

5.5 Sourcing Principle

- 5.5.1 Procurement Function in each country shall drive the sourcing strategy in line with the Magic Triangle (Annex 3) consisting of User, Specifier, and Procurement. The commercial processes relating to supplier negotiation and selection are fully owned by Procurement. All significant purchases will undergo a competitive bidding process (e-auction is the preferred option) to ensure that the Group Company is constantly obtaining competitive cost, service, and quality from its suppliers in order to optimize the specification and to reduce the TCO. These competitive bidding processes and related spend thresholds must be agreed and approved by the GC-CEO and GC-CFO.
- 5.5.2 The Group shall work with its qualified suppliers who have been selected through a standard procurement sourcing process approved by authorized persons in the Procurement Function. The Group shall also take into consideration that suppliers are encouraged to invest appropriate resources in continuous improvement, shall comply

with existing laws, and shall conform to the highest ethical, commercial, technical, environmental, social, safety, and health standards, and ESG (Environmental, Social, and Governance) standards.

Prequalification of suppliers is a strategy best used when the buyer procures a particular type of goods/service on a regular basis and the procurement tends to be complex and/or there is a high degree of risk involved in the procurement. A number of factors (e.g., market indicators, supplier landscape, frequency of purchase etc.) need to be thoroughly examined in terms of weighing up the benefits against the costs.

- 5.5.3 Sourcing and supplier selection should be done under competitive environment among various qualified suppliers. Non-bidding or exceptions to the above sourcing principle (i.e., preferred supplier) are permitted only with approved sourcing strategies by the Procurement Council or GC-CEO and GC-CFO and if the amount exceeds THB 10 million also by the GCEO and the GCFO.
- 5.5.4 Where possible, the Procurement Function will identify the most effective level of aggregation defined per spend category to leverage the size and expertise of the Group Companies and the Group. Consolidated projects allow the Group to better align with the suppliers' market and increase the delivery of benefits through leveraging volume aggregation and implementing the 'Magic Triangle' (Annex 3). The level of aggregation will be frequently and formally reviewed by GEXCO, or a committee assigned by GEXCO to recommend the most effective aggregation level for spend categories to the countries.
- 5.5.5 The preferred option for purchasing goods should always be via the original source or manufacturer. The utilization of a Trader should therefore give due consideration to the potential of paying an additional margin. However, in certain situations the utilization of a Trader may be required, and be justified by either a necessity, or an added value to the Group. Approval by GC-CEO and GC-CFO is required for all purchases utilizing a Trader over the amount of THB 10 million, and Procurement will also mitigate potential risks as reasonably practicable.

5.6 Related Party Transactions

- 5.6.1 SCCC Group has a Related Party Transaction Policy which should be utilized as a guidance document when dealing with transactions which involve related parties.
- 5.6.2 In essence, a Related Party transaction must be prepared with the proof of an 'Arm's Length' transaction (competitive bidding) and provide documented explanation of the Group Company's interest in completing the transaction, the financial viability, and substantial fairness or competitiveness of its conditions. These transactions must be reported to the Legal or the Company Secretary for Group Company compliance as well as to the Group CFO or his delegated appointee on quarterly basis.

5.7 Capital Expenditure (CAPEX)

- 5.7.1 CAPEX, whether budgeted or unbudgeted, must be incurred with appropriate prior due diligence and approval as per MOA. CAPEX supporting documentation must also be consistent with best practice governance and record-keeping and follow the Capital Expenditure and Fixed Asset Policy.

5.7.2 Procurement of maintenance CAPEX follows the same P2P process as for other revenue items. The expansion and rationalization CAPEX procurement is more complex and requires a tailored approach with the involvement of GCEO, GCFO, GC-CEO and Head of Group Manufacturing.

6. Compliance and Consequences for Non-Compliance

All entities within the Group, including their Employees, Management, and Directors, as well as any individuals who represent or perform work on behalf of the Group, must fully comply with this Policy. They are also responsible for ensuring that appropriate resources are allocated to support its effective implementation. Regular reviews will be conducted to ensure that the implementation of the Policy remains robust, suitable, and effective.

Any individual who breaches this Policy may be subject to disciplinary action, up to and including dismissal or termination of employment.

7. Policy Measurement Metrics

Reviews shall be conducted to assess the efficiency and effectiveness of the implementation of this Policy, in terms of Standard Key Performance Indicators and Scorecards, as appropriately defined for the Procurement function, using harmonized metrics across the Group.

8. Policy Exemptions

No exceptions to this policy are allowed unless clearly approved in writing.

Any variations to this Policy shall be reviewed by the Document Manager and proposed to Document Owner before submission to the Group CEO for approval.

9. References

- 9.1 Code of Business Conduct
- 9.2 Anti-bribery and Corruption Policy
- 9.3 Procurement Council Governance Structure and Responsibilities Directive (local)
- 9.4 Manual of Authority (MOA)
- 9.5 Supplier Code of Conduct
- 9.6 Procurement Code of Practice
- 9.7 Conflict of Interest Policy
- 9.8 Capital Expenditure and Fixed Asset Policy
- 9.9 Related Party Transactions Policy
- 9.10 Information Technology Management Policy
- 9.11 Seaborne Bulk Materials Policy

- End of Document -

Annex 1: Document Approval and Version History

Document Approval

Approval Date	22 October 2025
Effective Date	22 October 2025
Next Review End Date	01 January 2028
Document Manager	Supakit Kitsaran – Head of Procurement Thailand
Document Owner	Ranjan Sachdeva - Group CFO
Approver	Ranjan Sachdeva - Group CEO
Document Location	INSEE Portal/Internal Compliance/Governance Documents

Version History as the Group

The following table records all the revisions made to this document:

Version	Date	Description	By
1.0	30 Sep 20	Approved - Transfer to new template and cancel PL-F&C-PROC-001	Aidan L.
	01 Oct 20	Effective	
2.0	17 Jun 21	Reviewed	Ben G., Mark S.
	26 Oct 21	Approved	Aidan
	15 Sep 23	Reviewed	Supakit, Ranjan
	31 Oct 23	Approved	Aidan
	31 Oct 23	Effective	
3.0	12 Jun 25	Reviewed	Supakit
	22 Oct 25	Approved	Ranjan
	22 Oct 25	Effective	

Annex 2: Magic Triangle Principle

Current sourcing practices should be aligned with the 'Magic Triangle' method. This is a collaboration model which brings together the key elements of knowledge and value creation in the business, being the Procurement Department, the end-user, and the Technical Specifier or Subject Matter Expert (SME):

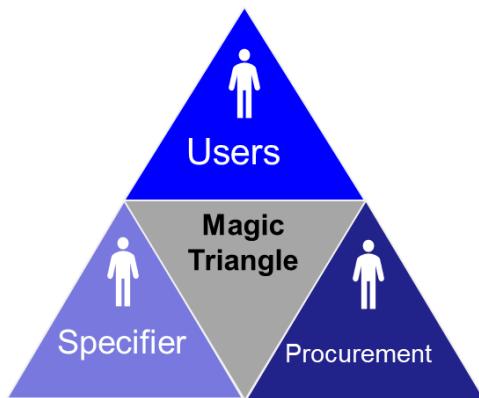


Figure 1: The Magic Triangle

The members of the Magic Triangle combine to create a Sourcing Team that will provide relevant business case information to the Procurement Council or Tendering Committee – depending on the Country organisation structure. Utilising the RAPID model, these key stakeholders will provide the following roles:

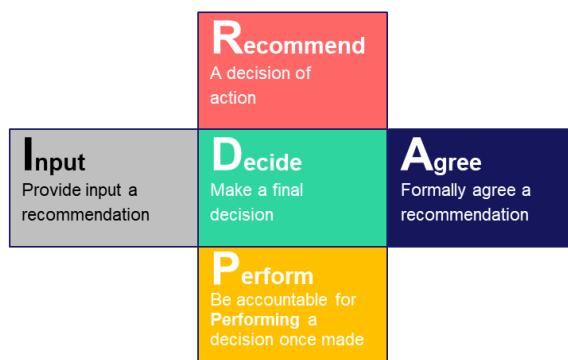


Figure 2: RAPID model

Procurement Council/Tendering Committee:

- Group with decision authority. Led by senior representatives from relevant business areas with GC-CFO as the Chair.
- HOP (deputy Chair) leads discussions and drives council to a decision.
- Can include members from Executive Level for high value purchases.

Sourcing Team:

- This team has the overall recommendation authority for sourcing composed by mid-level representatives of the Magic Triangle
- Includes people with actual experience in the specific category and each are expected to perform the following role:
 - Specifier: Provide specific technical input and expertise to define technical, reliability, and quality considerations – whilst also optimizing TCO and overall value.
 - User: Are the key stakeholders providing input as part of the sourcing team to develop recommendations for sourcing goods and services
 - Procurement: owns the sourcing process, leads supplier selection decisions, and leads all commercial negotiations. Procurement is involved in the category management and strategy development process. This involves analysis specific to spend data, contracts, supplier landscape, macroeconomic considerations etc.

Each of the key members of the Magic Triangle and Procurement Council/Tendering Committee are expected to perform the following roles as per the RAPID MODEL

	Key decisions	Tender Comm.	Sourcing Team				
			CPO	Cat Head	Cat Mgr	User	Specifier
High Value Contracts (>50MTHB)	1. Sourcing Strategy	D		R/P	I	I	I
	2. Negotiation Strategy	A	D	R/P	I	I	
	3. Suppliers Selection	D		R	P	I	
Medium Value Contracts (10-50MTHB)	1. Sourcing Strategy		D	R	P	I	I
	2. Negotiation Strategy		A	D	R/P	I	
	3. Suppliers Selection		D	R	P	I	
Low Value Contracts (<10MTHB)	1. Sourcing Strategy			D	R/P	I	I
	2. Negotiation Strategy			D	R/P	I	
	3. Suppliers Selection		A	D	R/P	I	

A = Agree

D = Decide

I = Input

P = Perform

R = Recommend

Purchasing Value / Valid Quotes Required Threshold

Purchasing value (THB)	Number of quotations that need to be added accompanying approval
Up to 100,000	According to local policy
>100,000 – 5,000,000	At least 3 valid offers or e-auction
>5,000,000 – 10,000,000	At least 5 valid offers or e-auction
>10,000,000	Formal bidding or e-auction

Annex 3: Exception List

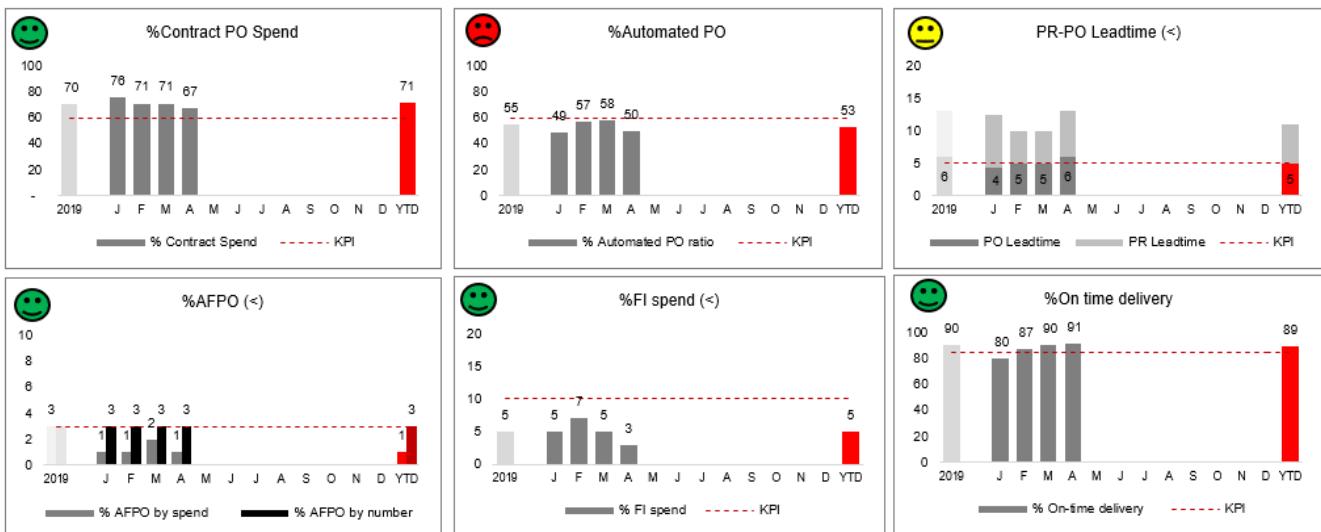
The following list are the items negotiated by the Business Function and are subject to Management review at any time.

Non-Procurement Spend Lever	Category / Spend Area	Procurement Action
Business Strategy / Strategic Business Decision	<ul style="list-style-type: none"> Domestic Trading/merchandizing Operation – Modern Trading, Tolling, Floor solution, Wall solution etc. New Business Development – Logistics INSEE Sourcing High level relationship and partner management (from Business MOU) 	<ul style="list-style-type: none"> Purchase Order Purchase Order Purchase Order Purchase Order
Management decision for confidential Project and confidential services	<ul style="list-style-type: none"> Management consultant for M&A, Legal consultant, Strategic projects consultant Recruitment Services Reserve Acquisition 	<ul style="list-style-type: none"> Purchase Order Purchase Order Contract
Direct Selection of Specialist/Professional Services	<ul style="list-style-type: none"> Professional Consultant i.e., Financial, Tax, Sales and Marketing, HR Consultant Environmental Consultant Engineering Consultant – Feasibility Study, Plant Assessment 3rd party service for concession and permit Training 	<ul style="list-style-type: none"> Purchase Order Purchase Order Purchase Order SMARTpay (for Thailand) or manual process, not require PR/PO
Intercompany	<ul style="list-style-type: none"> Transferred raw material / Industrial service between SCCC and subsidiaries 	<ul style="list-style-type: none"> Purchase Order
Alternative Energy and Purchase alternative material	<ul style="list-style-type: none"> RDF Source (RDF1, RDF2, RDF3-copartner) Alternative Fuel non-hazardous waste e.g., rubber gloves, plastic scrap 	<ul style="list-style-type: none"> Purchase Order/ Contract Purchase Order
Government related services	<ul style="list-style-type: none"> Utility and all related service by government agency 	<ul style="list-style-type: none"> Purchase Order
Allowed Non-Procurement spend for low value items except IT equipment & services (as aligned with AP for FI spend)	<ul style="list-style-type: none"> Subscriptions, membership, sponsorship, donation Food and beverage, Travel and accommodations, Training materials etc. 	<ul style="list-style-type: none"> SMARTPay or manual process SMARTpay (for Thailand) or manual process
Seaborne bulk material and freight (Export)	<ul style="list-style-type: none"> For example, coal, clinker, petcoke, slag etc. (the Head of Group Strategic Materials and Fuels (HOSM) will advise and undertake all negotiations on behalf of each Group Company) 	<ul style="list-style-type: none"> Purchase Order
After the Fact PO (AFPO) Emergency		<ul style="list-style-type: none"> Purchase Order

Annex 4: Benchmark KPI P2P Performance

April 2020 P2P Performance KPI review document

P2P Performance KPIs for SCCC Group April 2020



SCCC Group (TH)	Highlight of Performance	Summary and Action plan
	<p>Improve (+):</p> <ul style="list-style-type: none"> • On time delivery has achieved the target (80%) and continue improved from 90 to 91% <p>Watch Out (-):</p> <p>PO lead time can move forward if RPA has a technical support for the issues.</p> <ul style="list-style-type: none"> • Contract spend decrease 4 % (from last month 71 to 67%) • Auto PO decrease 8 % (58 to 51%) • PO lead time increase to 1 days (5 to 6 days) • AFPO spend reduce to 1% (last month 2 %) 	<p>Overall the KPIs of SCCC TH have dropped in the last month, especially auto PO & PO lead time. As a direct consequence from the COVID 19 crisis management there has been a requirement to review manually every PR/PO before approval thus impacting the PR/PO lead time.</p> <p>Achievement & Action Plan:</p> <ul style="list-style-type: none"> • AFPO: Disciplinary action related to AFPO is communicated thoroughly the organization as planned <i>Target</i> by Jun • PR-PO lead time: Communication to the users to plan more time for their requirements • Automation: Closely monitoring on contract spend <i>Target</i> on time contract /renew contract increase by 20% monthly
