

## RISK MANAGEMENT COMMITTEE REPORT



**Mr. Sarun Rungkasiri**  
Chairman of the Risk Management Committee

### Dear Shareholders

To achieve business goals while promoting confidence and credibility among investors and stakeholders, this year the Risk Management Committee operated with its best efforts to support the Board of Directors (the Board) on the corporate risk management. The committee consists of the following four knowledgeable, competent, experienced members with mastery of the Company's business:

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|-----------------------------|----------|
| 1. Mr. Sarun Rungkasiri     | Chairman |
| 2. Mr. Noppadol Pinsupa     | Member   |
| 3. Ms. Nitima Thepvanangkul | Member   |
| 4. Mr. Atikom Terbsiri      | Member   |

### Performance Outcomes of 2017

The committee defined and reviewed the corporate risk management scope, policy, and processes as prescribed in the Risk Management Committee Charter, providing recommendations on suitable approaches for efficient business conduct in line with strategic directions and business plans. It also constantly supported and improved risk management practices throughout the corporation under international standards to implant a corporate culture. This year the committee held nine meetings with highlights as follows:

1. Endorsed key projects for the Board's consideration, namely:
  - 1.1 Investment in the CIMB-PRINCIPAL Energy and Petrochemical Index Fund
  - 1.2 The 2017 Oil Price Hedging Framework
  - 1.3 Adjustment of target price and Oil Price Hedging Framework for 2018
  - 1.4 Risk management plans concerning the approach of ethanol business restructure, phase 2
  - 1.5 The risk management direction of Engineering Procurement & Construction (EPC) bidding for the Clean Fuel Project (CFP)
  - 1.6 The risk management plan for the Early Work Project (Plot X)

- 1.7 The risk management direction of the company establishment to engage in International Head Quarter (IHQ) business
- 1.8 Thairoil Sriracha Building Project to accommodate future projects
- 1.9 The Fire Water System Improvement Project
2. Defined corporate risks and revised the corporate risk management policy together with plans and risk appetites
3. Acknowledged the committee's 2017 performance outcomes and the quarterly corporate risk management outcomes from Q1/2017 - Q4/2017
4. Acknowledged the quarterly reports on Oil Price Hedging results Q1/2017 - Q4/2017
5. Acknowledged and provided recommendations on
  - 5.1 Progress of CFP, TOP Crude Oil Tank Project, Jetty Expansion Project, and Thairoil Sriracha Building Project
  - 5.2 Corporate Internal Systems Audit's cyber security inspection outcomes
  - 5.3 Preliminary business restructuring guidelines for TOP Maritime Service Co., Ltd.
  - 5.4 The 2017 Internal Control outcomes.

promptly review key and urgent risks, rendering Thairoil and Subsidiaries' risk management effective. In conclusion, Thairoil commanded key corporate risk management practices that has been proved efficient, suitable, and manageable within the indicated risk tolerance.

December 12, 2017

On behalf of the Risk Management Committee



(Mr. Sarun Rungkasiri)

Chairman of the Risk Management Committee  
Thai Oil Public Company Limited

This year, the Risk Management Committee found that Thairoil has developed its corporate risk management system to embrace all aspects of risks, and commanded continual risk management practices in line with prevailing circumstances. The committee regularly held meetings to