

CORPORATE GOVERNANCE COMMITTEE REPORT



Adjunct Professor Dr. Thosaporn Sirisumphand
Chairman of the Corporate Governance Committee
Thai Oil Public Company Limited

To the Shareholders

In doing its business, Thai Oil Public Company Limited has relentlessly paid attention to the principles of good corporate governance (CG) and business ethics. To ensure continuous CG development, the Board of Directors (Board) established the Corporate Governance Committee (CGC) to supervise, monitor, and support the business conduct under the policy and guidelines concerning CG and business ethics. Appointed to this committee were Adjunct Professor Dr. Thosaporn Sirisumphand as chairman, and Mr. Thaworn Phanichaphan and Mr. Yongyut Jantararotai as members.

This year the CGC held three meetings as planned. All members were present at all meetings and thoroughly performed their respective duties as stated in the CG Charter and as assigned by the Board. The performance was summarized and presented to the Board for

acknowledgment. Throughout the year, the CGC gave consideration and endorsement to CG activities and plans as follows:

1. Developing, Improving, and Ensuring Compliance with Laws, Regulations, and Best Practices

- >> Giving endorsement to and recommendations on the plan for organizing the 2015 Annual General Meeting of Shareholders (AGM), successfully held under CG principles and AGM checklist by the Thai Investors Association (TIA), the Thai Listed Companies Association (TLCA) and the Securities and Exchange Commission (SEC). The CGC also acknowledged the 2015 AGM quality assessment, while providing recommendations for further improvement.
- >> Defining rules and scheduling the period from October 1 to December 31, 2015, for shareholders to propose the agenda items for and the director candidate name to be elected in the 2016 AGM.
- >> Giving consideration for developing the Company's CG practice guidelines to ensure compliance with SET's Principles of Good Corporate Governance for Listed Companies, Corporate Governance Report of Thai Listed Companies (CGR), and ASEAN CG Scorecard and tabling them for the Board's approval. The guidelines include:
 - Reviewing of the regulations concerning independent directors' tenure
 - Defining additional regulations about the meeting quorum of Board

>> Giving consideration on the assessment outcomes of the CGR and ASEAN CG Scorecard projects, while providing recommendations for improvement of the Company's CG practice guidelines to ensure alignment with the projects' assessment criteria and recommendations.

2. Promoting Compliance with the CG Policy, Anti-Corruption Policy, and Sustainable Development

>> Giving approval on the draft amendment policy on social and environmental responsibilities to ensure alignment with the strategies and current business context.

>> Giving endorsement to the CG development plan for 2016, which includes anti-corruption and treatment for each group of stakeholders, while giving acknowledgement of past performance, in which fair treatment to each stakeholder was stressed. The CGC called for further actions to raise CG and anti-corruption practices to national and international standards. Also, another recommendation was to continually and efficiently nurture the principles of good corporate governance and business ethics among staff in Thaioil Group.

>> Giving endorsement to the Corporate Social Responsibility (CSR) Development Plan for 2016 and giving acknowledgement of past performance. The CSR Development Plan covers education, conservation of the environment, energy, and natural resources, and quality of life of people in the community, as well as development of remote communities utilizing the Company's strength and expertise in energy.

>> Giving endorsement to the Sustainable Development (SD) plan for 2016, while acknowledging SD success. The CGC gave recommendations for improvement of the SD plan and development of future SD challenges.

3. Performance and Assessment

>> Giving endorsement to the draft amendment CGC Charter before tabling it to the Board for approval.

>> Giving endorsement to the assessment outcomes of the Board performance in 2014 and to the assessment form of the Board performance in 2015.

As a result of strict adherence to the principles of good corporate governance, Thaioil's CG performance was well recognized at both national and international levels throughout 2015, as evidenced by the following:

International Level

>> Membership of the Dow Jones Sustainability Indices (DJSI) in the Emerging Markets group for three consecutive years (2013–2015), with the top score and recognition as Energy Industry Group Leader and Oil & Gas Industry Group Leader.

>> Best Corporate Governance 2015 – Thailand award at the World Finance Corporate Governance Awards 2015 event, organized by UK-based World Finance Magazine.

>> One of the TOP 50 ASEAN PLCs in the ASEAN CG Scorecard project, organized by ASEAN Capital Markets Forum (ACMF), whose members represent SEC in six ASEAN countries: Thailand, Indonesia, Malaysia, the Philippines, Singapore, and Vietnam.

- >> The Strongest Adherence to Corporate Governance award for four consecutive years, and the Best Strategic CSR award from Alpha Southeast Asia, a leading magazine specializing in institution investment, banking, and capital markets in Southeast Asia.
- >> The Asset Corporate Awards 2015 (Platinum Level) from Hong Kong-based magazine named the Asset for the second year running.

National Level

- >> Honorable mention award for Transparent Organization from the 5th NACC Integrity Awards project for 2015, organized by the National Anti-Corruption Commission.
- >> Achieving the score of 95 from Corporate Governance Report of Thai Listed Companies assessment for 2015, conducted by Thai Institute of Directors (IOD), the Company was ranked 'Excellent' (90-100 points) for the seventh straight year.
- >> Board of the Year for Distinctive Practices Award at 2015 Board of the Year Awards event, organized by IOD in collaboration with SET, TLCA, Thai Chamber of Commerce, Federation of Thai Industries (FTI), Thai Bankers' Association, and Federation of Thai Capital Market Organizations (FETCO).
- >> SET Sustainability Awards 2015 (the combination of Top CG Report Awards and Best CSR Awards at the SET Awards event) and Thailand Sustainability Investment Awards 2015 at the SET Sustainability Awards 2015 event, organized by SET.
- >> Level 5 Extended, the ultimate level of Sustainability Development Assessment on Anti-Corruption Progress Indicators for Listed Companies, conducted by SEC in collaboration with Thaipat Institute.
- >> ESG 100 Certificate from Thaipat Institute, recognized as a top-100 listed company in Thailand with outstanding business performance and environmental, social, and governance (ESG) promotion, as assessed among 567 SET-listed companies.
- >> CSR-DIW Continuous Award for 2015 from the CSR-DIW project to promote industries with social responsibilities for the fourth consecutive year, presented by the Department of Industrial Works, Ministry of Industry.
- >> Outstanding award at the 2015 Thailand Energy Awards event for the renewable-energy category (On-Grid type) from Mae Jo Community Hydropower Plant Project, Ban Pao, Mae Tang, Chiang Mai, organized by Department of Alternative Energy Development and Efficiency, Ministry of Energy.

These success and awards are evidence for Thairoil's corporate governance and business ethics standards. They reflect the effective cooperation of the Board, the executives, and employees in observing the principles of good corporate governance in parallel with their social and environmental responsibilities. The CGC is confident that Thairoil will grow further along the sustainability path. The business will win

trust and produce benefits for stakeholders, society, and the country, and will ultimately gain international acceptance.

January 14, 2016

On behalf of the Corporate Governance Committee



(Adjunct Professor Dr. Thosaporn Sirisumphand)

Chairman of the Corporate Governance Committee

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