LONG LIVE HIS MAJESTY THE KING

THE BOARD OF DIRECTORS, MANAGEMENT, STAFF OF
SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
AND SUBSIDIARIES
The sky also broke open and wept along with many millions grieving the loss of the great King. We, his humble subjects, deeply mourn.

Yet His Majesty’s wisdom and legacy shine on, lighting our path, guiding us onward. His life of virtue has blessed us, and we hope to continue his vision for the country in tribute to our great King.

The Board of Directors, Management, Staff of Siam Commercial Bank Public Company Limited and Subsidiaries
Our Vision:

THE MOST ADMIREDBANK
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The passing of His Majesty King Bhumibol Adulyadej, the beloved king of the Thai people, on October 13, 2016 was the greatest loss for the nation. However, His Majesty’s teachings, intentions and initiatives imbued with boundless compassion will remain in the heart of every Thai person and will serve as a guiding compass for all.

Siam Commercial Bank, as the first Thai bank, is grateful for His Majesty’s dedication to sustainable development throughout his reign, which laid down the foundation for growth and prosperity in all dimensions of economy, society, and the environment. Cognizant of the role in fostering the country’s economic growth and stability, the Bank is inspired to apply His Majesty’s philosophy of Sufficiency Economy in shaping its policy and business principle. Key components of the philosophy which include reasonableness, moderation and risk management as well as application of knowledge and integrity help strengthen the Bank’s self-immunity. It has been done in conjunction with social and environmental responsibility on the basis of good corporate governance in order to contribute to the sustainable development of the society and the nation.

In 2016, the Bank’s business faced many challenges ranging from a slowdown and high volatility in the global economy, which was an unavoidable drag on exports and the overall Thai economy, to the fast pace of advancement in financial technology, or “FinTech”. FinTech innovation has caused changes in consumer behavior and is expected to revolutionise financial transactions in the near future. In addition, the government has a policy to transform Thailand into a digital society with an innovation-driven economy under the model “Thailand 4.0” to prepare for the fast-changing world.

In facing these challenges, the Bank believes that a business that can grow sustainably is not the type that focuses solely on performance. It has to be a business that can quickly adapt to the changing business environment while considering the principles of balance and fairness in delivering a sustainable value to various stakeholders. This will bring praise as well as support for sustainable growth consistent with the Bank’s new vision to strive toward being “the Most Admired Bank.”
With this intent, the Bank overhauled its strategies and business models last year under the “SCB Transformation” to strengthen four key elements of the Bank’s foundation: People, Process, Product, and Technology. The goal of this project is to enhance the Bank’s capability to differentiate and provide long-term values to customers. The Bank will focus on customer-centric strategies and leverage technology to deliver better experiences to the customers as well as to enhance efficiency, particularly by offering more customised products and services to meet customers’ needs. The Bank also changes our business model at the branch by separating of “sale” from “service” function to provide a better experience for SCB’s customers. Moreover, the Bank will expand its network of business partnerships to create new business models on a platform that could connect to the Bank’s business partners and to provide financial solutions to a variety of businesses along the value chain. In addition to these initiatives, the Bank will also follow a disciplined approach on risk management and maintain its financial strength to prepare for potential market volatility.

In people management, the Bank continues to put an emphasis on being a caring employer by setting up the “We Care Panel” to attend to employees’ wellbeing. Moreover, the Bank focuses on continuous development of capabilities as well as promoting career growth through training and other forms of skill enhancement to prepare employees for the changing work environment. The Bank also provides opportunities for career advancement by offering job rotations and giving priority to internal recruiting to fill vacant job positions.

To prepare for the arrival of FinTech innovation, the Bank set up Digital Ventures Company Limited in 2016 under the concept of “Forwarding FinTech.” Digital Ventures’ vision is to contribute to the changes in the banking industry through investment and innovation that address financial service needs and accommodate the lifestyle of new generations. Another part of the company’s vision is to support Thai start-ups to grow sustainably along with SCB. Digital Ventures operates three main businesses: corporate
venture capital, a laboratory for research and development of FinTech products, and a startup incubator (called digital ventures accelerator). This newly established company gives the Bank wider access to startup entrepreneurs and financial innovation, both in and outside of the country, and expands the Bank’s alternatives for future product development.

In the social dimension, the Bank is proud of our decade-long involvement in promoting youth leadership through the “SCB Challenge” project by organising activities for young people to develop skills as well as to stimulate creativity, leadership, and teamwork. This project also encourages young people to adopt His Majesty’s philosophy of sufficiency economy as a guiding principle for their lives and to initiate projects that benefit their communities and society. Since the project’s inception, there have been more than 50,000 participants from 2,600 educational institutions ranging from elementary school to university levels.

In the environmental dimension, the Bank puts an emphasis on operational efficiency and environmental impact mitigation by building a culture of resource optimisation in conjunction with lending to clean energy projects and energy efficiency projects. In 2016, the Bank extended credits to projects related to alternative energy and energy conservation in the total amount of Baht 130,000 million. These projects are expected to help reduce Carbon Dioxide emissions by 816,000 tonnes per year.

Lastly, SCB would like to thank every group of stakeholders for their unwavering support. The Bank will continue to develop financial products and services and contribute towards building economic stability for Thailand with the right balance of social and environmental responsibility. The Bank’s operation will be based on good governance and ethical practices to achieve the goal of being a sustainable organisation and the pride of Thai people.
The Siam Commercial Bank Public Company Limited (SCB) has published the Sustainability Report for its fourth consecutive year to inform stakeholders of the Bank’s commitment and performance on sustainability strategies which covers economic, social, environmental, and good governance dimensions. The report covers performance from January 1, 2016 to December 31, 2016\(^1\) of SCB and its three major subsidiaries: SCB Securities Company Limited; SCB Asset Management Company Limited and SCB Life Assurance Public Company Limited.

This report was developed in accordance with the Global Reporting Initiative (GRI) Version 4 (G4) and Financial Services Sector Supplement (FSSS), conforming with GRI Guidelines at the ‘Core’ level. Moreover, the Bank has commissioned Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an accredited independent assurer\(^2\), to perform limited assurance on selected indicators (see page 102-103 for additional details.)

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1 Additional information can be found in SCB’s Annual Report and www.scb.co.th
2 The performance indicators verified by the independent assurer are G4-EN3, G4-EN8, G4-EN16, G4-LA9 and G4-LA6 (partial), which can be found on page 95, 97.
1. **IDENTIFICATION**

The Bank identified aspects and any other relevant topics by considering both internal and external factors, such as business direction and strategy, stakeholders’ interests, issues internationally considered material in the context of sustainability for the banking sector as well as global trends on sustainable development.

2. **PRIORITISATION**

SCB’s management and representatives from related functions jointly prioritised aspects and relevant topics from Step 1 through workshops and questionnaires by considering the significance of their impacts on SCB’s business and importance to stakeholders. Furthermore, the Bank conducted in-depth interviews with external stakeholders to understand their expectations and to solicit their feedback on the Bank’s sustainability operations. The Bank then used the feedback as input to further improve and develop the Bank’s operations to truly meet stakeholders’ expectations.

3. **VALIDATION**

SCB’s Management Committee reviewed and approved the material aspects.

4. **REVIEW**

The preparation process and information disclosure for the Sustainability Report are subject to regular reviews through various channels, including an enclosed readers’ survey at the end of this report. The Bank ensures that stakeholders are given opportunities to provide feedback and suggestions on the Bank’s sustainability implementation and information disclosure. These recommendations will be used to improve the content and disclosure format for sustainability performance data in the next report.

**OUTCOMES OF THE MATERIALITY ASSESSMENT (G4-19)**

- Financial Inclusion & Financial Literacy
- Anti-money Laundering
- Operational Eco-efficiency
- Empowering Community & Society
- Climate Change Risk & Opportunity
- Market Conduct
- Responsible Lending
- Corporate Governance
- Anti-corruption & Bribery
- Risk Management
- Brand Management
- Labor Rights
- Employee Health & Safety
- Cyber Security
- Customer Expansion
- Products & Services/Customer Experience
- Digital Technology
- Employee Engagement
- People Capabilities/Workforce Planning
- Culture & Mindset
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<td>2. Products &amp; Services/Customer Experience</td>
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<td>3. Digital Technology</td>
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<td>14. Operational Eco-efficiency</td>
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<td>15. Anti-corruption &amp; Bribery</td>
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<td>16. Corporate Governance</td>
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<td>17. Risk Management</td>
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<td>18. Anti-money Laundering</td>
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<td>19. Monitor Conduct</td>
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<td>20. Brand Management</td>
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</table>
CONTACT POINT (G4-5, G4-31)
Corporate Sustainability Office
Siam Commercial Bank PCL
Head Office, 9 Ratchapisek Road, Jatujak, Bangkok 10900
Tel: 0-2795-3473
E-mail: sustainability@scb.co.th
STAKEHOLDER ENGAGEMENT (G4-24, G4-25)

Driven by the Bank’s vision to become “The Most Admired Bank”, SCB puts an emphasis on operating the business under the principles of good governance and transparency with social and environmental responsibility to create long-term values for all stakeholders. Stakeholder engagement is at the heart of developing the business towards sustainability. Therefore, there are clear guidelines on stakeholder engagement in the Bank’s code of conduct. The Bank also encourages every function to continuously foster stakeholder engagement through appropriate channels and activities to understand their expectations and perspectives as well as to solicit feedback and suggestions on the Bank’s operations. This stakeholder inclusion effort also provides an opportunity for SCB to communicate sustainability aspirations and management approach to stakeholders. In addition, stakeholders’ feedback also serves as input into the content selection process and provides guidance for the business to meet every dimension of stakeholders’ expectations.

SCB STAKEHOLDER GROUPS

Customers
Shareholders
Employees
Regulators
Business Partners and Competitors
Creditors
Suppliers
Society and Environment

CONTACT POINT

CUSTOMERS, SHAREHOLDERS AND/OR OTHERS
• Branch officer or relationship manager
• SCB Call Centre Tel: 0-2777-7777
• Social media channels under the name of ‘SCB Thailand’
• Investor Relations
  Tel: 0-2544-4358 Fax: 0-2937-7721
  and E-mail: investor.relations@scb.co.th
• P.O. Box 177, Jutujak Post Office

EMPLOYEES
• HR Call Centre Tel: 0-2544-4444
• Chief People Officer E-mail: purple_talk@scb.co.th
• Whistleblower E-mail: whistleblower@scb.co.th
  or at 0-2544-2000
### STAKEHOLDER ENGAGEMENT PRACTICE (G4-26, G4-27)

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<th>Stakeholders</th>
<th>Type of Engagement</th>
<th>Example of issues raised</th>
<th>Example of SCB’s response</th>
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<tbody>
<tr>
<td>CUSTOMERS</td>
<td>• Client meetings through diverse activities</td>
<td>• Products and services which comprehensively meet customers’ expectations</td>
<td>Continuously develop new innovations and services to meet customer expectations and establish stringent customer data protection measures.</td>
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<td>• Online communication</td>
<td>• Secure banking transaction</td>
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<td>• Customer Satisfaction Surveys</td>
<td>• Hosting knowledge sharing sessions for customers</td>
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<td>• Complaint management and services provision by SCB Call Centre</td>
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<td></td>
<td>• Hosting knowledge sharing sessions for customers</td>
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<td>• Products and services which comprehensively meet customers’ expectations</td>
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<tr>
<td></td>
<td>• Hosting knowledge sharing sessions for customers</td>
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<tr>
<td>EMPLOYEES</td>
<td>• Communication of policy and news through meetings and online channels</td>
<td>• Trainings for building employees skills and capabilities</td>
<td>Continuously provide employee development and training programmes and ensure a safe and hygienic workplace conducive to an effective work environment.</td>
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<td>• Town-halls, meetings, conferences and CSR activities</td>
<td>• Safe workplace</td>
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<td>• Performance evaluation</td>
<td>• Work-life balance</td>
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<td>• Employee engagement surveys</td>
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<td>• Employee development programmes</td>
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<td>• Recognition awards</td>
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<td>• HR Call Centre</td>
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<td>• Trainings for building employees skills and capabilities</td>
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<td>• Safe workplace</td>
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<td>SHAREHOLDERS</td>
<td>• Annual General Meeting</td>
<td>• Transparent information disclosure, in accordance with acceptable standards</td>
<td>Conduct business according to corporate governance principles and disclose information on the basis of accuracy, transparency, and suitability.</td>
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<td>• Extraordinary General Meeting</td>
<td>• Strengthen internal control and audit systems</td>
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<td>• 56-1 Report</td>
<td>• Promote sound and sustainable growth of the organization</td>
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<td>• Annual Report (Form 56-2)</td>
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<td>• Press release</td>
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<td>• Quarterly financial result announcements</td>
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<td>• Meeting/conferences with investors</td>
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<td>• Calls with investors</td>
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<td>• General Meetings with equity analysts</td>
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<td>• Investor conferences and global road shows</td>
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<tr>
<td>Stakeholders</td>
<td>Type of Engagement</td>
<td>Example of issues raised</td>
<td>Example of SCB’s response</td>
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</tr>
</tbody>
</table>
| **SOCIETY AND ENVIRONMENT**  | • Initiatives implemented and/or supported by SCB and the Siam Commercial Foundation in knowledge management and various programmes  
• Communication of financial literacy via social media platforms  
• Community surveys  
• Community engagement | • Conduct business with social responsibility, particularly concerning public benefits  
• Promote and participate in activities that benefit communities and society | Support and arrange activities that benefit communities and society as well as encourage SCB employees to participate in activities that benefit communities and society. |
| **REGULATORS**               | • Assign representative heads of Compliance unit to coordinate with regulators  
• Attend meetings and hearings on regulatory policies and approaches  
• Attend forums on regulatory compliance matters  
• Obtain review and assessment feedback from regulators  
• Request comments and guidelines for regulatory compliance  
• Provide comments on public hearing session on related regulations | • Conduct business with good corporate governance  
• Responsible lending  
• Enhance environmental management  
• Be role-model in promoting sustainable conduct  
• Comply with relevant laws and regulations  
• Establish and update relevant policies and procedures  
• Enhance data security and safety in financial transactions | Strictly comply with laws and regulations as well as improve operations in accordance with regulatory bodies’ recommendations. |
| **BUSINESS PARTNERS AND COMPETITORS** | • Inter-banking agreements and transactions  
• Meetings with the Joint Standing Committee on Commerce, Industry and Banking (JSCCIB)  
• Meetings with the Thai Bankers’ Association  
• Exchange information among various economic research centres | • Treat trade partners and competitors fairly  
• Maintain confidentiality under relevant laws and regulations | Promote code of ethics for conducting business transparently and under fair competition and observe fairness in competition and avoid any mala fide methods. |
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<tr>
<th>Stakeholders</th>
<th>Type of Engagement</th>
<th>Example of issues raised</th>
<th>Example of SCB’s response</th>
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</thead>
</table>
| CREDITORS    | • Seminars and meetings | • Strictly comply with terms and conditions provided to all types of creditors  
• Maintain appropriate communication practice | Adhere to the regulations that are fair and responsible to the creditors and make loan repayment as scheduled. |
| SUPPLIERS    | • Seminars, meetings, and other activities  
• Vendor dialogues | • Promote mutual sustainable growth and treat trade partners fairly and responsibly  
• Operate business transparently  
• Improve procurement process | Enforce SCB supplier code of conduct and comply with contracted terms and conditions in trade. |
Siam Commercial Bank was established by Royal Charter on January 30, 1906 under the name “Siam Commercial Bank, Limited” as Thailand’s first local bank to support the nation’s economic growth and to serve as a role-model for Thai financial institutions from the past to the present. Since its inception, the Thai Royal family and later the Crown Property Bureau has been the Bank’s major shareholder. The Bank is proud to be part of supporting nation’s economic strength as a role of a financial institution that unites various sectors to drive the Thai economy towards sustainable growth. Over the past 110 years, the Bank has supported the Thai economy to weather waves of economic crises and challenges, be it the Asian economic crisis in 1997, global economic slowdowns, or megatrends that have significantly impacts on the way businesses operate in every industry.

As a leading universal bank in Thailand, SCB focuses on developing and delivering financial products and services to create long-term values and meet the needs of a broad range of customers which are Retail, SME, Corporate and Wealth. The Bank and its three major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; and SCB Life Assurance PCL., synergistically offer financial services tailored to meet specific customer needs. Beyond serving customers in Thailand, SCB also offers financial services in eight other countries, such as the Republic of China, the Republic of Singapore, the Socialist Republic of Vietnam, the Lao People’s Democratic Republic, and the Republic of the Union of Myanmar, to accommodate trade and investment expansion within ASEAN and with other countries.

The year 2016 marked another important milestone for the Bank with a major overhaul of strategies and business models to become more robust and agile. The objective behind the SCB Transformation project is to prepare the Bank for changes in the near future, particularly digital technology advancement. Moreover, the Bank recognises that good quality of life is a foundation for stable and sustainable development for the country. Therefore, the Bank continued to contribute to the Thai society through collaboration with the Siam Commercial Foundation (SCBF) in 3 main dimensions: youth development and education, volunteerism, and quality of life and environmental.
SCB MAIN PRODUCTS AND SERVICES

Retail Customers
- Deposit products
- Investment products
- Insurance products
- Home loans
- Personal loans
- Auto finance
- Card products
- Foreign exchange services and money transfers

Corporate Customers
- Business lending
- Business cash management
- International trade finance and remittance
- Treasury products
- Financial advisory and investment banking
- Capital market products

Wealth Customers
- Deposit products
- Investment products
- Insurance products

MAIN PRODUCTS AND SERVICES OF SCB FINANCIAL GROUP COMPANIES (G4 – 4)

SCB Securities Co., Ltd.
- Securities brokerage services
- Equity underwriting
- Financial advisory
- Security business services

SCB Asset Management Co., Ltd.
- Mutual funds
- Private funds
- Provident funds
- Property funds
- Infrastructure funds

SCB Life Assurance PCL.
- Life insurance products

SCB AT A GLANCE
SUSTAINABILITY REPORT 2016
As a leading universal banking group that has served the Thai economy for more than a century, the Bank recognises the importance of creating long-term values for every group of stakeholders to fulfill the Bank’s vision to be the Most Admired Bank.

With the belief that His Majesty Bhumibol Adulyadej’s Philosophy of Sufficiency Economy lays the path towards sustainability, the Bank has fully adopted the philosophy to be its guiding principle for every dimension of the Bank’s business, ranging from policy to decision making, business strategy formulation to risk management, and internal knowledge development. The Bank also encourages employees to apply the Philosophy of Sufficiency Economy to every process of business operations. Specifically, the Bank aspires to operate the business by adhering to the three values of Sufficiency Economy Principles: Moderation, Reasonableness, and Self-Immunity, while fulfilling its social and environmental responsibilities to become a sustainable organisation.

In 2016, SCB developed a sustainability framework to ensure its sustainability management will be aligned with the Bank’s business strategy. The new sustainability framework also refocuses the Bank’s sustainability effort by defining clear goals and delivering concrete and measurable outcome.
To be the Most CARING Employer

To be the Most PREFERRED Partner

To be the Most PRUDENT Bank

To be the Most RESPONSIBLE Corporate Citizen

To be the Most Admired Bank

is also

Our Way of

SUSTAINABILITY

To be the Most SUSTAINABLE RETURN Company
The United Nations announced the Sustainable Development Goals (SDGs), which is a set of 17 goals, to guide the sustainable development effort by striking a balance among economic, social and environment considerations with a 15-year implementation timeframe from 2015 to 2030. The Thai government referred to the SDGs for guidance in setting the direction of the 12th National Economic and Social Development Plan (2017-2021).

SCB has embraced the aspirational Sustainable Development Goals of the United Nation’s 2030 Agenda for Sustainable Development. The Bank views that the SDGs are in line with the Philosophy of Sufficiency Economy, which is a guiding principle for SCB’s sustainability approach. The Bank selects the SDGs that align with its strategies and business plan by fair consideration of the needs of all stakeholder groups.

In 2016, the Bank’s sustainability management aligns with the following United Nations SDGs:

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<th>SCB performance towards SDGs</th>
<th>Chapter</th>
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<td>Sustainable Development Goal 1: End poverty in all its forms everywhere</td>
<td>The Bank promotes fair and equitable financial access to the public and entrepreneurs at every level, as well as equips customers and the public with knowledge to cultivate financial discipline.</td>
<td>• To be the most RESPONSIBLE corporate citizen  • To be the most PREFERRED partner</td>
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<tr>
<td>Sustainable Development Goal 4: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
<td>The Bank focuses on youth development and education which is one of the goals of the Bank’s CSR strategy by operating projects and organising activities to promote equal access to high quality education for youth at every age group and educational level nationwide.</td>
<td>• To be the most RESPONSIBLE corporate citizen</td>
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<tr>
<td>Sustainable Development Goal 7: Ensure access to affordable, reliable, sustainable and modern energy for all</td>
<td>The Bank supports sustainable energy development in Thailand by giving financial lending to alternative energy and energy conservation projects as well as giving advice to entrepreneurs who want to invest in improving energy efficiency or environmentally friendly products.</td>
<td>• To be the most RESPONSIBLE corporate citizen</td>
</tr>
</tbody>
</table>
### UN Sustainable Development Goals (SDGs) vs. SCB performance towards SDGs

<table>
<thead>
<tr>
<th>SDG</th>
<th>SCB Performance</th>
<th>Chapter</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Development Goal 8: End poverty in all its forms everywhere</td>
<td>The Bank focuses on offering diverse and comprehensive products and services to every customer segment to facilitate economic expansion. The Bank also has an important role in providing financial support for corporate and SME to attain their business goals, thus creating jobs and generating positive economic impact at the national and regional levels. Moreover, the Bank has a fair employment process with an emphasis on fair employee treatment and focuses on creating an environment that is conducive to good quality of life. Additionally, the Bank also provide employment opportunity for people with disabilities.</td>
<td>• To be the most RESPONSIBLE corporate citizen</td>
</tr>
<tr>
<td>Sustainable Development Goal 9: Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all</td>
<td>The Bank promotes innovation development, especially digital innovation, which includes the Bank’s infrastructure investment on digital banking capabilities and support for innovation development in various industries.</td>
<td>• To be the most PREFERRED partner</td>
</tr>
</tbody>
</table>

In addition, SCB is also a member of the Thai Bankers’ Association which drives sustainable development initiatives regarding banking industry. Progress of the initiatives will be disclosed in the next year report.
In today’s fast-paced world, the banking business faces a myriad of challenges ranging from a structural change in service platforms due to rapid advancement in digital technology and the government-led national strategy to propel Thailand into an innovation-driven economy for the future under the “Thailand 4.0” model. Other factor includes, a changing consumer behaviour and spending patterns influenced by the new generation of consumers who highly value convenience and speed in financial transactions, as well as stringent regulatory environment and fiercer competition in the banking business. All these factors can be viewed as either risks or opportunities for the sustainability of a financial institution, depending on the organisation’s ability to manage these challenges.

SCB, as a leading universal banking group that has grown alongside the Thai society for more than 110 years, has been aware of this challenge which prompted the Bank to redefine its vision to be “The Most Admired Bank.” The Bank sets specific targets and goals as a success indicator for each of the five major stakeholder groups, which are customers, employees, shareholders, society, and regulators, to ensure that the Bank’s operation genuinely and fairly addresses the expectation of every group of stakeholders as opposed to measuring success based solely on financial performance. The Bank recognises that a major organisation reform is necessary for fulfilling the vision and goals, and has, therefore, designed and implemented an organisational transition process under the “SCB Transformation”.

SCB TRANSFORMATION

SCB Transformation is an important step to transform the Bank’s strategy and business model. Its purpose is to develop the Bank’s capability to differentiate and create long-term values for customers through Foundation Transformation in parallel with Business Transformation. The organisational transition process was initiated in 2016 with expected completion in 2020.

FOUNDATION TRANSFORMATION

There are four key elements to the Foundation Transformation, which are people, process, product, and technology. The main goal is to prepare the business for the digital age and to create the best everyday transaction platform in order to deliver the best experience for customers. At the same time, the Bank strives to provide the best work environment for all employees.

• People: The Bank gives priority to the preparation for employees to adopt new technologies and the changing business context. Moreover, the Bank also focuses on being a caring employer who looks after employees’ well-being and to create a happy workforce who also take pride in their organisation.

“We no longer solely aim to maximise our income or market capitalisation. Instead, we set our course to become “the Most Admired Bank,” both in terms of our capability and being a balanced organisation to face with new market players, evolving rules and regulations, and volatile global markets. At SCB, we strive to be an agile and robust organisation that can quickly adapt to technological change.”

Mr. Arthid Nanthawithaya
President & CEO
• **Process:** The Bank aims to be more customer-centric by focusing on customer experience as the primary consideration for operational designs. This also includes leveraging modern technologies, such as big data analysis and digital technology, to help identify the most suitable products for customers.

• **Product:** The Bank highly values product innovation and focuses on accelerating the turnaround time for introducing new and differentiated financial products that create long-term value for customers.

• **Technology:** The Bank has continuously invested in technology infrastructure to increase its competitiveness, as well as to enhance the Bank’s long-term capability to adapt and respond to rapid and constant changes in market competition. This includes investing in the infrastructure for big data analytics and omni-channel platforms.

### OVERVIEW OF THE SCB TRANSFORMATION

#### FOUNDATION TRANSFORMATION

**Goal**
Build a solid foundation by increasing the Bank’s capability to deliver the best experience to customers and to prepare for the digital age

**Priorities**
Revamp four key foundations
- People
- Process
- Product
- Technology

#### BUSINESS TRANSFORMATION

**Goal**
Transform the business and operating models to sustain and extend ongoing performance

**Priorities**
- Customer base expansion and customer centric services
- Relationship deepening to become a primary bank of customer
- Digital readiness
- Portfolio optimisation to better manage risk
- Strategic partnership Building

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**SCB EXECUTIVES PARTICIPATED IN THE “100-DAY BRAINSTORMING” SESSION**

Like a captain and his team on a ship, the Bank’s senior executives are accountable to steer the organisation steadily through challenges. A success key factor is senior executive engagement, which fosters understanding and collaboration to lead the organisation in the same direction. Since the inception of SCB Transformation in 2016, the Bank initiated the “100-day Brainstorming” programme, a series of brainstorming sessions for consecutive 100 days, during which the President and CEO and the Bank’s senior executives from every function met to align on the goals and set the strategic transformation framework.
SCB is committed to operating its business to deliver sustainable growth to shareholders. The Bank aspires to sustain its long-term competitiveness with good corporate governance and efficient risk management, while considering social and environment responsibilities.
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2016 HIGHLIGHTS
(G4-9, G4-EC1)

ECONOMIC PERFORMANCE

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net revenue</td>
<td>THB 133.3 billion</td>
</tr>
<tr>
<td>Total assets</td>
<td>THB 2,913 billion</td>
</tr>
<tr>
<td>Market capitalisation</td>
<td>THB 518 billion</td>
</tr>
</tbody>
</table>

OPERATION NETWORK AND PRESENCE

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>ATMs</td>
<td>9,745</td>
</tr>
<tr>
<td>Branches in Thailand</td>
<td>1,170</td>
</tr>
<tr>
<td>Foreign exchange service centres</td>
<td>109</td>
</tr>
<tr>
<td>International branch offices in countries</td>
<td>8</td>
</tr>
</tbody>
</table>

PROFITABILITY RATIO

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Return on Equity (ROE)</td>
<td>19.7%</td>
</tr>
</tbody>
</table>
EMPLOYEE CAPACITY DEVELOPMENT INVESTMENT

Employees
26,652

Male
8,258

Female
18,394

Total investment in human capital development
THB 275 million

COMMUNITY AND ENVIRONMENT INVESTMENT

Total investment in communities and environment
THB 300.50 million
With a customer-centric strategy, SCB aims to provide universal banking services to deliver better customer experience through optimal utilization of technology. Besides developing product and service innovation that caters to customers, the Bank is committed to provide financial solutions to diverse businesses across the value chain.

- Enhancing Customer Experience
- Promoting Digital Innovation for a Sustainable Future
With a customer-centric strategy, SCB aims to provide universal banking services to deliver better customer experience through optimal utilization of technology. Besides developing product and service innovation that caters to customers, the Bank is committed to provide financial solutions to diverse businesses across the value chain.

Enhancing Customer Experience

Promoting Digital Innovation for a Sustainable Future
ENHANCING CUSTOMER EXPERIENCE

The Bank is committed to providing the best experience for customers through all service channels by putting customer needs at the centre of developing comprehensive financial solutions. Moreover, the Bank focuses on improving the customer data management system, which includes surveying customer needs and satisfaction, as well as ensuring an effective grievance process.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changes in customer behaviour and service needs</td>
<td>Delivering value though service excellence</td>
</tr>
<tr>
<td>Competition from non-financial institutions</td>
<td>Continuous Improvement of our Service</td>
</tr>
</tbody>
</table>

The Millennial generation has taken an increasingly important role in driving economic growth. Millennials have lifestyle, attitude, and consumption behaviour that are different from the earlier generations. Moreover, rapid technological advancement and an economic slowdown, at both the national and the regional levels, have intensified market competition in every industry, finance industry included. Therefore, the Bank undertook the SCB transformation program to transform the four key elements: People, Process, Product, and Technology. The goal of this program is to increase the Bank’s capability to differentiate and create long-term values for customers.

DELIVERING VALUE THROUGH SERVICE EXCELLENCE

The Bank focuses on achieving major milestones of the SCB Transformation program to become the most PREFERRED partner by delivering customer-oriented products to deepening customer relationship. The Bank has mobilised executives from every function to drive the business in three segments: Corporate, SME, and Retail, with the management strategies as follows:
CORPORATE CUSTOMER

Today’s intense competition among financial institutions presents a challenge for the Bank to maintain its existing customer base and to acquire new customers. As a response to this challenge, SCB has formulated strategies that focus on creating better experiences for corporate customers. Specifically, the Bank made structural adjustment and improved operational processes to facilitate service offering and product development that meet the needs of existing customers. These also enable the Bank to grow its customer base by catering to the vast, untapped potential of mid-sized corporate customers.

In 2016, the Bank developed a new corporate customer service platform which consists of two key components:
- Improve operational processes by incorporating cutting-edge technologies to build a state-of-the-art service platform to offer convenience and great service experiences.
- Develop financial capability of the Relationship Managers (RMs) to serve as trusted financial advisors.

Details of the implementation are provided below:

MANAGEMENT APPROACH

SCB places a high emphasis on delighting customers from their first service experience with the Bank. Therefore, the Bank set up the Customer Onboarding function to provide product recommendations for new customers. Additionally, the Bank also improved its customer database system by consolidating data from various functions to eliminate duplicate requests for customers’ information and documents. Moreover, the Bank reviewed the credit approval process to ensure that process length is commensurate with the loan amount. Based on this review, the Bank was able to streamline the process and shorten the credit approval time for small loans, resulting in faster services for customers.

Moreover, big data analytic technologies have been brought in to increase the effectiveness of the Bank’s credit management system. Sophisticated data analytic techniques enable the Bank to proactively monitor risk and credit quality as well as to develop a notification system for NPL growth so that the Bank can immediately take actions to prevent the negative impact on the business performance. For cases with high default risk, responsible functions will be deployed to closely advise the customers and suggest solutions.
PTT CASH EASY 2.0

The Bank continues to build on the success in developing liquidity services for PTT Group by extending the scope of services beyond domestic transactions to support online cross-border payment under the name “PTT Cash Easy 2.0.” The service was developed to support increasing PTT’s international trade transactions and involves exchange rates, payment settlement, liquidity management, and cash management in foreign currencies. The new service will help increase PTT’s business potential through added convenience and speed.

SCBSHERLOCK THE FIRST WORLD-CLASS WORKING CAPITAL ADVISORY TOOL

It is challenging for the Bank to expand corporate customer base while maintaining the same service quality for existing customers. To succeed requires that the Bank enhance the effectiveness of the Relationship Managers (RMs) to deliver high quality of services that meet the needs of a large pool of customers. Therefore, the Bank developed a digital platform, called SCBSherlock, to assist in enhancing customer experiences throughout process, from customer acquisition to financial advisory service offering.

The RMs can access SCBSherlock via a mobile phone or tablet application. The key strength of SCBSherlock lies in its data analysis capability to assist the RMs to analyse relevant data, such as macroeconomic data, industry trend, working capital health check against industry benchmark, etc. With the insights from these data, the RMs can then offer financial solutions and working capital improvement that meet the individual customer’s needs. Moreover, SCBSherlock is also used as a tool to record and monitor the effectiveness of the RMs, as well as enable them to work on-the-go while traveling to customer meetings. The Bank plans to launch SCBSherlock at the beginning of 2017.

CORPORATE RELATIONSHIP MANAGERS DEVELOPMENT PROGRAM

Due to the business complexity of corporate segment, the RMs should have in-depth knowledge and expertise in financial products and possess the ability to offer comprehensive advice to customers. The Bank has, therefore, developed more than 18 courses to develop RMs capabilities, covering both finance-related skills and other skills, such as customer insights, strategic planning simulation, driving change, and personality development and business etiquettes. In 2016, there were 129 RMs attending the trainings with an average of 23.1 training hours per person.

ENHANCE FINANCIAL SERVICE CAPABILITIES

The Bank encourages the RMs to acquire skills and in-depth understanding on financial services to deliver the products and services that meet customers’ needs. In 2016, the Bank organised intensive trainings for the Relationship Managers (RMs), as well as encouraged them to apply the knowledge and experiences behind the success in product and service delivery.

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SCB CASH MANAGEMENT SOLUTION FOR BCH GROUP

The Bank offers the SCB Payment Solution service to 11 affiliated hospitals of Bangkok Chain Hospital Public Company Limited. The benefits of this solution platform range from convenience, time saving, and lower costs from cheque issuance. The Bank offers the corporate cheque service through SCB Net System at 23 regional centres across the country. This service allows customers to check the information and receive notifications 24 hours.

SME CUSTOMER

SME businesses play an important role in the Thai economy by creating jobs and linking the corporate sector with others. However, SME entrepreneurs still face many challenges, such as access to funding and innovation. The Bank aims to support SME entrepreneurs to grow sustainably by offering loans by business category (e.g. food and beverage, retail, and wholesale businesses), engagement activities and financial advice, and special collaborative projects with public and private.

In 2016, SCB redesigned the branches to accommodate SME business transactions, with the Bank’s Lad Praw Soi 59 branch being the first pilot of SME Business Branch. The objective of the SME Business Branch is to offer products and services that address business needs, such as an automated cheque deposit machine, a business advisory service, and a business data service. The Bank plans to extend the SME Business Branch service to more than 50 branches in 2017 to serve SME customers nationwide. In addition, the Bank has tailored products and services to cater to SME customer needs and lifestyles, such as simplifying service application forms, minimising document request for service application, setting appropriate service conditions based on customer usage pattern, as well as bundling products and services to offer better deals and to facilitate customer engagement.

With the goal of comprehensively addressing industry-specific needs of SME customers, the Bank introduced the Industry Solution to design and develop financial products and services tailored to specific customer needs in different industries. Armed with deep insights on business characteristics and customer needs in each industry, the Industry Solution approach enables customers to manage their financial issues effectively and ensures that customers receive good advice.

The Bank encourages entrepreneurs to apply value added innovation or to create new product innovation. As an important financial mechanism in the product commercialisation process, the Bank collaborates with government agencies, such as the National Innovation Agency (NIA) and the National Science and Technology Development Agency (NSTDA), to increase long-term competitiveness of SME entrepreneurs. Additional information is available in the chapter on “Financial Inclusion and Literacy”. Moreover, the Bank also gives priority to providing support to startups in the form of investment funding, advisory support, and business partnerships. Startup innovations can then be leveraged by SME entrepreneurs to develop products and services that truly address customer needs with the Bank’s support.

The Bank set up a team of experts drawn from various functions to provide assistance and advice to SME customers, especially for those running small businesses such as restaurant owners, in planning for proactive business management. This will help the Bank to broader customer base in a wide variety of industries. Moreover, the Bank aims to promote equality of funding and financial service access for small business entrepreneurs. Particularly, the Bank has a function responsible for giving financial advice to support small SME customers in business development.
SCB SME EXPO SPRING UP THAILAND 2016

Under the government’s Public-Private Collaboration (Pracharath), SCB collaborates with more than 200 public and private organisations, educational institutions, and financial institutions to organise the SME Expo Spring Up Thailand. The professional business experts were brought together to provide total business solutions for SME at every stage of their business. More than 33,000 people participating in the expo which were organised in Bangkok, Udon Thani, Chiang Mai and Songkla.

1. Meeting the Experts
A consortium of experts from 90 public and private organisations providing in-depth advice to entrepreneurs. The event were organised into 7 zones including:
• Business Takeoff Zone – Initiation and comprehensive business planning advisors
• Financial Zone - Financial, tax, and business loan advisors
• Productivity Zone - Productivity and production standard advisors
• Innovation Zone - Innovation advisors to spark and extend business ideas
• Marketing Zone - Marketing, branding, and distribution advisors
• Connectivity Zone - International trade and export advisors
• Logistics Zone - Logistics, import and export advisors

2. Startup Exhibition
Display co-working space models as well as house tech startup experts to offer practical advice with real marketing, sales, and management applications to SME entrepreneurs.

3. Social Enterprise Exhibition
Demonstrate successful business models of various types of social enterprises, such as education, agriculture, and energy, to educate entrepreneurs and the general public on sustainable business models and to inspire them to take part in social enterprises.

A gathering of more than 100 businesses to provide direct services to SMEs ranging from franchises, authorised dealers, and manufacturing contractors.

5. Networking Activity: 5 Minutes Matching
Present a novel approach for matching business partners with entrepreneurial experts in the food and beverage business from the SCB Intelligent Entrepreneur Program (IEP).

THE 12TH AND 12S CLASSES OF SCB SME INTELLIGENT ENTREPRENEUR PROGRAM (IEP)

The Bank has collaborated with the Faculty of Commerce and Accountancy, Chulalongkorn University, to organise the Intelligent Entrepreneur Program (IEP) for the 12th consecutive year. This program offers a venue for SME customers to exchange business management ideas with successful entrepreneurs as well as provides networking opportunities through the program’s learning and socialising activities. There were more than 160 people participating in the program this year.
In 2016, SCB imposed a clear division between the sale and the service roles to simplify the operation and provide opportunities for employees to realise their full potentials as well as to enhance service experiences for customers.

The Bank pursues the “Customer First” strategic product development where customer needs take the central stage in every dimension of service improvement. For example, the results of customer and employees surveys showed that in-branch transactions are considered cumbersome. As a response, the Bank launched a new savings account product, “E-Passbook,” which allows customers to securely and promptly complete in-branch transactions without bankbooks. This new product helps improve customer in-branch experiences as evident by more than 96,000 customers opting for this product as of December 31, 2016.

At present, retail customers increasingly prefer to use online systems for making financial transactions and searching for products or information. The Bank, therefore, pushes forward the digital banking transformation by integrating technologies in product development to address customer needs without compromising the efficiency and security of the Bank’s online services. Additional information on digital banking products can be found in the chapter on “Promoting Digital Innovation for a Sustainable Future”.

Jak-Jai Saving Account
In 2016, the Bank launched a savings account product, called Jak-Jai Saving, which offers insurance for the account holders at no additional insurance premium charge and no minimum balance requirement. This value-added product helps the customers to optimise their emergency savings, consistent with the Bank’s product development concept of mutual benefits for both the customers and the Bank. Jak-Jai Saving is also available in the E-passbook deposit account and can be accessed through internet banking and mobile applications. In 2016, there were more than 400,000 accounts, representing 40% of new customers.

RETAIL CUSTOMER
SCB is committed to developing products and services that meet customer needs for every stage of life and every lifestyle. The Bank is proud to be part of the effort to support financial stability and financial inclusion of retail customers. To achieve these goals, the Bank leverages the strength of its service network, which has the largest number of branch offices and ATMs in Thailand, as well as the digital service network of both internet banking and mobile banking.

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CONTINUOUS IMPROVEMENT OF OUR SERVICES

CUSTOMER DATA MANAGEMENT
To ensure that product and service development aligns with the Bank’s strategy, the Enterprise Data Warehouse (EDW) has been developed to collect and store data from all branches and subsidiaries. The Customer Relationship Management (CRM) function is responsible for analysing data and planning customer relationship management approach by using the Statistical Analysis System (SAS) and Unica software to perform statistical analysis on a variety of data sources and apply the findings to improve its services. Customer data and analysis are available on the Salesforce system so that CRM function and other related functions can access and make use of the information. Nonetheless, the Bank’s data security system specifies a clear scope of authorisation for data accessibility to prevent any unauthorised use of customer data for personal gains.

LEVERAGING INNOVATION TO ENHANCE SERVICE QUALITY
Innovation plays a vital role for the Bank in both the operation and service context. In 2016, SCB was the first bank in Thailand to develop an automated service technology and employ the Interactive Voice Response (IVR) system to enhance the SCB Call Centre service with voice command, eliminating the need for customers to key in numbers and thus shortening the transaction process as well as reducing customers’ waiting time on hold. The IVR system is available to assist with inquiries on account balance, recent transactions on savings accounts, and outstanding balance or payment for credit cards.

CUSTOMER SATISFACTION SURVEY (G4-PR5)
The Bank’s practice of tailoring services to meet specific needs of each customer group through a wide variety of channels results in distinctive customers’ experiences and context-dependent impressions. It is, therefore, necessary to select an appropriate tool to assess customer satisfaction that can accurately reflect the Bank’s performance.

The Bank conducts a satisfaction survey on customers who use in-branch services based on the TRI*M Index which is an internationally accepted index. In 2016, 141,716 customers from 1,158 branches responded to the survey with the result showing that satisfaction scores of 534 branches were at the “World Class” level (or the average score at the 90th percentile). In addition to the TRI*M Index, to ensure a comprehensive assessment, the Bank also used the Net Promoter Score (NPS) to measure the level of customer engagement.

For private banking and corporate banking customers who do not normally use services at the Bank’s branches or SCB Call Centre due to their nature of business, the Bank conducts an additional satisfaction survey in an interview format to obtain in-depth information to be used for further service improvement. The Bank plans to extend the scope of its satisfaction survey to cover services offered through digital channels, including websites and various applications, to keep up with the increasing usage of online banking among today’s customers.

SCB CALL CENTRE WINS 2 ACCOLADES FROM ANNUAL TOP RANKING PERFORMERS CONFERENCE
SCB Call Centre garnered the Bronze Medal Winner for Best Customer Service by a Large In-house Centre in APAC 2016 and the Runner Up for Large In-House Contact Centre in APAC 2016 from the Annual Top Ranking Performers Conference organised by Contact Centre World, Canada. SCB was the Thailand’s only organisation selected to join and won the contest.
COMPLAINT MANAGEMENT

Variety of channels for receiving feedback and complaints are available for our customers which connect them with the Customer Relationship Management function whose role is to collect and monitor the progress of resolutions and report to the Bank’s senior executives. Moreover, the Bank appointed the Complaint Committee to formulate a resolution procedure and supervise relevant functions to effectively resolve customer complaints within timeframe or Service Level Agreement (SLA). The Bank also communicates its SLA to customers by publishing on the Bank’s website.

The Bank appointed the Compliance function to specifically handle complaints raised by a government agency. The function’s responsibilities include receiving complaints, following-up a resolution and notifying the outcome to the corresponding government agency within the specified timeframe, as well as preparing a progress report to the government agency either on a monthly or a quarterly basis. Moreover, the Corporate Communication function is responsible for monitoring customer complaints on the public media, such as radios, televisions, newspapers, websites, and social media. To handle this type of complaints, the aforementioned function coordinates with the Customer Relationship Management and other relevant functions to investigate the case and notify the outcome on the same media channel through which the complaint was initially raised.

THE BANK’S POLICY ON COMPLAINT MANAGEMENT

Clear procedures to ensure effective and fair resolution

In 2016, SCB resolved 99.5% of complaints within the specified SLA.
PROCESS OF COMPLAINT MANAGEMENT

1. **Complaint Channels**
   - Call Centre
   - Social Media
   - Walk-in
   - Letter
   - SCB Affiliates
   - Regulator

2. **Registration**
   - Register the received case into Complaint Management System (Smart Sales)

3. **Investigation**
   - Investigate root cause and develop solutions for customer handling

4. **Responding**
   - Contact customers for clarification and solution proposal

5. **Summary and Proposal**
   - Summarise root cause and propose preventive approach to senior executive
AN EXAMPLE OF SCB COMPLAINT RESOLUTION MANAGEMENT

Customer complaints due to a lack of or repeated notification message from the SMS Alert service.

Due to an increased number of complaints relating to the SMS Alert service in 2016, the Customer Relationship Management function then collaborated with responsible functions to investigate the cause of this problem which was an overcapacity of the SMS system.

The Information Technology function and Product Support Service function resolved the problem by separating the SMS channel per type of message including: real time and batch message.

The average number of complaints related to SMS Alert service declined.

CONTINUOUS IMPROVEMENT:
The Bank continues to analyse the cause and implement potential resolutions to minimise complaints in two approaches:

Communicate with employees at SCB call centre on the cause of problem so they can promptly provide solutions to customers.

Improve the effectiveness of an incident alert procedure by allowing employees at SCB call centres to immediately report problems to their line-managers, who would then notify the Information Technology function to take necessary measures.
PROMOTING DIGITAL INNOVATION FOR A SUSTAINABLE FUTURE

SCB has built its readiness for the disruptive financial technology by improving its internal processes, investing in technology infrastructure, and setting up Digital Ventures Company Limited to enable the Bank to cultivate a deep understanding of startups and financial technology (FinTech) which can then be further leveraged for future business.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSE</th>
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</thead>
<tbody>
<tr>
<td>The disruptive financial technology and increased competition from non-financial institution competitors</td>
<td>Moving toward digital banking</td>
</tr>
<tr>
<td>Security of digital banking transactions</td>
<td>Managing cyber security and information security</td>
</tr>
<tr>
<td></td>
<td>Innovating the way we work</td>
</tr>
</tbody>
</table>

Rapid digital technology development in the recent past represents a turning point for the finance business, as evident by the 125% year-on-year increase in the internet and mobile banking transactions, amounting to as much as THB 414 billion per month in 2016. The disruptive financial technologies (FinTech), particularly the Blockchain technology, has been a catalyst for new technologies or innovation that may replace the traditional model of financial transactions in which banks serve as the intermediary. It is imperative for the Bank to embrace this challenge and accelerate its pace of organisational transformation to achieve long-term sustainability.

For the technology side, SCB has invested in technology upgrades to build technology infrastructure that can accommodate the Bank’s increasing use of digital platforms. The Bank incorporates business intelligence, informed by analysis using both internal and external data, to make an effective investment decision. The Bank also invested in the Big Data technology to process data and uncover insights on consumer behaviour and needs, enabling the Bank to tailor financial products and services to better address customers’ needs.

MOVING TOWARD DIGITAL BANKING

DIGITAL BUSINESS TRANSFORMATION

To prepare for the challenge of meeting customers’ needs in the digital age, the Bank has invested in building technology infrastructure, or Big Data, and continued to develop applications for internal data integration. These data technologies serve as a tool for employees to gain insights on customers’ needs. Moreover, a new function has been set up to study and conduct research on financial innovation as well as to identify potential business partners for digital banking channels tailored to specific issues.
DEVELOPMENT OF MOBILE BANKING AND INTERNET BANKING CAPABILITIES

The Bank has launched and pushed forward the banking platform under the concept: “Easy Life, Digital Life.” In 2016, the Bank focused on expanding its customer base among technology-savvy customers who heavily involve technologies in their daily activities. The Bank collaborates with LINE Company (Thailand) to introduce a mobile phone top-up technology for LINE Pay e-Wallet. This will allow more than 37 million and still increasing users of LINE Pay application to access a faster and more convenient payment experience. Moreover, the Bank has also invested in the Application Programme Interface (API) technology to improve the Bank’s mobile banking application (SCB Easy) by enhancing the platform connectivity with modern technologies and future business partners. This technology upgrade is expected to be completed by the second quarter of 2017.

With the rapid growth of online banking and the attempt to reduce inequality in financial inclusion, the government embarked on the National e-Payment project by inviting 21 Thai financial institutions to collaborate on developing a centralised national payment and transfer system or PromptPay. This government initiative is in-line with the Bank’s strategy and business direction in 2016 to become a digital banking. The Bank, therefore, joined the effort to execute this initiative by developing the “SCB PromptPay” service to facilitate financial transaction of customers by using their phone numbers or national ID card numbers instead of bank account numbers for intra-bank or inter-bank money transfer. The Bank set up special information booths at more than 700 branches nationwide and organised activities to provide information on this service to customers. Additional information can be found on https://promptpay.scb.

<table>
<thead>
<tr>
<th>Service</th>
<th>Current Users</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCB EASY</td>
<td>A mobile application for comprehensive banking service</td>
</tr>
<tr>
<td></td>
<td>1.3 million registered users which equates to a 270% growth</td>
</tr>
<tr>
<td></td>
<td>1.4 million users per month, which accounts to a 104% increase</td>
</tr>
<tr>
<td>EASY NET</td>
<td>Internet banking</td>
</tr>
<tr>
<td></td>
<td>530,000 registered users</td>
</tr>
<tr>
<td>UP2ME</td>
<td>A mobile application for financial transaction, shopping, bill payments and top-up service</td>
</tr>
<tr>
<td></td>
<td>56,000 registered users</td>
</tr>
<tr>
<td>LINE Pay</td>
<td>An electronic top-up service to LINE E-Wallet on smartphone</td>
</tr>
<tr>
<td></td>
<td>57,900 registered users</td>
</tr>
</tbody>
</table>

Remarks: Data as of December 16, 2016

Current users of online financial service accounts to 20% of retail customers
FOSTER UNDERSTANDING AND ENGAGEMENT IN THE DIGITAL AGE

The world today has entered the digital age which has influenced the way customers receive information, particularly among the new generations who prefer to navigate and gather information online before making a purchase or service decision. The Bank recognise the importance of leveraging digital media as an intermediary to deepen the mutual understanding and engagement between customers and the Bank. Therefore, the Bank’s communication strategy was expanded to cover a broader variety of channels, such as LINE application, Facebook, Twitter, YouTube, and Instagram, under the username “SCB Thailand” to create a dialogue platform and receive feedback on products and services, along with providing financial information and channels for complaints or suggestions anywhere, anytime.

NUMBER OF FOLLOWERS OF SCB THAILAND IN SOCIAL PLATFORMS

<table>
<thead>
<tr>
<th>Platform</th>
<th>Followers</th>
</tr>
</thead>
<tbody>
<tr>
<td>LINE</td>
<td>26.8 million</td>
</tr>
<tr>
<td>Facebook</td>
<td>3.1 million</td>
</tr>
<tr>
<td>Twitter</td>
<td>511K followers</td>
</tr>
<tr>
<td>Instagram</td>
<td>24.3K followers</td>
</tr>
<tr>
<td>YouTube</td>
<td>44K followers</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>Websites</td>
<td></td>
</tr>
<tr>
<td>LinkedIn</td>
<td></td>
</tr>
<tr>
<td>Pantip</td>
<td></td>
</tr>
</tbody>
</table>

Remarks: Data as of December 31, 2016

In 2016, the Bank received global awards that reflected its capability and achievement in building customer relationships with marketing campaigns on the Bank’s social media channels under the username “SCB Thailand”. Awards include:

- Garnered the Top Social Media Brand Engagement in the Bank & Finance Category from Thailand Zocial Awards 2016 for 3 consecutive years (2014 – 2016)
- Garnered the Best Use of Social Media in Asia award at the Customer Experience in Financial Services (CXFS) Summit and Awards Asia 2015, Organised by Timetric, a leading provider of online economic, industrial and marketing analyses from Singapore
- Garnered the World’s Best Consumer Digital Banks in Asia-Pacific and The 2016 World’s Best Consumer Digital Banks in Best in Social Media from the United States-based Global Finance Magazine
- Garnered Digital Marketing award from IBM Marketing Innovation Awards 2016
Siam Commercial Bank recognises that security of both the Bank’s and customers’ data is a critical component for maintaining the Bank’s stability and customers’ trust in using the Bank’s services. The Bank, therefore, set up the Technology Leadership Forum and the Technology Steering Committee to manage the Bank’s information system. The Bank also assigned executives and the Technology Security, Architecture and Risk function to supervise and ensure that the Bank’s information technology implementation aligns with its data security strategy, including high-risk data security and data access. The Bank regularly reviews its data security strategy and management at least once a year to ensure an efficient system with maximum security. Moreover, the Bank also enacted the Information Security Policy that applies to the Bank’s employees, suppliers, contractors, and all consultants who are involved in the Bank’s operation.

The Bank received the ISO/IEC 27001:2013 certification on Information Security Management System (ISMS) which attests the quality of the Bank’s overall information infrastructure. The Bank also performs an annual risk assessment based on the ISO 27005 standard, an international qualification for data security risk management, as well as regularly conducts risk evaluation on suppliers and external information technology service providers. Moreover, the Bank has also prepared a business continuity plan with an annual testing regimen to guard against system disruption even under abnormal circumstances, such as cyber-attacks, natural disasters, etc. In addition, the Bank evaluates its system security by using external experts and benchmarks, such as the Payment Card Industry Data Security Standard (PCI DSS) certification for credit card fraud prevention.

In addition to developing an effective data security system, the Bank also focuses on reinforcing employees’ awareness on the importance of protecting data security and new forms of threats in the cyberworld. The Bank regularly organises orientation and training sessions on this topic with the total of 6 training sessions and 9 technology discussion sessions in 2016. These sessions featured a panel of experts and professionals drawn from both inside and outside the Bank to share their knowledge on the current and future technological trends covering topics such as Digital Non-stop, the New Digital Workspace and Collaboration Experience etc.
INNOVATING THE WAY WE WORK

The Bank is committed to be part of the force for change in the banking industry towards the digital age with a goal of meeting the changing customers’ needs and enhancing the Bank’s business capability. The Bank has continuously encouraged and looked for new alternatives by creating an environment that stimulates internal innovation. For this reason, the Bank founded Digital Ventures Company Limited in 2016 with an investment amount of more than USD 50 million or approximately THB 1,760 million under the “Forwarding FinTech” concept. This new company plays an important role in investment and research on financial innovation, as well as supporting Thai startup entrepreneurs to grow together with SCB through an incubator program (Digital Ventures Accelerator or DVA) to help startups achieve sustainable growth. This newly established company constitutes a stepping stone for the Bank to pursue financial innovation that will truly benefit the customers.

STRUCTURE OF DIGITAL VENTURES COMPANY LIMITED

<table>
<thead>
<tr>
<th>Corporate Venture Capital</th>
<th>Lab and Digital Products</th>
<th>Accelerator</th>
</tr>
</thead>
<tbody>
<tr>
<td>RESPONSIBILITIES</td>
<td>RESPONSIBILITIES</td>
<td>RESPONSIBILITIES</td>
</tr>
<tr>
<td>Study, build understanding and make decisions to invest, domestic and internationally, in the form of fund of funds and direct investment in startups with a FinTech focus.</td>
<td>Research, test, and develop FinTech products and services, such as Blockchain, artificial intelligence, and others, in response to future changes in customer behaviour.</td>
<td>Create the best eco-system for Thai startups by providing business knowhow, advisory, and fund to ensure their sustainable growth.</td>
</tr>
</tbody>
</table>
INVESTMENT IN RIPPLE, THE LEADER IN BLOCKCHAIN TECHNOLOGY DEVELOPMENT

SCB is the first Thai financial institution to invest, study and test Blockchain technology in order to develop a secured online international money transfer for the digital age. By investing in Ripple, a leading payment solution service provider from the US, through Digital Ventures Company, along with other major investors such as Santander InnoVentures, Accenture, and Google Ventures.

INVESTMENT IN GOLDEN GATE VENTURES FUND

SCB, through Digital Ventures Company, invested in the Singapore-based Golden Gate Ventures Fund which is a startup and FinTech investment fund specialised in Southeast Asia with current asset under management (AUM) of more than USD 60 million. This investment constitutes an important step for the Bank toward becoming a digital bank.

DIGITAL VENTURES ACCELERATOR (DVA)

The Bank formally launched the Digital Ventures Accelerator (DVA) project on November 2, 2016 to support Thai startups on the path of sustainable growth and to contribute towards building the best eco-system for Thai startups. The Bank offers THB 300,000 grant per team and collaborates with global companies to provide business knowledge and to assist startups by taking the fitting prototype to the next level.
The Bank places a great emphasis on being a caring employer to ensure employees are happy and proud to be part of the SCB family. To make SCB an employer of choice, the Bank focuses on continuously improving human resource management, as well as providing a safe work environment that promotes well-being.

Building Capability and Career Advancement for our People

Well-being of our People

Promoting Occupational Health and Safety
The Bank places a great emphasis on being a caring employer to ensure employees are happy and proud to be part of the SCB family. To make SCB an employer of choice, the Bank focuses on continuously improving human resource management, as well as providing a safe work environment that promotes well-being.

Building Capability and Career Advancement for our People

Well-being of our People

Promoting Occupational Health and Safety
CAPACITY BUILDING AND CAREER ADVANCEMENT FOR OUR PEOPLE

SCB recognises the importance of human capital development at all levels, and provides a wide range of training and opportunities for career advancement in order to prepare employees for challenges, strengthen skills in respective functions, and develop positive attitudes toward change. Moreover, high on the Bank’s agenda is the importance of attracting talent with specialised knowledge and expertise to be the core engine that drives the Bank to achieve its strategic goals.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSE</th>
</tr>
</thead>
</table>
| - Customer expectation for in-depth financial advice  
- The advent of new technologies that may replace traditional services | - Employee capacity building for career opportunities and advancement  
- Acquisition of new talent |

Advancement in technology that can replace basic banking services has significantly changed the way financial institutions globally conduct their businesses. In addition, today’s customers expect more from their banks than just basic transactions, such as investment advice. The Bank therefore needs to accelerate employee skill development to meet customer expectations as financial advisors with insights into the new generation of customers, the ability to deliver products and services that create long-term value, as well as adaptability for a digitised working environment.

EMPLOYEE CAPACITY BUILDING FOR CAREER OPPORTUNITIES AND ADVANCEMENT

It is of great importance for the Bank to promote career advancement opportunities for all employees by focusing on developing knowledge and skills necessary for working in the digital age, such as new technologies that impact the Bank’s business, risk management, and digital marketing. The Bank has in place Individual Development Plans (IDP) as well as a wide variety of training courses ranging from general skill training courses to executive courses in the form of classroom training, online courses, internships, and continuing education both in Thailand and abroad. Employees can select courses of interest from the course catalogue provided by the People function on the Bank’s intranet. In addition, employees can propose and obtain an approval from their supervisors to take courses of interest beyond what the Bank has already offered.

Total number of employees’ training courses in 2016:

733 courses

which are

Online: 68 courses  
Internal: 367 courses  
External: 298 courses

Average hours per employee of training and development:

63

Budget for human resource development:

THB 275 million, an 8.8% increase from 2015

Average amount spent per employee on training and development

THB 11,729

Remark: data as of December 31, 2016
CLT ALT DEL (CAD) PROJECT: REBOOT YOUR LIFE REBUILD YOUR FUTURE

The Bank collaborated with the Academy of Business Creativity at Sripatum University to create a new learning program in the style of “People Laboratory” for the Bank to boost motivation, stimulate new culture building, and encourage engagement between Executives and employees under the concept: “Reboot Your Life Rebuild Your Future.” There were more than 100 officer-level employees participating in this activity which lasted six months. Moreover, the Bank invited well-renowned external experts from a variety of fields to share their ideas and spark employees’ creativity during this program.

RETURN ON HUMAN CAPITAL INVESTMENT AND STAFF COSTS PER EMPLOYEE IN 2016

In 2016, the Bank’s return on human capital investment declined as hiring significantly increased to implement the SCB Transformation project.
ACQUISITION OF NEW TALENTS

Today’s business complexity and rapid technology advancement are a driver for the Bank to attract talent from various fields, such as data scientist and business intelligence analyst. The Bank’s recruiting strategy is to attract talented individuals from diverse careers to join the SCB family by proactively enlarging the pool of candidates, along with having a transparent and fair recruiting process. The Bank provides many channels for interested candidates to submit their applications, such as the Bank’s website, LINE Application, Facebook, Instagram, and LinkedIn under the username “SCB Thailand”.

Furthermore, the Bank has organised various activities to attract candidates with both talent and the right fit for the organisation’s culture. For example, there are internship programs for university students, recruitment roadshows, and special talks at universities, as well as working with leading recruitment agencies to recruit top talents both domestically and internationally. The Bank has planned a future Co-Creation initiative with universities to identify potential candidates with specialised skills, which includes the entire process from selecting a suitable candidate for university entrance to a guaranteed job offer upon graduation.

SCB INTERNSHIP AND COOPERATIVE EDUCATION PROGRAM

The Bank provides summer internship opportunities for third-year university students, and cooperative education program for fourth-year university student, from diverse fields for which participants will gain hands-on work experience. These programs help to strengthen the relationship between the Bank, universities, and the new generation of young adults. In 2016, there were a total of 151 participants, for which 107 joined the summer internship program, and 44 students joined the cooperative education program.

SCB MANAGEMENT ASSOCIATE PROGRAM

The Bank offers a two-year internship program for post-graduate students in Economics, Business Administration, Accounting, Marketing, Engineering, and IT to acquire diverse experiences and a broad understanding of the Bank’s business. The Bank’s internship program is specifically tailored to fit each individual participant and provides a job rotation opportunity for participants to gain familiarity with various functions such as Customer segment, Product segment, Risk Management function, and Operations and Support functions. Moreover, interns benefit from mentoring support throughout the program. At the end of the internship program, participants are given an opportunity to work in a management position in their areas of interest as well as to work with senior management on the Bank’s various projects of the Bank. In 2016, there were five participants in the internship program from five universities.
The Bank collaborated with Sasin Graduate Institute of Business Administration of Chulalongkorn University to organise the SCBFLC competition for the third consecutive year. This is the first international competition of its kind in Thailand that provides a venue for the new generation of young adults from both Thailand and abroad to demonstrate their talent and business acumen by solving business case studies. At the same time, this competition offers a network building opportunity for young people from diverse fields. The competition outcome is determined by a panel of judges drawn from distinguished experts who also provide coaching and advice to the competitors. The winner of this competition will receive His Majesty King Bhumibol Adulyadej’s trophy cup along with prize money. In 2016, there were 78 teams from 31 universities participating in this competition. More information can be found at www.scbflc.com
WELL-BEING OF OUR PEOPLE

SCB is dedicated to caring for its employees' happiness, quality of life and work-life balance. Because every employee is like a family member and a vital contributor to the organisation’s success, the Bank values employees’ feedback and looks after the well-being and health of employees at all levels.

CHALLENGE
• Competition to attract talents in the digital age
• Talent attraction and retention

RESPONSE
• Promoting employees’ well-being
• Providing welfare for employees and their families
• Respecting labour and human rights
• Building employee engagement

As employees are at the heart of the organisation, their happiness, quality of life and work-life balance are a foundation for the Bank’s steady and sustainable growth. However, constant and rapid changes in the business landscape present a challenge for employees to continuously develop and improve their capabilities to keep up with the changes and to deliver high performance. To successfully achieve the organisation’s objectives, the Bank must be highly attentive to its employees and provide appropriate benefits for employees and their families with respect for human and labour rights. Along with fostering employee engagement, the Bank can then ensure that all employees are happy and have a good quality of life throughout their career at SCB.

PROMOTING EMPLOYEES’ WELL-BEING

The Bank has developed various channels to receive employee feedback and suggestions with a commitment to turn ideas into concrete outcomes. Starting in 2016, the Bank has encouraged employees to communicate their problems or concerns directly to the Bank’s President and CEO as well as organised nationwide branch visits by Executives to demonstrate the Bank’s intention to care for employees at every level.

Furthermore, the Bank has set up the “We Care Panel,” chaired by the President and CEO, to provide guidance or resolve issues related to employees’ well-being and quality of life by using best practices as a benchmark. The Panel is also responsible for issuing short-term and long-term implementation plans as well as monitoring progress of project implementations to ensure timely completion within the specified timeframes.
LISTEN

- The Bank has a variety of communication channels to hear employees’ voice, such as:
  - “Sunday Talk with Khun Arthid”: A two-way communication channel between the President and CEO and employees. Employees can voice their opinions through this channel by sending their comments to ceo@scb.co.th
  - Purple People Talk: An email channel to communicate with the Chief People Officer at purple_talk@scb.co.th
  - HR Call Centre at 0-2544-4444
  - Well-being champion
  - In-depth interview with employees
  - The Bank’s message board
  - The Welfare committee

IMPROVE EMPLOYEES’ WELL-BEING AT THE RATCHAYOTHIN HEAD OFFICE

The Bank’s dedication to employee happiness and quality of life coupled with its attentiveness to employee feedback resulted in various project initiatives in 2016. Examples include: creating a healthy workplace in a new office building to accommodate more than 2,000 employees, managing traffic around the head office during the closure of the Ratchayothin intersection flyover, and increasing parking space for employees. The Bank is committed to continuing projects that strengthens employee well-being and happiness while working here.

ACTION

- Gather and review feedback and compare against best practices
- Define short-term and long-term implementation plans
- Monitor the progress at a regular interval to ensure that the implementation plans have been executed according to the specified timeframe

COMMUNICATE

- Communicate concrete implementations to employees to deepen employee engagement with the Bank

IMPROVE AMENITIES AT BRANCH NETWORK OFFICES

The Bank improved the operation areas and the recreational areas for employees at branch offices, such as providing ergonomic chairs, adding more coolers and expanding dining areas, etc. The Bank plans to upgrade technology devices at branch offices in 2017.

WELFARE OF EMPLOYEES AND THEIR FAMILIES (G4-LA2)

The Bank strives to provide employee welfare benefits that are appropriate, fair, and competitive to other companies in the same industry. The Bank conducts surveys and gathers information from multiple channels on employee needs to continuously improve its welfare structure and system. Besides the statutory benefits required by laws, the Bank also offers additional benefits such as scholarships for children of employees below the manager level whose academic performance meets the Bank’s criteria. These are free scholarships with no conditions attached which provide financial support until completion of a Bachelor’s degree.
3,364 scholarships have been given out to children of employees since inception of the program amounting to THB 14.39 million.

Moreover, the Bank has collaborated with the Foreign Language Department, Faculty of Anthropology, Kasetsart University, to organise the “SCBKU English Academy” camp for the sixth consecutive year to encourage employees’ children to spend their school holidays productively by learning English. Since its inception, there has been 116 participants in the program.

To provide an outlet for releasing stress from work and to deepen employee engagement, the Bank has organised a variety of recreational clubs, such as a badminton club, a drawing club, and an ethics and quality of life club, for which employees can join and pursue activities of interests. Moreover, the Bank continues to upgrade the internal amenities, such as a fitness room, a reading room, and a health clinic, to provide the modern and adequate services for employees.

LABOUR AND HUMAN RIGHTS PRACTICES
The Bank upholds the principle of respect for human rights and treats employees fairly without discrimination on any basis, either of gender, skin colour, ethnicity, religion, culture, or education. This principle has been clearly stated in the Bank’s Code of Conduct. Moreover, the Bank also gives employees the freedom to join SCB labour union which has been active for more than 22 years to establish a good relationship between the Bank and employees. The union’s main objective is to protect the interest of its members and to ensure fair treatments for employees by considering mutual benefits of all parties. Currently, members of the labour union account for more than 25% of total employees.

CREATING EMPLOYMENT OPPORTUNITIES FOR PEOPLE WITH DISABILITIES
The Bank has a policy to create employment opportunities for people with disabilities who are capable and qualified for the job. Currently, the Bank employs those disabilities on the payroll. At the same time, the Bank also collaborates with the Social Innovation Foundation, the Don’t Drive Drunk Foundation, and the Redemptorist Foundation for People with Disabilities, coordinated by the Human Resource function and the Siam Commercial Foundation, to identify ways to create employment for people with disabilities.

BUILDING OUR GOOD HEALTH
To raise employee awareness on healthy living, the Bank has organised health-related seminars for nine consecutive years. In 2016, under the “Building Our Good Health” concept, the Bank added a stress management course in the program to educate employees on the conditions and implications of stress. The goal is for employees to be able to assess their own level of stress and apply the knowledge from the course to achieve a work-life balance and increase the quality of life at work. Throughout 2016, the Bank organised 16 health seminars for more than 3,000 participants.

In 2016, 143 people with disabilities benefited from the Bank’s support.
BUILDING EMPLOYEE ENGAGEMENT (G4-56)

Because employees are the main driving force for SCB’s success, to deepen employee engagement is to strengthen the Bank foundation. The Bank focuses on creating a culture and working environment that foster positive attitudes and productive working relationships both among employees and between employees and the organisation. By instilling the iSCB core values and encouraging employees to apply these values to their day-to-day work and daily lives, the Bank aims to create organisational unity through leadership role models and provide an inspiration for employees to contribute their best to the organisation.

The Bank has a policy to look after employees right from when they join the SCB family. The People function is responsible for attentively looking after new employees to ensure that they can work effectively from day one through a variety of programs such as the Buddy program. The Buddy program aims to help new employees to become accustomed to their working environment, to train managers above the director level for the coaching role, and to provide on-the-job learning opportunities for employees.

In 2016, the Bank initiated a survey on employees’ perceptions of the Bank to assess the current strength of SCB organisational health and the organisational readiness to face future changes. The Organisational Health Index (OHI) has been used as an assessment tool and an input for future development to truly become an organisation where people want to work. To ensure that the information is impartial and unbiased, the Bank hired a leading global consulting firm to conduct the survey.

The Bank received an assessment score of 81 out of 100 which was in the top quartile of all leading organisations in Southeast Asia.
OCCUPATIONAL HEALTH AND SAFETY OF OUR PEOPLE

The Bank adheres to the international standards on occupational health & safety (OHS) and security to ensure maximum safety within the operation areas of the Bank for all employees, customers and visitors.

CHALLENGE
• Stakeholders’ expectation for high standard of operation and security
• Applying the same standard of OHS throughout the organisation

RESPONSE
• Promoting OHS management
• Reinforcing contractors’ safety guideline
• Reinforcing Supplier Code of Conduct

Realising that healthy and safe work environment is a fundamental factor for organisational sustainability, the Bank strictly follows the legal safety and health protocols and adheres the international safety and health standards, as well as closely monitors business partners’ operations to prevent accidents and incidents that may have an impact on the Bank’s reputation and trustworthiness.

PROMOTING OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT

To ensure that the Bank’s operations meet the required health and safety standards, the Bank has formalised the OHS standards, along with associated guidelines, to guide OHS practices throughout the Bank. The goal is to create a safe and healthy workplace with a modern security system as well as to provide concrete guidelines on preventing any workplace accident, injury, disability, or fatality. Moreover, the Bank has set up the Safety Committee to supervise and monitor the building security system to ensure maximum effectiveness.

The Bank believes that every employee should take responsibilities in workplace safety and prevention by considering safety both for themselves and for their colleagues as well as adhering to the OHS standards with the goal: “Every employee comes to work and goes home safely every day in every work area.” For this reason, the Bank makes the safety training mandatory for every new employee to raise awareness and communicate the Bank’s safety policy and guidelines. In 2016, there were 4,792 employees participating in this training which were 100% of all new employees. The Bank also conducts an annual fire evacuation drill and firefighting practice.
Do not leave documents or other objects on the building ground, under desks, in corridor areas, and in meeting rooms, in any circumstances regardless of whether the items belong to individual employees or to the Bank.

Keep the desk area uncluttered to leave at least 50% of the space unoccupied and do not bring personal electronic devices to the office (except for mobile phone chargers.)

Always turn off and unplug electronic devices on the desk or in the meeting room after use.

Only hang 1 jacket at the desk and keep 1 pair of slippers stowed under the desk.

Do not obstruct the area in front of the fire extinguishers, the fire exit doors, the circuit board rooms, and the air conditioning system rooms.

Properly store important or confidential documents. If documents are on the desk, they should be faced down, stored in a folder, or put in a drawer before leaving the desk to perform other activities.

In addition to employees’ safety management guidelines, customer safety management is also important to the Bank. In 2016, the Bank upgraded the building structure, air conditioning system, fire safety system, and other systems at the Ratchayothin Head Office, the Chaengwattana Data Centre, and the Chidlom branch, as well as at four regional centres which are Singburi, Rayong, Ubon Ratathani, and Tapae branches, to meet the international safety standard and ensure safety for every customers and employees. The Bank plans to extend the scope of safety management to cover 14 regional centres in 2018.

Moreover, the Bank requires all security personnel to complete mandatory trainings on detecting irregularities, suspicious persons and objects, and basic bomb defusal techniques to handle unexpected incidents effectively. The Bank also specified safety guidelines for ATM installation whereby ATMs should be installed in a safe, well-lit, and populated area and should be inspected every three months. In addition, the Bank is in constant communication with customers on potential ATM security threats, such as ATM skimming. Customers can report any suspicious activity directly to SCB employees or contact the Customer Call Centre at 0-2777-7777 which is available 24 hours a day.
REINFORCING CONTRACTORS SAFETY GUIDELINE

Contractors’ operational guidelines and safety and prevention measures are clearly specified in the contractors’ Terms of reference (ToR). The goal is to mitigate and control risk along with building awareness in operational safety while working in the Bank’s areas. Contractors are required to fill the Job Safety Analysis (JSA) form which classifies risk into high, medium, and low based on the type of work. All contractors must complete the mandatory training on basic safety and prevention prior to commencing their work in the Bank’s buildings, and contractors shall remain under the Bank’s close supervision throughout the entire operational duration.

SCB SAFETY IMPROVEMENT

On March 13, 2016, contractors hired to upgrade the fire protection system in the Ratchayothin Head Office activated the release of Pyrogen gas, a fire suppression chemical, resulting in suffocation and fatalities of construction contractors. The Bank has not been complacent regarding this incident and tasked the Building Operations and Maintenance to improve the safety measures inside the Bank’s buildings as well as specify stricter safety guidelines as follows.

1. Define contractors’ qualifications and develop a list of contractors who meet the qualifications in terms of both quality and safety.

2. Develop a risk assessment procedure whereby every contractor working on the Bank’s premises is required to fill the Job Safety Analysis form and obtain an approval from an authorised person from the Bank before commencing the work.

3. Require an engineer and a security officer to control and supervise the contractors who work on the Bank’s premises.

4. Educate relevant staff on the procedure, review the emergency response and evacuation plan, as well as rehearse fire evacuation regularly.

5. Conduct a random safety audit on the contractors’ operations against the Bank’s Supplier Code of Conduct and immediately order a suspension if any unsafe practice is detected.

6. Specify an incident prevention measure with a 24-hour surveillance planning by the fire prevention team.
REINFORCING SCB SUPPLIER CODE OF CONDUCT

The Bank’s business involves more than a thousand suppliers ranging from general procurement, IT procurement to building management. Therefore, to facilitate a smooth operation and effectively deliver the best customer experience, it is important to specify clear guidelines for suppliers. Thus, the Bank issued the SCB Supplier Code of Conduct to provide guidelines and encourage suppliers to conduct their businesses in accordance with ethical principles and respect for individuals’ rights and freedom as well as attend to labour and human rights, OHS, safety, and environmental aspects.

The Bank communicates the Supplier Code of Conduct to suppliers by organising the Vendor Communication Day event which is held annually and every supplier is required to sign an acknowledgement form and expected to strictly follow the Code of Conduct. The Bank regularly monitors and assesses the suppliers’ performance; if any violation of the Code of Conduct is found, the Bank reserves the rights to terminate the contracts upon potential impact and damage considerations.

TOPICS IN SCB SUPPLIER CODE OF CONDUCT

- Business Ethics
- Labour and Human Rights
- Occupational Health and Safety
- Environment
- Laws and Regulations
The Bank upholds the sustainability principle inspired by His Majesty Bhumibol Adulyadej’s Philosophy of Sufficiency Economy as a guiding compass for running the business. The Bank focuses on promoting quality of life and financial security through CSR activities that leverage the Bank’s financial expertise and extensive networks for maximum social benefits. Moreover, the Bank puts an emphasis on environmental management, both in direct and indirect ways, as well as providing financial support responsibly by taking social and environmental criteria into considerations.

Building a Sustainable Way of Living

Reducing our Footprint and Contribution to a Sustainable Future
The Bank upholds the sustainability principle inspired by His Majesty Bhumibol Adulyadej’s Philosophy of Sufficiency Economy as a guiding compass for running the business. The Bank focuses on promoting quality of life and financial security through CSR activities that leverage the Bank’s financial expertise and extensive networks for maximum social benefits. Moreover, the Bank puts an emphasis on environmental management, both in direct and indirect ways, as well as providing financial support responsibly by taking social and environmental criteria into considerations.
BUILDING A SUSTAINABLE WAY OF LIVING

SCB aims to strengthen the foundation of society and the environment that enables good quality of life. By partnering with Siam Commercial Foundation (SCBF) and other organisations from both public and private sectors, the Bank initiates activities aimed to promote self-sufficiency and sustainable growth of communities and society. Moreover, the Bank also encourages employees to make use of their knowledge and abilities for social contribution.

CHALLENGES
• Educational inequality and lack of opportunities for capacity building among youth in local communities
• Lack of equitable and fair access to funding
• Lack of knowledge and understanding in financial literacy and discipline

RESPONSES
• Community and social empowerment based on the Philosophy of Sufficiency Economy
• Promoting financial inclusion and financial literacy

Social inequality, educational inequality, and household indebtedness impose a heavy cost, not only on the nation’s economic stability, but also on social stability and wellbeing of Thai people. SCB, as the leading financial institution, is fully aware of its obligation to improve the quality of life of Thai people, particularly for youth, who are the main engine for the nation’s sustainable growth. The Bank, therefore, organises CSR activities to build community engagement and support social development in a sustainable fashion based on the Philosophy of Sufficiency Economy. In addition, the Bank also focuses on enhancing financial inclusion for entrepreneurs and people at every level by delivering products and services responsibly as well as promoting financial literacy.

COMMUNITY AND SOCIAL EMPOWERMENT BASED ON THE PHILOSOPHY OF SUFFICIENCY ECONOMY

SCB has worked alongside the Thai society for more than 110 years. The Bank takes pride in its contribution toward social sustainability through various CSR projects. The Corporate Social Responsibility Committee (CSR Committee) is responsible for setting SCB’s CSR policies and frameworks, as well as considering resource and budget allocation to achieve the goals in three dimensions: youth development and education, volunteer network, and development of quality of life and environment.

The Bank recognises the importance of responsible corporate citizenship to help achieve sustainable growth. To ensure effective implementation of the Bank’s CSR activities, the Bank appoints the CSR function and SCBF a joint implementation responsibility for truly addressing stakeholders’ needs and sustainable betterment of society at large.
OVERVIEW OF CSR ACTIVITIES IN 2016

GOAL
Develop Thai youth to be “brilliant and ethical” in order to become quality future human resources for developing Thailand

TARGET GROUPS
Youth

NUMBER OF PROJECTS
Number of projects
12

PROJECT HIGHLIGHTS
• SCB Challenges
• Youth Development in four Regions, Phase 2
• Connext Ed

GOAL
Promote the awareness of one’s role and contribution to society among the Bank’s employees and expand the cooperation network nationwide

TARGET GROUPS
Youth, Community, Employee

NUMBER OF PROJECTS
Number of projects
77

PROJECT HIGHLIGHTS
• SCB Let’s Do Good
• SCB with three Qualities

GOAL
Support the development of the quality of life and the environment in the long term

TARGET GROUPS
Youth, Community, Employee

NUMBER OF PROJECTS
Number of projects
7

PROJECT HIGHLIGHTS
• SCB Blood Donation
• Sukjai Market
• Community Enterprise Development Project in the Western Forest Complex
### Types of Philanthropic Activities

<table>
<thead>
<tr>
<th>Category</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employees</td>
<td>7,805 persons</td>
</tr>
<tr>
<td>Volunteers' hours</td>
<td>23,795 hours</td>
</tr>
<tr>
<td>Volunteers' expense</td>
<td>THB 5.87 million</td>
</tr>
<tr>
<td>Local communities involvement</td>
<td>50,483 persons</td>
</tr>
<tr>
<td>Students involvement</td>
<td>80,952 persons</td>
</tr>
<tr>
<td>Civic-minded citizens</td>
<td>135,635 persons</td>
</tr>
<tr>
<td>Scholarships</td>
<td>345</td>
</tr>
<tr>
<td>Schools that received</td>
<td>475</td>
</tr>
<tr>
<td>instructional media</td>
<td></td>
</tr>
<tr>
<td>SCB relief fund for disaster</td>
<td></td>
</tr>
<tr>
<td>victims in 2016</td>
<td></td>
</tr>
<tr>
<td>Flood</td>
<td>THB 713,488</td>
</tr>
<tr>
<td>Earthquake</td>
<td>THB 218,455</td>
</tr>
<tr>
<td>Drought and severe winter</td>
<td>THB 3,110,000</td>
</tr>
</tbody>
</table>

Total Spending: THB 300.50 million

Charitable donations: 18%
Commercial initiatives: 4%
Community investments: 78%

Remark: Additional information on CSR activities can be found at www.scb.co.th
SCB CHALLENGE

For more than a decade, the Bank organises the SCB Challenge project on an annual basis to serve as a venue for 55,000 Thai youth from 2,700 educational institutions nationwide from the elementary school to university level. The project aims to help young people realise their potential from action-based learning activities, providing a platform to express talents, creativity, team spirit, social responsibility, and interests.

PAINTING COMPETITION FOR PRIMARY SCHOOL STUDENTS

A drawing and colouring competition for Grade 1 - 6 children in a team of 4 members to demonstrate imagination, creativity, and teamwork.

- 1,031 schools
- 15,534 team members
- 2,748 teams

E-MAGAZINE CONTEST FOR MIDDLE SCHOOL AND HIGH SCHOOL STUDENTS

A competition to promote learning outside classroom context for Grade 7 - 12 students in a 3-member team. Participants learn from actual community work experiences with creative application of media technologies so that they take pride in their local communities, provinces, and country.

- 1,455 schools
- 17,467 team members
- 4,450 teams

COMMUNITY PROJECT COMPETITION FOR UNDERGRADUATES

The SCB Community Challenge for which university students apply theoretical knowledge and experiences to solve real-world problems which helps prepare them for the working world. The assigned tasks aim to create values for targeted communities by improving economic and social welfare as well as the quality of life of people in the communities.

- 265 schools
- 22,144 team members
- 4,278 teams
E-MAGAZINE CONTEST AT THE SECONDARY SCHOOL LEVEL

Under the SCB Challenge project, the Bank held an E-magazine contest for students at the secondary school level under the “Pride of Thai Heritage” concept. This contest serves as a conduit to motivate youth to take pride in their neighbourhoods, provinces, and country, to instil a sense of civic duty, and to deepen knowledge about their communities through the action-based learning. Moreover, the contest presents an opportunity for students to creatively apply media technologies and to acquire skills in innovation adoption, information technology as well as general life skills. Contestants are required to create a magazine to showcase the strength of their neighbourhoods or provinces with the following content: royal institution, honourees for their services to the country, Thai food, Thai heritage site and architecture, arts and crafts, culture and way of life, indigenous knowledge, educational innovation and sports.

“The memorable part about creating this magazine is the research process that taught me a lot about my own neighborhood. It made me realise that there are many good things in my neighborhood that can rival any other neighborhood and ultimately, gave me a sense of pride which has never been there before. I am very grateful for this project which has given me a new perspective to appreciate the things around me that seemed so out of reach before.”

Kriston Saengweang
Sawan Anantawittaya School, Sukhothai Province

THE “BEE FARMING...BAAN PASAK” PROJECT - THE 2016 WINNER OF THE SCB COMMUNITY CHALLENGE.

Under the SCB Challenge programme, the Bank encouraged students from the School of Agricultural Resource, Chulalongkorn University, to apply classroom knowledge to improve the quality, hygiene, and production standards of honey produced by bee farmers from Baan Pasak, Wiang Sa District, Nan Province, for more than 20 years. The goal is to help bee farmers improve their honey products to meet the standard for wholesale price. The team also identified and created direct sale channels for bee farmers by product differentiation, branding, and expansion of distribution channels. Moreover, the team also helped set up a management system for the group to earn additional income.

“Knowledge from the classroom is no use if we do not have a strong foundation. We would not be able to apply those knowledge to solve community problem. Now, we can connect agricultural knowledge ranging from production, processing and management with the knowledge we learn from the project. We can ask experts questions on the topics that we don’t know. All the new knowledge and experience we gain are the result exploration and action-based learning.”

Sasiporn Samnakorn
Chulalongkorn student
Students were particularly interested in the benefits of honey, so they initiated a contact with bee farmers in Bann Pasak community, Nan province. After a continuous dialogue, they found the bee farmers face challenges in pricing and humidity, compounded by their lack of knowledge in value-added products and marketing. As a result, they are unable to set wholesale prices with private corporate buyers.

**Problems**

Investigated cause of moisture accumulation and found that it happened during beekeeping and honey harvesting processes.

**Training**
- Honey harvesting
- Honey extraction
- Packaging

**Collaborate together as a Bee Farming... Baan Pasak**

**Working Phase**

- **Before**
  - Accumulated moisture problem
  - Individually sell products
  - 750 g. Cost THB 88
  - Sell THB 120
  - Profit THB 35

- **After**
  - Reduction of moisture
  - Better quality
  - Higher selling price
  - Locals collaborate together to establish Social Enterprise for bee production
  - 750 g. THB 229
  - 375 g. THB 129
  - 290 g. THB 109
  - 250 g. THB 89
COMMUNITY ENGAGEMENT MECHANISM FOR LOCAL YOUTH EMPOWERMENT

The Common goal of this project is to develop youth and create new relationships under the concept of sharing ideas, making inclusive decision, collaborating, and jointly taking responsibilities.

TANGIBLE OUTCOMES

- A Decrease in a number of misbehaving youth
- An Increase in a number of civic-minded citizens
- An Increase in a number of employed youth

YOUTH DEVELOPMENT IN FOUR REGIONS, PHASE 2: “ACTIVE CITIZEN” PROGRAM FOR CHILDREN, YOUTH, AND FAMILY EMPOWERMENT

SCB has assigned SCBF to take the lead in youth development and adult engagement which are instrumental to sustainable development through collaborative projects with the Bank’s CSR function, employees, business partners, and stakeholders. In 2016, SCBF collaborated with the Community Learning Support Institute to implement the community projects. The objective of this project is to train and develop change agents, to create a long-term mechanism for youth development in participating districts. This youth development mechanism requires cooperation from all related institutions, such as schools, parents, and district hospitals, to participate in targeted areas of youth development. Local administration officers serve as the “change agents” to coordinate and solicit cooperation from all parties for this developmental effort.

Moreover, this mechanism also empowers local youth to take responsibility and ownership of the community’s problems, providing an opportunity for young people to learn more about their communities, be informed of problems facing their communities, and use the potential of a younger generation to help adults find solutions. Thus, this program has a dual goal of developing youth capabilities and instilling the sense of civic duty through organised activities, such as conservation of indigenous knowledge, skills, professions, culture along with maintaining environmental conditions and community resources. Thus, this program provides an important mechanism for new generations to realise their full potentials through community sustainable development. In 2016, SCBF implemented 79 community projects with more than 453 participants.
2016 PERFORMANCE
79 COMMUNITY PROJECTS HAS BEEN DEVELOPED BY 453 YOUTH IN TOTAL.

Pongkum Foundation, Nan Province

- Youth 79
- Students 73
- Young novices 5
- University student 1
- 13 community projects
  - Socio-cultural 6 projects
  - Environment 6 projects
  - Career path development 1 project

Regional Research Center, Sisaket Province

- Youth 127
- Students 122
- University students 5
- 16 community projects
  - Cultural projects 8
  - Environment project 1
  - Career path development 3 projects

Regional Research Center, Samut Songkhram Province

- Youth 117
- Students 71
- University students 46
- 24 community projects
  - Socio-cultural and indigenous knowledge 10 projects
  - Health 12 projects
  - Community development 2 projects

Songkhla Forum, Songkhla Province

- Youth 130
- Students 60
- University students 60
- Students from the training centre 10
- 26 community projects
  - Learning and education 6 projects
  - Career path development 3 projects
  - Energy-environmental management 8 projects
  - Socio-cultural and indigenous knowledge 6 projects
  - Agricultural 2 projects
  - Volunteer network 2 projects
SCB recognises the importance of education which is the core foundation of sustainable social development. In 2016, the Bank was one of 12 private organisations participating in the Public-Private collaboration program – education pillar to form a public-private-social service consortium to revolutionise the Thai educational system by driving strategic changes with the goal of improving the Thai education system. There are 3,342 schools nationwide participating in the Connext Ed project with a plan to extend participation to 7,424 schools from every sub-district of Thailand within 2018.

As one of the first-generation project initiators, the Bank takes an important role of a primary sponsor to provide operational and financial support for 30 “School Partners.” These School Partners were selected from the Bank’s employees based on the qualifications of leadership, philanthropic ideology, and public mindedness. School Partners are required to work with school principals and teachers on in-depth school visits in 50 areas. These visits enable the School Partners to gain first-hand knowledge and understanding of education-related problems and to formulate actionable development plans. Moreover, for employees who have volunteered to be School Partners, the project gives them not only the opportunities to utilise their knowledge and abilities to drive change but also the pride to be part of the Thai education reform. The Bank’s executives and education experts serve as advisors to offer guidance and suggestions on strategies and implementation as well as to monitor the progress and performance. The Bank is committed to ensure continuation of this project to achieve the objectives set forth in the development plans.

CONNEXT ED PROJECT – LEADERSHIP PROGRAMME FOR SUSTAINABLE EDUCATION

CONNEXT ED:
CON = CONNECT,
NEXT = NEXT GENERATION,
ED = EDUCATION

Roles of School Partner

Step 1: Engage
Getting to know the school principals, teachers, students, and communities in the area to build engagement for change.

Step 2: Enable
Analyse and evaluate issues facing the school, observe lesson planning and teaching, and assist the principal in developing school development plan.

Step 3: Enhance
Brainstorm with the school principle and teachers to formulate a plan for collaborative and sustainable development of the school. Present the plan to the Bank’s executives for budget approval as well as regularly monitor the implementation progress.
SCB WITH 3 QUALITIES PROJECT

The Bank collaborates with SCBF to improve the people’s quality of life as well as to promote basic financial literacy for children and youth with fun and easy to understand materials. Initiated in 2012, the “SCB with 3 Qualities” project aims to educate children and youth on the importance of personal finance, to turn knowledge into skills by making it a good habit, and to develop financial discipline to earn, save, and spend wisely. The Bank encourages employees to participate in project activities with schools in the network targeting three aspects: Quality of life, Quality of mind, and Quality of habits in personnel finance.

In 2016, the Bank organised activities for children in 16 schools that were part of the network. There were more than 300 employees volunteered to teach personal finance to 1,200 students. Throughout the three years of the project operation, there have been 1,100 employees and 2,600 students participating in the program.

Example: SCB Let’s Do Good Campaign organised a school renovation volunteer camp at Baan Terdthai School, Sakon Nakhon Province
The Bank built new restrooms, installed window security bars, expanded the base for the national flag, and built pavement from the road to the school building to increase students’ quality of life.

Example: SCB Let’s Do Good Campaign at Baan Tunggrad School, Chonburi Province
The Bank organised activities to teach the value of money, made learning materials from scraps, cleaned the school, built a new science classroom, and helped children plant vegetables for school lunches.

Example: SCB Let’s Do Good Campaign at Baan Nonggosok Granuan, Khon Kaen Province
The Bank helped build a mushroom cultivation unit and teach children how to grow mushrooms and other vegetables for school lunches. Moreover, any produce unused for school consumption can be sold in the market for additional income and savings. The Bank also built a water storage tank for the school, donated sports equipment, and provided educational materials.
I am happy to be a giver. Today is the 13th time I have donated blood. I believe that blood donation motivates us to take better care of our health and fitness to prepare for the next round of blood donation. I want to invite everyone to join in to help save lives. As for me, I will certainly come back to donate blood every three months.

Mr. Rungrit Chaowbangngam
Officer, IT Advance Network
Poverty and social inequality have long been deep-rooted problems for the Thai society that affect people’s quality of life and welfare, as well as the nation’s economic stability. Thus, ensuring inclusive funding accessibility for every group of people in parallel with promoting financial literacy are vital steps to elevate people’s quality of life and strengthen the country’s economic foundation for sustainable development.

As a universal bank, SCB recognises that financial service accessibility and financial literacy are key contributing factors toward financial security of people in the society. The Bank, therefore, has operational guidelines to promote and provide equal opportunities for every group of people to access financial services on the basis of fairness and transparency under good corporate governance. The Bank operates in three main areas: financial inclusion, financial literacy, and fair dealing.

### CHALLENGES AND IMPLEMENTATIONS IN PROMOTING FINANCIAL INCLUSION

<table>
<thead>
<tr>
<th>Challenge</th>
<th>SCB Implementation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complex and difficult credit application conditions and processes resulting in lengthy execution which sometimes causes inconvenience for customers or even scares them away. Some customers lack knowledge and unfamiliarity with financial transactions.</td>
<td>The Bank’s organisational structure has been designed to cater to each specific customer group in a clear and comprehensive manner to develop services that are effectively accessible and meet customer needs, particularly credit products for low-income customers or small business entrepreneurs. Moreover, the Bank has a wide variety of service channels, such as online services, comprehensive in-branch services at more than 1,000 branches, and more than 9,700 ATMs available nationwide.</td>
</tr>
</tbody>
</table>
| Some groups of the population lack an opportunity to acquire financial literacy, leading to ineffective personal financial management. | The Bank engages diverse means to promote financial literacy to the public and every customer group through various channels and activities such as:  
- Organise seminars to enhance financial skills for corporate, SME and retail customers  
- Encourage branch employees to give financial advice to customers  
- Instill financial discipline among young people through the “SCB with 3 Qualities” project  
- Communicate relatable infographics to the general public through social media platform |
| Offering financial products to customers without full information disclosure or convince customers to buy products and services without appropriate risk disclosure. | The Bank instils professionalism and work ethics for employees at every level and builds customers’ trust on the basis of accurate, transparent, and complete information disclosure that is not driven primarily by profit motives. Furthermore, the Bank has a variety of channels for customers to voice complaints in the case of unfair dealing. |
FINANCIAL LITERACY TRAINING AND SEMINARS
Throughout 2016, SCB collaborated with government and private organisations to organise trainings and seminars. These events aim to help customers enhance financial and business development skills such as:

**Corporate Customer**
- Euromoney Conferences: Myanmar Global Investment Forum 2016
- Euromoney Conferences: The Greater Mekong Investment Forum
- Seminar on Public-Private Partnership (PPP)

**SME Customer**
- Rooster New Year Business Seminar 2017
- SCB SME SUCCESS # 6: Grow Strong
- The 13th SCB-FTI Franchise & Factory Outlet
- SCB SME Expo Spring Up Thailand
- SCB Intelligent Entrepreneur Program Batch 12 and 12s
- SCB Young Entrepreneur Program Batch 20 and 21
- Great Assets, Good Sites Seminar by SCB
- Tax Seminar for Small SME

**Retail Customer**
- SCB Investment Symposium 2016 – Thailand Ahead
- The 7th Thailand Smart Money expo in Bangkok
- The Money Expo in Chiang Mai, Udon Thani, Hat Yai, Pattaya
- Exclusive Seminar: Preparing for Land and Asset Taxes
- Investment Solutions in the Era of Near Zero Interest
- EIC Conference 2016: Reviving investment, restoring Thailand’s potential
- Seminar on Fundamentals for Strategic Investment and Effective Decision Making

FUNDING PROGRAMME FOR RESEARCH AND DEVELOPMENT IN ENGINEERING AND SCIENCE FOR INDUSTRIAL PRODUCTION AND COMMERCIALISATION IN THE PRIVATE SECTOR
In collaboration with the National Science and Technology Development Agency (NSTDA), the Bank offers soft loans to support research in the private sector for product quality and capacity development. The goal of this programme is to expand the body of knowledge in engineering and science for industrial production and commercialisation. This is a 5-year funding programme from 2015 to 2020 with a loan limit of THB 30 million per company. At present, there are 21 companies participating in this programme with the total loan amount of THB 326.19 million.
GOOD INNOVATION, ZERO INTEREST PROJECT
The Bank provides funding support for the Good Innovation, Zero Interest project, an initiative of the National Innovation Agency, with the goal of supporting entrepreneurs who are interested in value-added product or process innovation. This is a 4-year special loan programme effective from 2015 to 2019. At present, there are 5 participants in this loan programme with the total loan amount of THB 6.63 million.

“DON’T LET OTHERS SAY THAT THAIS ARE CARELESS SPENDERS” CAMPAIGN
The Bank joined the Thai Future Network consortium to support the campaign: “Don’t Let Others Say that Thais are Careless Spenders.” The goal of this campaign is to instill values on financial discipline, precautionary savings, and financial planning to lay a strong economic foundation at the household level which leads to economic stability at the macro level.

Specifically, the Bank organised the “SCB Let’s Save” campaign to invite Thai people to share their savings techniques on the SCB Thailand Facebook fanpage. More than 4,700 people submitted ideas from which the Bank selected 50 interesting savings tips and compiled them into the “Art of Savings” booklet. The Bank distributed 50,000 copies of this booklet to schools under the jurisdiction of the Office of the Basic Education Commission nationwide to develop early awareness of the importance of savings and daily financial planning among Thai youths. Moreover, the Bank also made an online video clip on savings techniques which can be downloaded from the Bank’s website at www.scb.co.th and the Siam Commercial Foundation’s website at www.scbfoundation.com.
REDUCING OUR FOOTPRINT AND CONTRIBUTING TO A SUSTAINABLE FUTURE

Cognizant of the tremendous influence of the environment on quality of life, the Bank operates the business with environmental responsibility by making continuous progress to achieve the environmental objectives. The Bank focuses on mitigating negative impact on the overall environment and ecosystem by reducing greenhouse gas emissions either directly by optimising the Bank’s operation or indirectly by giving financial support to alternative energy businesses and energy conservation projects. To ensure a concrete outcome from the Bank’s effort, the Bank encourages employees to be environmental conscious and make efficient use of resources throughout the entire work process which also includes customer credit approval.

<table>
<thead>
<tr>
<th>CHALLENGE</th>
<th>RESPONSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Achieve the target of greenhouse gas emissions reduction set by the government</td>
<td>• Optimising operational eco-efficiency</td>
</tr>
<tr>
<td>• Incorporate social and environmental criteria in the credit approval process</td>
<td>• Providing financial support for businesses that help reduce environmental impact</td>
</tr>
</tbody>
</table>

In 2015, Thailand participated in the 21st United Nations Climate Change Conference (COP 21) held in Paris to demonstrate its commitment to solve the climate change problem. This is a challenge that must be tackled by both public and private sectors in order to achieve the target of a 20-25% reduction in greenhouse gas emissions from the status quo by 2030.

SCB is aware of its important role in reducing greenhouse gas emissions both directly and indirectly and therefore has set an approach on internal resource optimisation and management as well as has given financial support to businesses that help reduce environmental impact.
RESOURCE AND ENERGY EFFICIENCY

Realising that the Bank’s operation must use resources, such as electricity, water and paper, which inevitably generate waste and carbon dioxide, the Bank therefore focuses on resource optimisation to minimise the environmental impact. The Bank set up a operation function for resource and waste management and initiated internal resource conservation initiatives, such as reducing energy usage from face-to-face executive meetings by switching to electronic meeting system, replacing lightbulbs with LED in all office buildings and branch areas, etc. At present, the Bank’s environmental implementation on internal resource optimisation consists of energy conservation to reduce greenhouse gas emissions and water conservation, with the scope covering four main office buildings: Ratchayotin Head Office building, IT Centre building, Chaengwattana building, and Chidlom building. The Bank's environmental performance data have partially been certified by an independent assurer and are included at the end of this Sustainability Report.

In addition to managing environmental impact from activities within office buildings, the Bank also gives employees an opportunity to suggest ideas for innovation and development of environmentally friendly services, such as developing a mobile application to obtain a queue number for in-branch services, conducting transactions using the QR Code system, and paperless in-branch transactions, all of which help reduce paper use and provide added convenience for customers. Moreover, the Bank also regularly organises trainings and projects on efficient use of resources.

ENERGY CONSERVATION TRAINING COURSE

The Bank organises trainings on energy conservation by inviting speakers from external organisations to share their knowledge and perspectives with employees. The goals of the training is to raise employee awareness and eagerness to save energy as well as to educate employees on energy saving technologies.
SCB CARPOOL – SMALL ACTIONS FOR THE GREATER GOOD

The Bank operates the “SCB Carpool” project with the goal of encouraging employees to take part in reducing carbon dioxide emissions from using personal cars and the Bank’s employee commuting vans.

Motivated by the success in 2016, the SCB Carpool project working team is in the process of developing phase 2 of the project by bringing artificial intelligence technology for automatic communication and exchange (Chatbox) to make matching of drivers and riders easier and more convenient.

Since the project’s inception in June 2016, there have been more than 200 employees joining the Carpool project.

200 employees

Total Number of Trips 1,709

or 14 trips per day on average

Total Distance 7,691 km

Number of Passengers 5,127

or 40 per day on average

Green House Gases offset 2.26 tonnes carbon dioxide equivalent

*Remark: the calculation is based on the use of medium-sized vehicle and the consumption of petroleum

HOW TO USE SCBCARPOOL APPLICATION

1. Driver indicates route though Chatbox in Facebook Messenger
2. Passenger send his request in Chatbox
3. The system matches the driver and passenger who travel in the same route
LOW CARBON FUTURE

Businesses devoted to developing alternative energy in Thailand have steadily increased in recent years as a result of the government policy to promote national production of renewable energy. The Ministry of Energy formulated the Alternative Energy Development Plan (AEDP) 2015 to accommodate national economic expansion and to mitigate social and environmental impact of climate change.

SCB, as a Thai financial institution with a commitment to promote sustainable environmental management, is eager to support sustainable energy development in Thailand through lending to alternative energy enterprises and providing advisory services to entrepreneurs who want to invest in energy efficiency enhancement or environmentally friendly product manufacturing. The Bank has therefore specified clear credit approval criteria specifically for alternative energy enterprises. The Bank also has an operational audit process for entrepreneurs who take part in the Bank’s energy business loan programmes to ensure strict compliance with related rules, conditions, and laws. Particularly, Environmental Impact study must be conducted before the start of the projects. Moreover, the Bank also requires that entrepreneurs hire experts in related fields to serve as advisors for the entire project duration to ensure that the implementation proceeds according to the business plans, such as the ability to generate electricity from alternative energy as expected and the ability to repay the loans within the specified timeframe. Details on risk management pertaining to credit approval process can be found in the Risk Management chapter.

SHRED2SHARE

The Bank has been part of the Shred2Share project, in collaboration with SCG Packaging Public Co., Ltd. and Thai British Security Printing Co., Ltd., for the ninth year under the concept “Safe Info, Save Environment”. The objective of this project is to encourage less paper use and to securely store or shred important documents. The Bank encouraged executives and employees at Ratchayotin Head Office building, Chidlom building, and Chaengwattana Centre to reduce unnecessary paper use and to recycle waste paper products, such as paper that has been used on both sides, newspaper, document folders, and boxes, by depositing them in designated recycling bins. The Bank will recycle these papers into usable paper or materials for furniture production.

The Deposited Papers can be converted to

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
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</thead>
<tbody>
<tr>
<td>Deposited Papers (tonnes)</td>
<td>1,014.27</td>
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<tr>
<td>CO₂ offset (kg CO₂ e)</td>
<td>263,709.26</td>
</tr>
<tr>
<td>Coal offset (kg)</td>
<td>111,569.30</td>
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<tr>
<td>Water offset (m³)</td>
<td>50,713.32</td>
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</table>
In 2016, the Bank provided financial support to alternative energy projects as follows:

<table>
<thead>
<tr>
<th>Energy loans portfolio</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>Target 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wind</td>
<td>3%</td>
<td>5%</td>
<td>4.7%</td>
<td>12.4%</td>
<td>34%</td>
</tr>
<tr>
<td>Solar</td>
<td>19%</td>
<td>22%</td>
<td>26.7%</td>
<td>19%</td>
<td>5%</td>
</tr>
<tr>
<td>Hydro</td>
<td>10%</td>
<td>12%</td>
<td>11.3%</td>
<td>16.6%</td>
<td>13%</td>
</tr>
<tr>
<td>Others</td>
<td>69%</td>
<td>61%</td>
<td>13.0%</td>
<td>51.8%</td>
<td>48%</td>
</tr>
</tbody>
</table>

SUPPORT ALTERNATIVE ENERGY LOANS

Gunkul Engineering Public Co., Ltd., a leading alternative energy company, appointed SCB as its financial advisor on formulation of infrastructure funds. SCB is also its co-signer in a loan contract worth THB 4,455 million to develop the Saran Lom Project, a wind energy power plant with a capacity of 67.5 megawatt located in Huaybong sub-district, Dankuntod district, which is expected to be able to distribute electricity commercially around October 2017.

Moreover, the Bank also provided financial support to other alternative energy projects, such as the EA Solar Project, a solar energy power plant project, with a 90-megawatt capacity and a valuation of THB 8.5 billion, located in Phitsanulok Province and the Had Kung Hun Project, a wind energy power plant project, with a 126-megawatt capacity and a valuation of THB 10.4 billion, located in the area straddling Nakhon Si Thammarat and Songkhla provinces.
SCB is one of the eight financial institutions to participate in the Energy Saving Lending programme initiated by the Ministry of Energy to support Thai entrepreneurs in reducing energy usage, which will contribute the overall national energy conservation. The Bank offers loans at a low interest of 3.5% to factories or buildings that are interested to join the programme to invest in energy conservation projects.

**Performance in 2016 of the Energy Saving Lending Program Phase 6**

TOTAL: THB 89.89 million

<table>
<thead>
<tr>
<th>Project Highlight</th>
<th>Energy Saving (kWh/year)</th>
<th>Cost Saving/ year (THB million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solar Rooftop loans for corporate customers</td>
<td>100,000</td>
<td>5.0</td>
</tr>
<tr>
<td>Energy saving loans for SME customers</td>
<td>56,000</td>
<td>3.2</td>
</tr>
<tr>
<td>Changing industrial ice making machines project</td>
<td>550,000</td>
<td>1.8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>706,000</strong></td>
<td><strong>10.0</strong></td>
</tr>
</tbody>
</table>
As a large financial institution with an important role in supporting the country’s economic foundation, SCB is committed to operating its business in alignment with good corporate governance principles and practices. The Bank puts in place an effective risk management system to foster sustainable growth that will ensure long-term trust of all stakeholders.
TO BE THE MOST PRUDENT BANK

As a large financial institution with an important role in supporting the country’s economic foundation, SCB is committed to operating its business in alignment with good corporate governance principles and practices. The Bank puts in place an effective risk management system to foster sustainable growth that will ensure long-term trust of all stakeholders.
CORPORATE GOVERNANCE

Good corporate governance enables the Bank and the society to mutually achieve a common goal of sustainable growth. Moreover, it also secures the trust of all stakeholders, including shareholders, customers, employees, partners, and the community, which is consistent with the Bank’s vision to be “the Most Admired Bank” for all its constituents. Therefore, the Bank puts a high priority on good corporate governance by adopting policies and guidelines that are generally accepted both nationally and internationally.

<table>
<thead>
<tr>
<th>CHALLENGES</th>
<th>RESPONSES</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Meeting stakeholders’ expectations on the Bank’s corporate governance</td>
<td>• Corporate governance structure</td>
</tr>
<tr>
<td>• Continuous improvements on corporate governance</td>
<td>• Nomination and assessment of Board members</td>
</tr>
<tr>
<td></td>
<td>• Internal control</td>
</tr>
<tr>
<td></td>
<td>• Anti-corruption and bribery</td>
</tr>
<tr>
<td></td>
<td>• Anti-money laundering and counter-terrorism financing</td>
</tr>
</tbody>
</table>

Good corporate governance is of paramount importance for stakeholders and is critical to image and trust building of a large corporation, particularly a leading financial institution with an essential role in the national stability and economic expansion. The Bank puts a strong emphasis on improving and expanding the governance practices to explicitly incorporate all sustainability dimensions with the goal of becoming a role model for good corporate governance admired by all stakeholders.

CORPORATE GOVERNANCE STRUCTURE (G4-34)

The Bank is committed to upholding the principles of good corporate governance which resides at the heart of good governance. The Bank ensures that the structure of the Board of Directors has appropriate checks and balances, transparency, and clear specification of roles, responsibilities, and director tenure. As of 2016, the Bank had 16 directors of which were independent directors, and the composition was 3 females and 13 males. The Board of Directors consists of qualified individuals with diverse knowledge and background ranging from banking, risk management, social development and other areas that are beneficial and necessary for the business of the Bank. Moreover, the Board of Directors has appointed 4 sub-committees and 4 management committees to assist with screening and supervising specific areas as follows.

GOVERNANCE STRUCTURE AS OF JANUARY 1, 2017

Board of Director

- Executive Committee (Chairperson: Dr. Vichit Suraphongchai)
- Audit Committee (Chairperson: Mr. Prasan Chuaphanich)
- Nomination, Compensation and Corporate Governance Committee (Chairperson: Dr. Chirayu Isarangkun Na Ayuthaya)
- Corporate Social Responsibility Committee (Chairperson: Khunying Jada Watanasiritham)
The Bank has appointed the Nomination, Compensation, and Corporate Governance Committee with a mandate to nominate directors and senior executives according to the Bank’s Corporate Governance Policy by considering diversity aspect concerning age, gender, ethics, knowledge, expertise, experience and other qualifications. The Bank has prepared and regularly reviewed the Board Skill Matrix to ensure that the information is up-to-date. The Matrix can then serve as a tool for analysing qualifications of the existing Board, providing useful information for screening candidates for a new director position to align with the Bank’s business strategy. In addition, the candidates should possess a variety of skills beyond direct banking expertise, such as corporate sustainability, social responsibility, and information technology.

To ensure that the Board and support teams work effectively to achieve an optimal outcome on management and corporate governance, the overall performance of the Board of Directors is subject to regular evaluations which are conducted every year by the Bank’s internal functions and every three years by external parties. For the most recent external evaluation in 2015, the Bank hired external consultants with expertise and experience in corporate governance to provide guidance and recommendations on the evaluation criteria as well as to verify, monitor and evaluate the performance of the Board of Directors to ensure compliance with the Stock Exchange of Thailand’s guidelines on good corporate governance.
INTERNAL CONTROL

The Bank requires that all business and functional units, including those under the umbrella of its financial group, maintain a culture and environment that facilitates a sound and effective internal control system. The Bank believes that a sound internal control system is a critical foundation for meeting its business objective in a sustainable manner and achieving its goal of being ‘the Most Admired Bank’. Accordingly, the Bank has in place formal policies and procedures requiring management and staff at every level of the organisation to have a role, duty, and responsibility for maintaining sound internal control. The Bank has established an organisational structure that supports the maintenance of an internal control system through clear supervisory lines, scope of authority for management and staff, and effective separation of duties. The Board of Directors is independent from management and has an oversight responsibility for the development and the effectiveness of the Bank’s internal control environment. Such monitoring and oversight of control process is essential for ensuring that internal operations are transparent and verifiable with proper checks and balances, particularly for activities that may create conflicts of interest. More details on internal control are available in the 2016 Annual Report.

ANTI-CORRUPTION AND BRIBERY

Corruption is a threat to the stability of the Thai economy and society. Thus, anti-corruption and bribery ranks high on the Bank’s priority agenda. The Bank considers such action or an attempt of such action a violation of the Bank’s core values and has zero tolerance for corruption and bribery. Specifically, the Bank enacted the Anti-corruption and Bribery Policy for the financial group of SCB. The policy has clear definitions and specifications of cases that can be construed as a form of corruption and bribery. As an example, any sponsorship must be carefully considered on the basis of transparent selection criteria and all contracts or payments arising shall be adequately justified and approved in accordance with SCB’s procedures and authority levels. In no event shall these contributions be used as a subterfuge for corruption and bribery, or as a means to influence the formulation of any public policies. This policy applies to all directors, employees, business partners, suppliers and others who are involved with all business dealings and transactions.

The Bank has a corruption and bribery risk assessment with the Audit Committee being assigned responsibilities to oversee the internal control system and to report performance to the Board of the Directors. Moreover, other related functions, such as the Compliance function and the Risk Management function, are responsible for keeping directors, executives, and employees informed of internal and external changes to ensure policy compliance and effective performance.

Furthermore, the Bank opens a variety of channels for reporting complaints and improper conducts with potential corruption or bribery risk. For example, there is the Whistleblower for employees to report evidence and complaints related to corruption as well as to report cases of non-compliance with regulations, rules, and code of conduct to ensure governance transparency. The Bank has a confidentiality policy that applies to employees and whistleblowers whereby the identity of whistleblowers will not be revealed to protect against potential retaliatory actions, and the reported information will be protected and maintained with strict confidentiality. Moreover, an independent working team has been set up to carry out an investigation immediately after receiving a complaint and to report the investigation progress and outcome to the Audit Committee and the Board of Directors.

MANAGEMENT PROCEDURE FOR COMPLAINTS AND CORRUPTION CASES

1. Employees or others can report evidence of irregularities or complaints via the following channels:
   - E-mail: whistleblower@scb.co.th
   - Mail addressed to the President and CEO: PO. Box 117, Jatujak Post Office
   - Telephone: 0-2544-2000

2. Complaints are passed on to the working team for investigation and evidence gathering.

3. If there is evidence of wrongdoing, related functions will set up an investigation committee according to the Bank’s regulations or assign the case to the Financial Crime function. For corruption cases, the Bank will file criminal charges and closely monitor the damages.

4. The Bank will monitor and improve its internal control system to maximise its effectiveness.
In 2016, SCB employees participated in training courses related to anti-corruption and bribery. Details are as followed:

**Number of employees participating in the training**

<table>
<thead>
<tr>
<th>Course</th>
<th>Number of Employees</th>
<th>Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-corruption and Bribery Course</td>
<td>15,705</td>
<td>15,705</td>
</tr>
<tr>
<td>Anti-money Laundering and Counter-terrorism Financing Course</td>
<td>13,367</td>
<td>13,367</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Role</th>
<th>Executives</th>
<th>Officers</th>
<th>Staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executives</td>
<td>1,253</td>
<td>5,667</td>
<td>8,785</td>
</tr>
<tr>
<td>or 42%</td>
<td>or 56%</td>
<td>or 65%</td>
<td></td>
</tr>
</tbody>
</table>

Anti-money Laundering and Combating the Financing of Terrorism

Money laundering and the terrorism financing are regarded as serious threats to the economy, society, and national security. Thereby, the Bank enacted the Anti-Money Laundering and Combating the Financing of Terrorism Policy for the SCB Group as well as specified operational procedures and protocols to comply with the laws on preventing and combating money laundering and terrorism financing. These policies and procedures provide a safeguard for the Bank against being used for money laundering or exploited by those committing predicate offenses or terrorists using it as tool for such crimes. The Bank classifies customers into high-risk and low-risk customers with further risk classifications by product types, services, and service channels including all services provided by the Bank’s employees, agents, electronic transactions, or other channels for which the Bank has a real-time 24-hour monitoring system.

Over 100 of SCB directors, executives, and employees participated in the National Anti-Corruption day on September 11, 2016 under the “Consequences of Cheating” theme to rally for Thailand to successfully and sustainably combat corruption.
RISK MANAGEMENT

Risk management is a vital component of the Bank’s effort to prevent and manage threats to the business stability. The Bank focuses on developing and strengthening the risk management system, which comprises risk identification, risk measurement, risk monitoring and control, and risk reporting, to its maximum effectiveness so that the Bank is well-prepared and ready to face any changes, both at present and in the future.

CHALLENGES
- Stakeholders’ expectation for a systematic and high-standard risk management
- An increase in size and business complexity
- Comprehensive risk identification that encompasses every sustainability dimension

RESPONSE
- Systematic and effective risk management
- Risk management for the credit approval process

Rapid changes in the business environment and continuous organisational growth have made the risk management process more complex and challenging, especially in identifying emerging risks as well as social and environmental risks. Thus, it has become the Bank’s priority to develop appropriate measures for risk and impact mitigation as well as to identify business opportunities.

RISK MANAGEMENT AT SCB

The Bank recognises that effective risk management under good corporate governance is a critical element for building a strong business foundation and stakeholders’ trust. Therefore, the Bank is dedicated to improving the risk management system effectiveness by having a clear, transparent, and verifiable risk governance structure with the Board of Directors holding the ultimate authority to approve risk management policies. Three sub-committees, which are the Executive Committee, the Audit Committee, and the Risk Management Committee, have been appointed with a mandate to formulate policies and constantly monitor the effectiveness of the risk management framework and risk assessment procedures on a regular basis. Considerations are given to both internal and external factors which encompass economic, social, and environmental dimensions as well as potential opportunities and impacts from each type of risk.

The Board of Directors has assigned the Risk Management Committee the responsibility for formulating policies and duties related to risk management for the Bank and the SCB Financial Group, as well as overseeing and reviewing the effectiveness of the risk management framework and risk assessment procedures on a regular basis. The Bank and the SCB Financial Group have adopted the “Three Lines of Defense” governance framework to manage operational risk as well as regularly conducted the Risk Control Self-Assessment (RCSA) for every function, which serves as a preliminary risk assessment tool. Moreover, the Bank is committed to building a strong risk culture by providing risk management training to employees at every level with the goal of creating a risk-educated workforce capable of applying risk management practices to their day-to-day work.
THE BANK’s RISK MANAGEMENT SYSTEM

1. Risk Identification

Identity Seven Key Risks
- Strategic Risk
- Credit Risk
- Market Risk
- Liquidity Risk
- Operation Risk
- Interest Rate Risk in the Banking Book (IRRBB)
- Reputation Risk

2. Risk Measurement

Apply a variety of Quantitative and Qualitative methods based on internal rating approaches and/or other appropriate internal methods

3. Risk Monitoring and Control

- Establish key risk indicator and risk limit
- Run internal control

4. Risk Reporting

Regularly report risks to relevant business units and executives

THREE LINES OF DEFENSE

Facilitate and monitor the implementation of effective risk management practices

Provide assurance on the effectiveness of governance, risk management, and internal controls

Manage risk on day-to-day basis
EMERGING RISK

The Bank has taken steps to improve the effectiveness of its risk assessment process by having the managers from relevant functions to participate in the process of emerging risk identification and assessment for both short-term (within 1 year) and long-term (between 3 – 5 years) horizons. Thus, the Bank has organised Risk Materiality Assessment (RMA) workshop with participants from both operation and support functions of the Bank and the subsidiaries to provide diverse perspectives and information which will enable the Bank to confront and manage these risks effectively. This workshops also helps raise the level of awareness on the importance of risk management throughout the organisation.

Specifically, the Bank has identified two most important emerging risks:

1. **Technology Risk**
   
   With rapid technological advancement, the Bank may lose its competitiveness among banking and financial enterprises should it fail to keep up with technological changes. Moreover, with increasing technology dependency, the Bank is also more exposed to cyber-crimes.

   **Risk Management Approach**
   
   The Technology Leadership Forum and Technology Steering Committee are set up to formulate the Bank’s technology policies, strategies, and plans. Details on information security are available in the chapter on “Promoting Digital Innovation for a Sustainable Future”.

2. **Business Model Risk**
   
   Changes in consumer behaviours and the rising popularity of digital banking among the new generation of customers have forced the Bank to constantly adapt its business and technology models to accommodate these changes; otherwise, the Bank may risk losing its customers to other financial institutions or non-financial institution competitors. Currently, the Bank has been proactive in the space of online banking services.

   **Risk Management Approach**
   
   The Bank founded Digital Ventures Company Limited to research and develop financial products with new technologies. Additional details are available in the chapter on “Promoting Digital Innovation for a Sustainable Future”.

RISK MANAGEMENT FOR THE CREDIT APPROVAL PROCESS

Inherent to the nature of the banking business which involves giving financial support or lending to businesses or infrastructure projects, the Bank may encounter issues that are sensitive or controversial regarding public interests or other social, political, and environmental aspects, such as lending to asbestos businesses or giving credits to unethical businesses. Being associated with these issues can cause a negative impact on the Bank’s image and reputation as well as stakeholders’ trust in the Bank. Therefore, the Bank has a specific risk management protocol for extending such credits. These cases, which are sensitive and may significantly impact the Bank’s: reputation, status, performance or trust from the public, are under the consideration authority of the Executive Committee to escalate the case to the Board of Directors. Moreover, in case of credit extension which might cause impacts to society and environment, credit applicants must commission independent consultants or specialists with qualifications as specified in the Bank’s guidelines to assist with impact assessment and setting management guidelines to mitigate social and environmental impacts. However, in the case of engineering consultants, eligible consulting firms must be listed in the Top 200 International Design Firms as ranked by Engineering New Record. To avoid conflicts of interest, the Bank will not hire the same independent consultant or external specialist.

Moreover, the Bank has streamlined the credit approval process as credit transactions have become increasingly complex with changes in business characteristics. The Bank imposes a clear separation between business functions and credit approval functions to increase internal control effectiveness. The credit origination functions and the credit approval functions are clearly separated to enhance internal control. The credit approval is determined in accordance with risk level or expected loss, which will depend on credit line borrower risk rating, and severity class. More details on credit risk governance are available in the 2016 Annual Report.
PROMOTING A RISK CULTURE FOR CREDIT APPROVAL

The Bank has regularly organised trainings on Credit Policy Guidelines, Credit Approval Authority and other regulations related to the credit approval process for new employees or transferred employees whose new roles pertain to credit approval processes. These trainings aim to deepen employees’ understanding on ethical and transparent credit approval processes to enable employees to perform their duties correctly, appropriately, and cautiously.

- Moreover, the Bank has also organised trainings with case studies on loan appraisals or global trends for employees in business region centre throughout the country every quarter or at least twice a year. Other concurrent training programs that have also been implemented are:
- Credit refresher course for employees in functions with direct credit approval responsibilities
- Internship program provides on the job training for credit officer, credit analyst and credit risk trainees to provide learning opportunities and exposures to other business functions.
- Work at Business Region Centre Program for employees with credit approval responsibilities. Employees gain field experiences while learning about clients’ businesses and the role of Relationship Managers. This program also provides an opportunity for participants to exchange perspectives on effective risk management.
# SUSTAINABILITY PERFORMANCE

## REPORTING BOUNDARY (G4-17)

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Environmental Performance</th>
<th>Social Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Energy</td>
<td>Water</td>
</tr>
<tr>
<td>1 The Siam Commercial Bank PCL</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>2 SCB Securities Co., Ltd.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>3 SCB Asset Management Co., Ltd.</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>4 SCB Life Assurance PCL</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>5 Rutchayothin Assets Management Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>6 Siam Commercial Leasing PCL</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>7 SCB Training Centre Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>8 Siam Phitiwat Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>9 SCB Plus Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>10 VinaSiam Bank</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>11 Cambodian Commercial Bank Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>12 Sor. Or. Kor. PCL</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>13 Mahisorn Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
<tr>
<td>14 Digital Ventures Co., Ltd.</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

**Remark:**
- The performance of employee training and absenteeism days (including sickness and work related injuries leave) cover Siam Commercial Bank Public Company Limited only.
- 2013 turnover does not include SCB Life Assurance Public Company Limited.
- The environmental performance covers Siam Comercial Bank Public Company Limited's Head Office Building, Data Centre, Chaengwattana Building and Chidlom Building in which the employees of SCB Securities Company Limited, SCB Asset Management Company Limited and SCB Life Assurance Public Company Limited utilise the area.
ENVIRONMENTAL PERFORMANCE 2013 - 2016

ENERGY CONSUMPTION WITHIN THE ORGANISATION (G4-EN3)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total energy consumption</td>
<td>MWh</td>
<td>56,060</td>
<td>53,006</td>
<td>50,955</td>
<td>52,624</td>
</tr>
<tr>
<td>Electricity purchased</td>
<td>MWh</td>
<td>55,948</td>
<td>52,845</td>
<td>50,810</td>
<td>52,474</td>
</tr>
<tr>
<td>Diesel purchased</td>
<td>Litres</td>
<td>11,080</td>
<td>15,959</td>
<td>14,291</td>
<td>14,800</td>
</tr>
</tbody>
</table>

Remark: Electricity purchased in 2016 significantly increased in comparison to 2015, even though SCB has continuously implemented energy conservation programme due to the fact that there was fire incident in 2015 at the headquarters in which SCB has to close down some parts of the building for rehabilitation resulting in electricity usage was less than normal circumstance.

GREENHOUSE GAS EMISSIONS (G4-EN15, G4-EN16)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total direct greenhouse gas emissions (GHG Scope 1)</td>
<td>Tonne of CO₂e</td>
<td>30</td>
<td>43</td>
<td>39</td>
<td>40</td>
</tr>
<tr>
<td>Total indirect greenhouse gas emissions (GHG Scope 2)</td>
<td>Tonnes of CO₂e</td>
<td>28,760</td>
<td>27,362</td>
<td>24,797</td>
<td>22,459</td>
</tr>
</tbody>
</table>

Remark: In 2016, indirect greenhouse gas was decreasing in comparison to 2015 due to the adjustment of Thai greenhouse gas emission factor in Thailand Power Development Plan 2015-2036 by the Ministry of Energy, Thailand because of the increased share of renewable energy in the national electricity mix, resulting in decreasing greenhouse gas emission per unit of electricity generation.

WATER WITHDRAWAL (G4-EN8)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tap water purchased</td>
<td>Million m3</td>
<td>0.48</td>
<td>0.37</td>
<td>0.37</td>
<td>0.39</td>
</tr>
</tbody>
</table>
## PEOPLE PERFORMANCE 2013 - 2016
### TOTAL EMPLOYEE (G4-10)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total employee</td>
<td>persons</td>
<td>24,530</td>
<td>24,071</td>
<td>24,106</td>
<td>26,652</td>
</tr>
</tbody>
</table>

**By gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>persons</td>
<td>16,471</td>
<td>16,327</td>
<td>16,483</td>
<td>18,394</td>
</tr>
<tr>
<td>Male</td>
<td>persons</td>
<td>8,059</td>
<td>7,744</td>
<td>7,623</td>
<td>8,258</td>
</tr>
</tbody>
</table>

**By category**

<table>
<thead>
<tr>
<th>Category</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>persons</td>
<td>2,494</td>
<td>2,595</td>
<td>2,751</td>
<td>2,970</td>
</tr>
<tr>
<td>Officer</td>
<td>persons</td>
<td>9,061</td>
<td>9,533</td>
<td>9,778</td>
<td>10,109</td>
</tr>
<tr>
<td>Staff</td>
<td>persons</td>
<td>12,975</td>
<td>11,943</td>
<td>11,577</td>
<td>13,573</td>
</tr>
</tbody>
</table>

**By age**

<table>
<thead>
<tr>
<th>Age</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30</td>
<td>persons</td>
<td>10,211</td>
<td>9,123</td>
<td>8,810</td>
<td>9,676</td>
</tr>
<tr>
<td>30 – 40</td>
<td>persons</td>
<td>7,810</td>
<td>8,085</td>
<td>8,244</td>
<td>9,102</td>
</tr>
<tr>
<td>40 – 50</td>
<td>persons</td>
<td>5,010</td>
<td>5,166</td>
<td>5,212</td>
<td>5,222</td>
</tr>
<tr>
<td>50 – 60</td>
<td>persons</td>
<td>1,475</td>
<td>1,669</td>
<td>1,819</td>
<td>1,963</td>
</tr>
<tr>
<td>&gt; 60</td>
<td>persons</td>
<td>24</td>
<td>28</td>
<td>21</td>
<td>25</td>
</tr>
</tbody>
</table>

## NEW EMPLOYEES (G4-LA1)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total new employee</td>
<td>persons</td>
<td>5,083</td>
<td>3,278</td>
<td>3,791</td>
<td>4,947</td>
</tr>
</tbody>
</table>

**By gender**

<table>
<thead>
<tr>
<th>Gender</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>persons</td>
<td>3,957</td>
<td>2,564</td>
<td>2,871</td>
<td>3,540</td>
</tr>
<tr>
<td>Male</td>
<td>persons</td>
<td>1,126</td>
<td>714</td>
<td>920</td>
<td>1,407</td>
</tr>
</tbody>
</table>

**By age**

<table>
<thead>
<tr>
<th>Age</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 30</td>
<td>persons</td>
<td>4,155</td>
<td>2,637</td>
<td>3,042</td>
<td>3,551</td>
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<tr>
<td>30 – 40</td>
<td>persons</td>
<td>793</td>
<td>532</td>
<td>584</td>
<td>1,133</td>
</tr>
<tr>
<td>40 – 50</td>
<td>persons</td>
<td>113</td>
<td>87</td>
<td>136</td>
<td>222</td>
</tr>
<tr>
<td>50 – 60</td>
<td>persons</td>
<td>11</td>
<td>19</td>
<td>17</td>
<td>36</td>
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<tr>
<td>&gt; 60</td>
<td>persons</td>
<td>11</td>
<td>3</td>
<td>12</td>
<td>5</td>
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</table>
EMPLOYEE TURNOVER (G4-LA1)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee Turnover</td>
<td>persons</td>
<td>3,775</td>
<td>3,878</td>
<td>3,371</td>
<td>2,693</td>
</tr>
<tr>
<td>By gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>persons</td>
<td>2,844</td>
<td>2,872</td>
<td>2,527</td>
<td>1,989</td>
</tr>
<tr>
<td>Male</td>
<td>persons</td>
<td>931</td>
<td>1,006</td>
<td>844</td>
<td>704</td>
</tr>
<tr>
<td>By age</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 30</td>
<td>persons</td>
<td>2,670</td>
<td>2,407</td>
<td>1,979</td>
<td>1,747</td>
</tr>
<tr>
<td>30 – 40</td>
<td>persons</td>
<td>890</td>
<td>1,139</td>
<td>1,145</td>
<td>739</td>
</tr>
<tr>
<td>40 – 50</td>
<td>persons</td>
<td>182</td>
<td>280</td>
<td>203</td>
<td>176</td>
</tr>
<tr>
<td>50 – 60</td>
<td>persons</td>
<td>33</td>
<td>49</td>
<td>39</td>
<td>31</td>
</tr>
<tr>
<td>&gt; 60</td>
<td>persons</td>
<td>-</td>
<td>3</td>
<td>5</td>
<td>0</td>
</tr>
</tbody>
</table>

ABSENTEEISM (G4-LA6)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total absenteeism days (including sickness and injuries leave)</td>
<td>days</td>
<td>44,601</td>
<td>48,420</td>
<td>55,022</td>
<td>58,618</td>
</tr>
<tr>
<td></td>
<td>days/ employee</td>
<td>1.8</td>
<td>2.0</td>
<td>2.3</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Remark: total absenteeism days (including sickness and injuries leave include Siam Commercial Bank Company Limited Only)

EMPLOYEE TRAINING (G4-LA9)

<table>
<thead>
<tr>
<th>Performance</th>
<th>Unit</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average hours of training</td>
<td>hours/ employee</td>
<td>54</td>
<td>54</td>
<td>63</td>
<td></td>
</tr>
<tr>
<td>By gender</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Female</td>
<td>hours/ employee</td>
<td>60</td>
<td>57</td>
<td>68</td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>hours/ employee</td>
<td>58</td>
<td>59</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>By level</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Executive</td>
<td>hours/ employee</td>
<td>33</td>
<td>31</td>
<td>56</td>
<td></td>
</tr>
<tr>
<td>Officer</td>
<td>hours/ employee</td>
<td>60</td>
<td>57</td>
<td>53</td>
<td></td>
</tr>
<tr>
<td>Staff</td>
<td>hours/ employee</td>
<td>65</td>
<td>64</td>
<td>73</td>
<td></td>
</tr>
</tbody>
</table>

Remark: Employee training data covers only Siam Commercial Bank Public Company Limited (SCB) and the reported data covers the periods since 2014 due to such data has been assured by external assurer. Moreover, in 2016, average hours of training per female employee are higher those for male mainly because of

- In each branch, the proportion of female employee is higher than male employee and they are categorised as Staff level category; and
- Increasing of training courses and training hours is mainly a result from more opportunities provided to branches’ staffs.

In addition, in 2016, the average number of training hours per employee of Executive level increases from the prior year mainly because SCB introduced more training courses for Executive such as Cit Alt Del (CAD): Reboot your life Rebuild your Future.
NOTES TO SUSTAINABILITY PERFORMANCE

ENVIRONMENTAL PERFORMANCE

Energy Consumption

Total energy consumption of SCB in this report consists of electricity purchased and diesel purchased for backup generators and fire pumps. However, business travel is not included in the scope of this year reporting. The Bank will review reporting boundary for improvement annually to ensure the reporting information is credible and it represent the environmental performance of the Bank.

Diesel Purchased

The reporting boundary includes engine test of back-up generators and fire pumps at SCB Head Office Building, Data Centre, Chidlom Building and Chaengwattana Building. The reported data is the volume of purchased diesel that represents diesel consumption due to there is not significant variation between consumption and purchased volume in normal circumstance. The data is taken from the invoices of the vendors in reporting period.

Electricity Purchased

SCB uses electricity in business operation and supporting activities such as lighting, office appliances, air conditioners and other devices (e.g. cash deposit machine or kitchen appliances). The reporting boundary includes SCB Head Office Building, Data Centre, Chidlom Building and Chaengwattana Building. The data is taken from the invoices of the electricity provider, i.e. Metropolitan Electricity Authority.

Direct Greenhouse Gas Emission

Total direct greenhouse gas emission (GHG Scope 1) in this report is the emission from stationary sources owned by or under control of SCB. Reporting boundary of this year covers is a conversion of purchased diesel into GHG. The GHG Emission Factor for 1 litre of diesel used in this report is as follows

| Carbon dioxide | 0.0027 tonne |
| Methane        | 0.0000001 tonne |
| Nitrous Oxide  | 0.00000002 tonne |

Reference from 2006 IPCC Guidelines for National Greenhouse Gas Inventories

Hence, greenhouse gas potential is referred from IPCC Forth Assessment Report – Climate Change 2007

Indirect Greenhouse Gas

Total indirect greenhouse gas (GHG Scope 2) comes from business related activities of SCB which the Bank cannot control the source of greenhouse gas which includes electricity purchased to use in SCB Head Office Building, Data Centre, Chidlom Building and Chaengwattana Building. In 2016, SCB applies GHG emission factor of 0.428 ton per MWh which is taken from Thailand Power Development Plan 2015-2036 (PDP2015).

Water Withdrawal

All water withdrawal is tap water which the Bank takes data from the invoices of water supplier. The reporting boundary covers Head Office Building, Data Centre, Chidlom Building and Chaengwattana Building.

SOCIAL PERFORMANCE

Absenteeism

Absenteeism is leave days from sickness (sick leave) and work related injury in the year. SCB has a computer network system to record and approve employees’ leave request including sick leave and there is paper-based form for special leave that submits to people function through such employee’s supervisor.

Training Hours

SCB has a system to record training information of every employee on a computer network which the training programme is separated into two categories: for executive employee level and for general level. Training data in this report consists only information of Siam Commercial Bank Public Company Limited only.
AWARD AND RECOGNITIONS

FINANCIAL PERFORMANCE AND MANAGEMENT EXCELLENCE AWARDS

BEST BANK IN THAILAND
Global Finance (US) 11th consecutive year (2006-2016), The Asset (H.K.) 9th consecutive year (2008-2016), First rank among Thai commercial banks from Forbes (US) and by Thailand’s Top Corporate Brands by Chulalongkorn 7th consecutive year (2010-2016)

CORPORATE SOCIAL RESPONSIBILITY AND CORPORATE GOVERNANCE AWARDS
Sustainability Report Award 2016, Outstanding Category from Sustainability Report Award 2016 organized by CSR Club of Thai Listed Companies Association, Best CSR (2nd year) and Best Investor Relations 7th consecutive year (2010-2016) from Corporate Governance Asia (H.K.)
## GRI CONTENT INDEX

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</tr>
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<td></td>
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<td>Percentage of total employees covered by collective bargaining agreements All employees have the right to participate in a collective bargaining agreements</td>
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<td></td>
<td>G4-12</td>
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</tr>
<tr>
<td></td>
<td>G4-13</td>
<td>Significant changes during reporting period regarding the organisation’s size structure, ownership, or supply chain There was no significant change regarding the organization’s size structure, ownership, or supply chain in 2016</td>
</tr>
<tr>
<td></td>
<td>G4-14</td>
<td>Report whether and how the precautionary approach or principle is addressed by the organisation 90-91</td>
</tr>
<tr>
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<td>G4-16</td>
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<td>G4-17</td>
<td>List all entities included in the organisation’s consolidated financial statements or equivalent documents, and whether any entity is not covered by the report 94</td>
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</tr>
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<td>Stakeholder Engagement</td>
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<tr>
<td></td>
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<td>Report the Aspect Boundary outside the organisation for each material Aspect 12</td>
</tr>
<tr>
<td>Report Profile</td>
<td>G4-22</td>
<td>Report the effect of any restatements of information provided in previous reports, and the reasons for such restatements 15-17</td>
</tr>
<tr>
<td></td>
<td>G4-23</td>
<td>Report significant changes from previous reporting periods in the Scope and Aspect Boundaries There was no significant change from the previous reporting period</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Stakeholder groups engaged by the organisation 14</td>
</tr>
<tr>
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<td>Basis for identification and selection of stakeholders 14</td>
</tr>
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<td>Organisation’s approach to stakeholder engagement 15-17</td>
</tr>
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<td>Key topics and concerns raised through stakeholder engagement, and how the organisation has responded 15-17</td>
</tr>
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<td>Reporting period 10</td>
</tr>
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<td>G4-29</td>
<td>Date of the most recent previous report March 2015</td>
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<td>G4-30</td>
<td>Reporting cycle 10</td>
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<td>G4-34</td>
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<td>G4-35</td>
<td>Process for delegating authority for economic, environmental, and social topics 86-87</td>
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<td>G4-36</td>
<td>Appointment of an executive-level position or positions with responsibility for economic, environmental and social topics 86-87</td>
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<td>Report whether the chair of the highest governance body is also an executive officer 86</td>
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<td>G4-41</td>
<td>Processes for the highest governance body to ensure conflicts of interest are avoided and managed 88</td>
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<td>G4-42</td>
<td>Processes for evaluation of the highest governance body’s performance with respect to economic, environmental, and social topics 87</td>
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<tr>
<td></td>
<td>G4-43</td>
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<tr>
<td></td>
<td>G4-44</td>
<td>Highest committee or position that formally reviews and approves the organisation’s sustainability report and ensures all material Aspects are covered 11</td>
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<td>G4-58</td>
<td>Internal and external mechanisms for reporting concerns about unethical or unlawful behavior, and matters related to organisational integrity 88</td>
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<td>Specific Standard Disclosures</td>
<td>Description</td>
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<tr>
<td>------------------------------</td>
<td>-------------</td>
<td>------------------</td>
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<td>Economic Performance</td>
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<td>Significant indirect economic impacts</td>
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<td>G4-EN3</td>
<td>Direct energy consumption</td>
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<td>Water</td>
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<td></td>
<td>G4-EN8</td>
<td>Total water withdrawal by source</td>
</tr>
<tr>
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<tr>
<td>Employment</td>
<td>G4-DMA</td>
<td>Disclosure on management approach</td>
</tr>
<tr>
<td></td>
<td>G4-LA1</td>
<td>Total number and rates of new employee hires and employee turnover</td>
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<td></td>
<td>G4-LA2</td>
<td>Benefits provided to full-time employees</td>
</tr>
<tr>
<td>Occupational Health and Safety</td>
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<td>Disclosure on management approach</td>
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<tr>
<td></td>
<td>G4-LA6</td>
<td>Types of injury and rates of injury, occupational diseases, lost days, absenteeism, and total number of work-related fatalities</td>
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<td>Training and Education</td>
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<td>Average hours of training per year per employee</td>
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<td>Programs for skills management and lifelong learning</td>
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<tr>
<td></td>
<td>G4-FS8</td>
<td>Monetary value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose</td>
</tr>
</tbody>
</table>
INDEPENDENT ASSURANCE

To
President
The Siam Commercial Bank Public Company Limited

Scope of our work

The Siam Commercial Bank Public Company Limited (“the Bank”) has engaged Deloitte Touche Tohmatsu Japan Audit Co., Ltd. (“we” or “us”) to perform limited assurance procedures on selected subject matter (“the Subject Matter”) for the year ended December 31, 2016 presented in the Sustainability Report 2016 (“the Sustainability Report”) in accordance with the reporting criteria (“the Criteria”).

Subject Matter

The selected Subject Matter chosen by the Bank comprises:

- Environmental dimension performance indicators expressed numerically
  - Energy consumption (megawatt-hour and litres) (page 95)
  - Greenhouse gases emission: scope 2 (tons) (page 95)
  - Water withdrawal (million cubic metres) (page 95)

- Social dimension performance indicators
  - Average hours of training per year per employee (page 97)
  - Total absenteeism days (including sickness and injuries/leave) (page 97)

Criteria

The selected Subject Matter above included in the Sustainability Report has been assessed according to the reporting principle prepared by the Bank “Notes to Sustainability Performance” (page 98) which has been influenced by the Sustainability Reporting Guidelines version 4 - Core issued by the Global Reporting Initiative (GRI-G4).

Basis of our work and level of assurance


To achieve limited assurance ISAE 3000 and ISAE 3410 require that we review the process and systems used to compile the areas on which we provide assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. Therefore, the work for a limited assurance engagement is less detailed than for a reasonable assurance engagement.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

We have applied International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedure regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Inherent limitation

Inherent limitation exists in all assurance engagements due to the selective testing of the information being examined. Therefore fraud, errors or non-compliance may occur and not be detected. Additionally, non-financial data may be subject to more inherent limitations than financial data, given both its nature and the methods used for determining, calculating and estimating such data. Greenhouse gases quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.
Key assurance procedures

Considering the risk of material error, we planned and performed the work to obtain all the information and explanations considered necessary to provide sufficient evidence to support our assurance conclusion.

The assurance procedures included the following work:

- interviewing the Bank’s management and those with operational responsibility for performance in the areas we are report on;
- visiting Head Office of the Bank;
- completing analytical procedures;
- reviewing the appropriateness of management review and reporting processes;
- performing testing of selected data on sampling basis, and;
- reviewing the process for consolidating data at a bank level.

As a limited assurance engagement generally comprises of making enquiries, primarily of management, and applying analytical procedures and the work for a limited assurance engagement is less detailed than for a reasonable assurance engagement.

Respective responsibilities of the Management and Independent assurance provider

The management of the Bank is responsible for the preparation of the Sustainability Report which is accordance with the Sustainability Reporting Guidelines version 4 - Core issued by the Global Reporting Initiative (GRI-G4), where relevant and determining the adequacy of the Criteria to meet the reporting needs of the Bank. Management’s responsibility also includes designing, implementing and maintaining an internal control system relevant to the preparation and fair presentation of the selected Subject Matter that is free from material misstatement, whether due to fraud or error.

Our responsibility is to independently express limited assurance opinion in accordance with ISA E 3000 and ISAE 3410 on the selected Subject Matter.

Limitation of Use

This report has been prepared in accordance with our engagement terms, solely for the Board of Director as a body, for the purpose of reporting on the selected Subject Matter within the Sustainability Report. To the fullest extent permitted by the law, we do not accept or assume responsibility to anyone other than the Board of Director for our work or for this report, or for any other purpose other than that for which this report was prepared.

Our assurance opinion

Based on the work described above, nothing has come to our attention that causes us to believe that the selected Subject Matter for the year ended December 31, 2016 included in the Sustainability Report has not been prepared, in all material respects, in accordance with the Criteria.

Sawatchai Meakhammouychai
Partner
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.
Bangkok, Thailand
March 3, 2017
READER’S SURVEY
SIAM COMMERCIAL BANK SUSTAINABILITY REPORT 2016

Your suggestions will be incorporated in the improvement of the future SCB Sustainability Report.
SCB highly appreciates your valuable feedback.

Please mark X or provide comments or suggestions in the space provided.

1. Which stakeholder group(s) are you identified as?
   - Shareholder/Investor
   - Employee
   - Government
   - Others (Please describe) _____________________________________________

2. What is the reason for your interest in SCB Sustainability Report 2016
   - To understand SCB
   - To prepare your Sustainability Report (or Corporate Social Responsibility Report)
   - For the purpose of research/education
   - Others (Please specify) ________________________________

3. Please rate your level of satisfaction for the SCB Sustainability Report 2016
   - Completeness of the report
     - High
     - Medium
     - Low
     - Needs improvement
   - Topics presented in the report
     - High
     - Medium
     - Low
     - Needs improvement
   - Interesting content
     - High
     - Medium
     - Low
     - Needs improvement
   - Easy to understand
     - High
     - Medium
     - Low
     - Needs improvement
   - Report design
     - High
     - Medium
     - Low
     - Needs improvement
   - Overall satisfaction
     - High
     - Medium
     - Low
     - Needs improvement

4. Which of SCB’s sustainability topics are you interested in?
   - Customer Experience
   - Innovation and Digitisation
   - Employee’s Health and Well-being
   - People Capabilities
   - Occupational Health and Safety
   - Corporate Governance and Compliance
   - Risk Management
   - Empowering Community & Society
   - Environmental Management
   - Others (Please specify) ________________________________

5. Please provide further comments and/or suggestions (if any)
________________________________________________________________________________________________________
________________________________________________________________________________________________________
________________________________________________________________________________________________________