

CORPORATE GOVERNANCE COMMITTEE REPORT

To the Shareholders

Through efficient business execution with excellence in management and corporate governance, Thaioil is committed to becoming a leading regional company that meets its shareholders' expectations by respecting their rights and treating all stakeholders fairly.

Endorsing the appointment of the Corporate Governance Committee, the Board of Directors has assigned it to define a policy and development approach, monitor Thaioil's compliance with corporate governance principles, and encourage the publicity of the principles among all employees to observe and evolve their practices into a corporate culture.

This year the committee consists of three qualified directors:

1. Mr. Banphot Hongthong Chairman (Independent Director)
2. Mr. Apisak Tantivorawong Member (Independent Director)
3. Mr. Prajya Phinyawat Member

The committee held three meetings during the year, with the following performance summary under their chartered roles and responsibilities.

1. Endorsed the preparation of the third version of Thaioil's Corporate Governance Manual (CG manual), to keep its contents up to date and in compliance with the criteria and the standards of the Stock Exchange of Thailand (SET), Office of the Securities and Exchange Commission (SEC), and Thai Institute of Directors (IOD). CG manuals were given to the directors, management, and employees to study and comply with.
2. Endorsed the outcomes of the Board's performance of 2009.
3. Endorsed the amended assessment forms of the Board's performance of 2010.
4. Commented on and approved Thaioil's corporate governance development plan for 2011.
5. Recommended approaches for organizing Thaioil Group CG Day and participation in PTT Group CG Day activities to stimulate and promote corporate governance activities.
6. Recommended ways to improve Thaioil's corporate governance guidelines.

Other key activities undertaken by Thaioil to promote good corporate governance consisted of two meetings of the independent directors (to enable them to consult one another and propose useful approaches for the development of Board performance) and the improvement of the Thaioil website's corporate governance section (to serve as an efficient communication channel with all stakeholders directly and provide a clearer channel for making requests known, with complaint forms ready for downloading, together with online and email complaint filing). In addition, Thaioil undertook activities and projects by stakeholder group, with the following summary:

Shareholders, Investors, Analysts, and Lenders Annual refinery visits for shareholders and investors in general are in place to enhance their knowledge and understanding of Thaioil's businesses, as are quarterly meetings where performance summaries are presented to analysts and representatives of lending institutions. As a rule, these meetings are captured on videos for webcast to give everyone involved equal access.

Employees Annual Thaioil Group CG Day activities are in place to stimulate and promote compliance with corporate governance principles among employees. Thaioil also plans a project to improve e-learning media for corporate governance (the so-called CG E-Learning) with contents incorporating key points of corporate governance in the conduct of business. Its applications

are constantly improved and employees' training records monitored for greater efficiency. Once this project is completed, Thairoil plans to have all employees undergo such training to brush up on their knowledge and then use it as a learning tool during employee orientation to cultivate corporate governance principles among employees.

Customers Annual customers' satisfaction surveys are in place for service improvement apart from Thairoil's regular visits to its domestic and international customers.

Business Partners Thairoil, together with suppliers and contractors, organized a seminar on "CSR in Supply Chain 2010" to promote compliance by these business partners with corporate social responsibility (CSR) guidelines. Educational exhibitions on CSR were put up and a seminar held in conjunction with these business partners to share experiences and approaches for business improvement. Over 150 business partners were in attendance.

Communities and the Environment Thairoil has consistently launched business in parallel with cordial community and social relations. During the year, it undertook continual activities and community improvement efforts around its refinery, including a mobile public health clinic, activities launched through Thairoil Group's health and learning center, and community youth activities-including Thairoil Scholarship Fund, Knowledge plus Ethics Create Youth Leader Project, and Culture & Science Youth Camp. In addition, Thairoil launched community environmental projects like the Clean Beach Campaign and a project to control and lower process pollutants.

At the national level, Thairoil undertook social responsibility projects to preserve the environment and conserve energy under the Green Energy Mechanism in conjunction with the Foundation for Energy for Environment Foundation, which consisted of a hydropower project for communities, a transmission line extension for the hydropower project, and an activity to install Miang (tea plant leaves) Steaming Stoves Project.

Thanks to the corporate governance principles observed by Thairoil in conducting its business, as well its assorted activities to promote and upgrade its practices, Thairoil won the Top Corporate Governance Report Awards at the SET Awards 2010 event, hosted by SET, and won an 'excellent' rating for its corporate governance report of 2010, evaluated by IOD. The Corporate Governance Committee, the management, and all employees are firmly committed to the development, promotion, and application of corporate governance principles to its management and practice so as to bring Thairoil acceptance and trust by all stakeholders, as it forges ahead toward sustainable development.

January 24, 2011

On behalf of the Corporate Governance Committee



(Banphot Hongthong)

Chairman of Corporate Governance Committee
Thai Oil Public Company Limited