

Corporate Social Responsibility

In order to achieve sustainable development and coexistence between parties, the company has always been responsible towards relevant parties in the process of business operation. According to SCG code of conduct, SCG anti-corruption policy and SCG human rights policy for sustainability, we are striving to operate business, while improving and disclosing information about safety, environment, energy and impact on stakeholders. The policies mentioned above can be concluded into practices in line with 8 principles of responsibility towards society, environment and stakeholders, as follows:

1. Conduct Business with Fairness

The company ensures any groups of stakeholders with fairness, prevents monopoly and misuse of power in market distortion, operates business with transparency and disclosure of data, protect clients' data and privacy, and, finally, provides services with fairness. All the conducts must be undertaken within the scope of the frameworks of laws and trade agreements, and also comply with the sustainability policy of the company.

2. Anti-Corruption

The company is trying its best to follow the principle of good corporate governance. Its corporate culture instructs employees and staffs to work with honesty and transparency, and to treat other relevant parties with respect, sincerity, amiability and impartiality. In accordance with SCG anti-corruption policy, Board of Directors' determination is to fight against any forms of corruptions. They also held firmly on practices relating to the act of receiving or giving gifts, assets or any benefits, so as to prevent any prejudices, uncomfortable feelings or conflicts of interests that may affect decision making.

3. Respect for Human Rights

Our company attaches great importance to human rights issues, as can be seen from the high priority we provide our stakeholders, both internal and external company, so as to acquire legal rights concerning stakeholders and/or agreements with the company. In accordance with SCG code of conduct, employees are obliged to treat colleagues and other relevant parties as equals, respect others' individualism and human dignity, and not to violate other employees' rights. Moreover, they are granted with the rights to express their own opinions and to receive the company's support to act as

a representative in any Boards of Directors, such as the committee of employee benefits and the Committee of Occupational Safety and Environment.

4. Fair Labor

The company pays great attention to fairness and impartiality of human resource management. All employees have the chance to boost their proficiency, in order to be prepared for the sustainable growth of the company and themselves. As for corporate values, the company should be shaped as an organization where employees with great capabilities get taken care of thoroughly, and are treated with fairness, so that they can feel like being parts of the organization. And in order to do that, compensation policy, provident fund and benefits are all provided for all classes of employees appropriately and competitively. Furthermore, compensation budget is decided on the basis of the company's long-term and short-term performance. The short-term one will be considered from the factors of company's each year performance, such as revenue from sales, net profit and EBITDA. As for the long-term one, the company's long-term comparatives including profit growth, market shares, sustainable development performance, overall operating results and ongoing operational enhancement are taken into consideration.

Moreover, the company supports environmental management and employees' safety, and also encourages and instructs its employees and other relevant parties to hold firmly to the guidelines written in the company's policy. All employees are free to give their opinions to the committee of employee benefits and the committee of occupational safety and environment via the provided platforms.

5. Responsibility towards Consumers

Product have been researched and developed to possess good properties and are up-to-standard. The factors like clients' expectation, safety and environmental friendliness are taken into consideration, we even made an investment in technologies, just to make sure the pollution is ameliorated. If you have any suggestions or complaints about the products, please feel free to send them via <http://www.scgceramics.com> or call 02 586 3333, 02 586 4092, then the issue will be taken into consideration and the company keeps on improving the products and services.

6. Environmental Protection

Since environmental protection is considered to be important to us, we operate our business in accordance with the principle of sustainable development. The company sustainable development guideline and the principle of eco factory of the Federation of Thai Industries are applied to improve eco efficiency and product value, to decrease negative impact on environment, to develop environmental-friendly production process and services, to maximize the use of energy and to lessen the emission of GHGs by changing the method of producing clay powder from wet process to dry grinding. In addition, the company also improving the environmental-friendly production process, maximize the use of energy and reduce the amount of carbon dioxide continuously emitted into the atmosphere.

7. Community and Society Development

To strengthen the bond with the community, the company has always been partaking in the development of community and the improvement of people's well-being by joining with SCG who sponsor many activities up to now such as Excellent Model School Program, Sharing Opportunities, Drawing the Future Program, Program, Children's Day Activities with the collaboration of Department of Local Administration and Rice Planting in Honor of His Majesty the King.

8. Corporate Social Responsibility and Innovation

The company has developed new innovation for production process, financial management, human resource management, and also organizational finance and account, under the concept of efficient and disclosed operation, such as SAP, E-procurement and E-smart. Information like scope of work, relevant parties and lead authority can be input into these programs to work efficiently in less time.

Stakeholder Engagement

After realizing the great influence of stakeholders on business operation in the present, SCG Ceramics Public Company Limited established an office responsible for a particular purpose of engaging in different groups of stakeholders on the basis of Stakeholder Engagement Policy and Guidelines, which comply with the universal practices, such as ISO90012015, ISO140012015, OHSAS18001 and CSR-DIW of the Department of Industrial Works. All the stakeholders are ranked and prioritized according to their influence, expectations towards the company, forms and opportunities of participation, and lastly, means to handle with possible risk caused by any stakeholders.

Stakeholder Engagement and Communication

Groups of stakeholders	Communication/Channel	Interesting Topics	Examples of Taken Actions
<ul style="list-style-type: none"> • Shareholders • Joint-Venture Partners • Creditors 	<ul style="list-style-type: none"> • Annual General Meeting • Annual Report and Annual Report on Sustainable Development • Analysts Conference • Investor Relation (IR) Notification to the Investors of the Performance/Schedule • Hotline and Email Management by IR • Website • Factory Tours Organization and CSR Activities 	<ul style="list-style-type: none"> • Performance and Business Growth • Short/Long-Term Operational Strategy with Countermeasures to Risk and Challenges • Transparent Business Operation with the Balance of Social Economy and Environment 	<ul style="list-style-type: none"> • Information Provision on Sustainability to Those Interested
Employees	<ul style="list-style-type: none"> • Consistent Communication via the Organization's e-newsletter • Meeting Arrangement between The Management Team and Employees • Assessment of Employees' Satisfaction • Questionnaire on Official and Unofficial Opinions • Email • Whistle Blower 	<ul style="list-style-type: none"> • Business Direction and Adaptability • Career Advancement and Stability • Benefits and Compensation 	<ul style="list-style-type: none"> • Increase in Employees' Benefits, such as Infirmary • Re-Employment Program for Competent and Retired Employees • SCG Ready Together Program the Cultivation of Working Methods and Business Concepts in New Employees
<ul style="list-style-type: none"> • Suppliers • Contractors 	<ul style="list-style-type: none"> • Visit to Suppliers/Contractors to Hear Out Their Complaints and Suggestions • Study on Suppliers/Contractors' Problems to Enhance Business Efficiency 	<ul style="list-style-type: none"> • Safety and Health Management • Ability and Potential Enhancement According to the Directions of SCG Ceramics 	<ul style="list-style-type: none"> • Sustainable Suppliers Development Program • Driving Skills Development for Suppliers
Clients	<ul style="list-style-type: none"> • Application of Clients' Demand to Improve Products/Services • Facebook • Architectural Blog • Hearing Out Clients' Complaints and Suggestions 	<ul style="list-style-type: none"> • Development of Products and Services to Meet with Clients' Demand • Information Provision Relating to Products and Services 	<ul style="list-style-type: none"> • Visit to Clients and Accepting Advice Relating to Package Reduction to Decrease Waste Discharge
Community	<ul style="list-style-type: none"> • Community Visit and a Survey on People's Demand or Suggestions through Community Relations • Establishment of a Consultation Forum 	<ul style="list-style-type: none"> • Community's Well-Being Improvement • Impact of SCG Operation towards Community 	<ul style="list-style-type: none"> • Occupational Promotion and Money Earning Program for Excellent Model School, Improve Local Products
<ul style="list-style-type: none"> • Government Sector • Civil Society • Academics 	<ul style="list-style-type: none"> • Factory Tours • Provision of Organization's Operation via Articles, Multimedia, Discussion Platform, Academic Exhibition and Other Seminars 	<ul style="list-style-type: none"> • Thorough and Transparent Disclosure of Information 	<ul style="list-style-type: none"> • Revision of SCG Guidelines According to Suggestions • Cooperation with the Government and Private Sectors in "San Palang Pracharat" Program

Social Responsibility

Right now, the community is being affected by the rapid change of the world situation. In response, the company is committed to engage the community in the learning process to achieve self-reliance. Sustainable Development Goals and Sufficiency Economy Philosophy are applied to help promote collaboration in constructive problem-solving, enabling the community to adjust swiftly to the constantly-changing world. And here are the list of undergone programs:

1. Model Programs to Promote a Sustainably Strong Community

1.1 Excellent Model School In order to implement the policy to raise vocational education standard, SCG has established “Excellent Model” School Program with the collaboration of the Office of Vocational Education and private sectors. Schools that meet the standard required are recruited into the program, so as to produce and develop competent manpower for industrial sectors, and to undergo the curriculum revision, so that all the students can catch up with the technological changes and get better career opportunities in the future. Up to now, 14 students from Nakhon Nayok Technological College have been recruited into the program.

1.2 Alternative Wetting and Drying Rice Field Demonstration The demonstration field is located within the area of Nong Khae Industrial State between Koke Yae SAO, Hin Kong Municipality and Nong Kai Nam SAO, where most people earn a living as a farmer. This program is a result of a cooperation between the company and the community, especially local farmers, whom we encourage to observe the program, or even join the experiment. Aims of the program are to raise farmers’ income, reduce chemical usage and also preserve local farmers’ traditional way of life at the same time. This program was born in 2016, the year in which the government request farmers to refrain from rice cultivation due to the drought. Nong Khae Industrial State then did a research about rice cultivation with less water usage. After all the research and experiments were done, we put all the data together and finally got the answer. Alternative wetting and drying was the most suitable cultivation method for the soil and weather in Saraburi Province. Later on in 2016, we led a group of farmers who were interested in the method to observe the cultivation process at Chai Nat Province. Moreover, Nong Khae Industrial State also demonstrated the alternative wetting and drying method in its own territory, covering about 3 acres the land. The crops there were all organic, and after the harvest was done, all the yields were sent to a local school in the vicinity of the industrial state as ingredients for a school lunch.



1.3 Multiple Cropping Multiple cropping is a form of farming practice, for example, a crop rotation between soybean and rice, can help increase soil fertility and reduce chemical usage throughout the agricultural cycle. According to the data on soymilk production in Thailand, more than 98% of soybean used in the production is imported, even though Chiang Mai 60, the variety of soybeans used for the production of soymilk can be cultivated within Thailand, and its quality is even equal to those imported. After that, the industrial state conducted



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a training course to instruct the farmers on how to increase crop yields and reduce chemical usage in the cultivation of beans. All the farmers participate in the experiment in the demonstration field, learning to cultivate soybeans and sell their seeds at Mae Taeng Cooperative Community, Chiang Mai Province, Agricultural Plants Research and Propagation Center, Lopburi Province and Soybean Field, Uthai Thani Province. Then we reached a conclusion that Lopburi 84 suited Lopburi Province’s physical features of land and weather the most. After the process of rice cultivation in November 2017 and harvest in April 2018 were all done, the group of farmers were now ready to try planting the soybeans. The yields were still a work in progress and needed further modification before they can be used to make soymilk, so those soybeans ended

up being sold to vegetarian restaurants, and were processed into soybean milk and fried tofu instead. However, the findings of this program revealed to us that Lopburi 84 could be excellently processed into food. Therefore, Nong Khae Industrial State still continued to increase value of the products by making a research on the procession of soybeans into tofu.

1.4 Gor Kor 43 Demonstration Field In this program, the demonstration rice field was prepared for the cultivation of Gor Kor 43 (กข43) Rice, which is suitable for diabetes patients, due to low sugar content. This program was a continuation of the Alternative Wetting and Drying Program in Nong Khae Industrial State. Its objectives were to increase income of farmer community around Nong Khae Industrial State, to increase value of rice by choosing the variety of rice that was high in nutrients, met market demand and had low rate of saccharification, and as a result, Gor Kor 43 was chosen to be the test subject. After the process of cultivation and harvest, we tested the rice on local diabetes patients, if this went well, it would be able to help improve local people’s well-being and draw up new agricultural guidelines, which care for the health of both producers and consumers.

1.5 Pook Pinto Kao, Food Carrier This is one of the program conducted by Nong Khae Industrial State, which was still in a preparation phase at the time. Its aim is to increase the community’s income by allowing groups of farmers to match themselves with factories’ canteens, so that local farmers can learn to cultivate varieties of rice according to the need of the factories’ canteens within the industrial state they match with. This way, the farmers can get their own customer base with ease. The model program will be implemented in the canteen within the Nong Khae Factory.

1.6 Pracharat School The school, located in Nong Khae District, Saraburi Province, is partly supported by SCG Ceramics Public Company Limited. School’s teachers and the board of directors were all brought to Sathya Sai School in Lopburi Province to observe and learn effective ways of educational management. It was our honor that Dr.Ajong Chumsai Na Ayutthaya greeted and provided us an informative lecture by himself. As for more detail about the program, it was run in 2018 fiscal year with budget support of 250,000 baht. And another thing, Wat Huai Sai School is a model school located in the area of Hin Kong Factory.

1.7 Ceramic Tiles Paving Course for Soldiers In this program, SCG Ceramics Public Company Limited joined hands with military officers to run ceramic tiles laying courses continuously for to-be- discharged enlisted soldiers.

2. Enhancing Community Potential with Support from Employees Project

Due to the belief that a pleasant society is consisted of “good people and smart people” with public awareness. Therefore, SCG Foundation started and has still been carrying on with a program called “Sharing Opportunities, Drawing the Future”. The program relies mainly on the participation of staffs and the organization to drive it towards success. We have been taking many actions to improve society’s well-being, as well as enhancing its potential, such as community development, occupational promotion and educational support for youths. By the year 2018, staffs of SCG Ceramics have initiated and implemented many projects under Sharing Opportunities, Drawing the Future Program, as followings

2.1 SCG Ceramics Nong Khae 1 Factory’s Program

1) Computers for the Community and Children “Technology enable children access to useful information.” The computer room of Pa Mued School, Province Chiang Rai, was built in 1961 and has been in service for more than 50 years. The room is in a really bad condition, the wires are all worn out, and even though many renovations have been undergone, the place didn’t get any better. Having realized the situation, our fellow voluntary staffs jumped in to construct a new computer room to replace the old one in the old building. This new computer room will act as a learning area for the students, and in addition, the services here will be open for the local people as well.

2) Cafeteria for Children and Market for the Community “A cafeteria with proper sanitation makes little guys healthy.” The cafeteria of Ban Nong Waeng School in Srisaket Province has no place for hygienic food preparation, because the kitchen is used as a storage room for equipment and music instrumentals as well, causing thorough cleaning to be out of the question. The utensils washing area is located in front of the toilet, leaving a big opening for dogs and chickens to come and eat the wastes. For this reason, our fellow voluntary staffs volunteered to build the students a new standardized cafeteria, which going to be big enough to accommodate all the students. Additionally, the cafeteria will also act as a connection between the school and the community by allocating some areas to the local villagers, giving them a place to open a shop and earn extra income.

3) Kindergarten Renovation “Students’ safety blows away teachers and parents’ worry.” Ban Klong Gha School, located in Saraburi Province, was one of the schools which lack a renovation budget. At that time, many places of the building were damaged, some even possessed a risk of causing an accident. And then our fellow voluntary staffs in order to ensure the safety within the schoolyard, went in to renovate the school building. Right now, the students can use the building with more convenience and confidence. As for the parents, they can

now rest assured for the building has finished its renovation, and is now in the best condition.

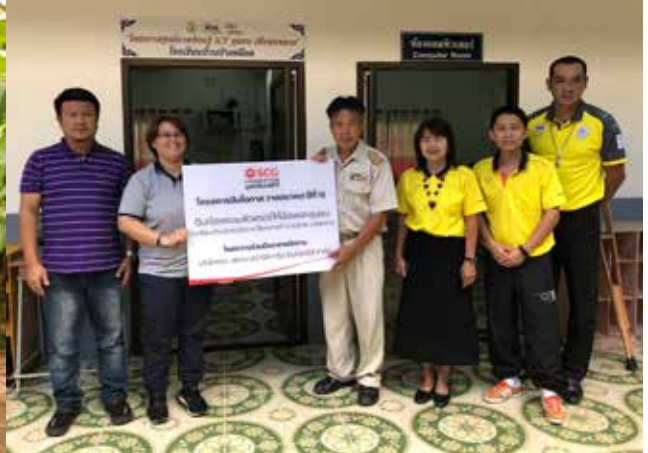
4) Fixing a Temple’s Pavilion in Rural Area “A reparation of a religious place can ensure safety and happiness in the community.” Nongnangkao Temple is a spiritual center of the people within the Nongnangkao Village. It is a remote temple, in need of a reparation of pavilion’s walls to prevent animal disturbance and keep the pavilion clean. Seeing the temple was short of the necessary budget, our fellow voluntary staffs held out their hands, and helped with the reparation. Now the pavilion is as good as new, neat and tidy, and free of animal issues. Furthermore, the staffs also cleaned and redecorated the temple area, so that it can continue its role as a spiritual center for the community as long as possible.

5) Parking for Safety “Build a parking lot to decrease accidental risk.” Health Promotion Hospital, Dan Sub-district, Rasi Salai District, Srisaket Province, needed to accommodate patients from 13 villages, but the hospital lacked a parking lot, resulting in patients parking at the roadside, which could lead to an accident. Our fellow voluntary staffs, therefore, helped renovate the old parking building, making it possible for ambulances to park there, and consequently increase the safety for all the patients.

6) Medical Room Renovation “up-to-standard treatment can bring well-being to the local people.” Ban Na Ling School is an opportunity expansion school, which does not have enough budget for a renovation or any improvement. The part of the school that needed an improvement the most is medical room. It was too cramped to accommodate enough ill students and also had bad ventilation, even first aid kits and other tools were inadequate. Our fellow then helped them improve the medical room into a standardized and hygienic medical one. Right now, it is not only a place for first aid, but also a health information center, providing all the students and staffs in the school with knowledge about health issues and diseases.

2.2 Projects from Hin Kong Factory, SCG Ceramics

1) This Roof is just for you “New roof of the cafeteria can satisfy our hunger and mind.” Kok Kloi School was found in 1960. This opportunity expansion school is located in a remote area in Kao Kok Sub-district, Prakon Chai District, Buriram Province. The school had provide lunch for students, but the problem was that the cafeteria was dilapidated, its structure had started to lose its strength, and the roof was leaking terribly, causing it impossible to use the cafeteria when it rained. Our fellow voluntary staffs rushed in to replace the roof with a new one. The replacement not only make students have lunch more conveniently, but also help strengthen relation between the school and the community, by providing them an opportunity to cooperate in this replacement project.



2) Playground for Kids “With a playground comes creativity.” Satta Sira-art School is one of the schools that was fully aware of the advantages of a playground. According to them, a playground could help stimulate the development in children’s bodies, brains, muscles, disposition and mind. Moreover, children could also learn social discipline and mutual sharing during the process of recreation. Therefore, our fellow voluntary staffs built a playground, in which every students can have fun together, for the school with materials with high durability, and in addition, all the equipment in the playground were picked out deliberately to help promote students’ learning skills.

3) Drinking Water for the Community “An expense reduction makes everyone happy.” Since the water retrieved by filtering was not clean enough for consumption, community 3, Huaplug Sub-district, Saohai District, Saraburi Province, was having a big drinking water issue. So our fellow voluntary staffs went there to install a nano water machine, which is easy to take care, and can reduce expense of the local people, as well as improving everyone’s well-being by providing clean drinking water.

4) Kindergarten Renovation “Safe classroom, carefree students” Huaykhamin School, Huaykhamin Sub-district, Nong Khae District, Saraburi Province, was in need of classroom renovation, because many parts of the school building were damaged and worn out. So the fellow voluntary staffs helped them with the reparation and improvement of the building, turning the old classrooms into beautiful, safe and clean classrooms. The students and teachers in the school can now enjoy a better quality of life.

5) Lunch Table for Children “A good table for a convenient lunch” Bantangmo School is a small school

located in a remote area, and had a few numbers of buildings. Among them is a cafeteria, where all the students have lunch. In order to ensure sanitation and prevent students from rain, its roof was built into a dome shape. However, the cafeteria didn’t have enough tables and chairs to accommodate all the students, then this project was born. Not only are the students benefited from the tables and the chairs in having lunch, but also in using them as a multipurpose area for other activities. Other than that, they can also act a waiting area for their parents as well.

2.3 Projects from Nong Khae Factory, SCG Ceramics

1) Green House for Bio Compost Mixing, WatBanprig School “Knowledge and compost for careers and future” Due to the endless fall of country-almonds’ leaves, WatBanprig School, Nakhon Nayok Province decided to use them as materials for a bio compost project. The aim of the project was to promote students’ participation in school activities, as well as organic fertilizer mixing skills. This project’s expected benefits were to cut down the expense on chemicals and to encourage students to spend their free time productively. Informed of the project, our fellow voluntary staffs went to the school hands in hands to help expand the project by building a glasshouse for the use of bio compost mixing. Because of the glasshouse, the students can now carry out the mixing process more conveniently, providing them an opportunity to make money from selling the compost or even earn themselves a living in the future.

2) Building of Happiness “A solid building motivates students to learn more eagerly.” Banbangpu School, Samroiгод District, Prachuab Khiri Khan Province, is a small-scale school located in countryside. Four of its classrooms were in a terrible condition, and hadn’t gone





through reparation in ages, resulting in a high possibility of an accident. To ensure safety for the student and teachers there, our fellow voluntary staffs started the construction of a new building, in which contained classrooms and a library, a necessary learning resource for students. Since all the students in the school are our future and the primary force in administering and developing our country, it is necessary to provide them with a solid building, because it equals to their steady education in the future.

3) Toilets for Bankanlum Community Museum “A toilet brings pleasure.” Kanlum Village has been entitling as a sufficiency economy model since 2015, and Bankanlum Community Museum was established by local people in the same year to promote tourism within the community. In 2017, a large numbers of tourists came to visit the museum, which was good for both the community and villagers. However, the museum had only one unisex toilet, which was apparently not enough to accommodate all the visitors. So our fellow voluntary staffs stepped in to build toilets specified only for male or female, to ensure visitors’ better comfort and safety.

3. Program for the Promotion of Well-being

3.1 FTI’s Golden Jubilee Bicycles Sharing for Disadvantaged Schools was a project of SCG Ceramics Public Company Limited in collaboration with The Federation of Industries Saraburi to contribute shared bicycles to students for a commute to school, which lacked of bicycles. The contribution was implemented through the Department of Social Affairs of the Federation of Industries, on the occasion of FTI’s golden jubilee.

3.2 Support government sectors in the renovation of public toilets, such as the toilet renovation program for the Industrial Office Saraburi, The toilet renovation program for guesthouses in Khao Samlan National Park and the toilet renovation program for the Department of Lands Saraburi.

3.3 Building Home for Chamois, Bringing Back the Forest One of the projects that we joined hands with Protected Area Regional Office 1, Saraburi Branch with the objectives to excavate water sources for chamois and other animals. By utilizing clean energy, more precisely solar energy, to pump up groundwater, then build a reservoir laid with leak-proof materials, the reserved water storage for all animals in dry season was completed.

3.4 Scholarships for Students with excellent academic record from low-income families The representatives of the Board of Directors gave the scholarships to the students, who were studying in the schools in the proximity of the factory, with a total value of 300,000 baht. On February 27, 2018, the COTTO scholarship ceremony was held at the meeting room of Siam Sanitary Ware Factory, by having Mr.Kiattisak Trongsir, the Deputy Governor of Saraburi Province as the president of the ceremony.

3.5 Local Community & Public Hearing on October 2017, SCG Ceramics had held a consultation forum, open to any opinions concerning environmental effects on the community around Hin Kong Factory. The Energy Office of Saraburi Province also attended the forum, and exchanged information and opinions with the local people. As a result, the community endorsed the installation of solar cell system to save energy.

3.6 Elderly Care Program for the community around the factory With the cooperation of Saraburi Provincial Health office, SCG Ceramics provided the knowledge related to health management to the elderly in the community which is one of the groups that SCG Ceramics attaches great importance to.