



## **SIAM CEMENT PUBLIC COMPANY LIMITED**

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**Environment** EOS

### **Background**

The Siam Cement Public Company Limited (SCG) is a diversified industrial company in Thailand. The company's operations include cement manufacturing; petrochemicals manufacturing; paper and packaging manufacturing; building product manufacturing; and distribution.

In September 2017, the company was reviewed by the Transparency Pathway Initiative (TPI) – a global, asset-owner-led initiative, which assesses how companies are preparing for the transition to a low carbon economy. At this point, SCG had been rated as a level one company (level five represents top ranking). It was unclear whether the company had made a commitment to the Paris Agreement's goal of limiting the rise in global temperature to a maximum of two degrees Celsius or had applied science-based targets<sup>1</sup>.

### **Engagement**

At a meeting with the chief financial officer in February 2018, the planning and investment director and the president of the chemicals business, we encouraged the company to review the emissions targets it had set for 2020, which we believe are likely to be achieved comfortably given current progress.

In April 2018, we delivered a Task Force on Climate-related Financial Disclosures (TCFD) workshop to over 10 senior executives of the company and shared a breakdown of key areas of concern for the cement industry with regard to its impact on the environment. We also shared leading practice examples from other companies in the industry. In addition, we encouraged the company to improve assessment of physical risks of its assets, take part in industry collaboration and establish a group-wide climate governance mechanism.

### **Results**

In September 2018, the company delivered a presentation on progress. It reported that it had committed to the Paris Agreement's global temperature limitation goal and set carbon emissions reduction targets for 2023 and 2030. Its 'roadmap' also included specific targets for a reduction in hybrid cement sale, clinker/cement ratio reduction and use of alternative

energy sources. In addition, SCG informed us that it was in the process of applying the science-based targets to various business units and that its scenario-based planning extends to 2050.

SCG also reported on other climate-related actions and climate governance.

On climate actions, it said that physical risks due to climate change had been incorporated within business continuity management to monitor natural disasters, weather pattern, dam capacity, water levels and storm forecasts. It explained that flood risk reports and water scarcity risk reports are submitted to the water management committee to determine an action plan.

On climate governance, SCG emphasised that the audit committee at board level had direct oversight of climate issues identified by the climate change and energy committee and also of those raised through the SCG Risk Management Committee, which is chaired by the president and CEO. The company also explained its climate action governance plans.

In September 2018, the TPI published an update report on cement producers. The report showed that SCG had advanced two rankings, to level three which reflects the company's progress on integrating climate change considerations into operational decision making. The company is also leading on circular economy initiatives for low carbon transition.

We continue to encourage the company to further refine its climate risks and opportunities assessments framework and to set more ambitious targets. We also ask that it discloses more information on its physical risks assessment and scenario planning beyond 2030, and that it improves industry collaboration on related topics.

<sup>1</sup> Targets in line with the level of decarbonisation required to keep global temperature increase below 2°C compared to pre-industrial temperatures.