

RISK MANAGEMENT COMMITTEE REPORT



Mr. Sarun Rungkasiri
Chairman of the Risk Management Committee

To the Shareholders

In the year 2016, the Risk Management Committee made its best efforts to fulfill its duties supporting Thairoil's Board of Directors (the Board) on steering of corporate risk management to achieve business goals while promoting confidence and credibility among investors and stakeholders. The current Committee consists of three knowledgeable, competent, and experienced members with mastery of the energy business:

1. Mr. Sarun Rungkasiri Chairman of the
Risk Management Committee
2. Mr. Noppadol Pinsupa Member of the
Risk Management Committee
3. Mr. Atikom Terbsiri Member of the
Risk Management Committee

Performance in 2016

The Committee defined and revised Thairoil's corporate risk management scope, policy, and processes as prescribed in the Risk Management Committee Charter, as well as provide recommendations on suitable approaches of risk management to efficiently conduct businesses in line with strategic directions and business plans. The Committee also constantly supported and improved risk management practices throughout Thairoil under international standards so as to forge a corporate culture. This year the Committee held 11 meetings, summarized below:

1. Endorsed key projects for the Board's consideration, namely:
 - 1.1 Jetty Extension Project (No. 7 and No. 8)
 - 1.2 Front-End Engineering Design (FEED) for the Clean Fuel Project (CFP)
 - 1.3 Suitable CFP contingency outlay in line with the Board's resolution
 - 1.4 New Crude Tank Project
 - 1.5 Office Relocation Project
 - 1.6 Guidelines for ethanol business restructuring
 - 1.7 Application for approval authority amendment for cash management and short-term investment
 - 1.8 Suitability of Operational Excellence Project under the Board's resolution
 - 1.9 Transcendence Project (Implementation Phase);

2. Endorsed for the Board's consideration the ranking of risk issues impacting strategic plans; corporate risks for 2017; amendment of the Risk Management Committee Charter; valuation outcomes of land and buildings, and their market-value rents provided by independent valuers; and the negotiation scope for the values of the lease agreement for the renewal of state property leases;
3. Endorsed for the Board's consideration the amended framework for Margin Hedging together with the framework and target prices for Inventory Hedging;
4. Acknowledged and endorsed for the Board's consideration the risk management outcomes for crude oil and petroleum product prices for the fourth quarter of 2015 and all quarters of 2016;
5. Acknowledged the corporate risk management outcomes for all quarters of 2016, together with this year's risk management plans and the Committee's yearly performance;
6. Acknowledged and provided recommendations on
 - 6.1 Updates on approved projects
 - 6.2 Power failure management measures and communities and stakeholders management measures to accommodate major projects
 - 6.3 Development of Internal Control processes and Control Self Assessment (CSA);

with prevailing circumstances. The Committee met regularly to promptly review key and urgent risks, rendering Thaioil and Subsidiaries' risk management effective. In other words, Thaioil commanded key corporate risk management practices that proved efficient, suitable, and controlled at the manageable level.

December 27, 2016

On behalf of the Risk Management Committee



(Mr. Sarun Rungkasiri)

Chairman of the Risk Management Committee

The Risk Management Committee concluded that this year, Thaioil has developed its corporate risk management system covering all aspects of risks, and commanded risk management practices constantly and in accordance