***Scoop***

**SCG accelerates ESG stance in response to Thailand’s reopening,**

**managing risks from energy and raw materials’ price surge**

As the COVID-19 situation gradually eases in Thailand and the rest of the world, the government is **reopening its borders with economic recovery signals** echoing across the globe. This is the opportunity for the **business sector** to restore positions following the prolonged COVID-19 setbacks for 2 years, since late 2019. **Mr. Roongrote Rangsiyopash,** President and CEO of SCG, forecasts that the nation’s reopening will increase product and service **demands** **towards the rest of 2021 and ripple to early 2022.**

Nevertheless, the current risk which will also extend to early 2022 is **energy costs** especially fuel and **raw materials costs** that have immensely increased. This is a result of surging demand from the country’s reopening schemes that have caused **inflation (product prices) to sore**, thus, as costs move higher, product demand may decrease in the future. Therefore, **SCG must accelerate risk management strategies** for the **reduction of energy costs in the manufacturing process, logistics, and proceed with innovations that are true solutions for consumers.**

**Fast-tracking ESG strategies, managing energy and raw material costs**

SCG is speeding its **Environmental, Social, and Governance (ESG)** plans by **closing** **future fuel contracts, selecting raw materials to match the market conditions, and increasing the proportions of alternative energy**. In the first 8 months of 2021, SCG’s proportion for biomass use from agricultural waste and RDF was 12% (the cement business’ biomass and RDF usage was 25%) while solar energy use accounted for 3% or 77,744 megawatt-hours. Moreover, **aside from the energy cost cutbacks**, efficient market management plans are underway wherein markets with high logistics costs are slowed down while capturing opportunities where logistics costs are manageable.

**Adding value with “green-wellness innovation”, responding to trending demands**

For products and services, SCG advanced with **innovative green and wellness products**, a growing global trend following COVID-19 as consumers are becoming more mindful of environment conservation and hygiene. Some selections include the **SCG Green Choice** items which reduce natural resources usage whilst saving energy as well as promoting healthy hygiene. As for the **CPAC Green Solution**, it uses digital technology to reduce construction time while alleviating dust and construction waste. Additionally, SCG continues to invest in environmental-friendly businesses such as **the production of raw materials for bioplastics**.

**Addressing confidence for the 2021 target of 5-10% sales increase**

SCG’s President and CEO further extend his confidence that the strategic moves will contribute to SCG’s 2021 target in **driving sales to 5-10% growth**. Nevertheless, further operating result forecasts remain limited for Q4/2021 due to several variables, especially if an undesirable scenario of another wave of COVID-19’s new variant may occur.

In foreign investments, Mr. Roongrote elaborates that SCG continues as planned to drive ASEAN as another business hub of the future. In Vietnam, there is the construction of Long Son Petrochemicals Company Limited (LSP) at 87% progress which is expected to begin commercial production by H1/2023. As for the Philippines, they present opportunities for logistics investments.

**Proceeding with supports for COVID-19 setbacks relief**

In the social support involving the COVID-19 pandemic and as part of the ESG notion, SCG together with the Ministry of Public Health, Siam Yamato, and Kubota, actively assisted in the distribution of 310,000 doses of the Pfizer vaccine to 4 provinces. This is delivered to the southern part of Thailand where there remain to be high COVID-19 infected cases in Songkhla, Narathiwat, Pattani, and Yala, by SCG Logistics Managements’ cold-chain logistics.

To alleviate the flood situation, SCG opened its clay mine in Saraburi province to reduce the flood and store water for the drought season. Moreover, SCG Foundation donated 7,000 SCGP-developed paper toilets and relief bags to flood victims nationwide. In addition, under the “community power” initiative, SCG supported SMEs and 400 communities in creating jobs, adding value via product processing, and introducing sales channels, which helped generate additional income during the COVID-19 crisis.

**It can be observed that SCG is dedicated to walking alongside the ESG strategy and putting forward the environment, society, community, and governance. This works as the “shield” for the business when handling risks and unexpected events. It has provided the “lead” in turning crises into opportunities and ultimately enhancing sustainability.**

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