

## CORPORATE GOVERNANCE COMMITTEE REPORT



**Police General Aek Angsananon**  
Chairman of the Corporate Governance Committee

### Dear Shareholders

Good corporate governance and a code of conduct are part of the core mission to which Thairoil always committed. They are considered crucial factors that drive the organization toward sustainable success and toward the acceptance, both at national and international levels, as a business entity with a good standard of business management in line with good corporate governance. To this end, the Board of Directors (the Board) appointed the Corporate Governance Committee (CGC) to take charge of forming policies, supervising, monitoring, and promoting compliance with corporate governance and a code of conduct to implant a strong corporate culture.

The Committee consists of three directors, chaired by Police General Aek Angsananon, with Mr. Yongyut Jantararotai and Mr. Kanit Si as members. During 2018, five meetings were held with all members of a given period present at each meeting and fully performed their duties indicated in the CGC Charter. The outcomes of the performance were regularly reported to the Board with highlights as follow:

### 1. Development of Guidelines and Rules for Corporate Governance

Thairoil benchmarked its current practices on corporate governance against Corporate Governance Code for Listed Companies 2017 (CG Code 2017) by the Office of the Securities and Exchange Commission (SEC), and discovered that most of the current practices corresponded with such code. However, there was a matter found not aligning with CG Code 2017, which was already incorporated as an additional CG practice. This matter concerns the minimum meeting attendance of the Board members, requiring “members of the Board to take responsibility for their regular presence at the meeting. Each Board member is obliged to have at least 75% attendance of all meetings arranged during the year”. The additional practice was presented to the Board for acknowledgement and effective on April 1, 2018.

## 2. Supervision, Promotion, and Monitoring of Compliance with the Corporate Governance Policy, the Anti-Corruption Policy, and the Code of Conduct

The Committee endorsed Thairoil's annual development plan on corporate governance, code of conduct, anti-corruption, and stakeholders treatment, which is to be implemented by the executives under the CGC recommendations. The Committee monitored plan implementation, covering communication with all staff and stakeholders, implantation of "integrity" in corporate culture, and fair and equitable treatment of stakeholders. Some of the CG activities initiated in 2018 included launching the project to recognize employees who exemplify ethical conduct (referred to as honorable "Palung Akanee"); hosting PTT Group CG Day 2018 with companies in PTT Group to enhance staff awareness of good corporate governance and the code of conduct; announcing Thairoil's anti-corruption goal echoing partners and customers' intentions; as well as initiating the upgrading of risk assessment concerning the environment, society, and corporate governance in the supply chain through the "ESG Plus Verification" in collaboration with key business partners to encourage their sustainable development following Thairoil's practice.

In addition, the CGC provided advices and recommendations on major business plans that directly involve corporate governance, such as the preparation of 2018 Annual General Meeting of Shareholders. The Committee also agreed on Thairoil's announcement on allowing shareholders to propose meeting agenda and nominate candidates for directorship, as well as the endorsement of the Board's 2017 performance assessment result and 2018 performance assessment form.

## 3. Promotion of Corporate Social Responsibility (CSR) and Sustainable Development (SD)

The Committee endorsed the CSR development plan, which covers community affairs, social development at the national level, and sustainable development (SD) plan. In addition to the CSR activities, continuously organized in the refinery neighborhood, involving education, public health, religion, culture and tradition, and the environment, Thairoil in 2018 initiated a skill development project for the underprivileged in the surrounding communities by giving support through Sarn Palung Social Enterprise Co., Ltd. (PTTSE) (an entity under PTT Group) on opening **Café Amazon for Chance** at Laem Chabang Hospital. The café is to hire hearing-impaired people residing in Sriracha to work at the shop, whose official opening is planned in 2019. Moreover, Thairoil joined PTT Group in running a **Pracharath Project on education** to continuously develop school executives and promote young-generation teachers' leadership. The project has been expanded to four more schools around the refinery, totaling ten schools. Under this Pracharath project, a sub-project called **Light for a Better Life** was initiated to leverage knowledge and experience in electrical engineering of Thairoil's personnel for the schools' infrastructure development to prevent fire hazard.

Regarding sustainable development in 2018, Thairoil remained a DJSI membership for the sixth consecutive year as a result of business management improvement. Clearer framework of sustainability **achievement measurements** have been established to better align with the new corporate vision, while the **Energy Improvement Plan** was created, resulting in less energy consumption and less greenhouse gas emissions. The Energy Improvement

Plan is considered a support for the Low Emission Support Scheme (LESS) under Thailand Greenhouse Gas Management Organization (Public Organization).

Due to the strong determination to exhibit standards for corporate governance and the code of conduct, Thairoil, assessed against Corporate Governance Report of Thai Listed Companies, was rated as one of the leading entities both national and international levels. The Company has also been recognized by a sustainability rating institute at the global level. Thairoil's corporate governance has been ongoing in parallel with social responsibility and sustainability management founded on the cooperation of directors, the executives, and all employees. The Corporate Governance Committee is convinced that Thairoil will not only achieve sustainable growth, but will also earn global recognition, thus be able to create benefit for stakeholders under the code of conduct, which will consequently benefit the country as a whole.

January 16, 2019

On behalf of the Corporate Governance Committee



(Police General Aek Angsanonont)

Chairman of the Corporate Governance Committee

Thai Oil Public Company Limited