

CORPORATE GOVERNANCE COMMITTEE REPORT

Police General Aek Angsanant

Chairman of the Corporate Governance Committee



Dear Shareholders

Good corporate governance (CG) and the business code of conduct (CoC) principles and practices represent an integral part of the core mission to which Thairoil and Subsidiaries have always been strictly committed. The Board of Directors (the Board) has appointed the Corporate Governance Committee (CGC or the Committee), currently consisting of three directors, chaired by Police General Aek Angsanant, along with Mr. Yongyut Jantararotai and General Kukiatt Srinaka as members, to take charge of policy formulation, supervision, monitoring, and promotion of CG and CoC to form a robust corporate culture.

This year, the Committee held six meetings with full attendance as planned, carried out all their duties as indicated in its Charter and assigned by the Board, and regularly reported the performance outcomes to the Board. In 2019, the Committee reviewed and approved important activities and work plans on CG as summarized below.

1. Development of CG Guidelines

The Committee deemed it appropriate to review its criteria of director's number of directorship in companies listed in Stock Exchange of Thailand (SET). Previously, Thairoil specified a limit of five listed companies in SET, where each director can serve. However, they can now serve in only three listed companies, in order to assure that the Board efficiently devote sufficient time to their duties. The Committee formalized a policy for directors and executives to report the intention to purchase or sell Thairoil's securities in advance of the actual transaction. This practice constitutes the supervision on the use of undisclosed insight in order to ensure fairness to other shareholders, in accordance to the good CG principles. Currently, such criteria and policy are effective and described in the Thairoil's CG and CoC Manual. In addition, the Committee approved for an external consulting company to evaluate 2019 performance of the Board under the good CG principles, recommending the performance evaluation by third party every 2-3 years.

2. Supervision, Encouragement, and Monitoring of Compliance with CG Policy, Anti-Corruption Policy, and Business Code Of Conduct

The Committee approves and recommends essential plans directly relating to CG, such as the Board's performance evaluation, the Annual General Meeting of Shareholders (AGM) plan, and the accommodation for shareholders to propose AGM agenda and nominate candidate for the Company's director.

In addition, the Committee advised and endorsed Thairoil's annual development plan of CG, CoC, anti-corruption, and treatment of stakeholders, and monitored their implementation and compliance against proposed plans, covering communication, cultivating integrity as corporate culture, and fair treatment of all stakeholders. Examples of key activities carried out in 2019 included the creation and distribution of an "Integrity the Series" short video to promote knowledge of ethical practices within the organization; endorsement of the Private Sector Collective Action Coalition against Corruption (CAC) re-certification assessment, facilitation for customers by issuing electronic bank guarantees through blockchain; and the implementation of digital technology to improve procurement system by receiving and sending purchase orders online.

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

The Committee endorsed CSR development plan, which covered refinery community affairs and social development at the national level. In addition to the ongoing and more intensifying CSR activities organized in the communities surrounding the refinery inclusive of education, public health, religion, culture and

tradition, and the environment, in 2019, Thairoil presented the "Thairoil Building" to Laem Chabang Hospital as a center of medical treatment for accident and emergency patients. Moreover, Thairoil has installed a solar power generation system (solar farm) for Ban Huai Tong Border Patrol Police Learning Center in Nopphitam District, Nakhon Si Thammarat; Thanyarak Mae Hong Son Hospital in Mae Hong Son; and Koh Sichang Hospital in Chonburi, to solve and stabilize power system for medical care and reduce the electricity cost. Moreover, collaborating with Sarn Palung Social Enterprise Co., Ltd., the Café Amazon for Chance was inaugurated in Laem Chabang Hospital's area, where the hearing impaired of Sriracha District are hired as baristas in the shop.

With reference to sustainable development, the Committee endorsed a strategic plan and sustainability indices for both the short-term (2023) and long-term (2028). The plans cover the environmental, social and governance aspect, and provide guidelines on sustainable operation for Thairoil and Subsidiaries. The sustainability performance on material issues was monitored to ensure alignment with 2019 plans and goals.

Due to the strong determination to demonstrate standards of CG, corporate social responsibility, and sustainability management, Thairoil is widely accepted at national and international levels. The Company has been selected as a Dow Jones Sustainability Indices (DJSI) member for the seventh consecutive year and achieved the top scores (Industry Leader) among the organizations listed in Oil & Gas Refining & Marketing Industry Group at the global level. In addition, Thairoil received numerous awards and honors, including the NACC Integrity Awards from the Office of the National

Anti-Corruption Commission; the 2019 Corporate Governance Assessment of Thai Listed Companies (CGR) at an “excellent” level (90-100 points), for the 11th consecutive years; and Sustainability Awards of Honor in the field of Sustainability Excellence of SET Award 2019 for the third consecutive year; the top award of which was given to companies with excellent business sustainability for three or more years consecutively.

These achievements have demonstrated high CG standards together with utmost corporate social responsibility and sustainability management by Thaioil and Subsidiaries and their executives and employees. Therefore, the Committee is fully confident that Thaioil and Subsidiaries will achieve sustainable growth and earn conviction, enabling us to generate value for stakeholders and garner international acceptance.

January 17, 2020

On behalf of the Corporate Governance Committee



(Police General Aek Angsanonant)

Chairman of the Corporate Governance Committee

Thai Oil Public Company Limited