

NOMINATION AND REMUNERATION COMMITTEE REPORT

Air Chief Marshal Suttipong Inseeyong

Chairman of the Nomination and
Remuneration Committee



Dear Shareholders

The Board of Directors (the Board) appointed the Nomination and Remuneration Committee (NRC or the Committee), which consists of at least three directors, the majority of whom must be independent directors, to seek for qualified people under Thairoil's process and criteria for nomination as directors and Thairoil's Chief Executive Officer and President. The Committee also selects directors to serve in Board-Committees and considers remuneration types and criteria for directors, before proposing for the Board's endorsement and later for the approval of the shareholders, as required by law.

The current NRC consists of three directors: Air Chief Marshal Suttipong Inseeyong (Independent Director), serving as Chairman with Associate Professor Dr. Pasu Decharin (Independent Director) and Mr. Auttapol Rerkpiboon (Director) serving as members.

This year, the Committee has fully executed all its charter duties, with five meetings fully attended by all incumbent members (meeting attendances shown on page 112).

Below are the highlights of NRC's execution this year:

1. Reviewed the overall Skill Matrix of the Board to embrace and align with corporate business plans, strategies, and global trends;
2. Reviewed 2019 director's remuneration structure by duly adjusting monthly retainer fees and per-attendance fee, raising the proportion of per-attendance fee while lowering that of monthly retainer fees so as to reflect more with the accountability for the meeting participation. This adjustment aligned with and followed the practices of other listed companies in the same industries. Moreover, the NRC changed the remuneration type for Board-Committees from monthly retainer fee to per-attendance fee. The per-attendance fee is now paid to the directors and Board-Committee members who attend the meetings only. These adjusted structure and compensation rates were approved in the 2019 Annual General Meeting of Shareholders (AGM);

3. Reviewed the approaches and qualifications required for directors nomination, emphasizing on the practice not limiting and restricting to differences in gender, race, ethnicity, country of origins, or nationality, which agrees with international corporate governance;
4. Sought and nominated directors strictly under the process and criteria stated in the Corporate Governance and Code of Conduct Manual for the Board's approval or endorsement before proposing for an approval of shareholders in AGM as required by law. The Committee added to its consideration the Directors' Pool of the State Enterprise Policy Office and Institute of Directors' Chartered Director (IOD Charter). The NRC also reviewed individual and overall qualification components of the Board of Directors to suit Thairoil's size, nature, complexity, and diversity of businesses, embracing education, expertise, skills and proficiency, experience, and specialized competencies related to Thairoil's businesses as well as their independency as prescribed by related law and Thairoil's requirements;
5. Sought and nominated directors for four Board-Committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee, and tabled these lists to the Board of Directors for appointment to fill the vacancies upon Director's resignation or term completion;
6. Sought and nominated the Chief Executive Officer and President for this year's vacancy;
7. Assessed the performance of the Chief Executive Officer and President and tabled the proposed annual salary adjustment for the Board of Directors' approval;
8. Provided opportunity for minor shareholders to propose agenda and nominate directors at least three months ahead of the 2020 AGM through Thairoil's website.

January 9, 2020

On behalf of the Nomination and Remuneration Committee



(Air Chief Marshal Suttipong Inseepong)

Chairman of the Nomination and Remuneration Committee

Thai Oil Public Company Limited