

# CORPORATE GOVERNANCE REPORT

Constantly valuing and complying with corporate governance of international standards and alignment with SET's policy and the ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), IRPC has earned decent assessment scores and awards for CG practices domestically and internationally, grouped by aspect as seen below.

## Corporate governance

1. NACC Integrity Award 2016, an award presented by the Office of the National Anti-Corruption Commission
2. Five-emblem assessment recognition by the 2016 CGR project, under the Thai IOD for the eighth year in a row. This year, incidentally, IOD made its assessment more stringent in line with the ASEAN CG Scorecard
3. Full (100) marks for its AGM 2016, assessed by the Thai Investors Association
4. Best CEO under the "IAA Award for Listed Companies 2015/2016" (Resources group), presented by the Investment Analysts Association
5. Best Investor Relations Award, presented by SET
6. Corporate Governance Asia Recognition Award 2016: Best Investor Relations by Company, presented by the Corporate Governance Asia journal for the third consecutive year, citing transparent information disclosure to investors with fairness to stakeholders and in line with corporate governance
7. "Golden Peacock Global Award for Excellence in Corporate Governance 2016", presented by the Institute of Directors (IOD) of India for the fourth time in recognition of its outstanding corporate governance practices.

## Sustainable management

1. A third consecutive year of DJSI (Dow Jones Sustainability Indices) membership for the Emerging Market of the Oil & Gas Refining and Marketing group for 2016



2. SET Sustainability Award 2016 (given to selected listed companies)
3. Thailand Sustainable Investment 2016 acclaim for of its exemplary outstanding sustainable business conduct while supporting social engagement
4. Sustainability Report Award 2016 (Outstanding) granted by SET.

## Anti-corruption

- CAC membership certification of Thailand's Collective Action Coalition against Corruption Private Sector on April 4, 2014. IRPC gained certification of its policy and complete practices against fraud in the corporation as required by CAC, for which recertification is due every three years. Today, with all documents submitted under new regulations on December 15, 2016, IRPC is undergoing recertification.

## Socio-environmental responsibility

1. Certificate of ESG 100 Company (Resources group) for 2016, granted by Thaipat Institute for the value given to Environmental Social and Governance (ESG). IRPC is in the ESG100 elite group for a second consecutive year.
2. EIT-CSR Award plaque of honor, presented by the prime minister for IRPC's socio-environmental responsibility activities by state enterprises and operators, reviewed by the Right and Code of Conduct Panel of the Engineering Institute of Thailand



SET Sustainability Awards 2016

3. Asia Responsible Entrepreneurship Award 2016 (AREA Award 2016) for Social Empowerment for the Lam Sai Yong Model Project (Sustainable Drought-Solving), hosted by Enterprise Asia, an independent entity supporting business caliber development

4. “Golden Peacock Global Award for Social Responsibility 2016”, presented by the Institute of Directors (IOD) of India.

### Corporate Governance Policy

To promote IRPC as a business concern marked by efficiency, CG, and operational excellence focusing on optimizing benefits for the shareholders and with due regard for stakeholders as a whole while remaining righteous in business conduct, free of fraud, transparent, and open to scrutiny, the Board has defined a CG policy for its Board of Directors, executives, and employees to observe as practical guidelines, detailed as follows:

1. The Board is committed to applying the key CG principles (CREATE) as guidelines for IRPC's operation, namely: **C**reation of Long Term Value, **R**esponsibility, **E**quitable Treatment, **A**ccountability, **T**ransparency, **E**thics
2. The Board is dedicated, responsible, and independent, with clear segregation of roles between the Chairman and the President

3. The Board plays a key role in defining IRPC's vision and key strategies, policies, and plans, taking into account risk factors and laying down suitable management approaches while ensuring that accounting, financial, and audit systems are credible

4. The Board plays a key role in defining an anti-corruption policy and key relevant mechanisms so as to prevent fraud and represent IRPC's practical guidelines, leading to a corporate culture. The Board steers the prevention and resolution of conflicts of interest and connected transactions to ensure fair business conduct.

5. The Board must lead in ethics and observance of IRPC's CG approach

6. The Board may appoint suitable ad hoc committees to support its deliberation of key matters

7. The Board must hold annual self-assessment to frame the scrutiny and improvement of its performance, including a suitable third-party assessment, such as every three years.

8. The Board sets IRPC's Code of Conduct for itself, executives, staff and employees to apply as their practical guidelines in tandem with IRPC's regulations

9. The Board sets a policy on information disclosure to ensure that IRPC's shareholders and stakeholders have equal access to sufficient, reliable, and timely information disclosure, both financial and non-financial, with Corporate Communications and Investors Relations providing information to the public and investors.

10. IRPC's shareholders and stakeholders are entitled to fair treatment and equal access to information, as well as suitable communication channels with IRPC

11. The Board sets a succession policy and plans to ensure that a personnel recruitment system is in place for all key executive positions along with a transparent and fair recruitment process.

The Board is confident that good, clear, and transparent CG system will enhance the trust among the shareholders, investors, and stakeholders. In 2016, the Board followed the CG principles in line with the criteria of SET's Corporate Governance Report of Thai Listed Companies (CGR) 2016, and the Asean CG Scorecard in five major elements as follows:

## 1. Shareholders' Rights

IRPC supported, promoted and facilitated shareholders' exercise of their rights to ensure that it was completely and equally protected under the law, and information disclosed to shareholders is accurate, complete, timely, and transparent.

At the 2016 AGM, shareholders exercised their rights as follows:

### Before the Meeting

- IRPC gave the opportunity for one or more shareholders with a combined 4% or more of the eligible voting shares to propose agenda items for the 2016 AGM and nominate directors in advance from September 25 to December 31, 2015. No additional agenda nor nomination was proposed. For the 2017 AGM, the shareholders can propose agenda items and nominate directors in advance between September 20, 2016, and January 31, 2017.

- IRPC disclosed the resolution of the Board at the Meeting No. 2/2016 on February 9, 2016, which set the record date for Tuesday, February 23, 2016, and list shareholders in accordance with Article 225 of the Securities and Exchange Act by closing the registration book on Wednesday, February 24, 2016, for the right to attend the 2016 AGM and to receive dividends. The date for the 2016 AGM was set for Friday April 1, 2016, starting at 09.30 hours at the Bangkok Convention Center, 22nd Floor, Centara Grand Hotel and Bangkok Convention Center, Central World, No. 999/99 Rama I Road, Pathumwan District, Bangkok 10330. The resolutions were made public via SET's information distribution system on the date of the resolution.

- IRPC posted the complete meeting notice for the 2016 AGM with the relevant attachments and a proxy form to facilitate those that could not attend by themselves, map of the meeting venue, contact number for any inquiries, in Thai and English on IRPC website: [www.irpc.co.th](http://www.irpc.co.th), on March 1, 2016, or 30 days before the meeting date. Thailand Securities Depository Co., Ltd. (TSD), mailed the AGM notice to shareholders on March 11, 2016, or 21 days before the meeting, to allow them sufficient time to study the agenda in advance. Announcement of the 2016 AGM was published in Thai and English newspapers (Kao Hoon and Bangkok Post) for three consecutive days before the meeting date. Details of the 2016 AGM were also published in IRPC Newsletter Volume 18/2016 and mailed to the shareholders with the meeting notice, meeting documents, and attachments.

- Quality of Meeting Notice. IRPC boasted eight agenda items this year. There was no agenda item for adoption of the minutes of the previous meeting since IRPC had sent them to the shareholders on April 22-30, 2015, for their review and objection or amendment. No shareholder objected to the minutes, and it was automatically adopted. For each agenda item, objectives and justification together with the opinion of the Board were stated as highlighted below:



- Acknowledgement of the 2015 performance and approval of IRPC's 2015 financial statements, audited and unconditionally certified by an authorized external auditor.
- Approval of dividend payment for the 2015 performance. IRPC disclosed its dividend policy and successfully maintained suitable financial liquidity in keeping with its business, with categories and sources of retained earnings from which the dividends were to be paid, the proposed dividend rate, the dividend payment date, complete with clear rationale and consideration data. Details appear on page 2 of the 2016 AGM meeting notice.
- Appointment of directors to replace those who completed their terms, with complete profiles (name, last name, age, biography, education, career profile, and the number of companies in which each nominee served as director) in full details so that the shareholders may have enough data for their consideration of suitable directors. Details appear on pages 17-26 of the 2016 AGM meeting notice.
- Approval of directors' compensation for 2016, for which IRPC had proposed a policy for directors' compensation (namely retention fee, meeting fee, bonus). No other compensation or benefits were given. Details appear on pages 6-7 of the 2016 AGM meeting notice.
- Appointment of the external auditor for 2016 and audit fee-setting, stating the detailed profile of the external auditor (namely auditors' names, company, experience and ability, independence, audit fees and non-audit fees together with other services). These details were given in full and clearly on page 7-8 of the 2016 AGM meeting notice.
- Approval of the transfer of all operations from Thai ABS Co., Ltd., which, like IRPC, operates in the petrochemical business, which made it convenient for the merger. All the properties, liabilities, and employees of Thai ABS would be transferred to IRPC, which would result in a decrease in the structure and operating cost of Thai ABS, making it more competitive in the market. The merger through a business transfer was also tax-exempted, such as juristic person income tax, valued-added



tax, specific business taxes, under article 74 (1) (c) of the Revenue Code. With the approval of the AGM, IRPC proceeded with the resolution and, with the merger accomplished, informed shareholders via SET's channel on August 1, 2016.

### Meeting Day

- IRPC's 2016 AGM was held on Friday, April 1, 2016, at 09.30 hours at the Bangkok Convention Center, 22nd Floor, Centara Grand Hotel and Bangkok Convention Center, Central World, No. 999/99 Rama I Road, Pathumwan District, Bangkok 10330, under the "Green Meeting" concept to keep up with the standard certified by Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute (TEI) for four consecutive years.
- The meeting was held at a convenient meeting venue for public transport (BTS and buses) with spacious parking lots and efficient security, as well as officers to attend to the needs and registration. Enough registration points were arranged, with registration starting two hours ahead of the meeting as informed to the shareholders in advance in the notice. The Barcode system was leveraged during registration

and vote-counting for greater efficiency, accuracy, and speed. IRPC facilitated proxy-giving by having available free duty stamps for the legal completeness of documents. IRPC staged an exhibition about its significant workplans and operation, such as the Everest Project, so that shareholders could learn about IRPC's strategies and development plans to become an excellence and sustainable organization and to create trust in and understanding of shareholders. An IRPC Innovation Product Bazaar also introduced products from environmentally friendly plastics, such as travelling luggage produced from Green ABS with natural rubber, or plastic food-packing boxes using natural color from fruits and vegetables for maximum safety. The bazaar also provided a channel for manufacturers, IRPC's customers, to directly meet their consumers,

- The AGM began as scheduled, with the Chairman of the Board serving as meeting chairman. In attendance were the sub-committee chairs, directors, and the President along with senior executives and the Company Secretary. (Full details appear in the AGM minutes, disclosed on IRPC's website). A total of 15 directors (or 100% of the Board) attended the AGM.



- IRPC requested an independent legal adviser from Weerawong Chinnawat and Phiangphanor Co., Ltd. (Ms. Phiangphanor Boonklum and company) to ensure that the AGM was legitimate and provide legal information as needed. The external auditor in attendance at the AGM was Mr. Wichien Kingmontree, CPA No. 3977, PriceWaterhouseCoopersABS (PWC). IRPC arranged for vote-verifiers who observed and served as the neutral party in vote-tallying, namely Ms. Ratchada Khlongprong, a volunteer from the shareholders in attendance, and one representative from the Thai Investors Association.
- Before starting deliberation of the meeting agenda, the Chairman clearly informed the meeting about the voting method and vote-tallying. IRPC issued only one class of shares, for which one share equals one vote.
- On the agenda of directors' appointment, IRPC allowed the shareholders to vote for directors individually, with individual names on the ballot. In line with its good practices, directors with vested interests left the meeting on the agenda items in

question. For this meeting, four such directors, namely Mr. Pramual Chanpong, Mr. Chavalit Punthong, Mr. Songpope Polachan, and Mr. Triumph Jalichandra, left the meeting until deliberation and voting were completed.

- During the meeting, the Chairman allowed the shareholders to exercise equal rights in asking questions or giving comments at the AGM, allocating enough time and asking related directors to provide assorted data to them until no further questions were asked. He ensured that these questions, answers, and comments were included in the minutes for those who missed the AGM. IRPC arranged for ballot-casting, ensured that all ballots were collected, and inspected the vote outcomes and recording of votes from the ballots. To this end, for greater efficiency and speed, the Barcode system was used to compile outcomes. Meeting resolutions were spelled out for every agenda item, complete with the numbers of yes, no, or abstained votes, and displayed on the projector for transparency.

- The Chairman conducted the meeting strictly by the sequence given in the meeting notice. No other agenda items were added, apart from what appeared in the meeting notice.

#### After the Meeting

- IRPC disclosed the resolutions of the 2016 AGM for each agenda item in Thai and English via IRPC's website and the SET Portal on the meeting date (April 1, 2016) after the meeting.
- Quality of the minutes. The complete minutes included the contents, list of directors and senior executives in attendance, shareholders' questions along with responses by directors and executives, and meeting resolutions and voting outcomes for each agenda item, complete with details of the yes, no, and abstained votes on each voting agenda item.
- IRPC made available the minutes of the 2016 AGM on SET's and IRPC's websites on April 12, 2016 (12 days after the meeting). The IRPC Newsletter, Special Issue, Volume 20/2016, was published and mailed to all shareholders on April 20, 2016, notifying them to forward any amendment or points of dispute to the

Company Secretary by May 31, 2016. At the close of the period, no shareholder objected to the minutes, which were automatically adopted.

## 2. Equitable Treatment of Shareholders

IRPC pledges equitable treatment of all shareholders together with strict compliance with corporate governance principles. The 2016 operation can be summarized as follows:

- IRPC issued only one class of shares.
- IRPC gave the opportunity for one or more shareholders with a combined 4% or more of the eligible voting shares to propose agenda items and nominate directors in advance from September 25 to December 31, 2015. To this end, IRPC publicized clear criteria and a procedure on its website and notified shareholders via SET's news channel.
- IRPC disseminated the documents accompanying the AGM on its website in Thai complete with the English translation 30 days in advance and mailed them to all shareholders 21 days in advance (March 11, 2016).
- IRPC sent proxy forms (Form A and Form B) together with the shareholders' meeting notices to those who could not attend in person, stating the documents, evidence, advice, and proxy procedure to accommodate the shareholders in their preparation and their proxies in attending the meeting. Shareholders could assign proxies to attend the meeting and vote in their place under one share per vote by filling in the proxy form as explained in detail and without complicated criteria in the proxy procedure. Moreover, they could download the proxy forms (Form A, B and C) from the website. IRPC submitted the names of three independent directors without vested interests in the meeting as proxies for shareholders, namely 1) Mr. Cherdpong Siriwit, 2) Mr. Woothisarn Tanchai, and 3) Mr. Watcharakiti Watcharothai.
- IRPC stated a policy of no trading of securities 45 days ahead of the disclosure of financial statements and two days after such disclosure and ensured the directors' and the executives' strict compliance with SEC's criteria.

- IRPC devised a written policy and guidelines to keep and prevent the use of inside information and notified all employees for implementation and specified that directors and executives were legally responsible for reporting portfolios and regularly submitting a report to the directors for acknowledgment. In 2016, IRPC's directors and executives were not reproached or warned by SET on share transactions using inside information.

- IRPC prepared a report of security holding by directors and executives and specified that the directors and the executives must accurately and completely comply with SET's and SEC's rules and regulations. IRPC submitted this report to the monthly meetings of the Board for acknowledgment.

IRPC has never received such warning from the regulators. In 2016, the Board together held no more than 25% of IRPC's issued and paid-up shares, with a total shareholding of 0.05115% (as of December 31, 2016) according to SET's criteria.

- On changing or taking new positions by directors, the latest information must be submitted to SEC for acknowledgment.

- The Board approved connected and related-party transactions, that was not normal business and procured with comparison with other companies, the Audit Committee screened them before submitting it to the Board for consideration based on transparency and fairness for all concerned. taking into account IRPC's best interests and reported/disclosed the transactions in compliance with SET's regulations based on transparency in the annual financial report.

- IRPC did not provide financial assistance to those companies that were not its subsidiaries. There was neither cross-sharing in IRPC's group nor share repurchasing.

- IRPC stipulated that all executives and all employees, as well as subsidiaries, must report all transactions of possible conflicts of interest with IRPC via the on-line system for the second consecutive year, apart from the report by the directors and executives as set by SEC to raise the awareness of transparent, fraud-free operation and submitted the report to the Corporate Governance Committee.



### 3. Roles of Stakeholders

IRPC values the rights of all stakeholders by clearly devising a policy and treatment of stakeholders in its Corporate Governance Handbook and as part of the strategic plan in the corporate business operation. IRPC determines KPIs for clear performance assessment. The stakeholders will be protected fairly, including internal stakeholders, namely employees, executives, subsidiaries, or external stakeholders.

#### Treatment of Stakeholders

##### Shareholders/Investors

IRPC is committed to business operation that results in good performance, secure growth, competitiveness,

taking into account major risks on current and future businesses to increase long-term value for shareholders. To this end, IRPC is responsible for disclosing information based on transparency and fairness, forging good relationship, and focusing on communication with shareholders/investors via numerous channels and activities, such as:

- Communication via printed media, radio, TV, on-line media, activities with stakeholders and other public relations channels such as quarterly newsletters to keep shareholders informed of IRPC's operations and major activities.
- Regular meetings with investors and analysts in Thailand and abroad (detail in Information Disclosure and Transparency).
- Shareholders' visit to IRPC's facilities in Rayong on November 10, 2016.
- Activity with shareholders to raise awareness of road safety by supplying 500 traffic cones under IRPC's POLIMAXX brand made of 65% polymers and 35% natural rubber to Rayong Provincial Police for traffic in Rayong as appropriate.
- Activity for investors' knowledge with the President's lecture on the in-depth petrochemical shares and the petroleum overview on January 8-10, 2016, in Phuket.



- Disclosure of information to the public via news conferences and assorted media all year round.
- IRPC prepared an Integrated Report in conformity to the IR Framework focusing on the treatment of stakeholders. The report was easy readable and suitable for communication with extensive target groups and publicized on IRPC's website.

### Customers/Consumers

IRPC believes that the customers' maximum satisfaction and confidence are crucial. IRPC is therefore committed to offering products with quality and safety through innovations to develop excellent and environment-friendly products based on international standards. IRPC is also committed to disclosing marketing data to its entirety with accuracy without holding back or distorting facts, as well as to developing efficient information technology in response to the needs of customers in a timely manner. Its IT system enables it to manage the entire chain of data from purchasing and order placement, payment, work order monitoring, to product delivery. Its obligation also includes services on providing consultation and recommendations, delivering technical solutions, as well as organizing customer relations activities such as:



- IRPC in corporate with partners has set up the booth in Energy Innovation Fair that organized by the Ministry of Energy and the National Research Council of Thailand. It held at Khlong Phadung Krung Kasem floating market nearby the Government House. This event gives Thai inventors the opportunity to showcase and sell their innovations.

- The Company along with domestic agents attended K Fair 2016 Trade Fair, the world's premier trade fair for plastics and rubber, Düsseldorf - Germany and Italy from October 21-28, 2016 to enhance the opportunity to present innovative product in the petrochemical industry.

- IRPC organized an anti-corruption activity under the "IRPC Anti-Corruption Network" on July 27 for IRPC's employees, customers, and business partners. IRPC was honored to have Mr. Kulveeh Janvatanavit (adviser to CAC), an expert from IOD to deliver a lecture on the definition of "corruption", the impact of corruption on Thailand, the role of CAC, and procedures in announcing the intention and application for CAC membership, and activities between employees, customers, and business partners concerning anti-corruption pledging. Moreover, after the anti-corruption seminar, IRPC provided consultation, supported, and followed up on updates of customers and business partners interested in submitting the application form for CAC membership.

- IRPC in coordination with IOD accommodated 25 companies who submitted the application form announcing their intention and applying for CAC membership. IRPC planned to provide counsel, advice, assistance to the customers/business partners for self-assessment to be certified as CAC members.

### Business partners

IRPC is committed to the treatment of all business partners based on equality and fairness in line with business competition based on honesty, transparency, taking into account common benefit, developing and maintaining sustainable relationship with business partners, and confidence in one another. IRPC adheres to procurement regulations with clear procedures and practice and devises the policy of procurement excellence under the EVEREST Project. The advisor applies best practices in the organization on the treatment of business partners based on laws and procurement contracts in line with the standards recognized in leading industries, anti-corruption, and money-laundering prevention. IRPC registered the Approved Vendors, Manufacturers, and a Contractor List with efficient, accountable procurement and Procurement Web Portal, which is the channel for

communicating information and news about procurement, such as bidding, e-Sourcing (RFP, RFQ), evaluation (AVL, ACL), which will facilitate business partners with convenience, speed, transparency, and accountability in all procedures. IRPC also organizes activities to forge good relations with business partners, such as:

- IRPC invited business partners to the “PTT Group CG Day 2016” activity, organized by six listed companies under PTT Group on August 18 to promote corporate governance in the whole supply chain and fight corruption with stakeholders.
- IRPC organized an anti-corruption seminar under the “IRPC Anti-Corruption Network” on July 27 for IRPC’s employees, customers, and business partners.
- IRPC stated a policy of refusal to receive or give gifts during the New Year season or other occasions involving business partners, in compliance with IRPC’s corporate governance principles and anti-corruption policy. IRPC has sent letters to all business partners for the acknowledgment of its policy.

### Competitors

IRPC manages its business under a code of conduct and ethics on the treatment of competitors. It has a control system to ensure that there is no means to seek or use information that represents competitors’ trade secrets through dishonest means. IRPC does not tarnish competitors’ reputation without factual data.



### Creditors

IRPC devises a policy and practices on the treatment of creditors, especially guarantee conditions, capital management, and clear non-compliance with contracts by striving to strictly respect contracts under creditors’ stipulations.

### Employees

IRPC stresses the importance of the equitable treatment of all employees without taking into account gender, nationality, race, religion, or belief. The employees constitute a major driver of the organization for business success. Therefore, IRPC promotes the continuous development of employees’ skills and ability with goals set for human resource excellence under the EVEREST Project to ensure that the employees are equipped with potential compared to the standard of other leading companies in the same industry.



*At the 2016 AGM, IRPC provided a venue for its direct customers to advertise their environmentally friendly polymers*



IRPC determines proper, fair compensation and welfare to retain quality employees in the long run, fosters a good workplace culture and environment, focuses on occupational rights, safety, and health, and workplace equipment, and respects employees' personal rights. IRPC devises numerous development methods, such as:

- IRPC instils i SPIRIT, started in 2015 as the organization's new set of core values to ensure employees' implementation in order to drive the different units toward goals.
- IRPC is in the process of developing new DNAs for employees under the EVEREST Project in the hope that the organization will overcome obstacles and move forward with security and sustainability, such as:

- (1) Cross-Functional
- (2) Taking Ownership
- (3) Results-Oriented
- (4) How to Solve the Problem
- (5) Challenge the way we work everyday
- (6) Supporting Team Member
- (7) Performance-Based Rewards
- (8) Promise and Deliver

- IRPC conducts an annual survey of employee engagement. The survey results will be used to formulate work plans across the organization to increase employee engagement through activities, continuously implement work plans, and incorporate into the KPIs of the executives.

- IRPC sets up a performance management system (PMS) of employees with specific sets of KPIs for thorough, explicable, and fair performance measurement. A salary structure compatible with similar industries is adopted to retain quality employees. The system also provides promotion criteria which are fair and explicable to all, with specific sets of knowledge and capability for each job which can be used to design proper training and development programs for job holders.

- Knowledge and capability development
  - Defined Human Resource policy by developing Human Resource Management Policies and Manual for employee to better understand the policies, procedures and regulations including employees' remunerations.



- Developed employees capability and forged learning process with by developing a manual for learning and development frame practices. The Company will set the course based on the employees and managements' training needs such as Management, Safety & Environment, Quality & Productivity and Technical including the courses in business code of conduct and anti-corruption in relevant to the Company's policies. Moreover, the Company required supervisors and employees to jointly prepare Individual Development Plans (IDP) to fit individual needs for development. The company set the average training hours per employee per year for each level which disclosed in SD report.
- Communication and activities with the employees
  - "The President meets Employees" activities are held quarterly and whenever there is a critical need for communication. The general topics are sharing of general work performance, policies, and business directions for better understanding, questioning, and information exchange. The activity is held in a room with video broadcast to all operating offices for two-way communication via the IRPC intranet.
  - With full intention on the rights and benefits of employees, the President always chairs the Employee Committee to efficiently develop resolutions between the employer and employees on any issues in a timely manner, as well as supporting activities of IRPC's eight labor unions.
- The President, executives, and employees attended the annual retirement party to honor and inspire employees who had devoted themselves to IRPC and foster good models for the corporate culture.
- Compensation and welfare to employees
  - IRPC develops a compensation policy conforming to work performance in the short term and the long term. The review process is appraised with assessment of the agreed KPIs at the organization, business unit, and individual levels for the complete year against its respective competency. A variation bonus is granted to senior executives in proportion to specific achievements.
  - IRPC has modified its welfare structure to better retain quality employees, promote, and upgrade the quality of life of all employees. Some of these welfare benefits are medical fees, housing rent, and non-resident allowances.
  - IRPC has formulated a provident fund for the long-term welfare for employees, with a higher corporate contribution than the legal requirement and exponential to service years. Employees are given information and training together with options for appropriate investment depending on the individual's need for maximum return and investment flexibility.
  - IRPC organized an annual recognition service year awards for employees with 10, 20, and 30 service years.
  - IRPC constantly promotes and fosters awareness among its workforce of the recognition of commercial patents and intellectual property. Several campaigns were organized to remind employees to fully comply with the Copyright Act B.E. 2537 (1994). IRPC also published its policy on standard practices for its computer machines and computing network, as well as good operation practices to prevent employees from using illegal computer programs and software. Periodic reviews and monitoring prevent infringement.
  - An internal audit is tasked to monitor and audit any violation on the use of copyrights owned by IRPC, and to protect and optimize IRPC's intellectual properties.

## Society and Community

IRPC realizes that it is fully incorporated into communities and society, with the responsibility of assisting them, supporting community services, and developing a sustainable quality of life. The community and social programs on public health, education, religion, culture, and the quality of life can be summarized as follows:

- IRPC, in cooperation with 76 surrounding communities within five kilometers of its industrial zone, set up a “Community Health Fund Project” to efficiently take care of residents’ health and ensure that the residents in the 76 communities took part in health programs, from promotion, prevention, treatment, to rehabilitation.
- IRPC continuously managed health development programs in areas surrounding the industrial zone, including the community’s wellness through the use of a geographic information system (GIS), the Mobile Medical Clinic, IRPC’s “Pan Nam Jai clinic” (Sharing with Communities), the drinking water for community, the sports for youths, the caliber development of local administrative organizations, and stakeholders, among others.
- IRPC participated in the “CSR-DIW Continuous 2016” Project with certified 16 IRPC plants.
- IRPC prepared a “Community Relations Magazine” to publicize information, news, encourage acknowledgment, and enhance confidence among communities and society that IRPC operates business in parallel with the responsibility for communities, society, and the environment.
- IRPC, in collaboration with the Prostheses Foundation under the Patronage of HRH Princess Mother and Rayong Province provided prosthetics units for amputees in Rayong and nearby provinces between July 9-15 to honor the 70<sup>th</sup> Anniversary Celebration of His Majesty the King’s Accession to the Throne and the Celebration on the Auspicious Occasion of Her Majesty the Queen’s 7<sup>th</sup> Cycle Birthday on August 12 at IRPC Sport Complex, Rayong. There were 220 amputees who registered for prosthetics units, and 191 prosthetics units were provided to them.
- IRPC organized the “IRPC & the Legend of Mon Phra Padaeng” event on April 25 at Wat Songtham Worawihan, Phra Pradaeng District, Samut Prakan Province, to preserve the culture and traditions of



the Mon community, and forge relationship with the ethnic community around the oil depot in Phra Pradaeng. IRPC raises awareness of the employees and the community on the importance of maintaining the local culture and identity.

### Environment and Natural Resources

IRPC has developed a policy on the responsibility for the environment, natural resources, and safety. IRPC was selected by the Industrial Environment Institute of the Federation of Thai Industries as a role model for eco-industrial operations. The 2016 activities pertaining to the development of the environment, natural resources, and safety can be summarized as follows:

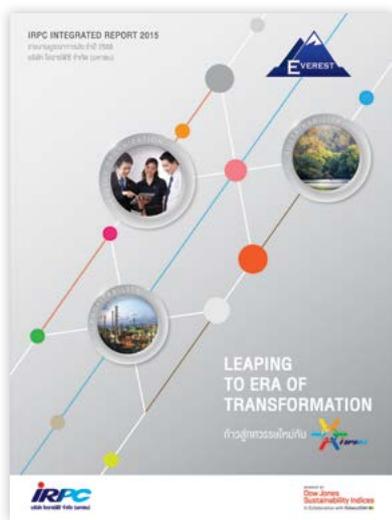
- IRPC was certified as Eco-Factory, with 11 operation units.
- IRPC promoted an environmental project entitled “Tree-Planting Project along the Roads to the Si Mahosoth Ancient City” with the Office of Natural Resource and Environmental Policy and Planning by planting trees (Bougainvilleas) along both sides of the road leading to Si Mahosoth Ancient City in Tambon Khok Pip, Amphoe Si Mahosoth, Prachin Buri Province, to increase green areas, provide relaxation for the use of bicycle tracks, improve the community’s quality of life, and promote community-friendly tourism.
- IRPC supported the “Lam Sai Yong Model” water management project by laying 1.2 kilometers of PE pipeline to transport water from a public aqueduct in Nong Yang Village, Tambon Lam Sai, Amphoe Nang Rong, Buriram Province, to the reservoirs dredged by the Royal Forest Department in the Don Jon community woodl and by using solar-generated water pumps to ensure that the community had water reserved for the dry season.
- IRPC devised measures for 24-hour environment watch by measuring the quality of air, noise, and water in natural water resources and avoiding noisy processes at night, a special mobile medical clinic, and added 24-hour reception of complaints in case of emergency.

### 4. Information Disclosure and Transparency

IRPC devises a policy of disclosing complete, sufficient, accountable, regular, and timely financial

and non-financial information via different channels, such as the 56-1 Form, annual reports, IRPC website (both in Thai and in English), and the media. IRPC has set up the Investor Relations unit to coordinate between IRPC and shareholders, analysts, and other relevant persons. In 2016, IRPC conducted information disclosure as follows:

- IRPC prepared reports on its information in conformity to SEC and SET, such as:
  - Report of directors’ and executives’ vested interests, based on SEC’s criteria
  - Report of material information and financial statements via SET’s channel
  - Annual Report 2015 with IRPC’s financial statements and material operation highlights. IRPC’s financial statements were unconditionally approved by the external auditor. IRPC was never ordered by SEC and SET to rectify its financial statements.
  - Disclosure of transactions and agreements between shareholders with material impacts on other shareholders or IRPC.
- IRPC prepared reports based on international standards:
  - IRPC prepared a Corporate Sustainability Report 2015 to communicate the guidelines of management and performance outcomes in the economic, social, and environmental dimensions using the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI G.4) to ensure that the information disclosure met international standards and to assess the completeness of the contents against the core level, cross-checked by an external agency for accountability and submitted to the shareholders together with the annual report and publicized on IRPC’s website.
  - IRPC prepared and submitted a report of Communication on Progress (CoP) to the UN Global Compact as a member, committed to operating and reporting performance outcomes in compliance with the UN Global Compact, where IRPC has been a member since 2011. In 2016, IRPC upgraded reporting at the GC Advanced Level, the highest level of reporting, for the third consecutive year. An electronic report was sent



to the website of the UN Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and publicized on IRPC's website.

- IRPC prepared the Integrated Report 2015 in conformity to IR guidelines and publicized it on IRPC's website.
- IRPC disclosed material information via electronics at [www.irpc.co.th](http://www.irpc.co.th) to publicize its up-to-date news (in Thai and in Eng) such as vision, nature of business, financial statements, press releases, shareholding structure, organization structure, business group structure, information on the directors and the executives, information on investor relations, company affidavit, articles of association, memorandum of association, annual report (publicized within 120 days of the closing of the accounting year), Integrated Report, (downloadable) notice of the AGM, documents accompanying the AGM, 56-1 Form, documents presented for the AGM, analyst meeting, corporate governance policy, other activities and news on the business, the corporation's responsibilities, stewardship of stakeholders, and operation for sustainable growth.
- IRPC communicates via printed media, radio, TV, activities with stakeholders and other public relations channels, such as newsletters, to keep shareholders informed of its operation and major activities every quarter.
- IRPC communicates via a LINE Group with analysts in case of major events, which constitutes another efficient communication channel.

- Conduct conference call meeting with analysts after disclosing 2016 financial statements to SET by allowing 50 analysts to call and ask questions clearly which can be categorized as a Green Meeting.

- Direct information disclosure to shareholders, investors, analysts, reporters, and the media by the President and the executives in year-round meetings with stakeholders, such as:

- Presentation of information to investors in Thailand (4 times) and abroad (7 times)
- Analyst Meetings (4 times)
- Conference Call (7 times)
- Opportunity Day (5 times)
- Company Visits (34 times)
- Press Briefing/Press Conferences/Press Releases (17 times)
- Communication via "IRPC Newsletter" (4 times)

- Releasing correct and useful corporate information to the media such the press conference, interviews and the press releases to further disseminate to public is one of the company's priorities. Meanwhile, IRPC keeps good relationship and support to media by hosting several activities to boost understanding of the Company's vision, mission, business strategies, business outlook, progression on investment projects and CSR through seminars and academic conferences.

- A Silent Period for information relevant to IRPC's turnover for investors and analysts: During such period, IRPC makes no appointment or provide information to analysts seven days before IRPC reports its turnover to SET. Investors may study IRPC's information via IRPC's website [www.irpc.co.th](http://www.irpc.co.th) or contact IRPC's Investor Relations unit.

Tel. : 0 2649 7380  
 E-mail : [ir@irpc.co.th](mailto:ir@irpc.co.th)  
 Fax : 0 2649 7379

## 5. Board Responsibilities

The Board of Directors consists of 15 directors in compliance with the shareholders' intention specified in IRPC's Articles of Association. It assigns the Nomination and Remuneration Committee to nominate directors under the framework set in advance without discrimination of gender, race, and religion, and submit them to the

Board for approval and submit the nominees' profiles to the shareholders for appointment at the AGM and for approval of compensation of directors. The Nomination and Remuneration Committee determines the Board Matrix in the structure of directors to encompass a proper SET-defined ratio of independent directors to accommodate IRPC's efficient operation of large-scale petroleum and petrochemical industries amid high competition.

In 2016, the Board convened 12 meetings, with 97% of the Board members and over 75% of directors attending the meetings (detail of individual directors' meeting attendances on page 83). The directors considered the trend of the industry, ability, competency, business risks, opportunities and limitations of IRPC. The President conveyed directions and key policies to the executives to formulate strategic plans in each line of work to support IRPC's vision. The Board convened a STS meeting to assess business risks affecting IRPC's finance, ability of business operation, reputation, and image, and devised a Five year Strategic Plan: Business and Budget Plan: Core Mission for 2016. At the same time, KPIs were devised to measure successes and monitor or report operation within an appropriate timeframe of each line of work, and annual review of strategic plans.

The Board has periodically improved corporate governance on IOD's advice in compliance with CGR as follows:

- Set a policy that limits five board seats in SET-listed companies that a director can hold
- Set a policy that limits a term of nine years for directors and independent directors (three terms)
- Set the performance assessment of directors by an external assessor every three years, in 2015 The next assessment will be in 2018. The improvement was made during 2016 and 2017 on the following:
  - (1) Nomination and appointment of directors
  - (2) Continuous development of directors
  - (3) Time spent on strategies
  - (4) Policy review
  - (5) Meeting system.
- Reviewed and improved the performance assessment form of the Board and the sub-committees in line with SET's assessment guideline. In 2016, the performance assessment of the Company Secretary and the cross-assessment of two directors (instead of one) per director were added.
- Provided opportunities for minor shareholders to submit agenda items and nominate directors



- Prepared a Corporate Compliance Hand Book covering eight major issues, namely 1) Compliance with applicable laws and regulations, 2) Fair competition and prevention of monopoly, 3) Anti-fraud, corruption, and bribery, 4) Respect and compliance with human right principles, 5) Protection of intellectual property, 6) Prevention of money laundering, 7) Management of IRPC's assets and data, and 8) Responsibilities for the environment, health, and safety.



Domestic fund managers and UOB Kay Hian Securities (Thailand) on a plant visit

## Structure of Directors and Terms of Directorship

Details of composition and qualifications of the Board appear under Management Structure, page 72-74

## Roles and Responsibilities of Directors

Details under Management Structure, page 75-77

## Nomination and Appointment of Directors

Details under Management Structure, page 80

## Segregation of Roles between the Chairman and the President

Details under Management Structure, page 77

## Roles and Responsibilities of the Chairman

Detail under Management Structure, page 77

## Sub-Committees

Detail under Management Structure, page 78-82

## Performance Assessment of the Board

The Board of Directors and its Sub-committees undergo the annual performance assessment as a framework for investigation whether, for the past year, they complete their tasks, assume appropriate roles and responsibilities, and comply with corporate governance were met. The assessment results are used to develop directors in the following year. In 2016, apart from self-assessment and cross-assessment, cross-assessment of one director for two directors was added. Independent assessment in compliance with the ASEAN CG Scorecard is assessed every three years, due in 2018.

### Annual Performance Appraisal

IRPC conducted a performance appraisal of the Board of Directors and Committees, with the outcomes summarized below:

**1. The Board's performance appraisal outcome as a whole** in 2016 received an average score of 95.38% (compared to 95.28% in 2015).

Appraisal Topics	Scores
• Board structure and qualifications	96.70%
• Board's roles and responsibility for business strategy setting	93.66%
• Board's practices	94.33%
• Board meetings	96.58%

Directors proposed additional recommendation: "To efficiently manage this complex business, directors should enhance their own knowledge and capacity in such key issues as finance and accounting, which will enable them to set a vision and business directions under fast-changing circumstances and heated competition in the petrochemical industry."

### 2. Individual Appraisal Outcome

- The average scores of performance self-assessment in 2016 was 97.29% (against 95.97% in 2015).
- The average scores of other directors (cross-evaluation) in 2016 was 98.20 % (from 89.15% in 2015).

Appraisal Topic	Self-assessment Score	Cross-evaluation Score
• Director' qualifications	97.71%	98%
• Responsibility for one's own decision and action, which are explicable	99.56%	98.45%
• Responsibility for duties, performed with sufficient competency and efficiency.	92.71%	98.34%
• Fair and equitable treatment of stakeholders, which is explicable	97.33%	98.98%
• Transparent and auditable operation together with information disclosure	97.67%	99%
• Vision for long-term value addition	97.62%	96.45%
• Ethics and compliance with the Code of Conduct	98.44%	98.23%

### 3. Performance appraisal of the Audit Committee

3.1 Performance appraisal by the Chairperson in 2016 earned an average score of 100%.

Appraisal Topics	Scores
• Independently performing duties	100%
• Reviewing the financial statements	100%
• Considering connected transactions	100%
• Reviewing the internal control system	100%
• Reviewing IRPC's risk assessment	100%
• Reviewing compliance with SET and SEC criteria	100%
• Performing other assigned duties	100%
• Regularly reporting to the Board	100%

3.2 The Audit Committee's appraisal outcome as a whole in 2016 earned an average score of 99.31% (compared to 99.44% in 2015).

Appraisal Topics	Scores
• Structure and component	100%
• Roles and responsibilities	100%
• Relations with internal and external auditors	100%
• Relations with the management	95.83%
• Reporting	100%
• Quality control	100%

3.3 The Audit Committee's individual appraisal outcome in 2016 earned an average score of 88.39%.

Appraisal Topics	Scores
• Business knowledge	75%
• Proficiency in duties	83.33%
• Assigned authority and duties	91.67%
• Independence and fairness	100%
• Understanding of duties and responsibilities	94.05%
• Performance and meetings	86.11%

### 4. Committees' appraisal outcome in 2016

- The Nomination and Remuneration Committee earned an average score of 95.35%.
- The Corporate Governance Committee earned an average score of 97.30% (against 98.96% in 2015).
- The Risk Management Committee earned an average score of 99.27% (against 99.44% in 2015).

Appraisal Topic	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
Committee Structure	95.56%	97.78%	100%
Policy	96.67%	94.29%	100%
Practices	95.83%	97.14%	98.33%
Meeting preparation and conduct	93.33%	100%	98.75%

### President performance appraisal

The President's appraisal and remuneration were defined under explicit and transparent criteria, which fairly and concretely reflect his performance and suit his responsibilities. The detailed procedure in 2016 is shown under Management Structure, page 70-98

### New Directors' Orientation

To ensure that newly-appointed directors understand the company's business and their roles and responsibilities as required by laws and international CG standards, IRPC held an orientation session in 2016 for all newly-appointed directors before they first attended Board meetings. The President briefed them by himself every time and documents related to corporate information, regulations, and operation manual were submitted to them before the meetings.

The newly-appointed directors in 2016 were:

1. Mr. Jessada Promjart Independent Director
2. Miss Ruenvadee Suwanmongkol Independent Director
3. Mr. Nuttachat Charuchinda Director
4. Mr. Anusorn Sangnimnuan Independent Director
5. Gen.Theppong Tippayachan Independent Director

#### **Each orientation session consisted of:**

1. The President presented corporate information, consisting of IRPC's vision, policies, organization structure, business overview, business performance outcomes, and other relevant information to enhance their mastery of IRPC's businesses. The session took at least one hour, and directors were allowed to ask questions for as long as they wished.

2. The Company Secretary presented to the new directors relevant documents, consisting of Director's Handbook (books 1-3), Corporate Governance Handbook, Code of Conduct, Company's Affidavit, Objectives and Articles of Association, list of directors, duties of the sub-committees, minutes of shareholders' meetings (2013- 2016), minutes of the Board's meetings (2013- 2016), Disclosure Report Concerning Additional Information (Form 56-1), Annual Report 2015, Sustainability Report 2015, Institute of Directors (IOD) training courses, and the schedule of Board meetings for 2015-2016.

#### **Knowledge Development**

IRPC encourages the directors and the management to participate in the training and seminars that will be useful in performing their work in business/industry administration, roles, duties and responsibilities of directors. Each director has attended the basic training with IOD (the number and their details are shown under Directors' Profiles on page 12-21). However, for the directors who have not, the Company Secretary has coordinated scheduling them for the next IOD training courses as seen fit. In 2016:

- Three directors attended the training courses organized by IOD, namely Mr. Somnuk Bomrungsalee attended the Director Certification Program (DCP) class 229, Mr. Jessada Promjart attended the Ethical Leadership Program (ELP) class 5, and Mr. Ekniti Nitithanprapas attended the Role of the Nomination and Governance Committee (RNG) class 8.
- Nine directors (Mr. Tevin Vongvanich, Mr. Songpope Polachan, Mr. Somnuk Bomrungsalee, Mr. Jessada Promjart, Mr. Nuttachat Charuchinda, Mr. Anusorn Sangnimnuan, Mr. Chavalit Punthong, Mr. Charnsin Treenuchagron, and Mr. Sukrit Surabotsopon) attended the "Anti-Corruption: Leadership Role of the Board" lecture by Mr. Ronald E. Berenbeim, co-hosted by IOD and PTT Plc.

- Three directors (Mr. Tevin Vongvanich, Mr. Charnsin Treenuchagron, and Mr. Sukrit Surabotsopon) and the Company Secretary attended a lecture on national anti-corruption strategies by the Advisor to the Chairman, Office of the National Anti-Corruption Commission (NACC), at the boardroom PTT Plc.

- The Company Secretary attended the Anti-Corruption in Practice (ACPC) and Corporate Governance for Executives (CGE) training courses under IOD and Sustainable Brands 2016.

- IRPC invited Dr. Jeff Brown, President of FGE (Fact Global Energy) in Singapore, to inform the executives about the oil situation and current industrial circumstances related to the company, including the potential and opportunities that Thailand and IRPC might benefit from.

- The President, directors, and executives attended a lecture on compliance with CAC guidelines from Mr. Kulvech Janvatanavit a CAC Advisor to the IOD.

- Office of Corporate Affairs' executives and employees attended the Company Reporting Program (CRP), Fundamentals for Corporate Secretaries, Sustainable Brand 2016, English Business Writing for Com., Minutes of Meeting, Advance Grammar Writing Styles and Editing, Sasin: Business English Courses: Business English for communication to advance their skills and exchange knowledge for further development.

- IRPC invited Mr. Kanitanant Apihansakorn, a highly-qualified speaker from the Office of the Ombudsman, to deliver a talk on "Discretion at Work under Ethics" for executives and staff on IRPC CG DAY 2016.

- Executives attended seminars/meetings/lectures on anti-corruption and on CG hosted by IOD, SET, or other education institutes through the year.

#### **Nomination of the President**

The Nomination and Remuneration Committee is responsible for the nomination for the Board's consideration of competent candidates with suitable knowledge, experience and ability for the position of President. Such candidates must command extensive experience, knowledge and understanding of the petroleum and petrochemical businesses, as well as a good image and leadership, and comply with CG. The Nomination of President is approved by the Board.



## Succession Plan

The Board ensures that IRPC has a proper human resource management plan and recruitment system in place for all those who are to become top executives, as well as plans on training courses to enhance their skills and knowledge, and career path development under the HR Excellence program. IRPC has a plan for succession for the President, top management and middle management to efficiently nurture successors and to promptly handle all situations, either academic, management, or leadership. The executives attended “Leadership Greatness” and 7 Habits training courses. The plan also includes job rotation so that they may gain knowledge of business operations, as well as on-the-job training.

## Governance of IRPC, its Subsidiaries and Associates

- **Management Structure**

The Board approves IRPC’s management structure to ensure efficiency of business management led by the President. This year, the Board approved a new, streamlined organization structure with fewer authority levels to avoid redundancy and better suit mandate and nature of IRPC’s businesses, as shown under Organization Chart, page 22

- **Governance mechanism**

Besides the nomination of the President and the management, the Board set governance guidelines for IRPC, its six subsidiaries and five associates (detailed under Shareholding Structure, page 105) as follows:

To serve as a director or other positions in IRPC or other organizations, the President needs the approval of the Board. On the other hand, members of top management need the approval of the President to serve as a director or other positions in other organizations. IRPC’s representatives need the approval of the Board to serve as a director or management members of its subsidiaries or associates.

- **Role as Shareholders of Subsidiaries and Associates**

IRPC’s representatives exercise the voting right at shareholders’ meetings under the rules and regulations of subsidiaries and associates, and within the Board-approved authority.

- **Management Mechanism for Subsidiaries and Associates**

Business management must align with IRPC’s main policy and conform fairly to market prices for connected and related transactions. Reporting of conflicts of interest must be properly, thoroughly, transparently, and auditably undertaken under CG.

IRPC executives, serving as the company’s representatives, manage all subsidiaries and associates, while key decisions must be endorsed by IRPC Board first.

## Dividend Policy

IRPC has a policy for dividend payment of no less than 25% of the annual net profit after deduction of taxes and all provisional reserves required by law and IRPC’s Articles of Association. The dividend payment also depends on investment plans, necessity, and

suitability as the Board deemed appropriate. The 2016 AGM approved dividend payment of Baht 0.22 per share for the 2015 performance.

### Use of Inside Information

The Board has defined a policy of information disclosure and good practices on maintaining confidentiality of information in its CG Manual requiring the directors, the management, and employees to be prudent in maintaining confidential information, as well as the use of inside information and disclosure of IRPC's information to outsiders. A system to maintain confidential information was established, levels of confidentiality classified, and data access restricted. IRPC's policy forbids disclosure and use of material inside information not yet revealed to the public for the benefit of oneself or others, including the trading of IRPC's shares.

### Major Conflicts or Disputes with Stakeholders

No significant conflicts or disputes with stakeholders were reported this year.

### Audit Fee

In 2016, the shareholders approved the appointment of Pricewaterhouse Coopers ABAS to serve as the external auditor of IRPC. The company has been found to be independent and reliable and does not have any relations or vested interests, or both, with IRPC, its subsidiaries, directors, executives, major shareholders or related parties.

The total amount of the audit fee in 2016 was Baht 3,100,000, excluding the non-audit fee such as the cost to verify BOI's exercise benefits, tax and legal consultant fee for subsidiaries merging and transfer price project in the amount of Baht 2,305,300.

### Corporate Citizenship

IRPC is committed to its role of a good global citizen. It encourages the organization and stakeholders to jointly conduct business under the UN Global Compact, involving four major areas: 1. Human rights, 2. Labor, 3. Environment, and 4. Anti-corruption and relevant practices on its way to achieving the SDG17 goal.

### Human Rights

- Being one of the 15 leading Thai organizations jointly founded "UN Global Compact Network Thailand" to forge a knowledge-sharing network. This network, with the President serving on the Board of Founders, supports the operation under the United Nations' 17 Global Goals. It continually holds seminars and meetings or discussion for a better understanding of sustainability aspects, corporate responsibilities, and national responsibilities. It also collaborates with the public sector, such as the Office of the National Economic and Social Development Board and the Ministry of Foreign Affairs, as well as the civil society sector and the Public-Private-Partner (PPP) sector.
- IRPC implemented projects in response to 17 SDGs under, 3. Good Health and Well-Being, 4. Quality Education, 5. Gender Equality, 6. Clean Water and Sanitation, 10. Reduced Inequalities 11. Sustainable Cities and Communities 12. Responsible Consumption and Production, 13. Climate Action, 15. Life on Land, 16. Peace and Justice Strong Institutions, and 17. Partnerships for the goals. Details appear under Social Responsibility, page 178-197
- IRPC, joining Thaipat Institute, promotes children's rights based on the UNICEF guidelines. From 2015 to 2016, it trained executives and employees on Children's Rights and Business Principles, which stated that any organization can take care of children if conducting business with social responsibility. IRPC therefore incorporated this topic into its CG strategies. It collaborated with the Prostheses Foundation in donating prostheses to Karen children in Umphang



district, Tak province, which is beyond the scope of public medical care.

- IRPChas run the “From Bench to Community Project” since 2011 to offer the disabled a better chance in life. In 2016, the mobile unit donated prostheses to amputees in Rayong as a tribute to HM the late King Bhumibol. This developed a new standard for each field visit, benefiting both the disabled and prosthetists who are also amputees.
- IRPC allocated the budget to help support disability occupation through Social Innovation Foundation for 20 persons and through the Redemptorist Foundation for People with Disabilities for 26 persons.

## Labor Rights

It is IRPC’s policy to fairly treat and protect employees, suppliers, labor, contractors’ workers, and customers through the supply chain in compliance with the law. Moreover, it respects the privacy of all personnel without segregation for differences on gender, age, education, religion, or race.

- IRPC developed rules, procedures, and practices that are fair in selecting, evaluating, and promoting employees. It provides career opportunities and career development, and training for a better quality of life of employees and their families, as well as their neighboring communities.





- IRPC supports constructive activities and always listens to their opinions of eight labor unions.
- IRPC policy is to enter into agreements only with contractors complying with labor rights laws and always cares for safety of the workplace for their staff.

### Anti-Corruption Practices

- IRPC is a certified member of the Thailand's Private Sector Collective Action Coalition against Corruption (CAC), on April 4, 2014. It formulated risk management plans for short-term and long-term anti-corruption practices to upgrade and renew its membership by 2017.
- Under the CAC guidelines, IRPC conducts risk assessment on fraud and corruption in every 3-year period. Thanks to efficient and sufficient internal control and internal audit systems, the IRPC Risk Management Committee foresees no serious risk for fraud and corruption.
- To expand its anti-fraud and anti-corruption alliance, IRPC enforced such practices units affiliates and invited its stakeholders such as suppliers to join the CAC.
- IRPC has completed training on anti-corruption policies and practices as well as the Code of Conduct, and has included it in individual development plans, for 3,620 employees, equivalent to 69% of the workforce.
- IRPC joined forces in combating corruption. This year, 500 executives and employees of PTT Group attended the "Turn on the Light to Fight Corruption" activity, hosted by the Anti-Corruption Organization of Thailand together with network partners under the "Corruption: Bad Karma" concept. Held at Sanam Luang, the activity reflected close public-private collaboration, which is a crucial factor and foundation of national development in all aspects. This will help Thailand grow strongly and equally among international community as well as being globally accepted.
- With PTT Group, IRPC extended the anti-corruption joint efforts within the group to all its stakeholders by educating them, forging anti-corruption conscience, establishing strict preventive measures, and encouraging all business practices to be transparent.
- IRPC focuses on business transparency, promotes ethics and best practice, and regularly communicates the core value on iSPIRIT and integrity to employees to ensure that everyone is on the same page and instill conscience into an organizational culture:

- IRPC organized IRPC CG Day 2016 under “the Code to Victory” theme to promote work ethics. Presiding over the event, Mr. Sukrit Surabotsopon, IRPC President, gave the policy and guidelines on transparent and efficient implementation. At the event, have a talk on “Discretion and Ethics at Work”. Moreover, 12 teams of staff joined an idea contest entitled “Promoting Work Ethics toward Success”,

which aimed to promote ethical practices. This activity allowed representatives from each unit to share their perspective on CG and give others a clearer picture. It also encouraged employees to recognize the importance and benefit of working under the CG Code of Conduct Manual, set by the Board. (The event welcomed 1,398 employees, representing 26% of the workforce and exceeding the target of 20%.)





- IRPC held an anti-corruption seminar entitled “IRPC Anti-Corruption Network” on July 27 for employees, customers, and suppliers. The seminar welcomed 153 participants, which exceeded the target of 100.

- IRPC set a No-Gift Policy as well as an anti-corruption and anti-bribery policy, which directors, executives, and employees must strictly adhere to as part of anti-corruption efforts. No Gift Policy is strictly prohibited all employees from accepting or giving direct or indirect gifts or anything of monetary value from a person, groups, associations, especially public official, at any time. If there is a proof of such manner, the employee will be found guilty in violating the company’s policy and regulations. The company disclosed the policy on its website at [www.irpc.co.th](http://www.irpc.co.th).

In addition, the board endorsed the Anti-bribery policy to help prevent acts of bribery and corruption. The policy in the organization. The policy enforces directors, management and employee to comply with the policy as per the following details:

1. Management and employees must comply with company’s policies, regulations and practices, including the Organic Act on Counter Corruption, B.E. 2558 (2015) to ensure all activities are meet its goals without bribe or corruption.
2. The promise, offering, giving, including direct or indirect facilitated payment, to a public official or private official, directly or indirectly, of an undue

advantage, in order that the official act or refrain from acting in the exercise of his or her official duties, in breach of his or her duties, are strictly prohibited.

3. Management and employees address on internal control systems to assurance its transparency operational.
4. Management and employees or any other persons who act on behalf of the company are prohibited from violate this policy, any acts in breach of the policy will be considered to receive penalties.
5. The company must establish the internal control system in the area of bribery and corruption.
6. The company must establish the efficient Risk Management in the area of bribery and corruption.

- The Office of Corporate Internal Audit formulates five-year internal audit plans and operates annual operating plan to make sure that everything is done effectively, based on priority and impact. It also piloted the Self-Audit Project to foster staff’s conscience to follow indicated processes. Moreover, the office organized the 6th annual Diamond Award in 2016, which has been held since 2011, to give corporate recognition to the business unit with best cooperation on internal auditing and internal control together with transparency. This will enable the efficiency of internal audit and internal control, which is the key foundation of CG. The 2016 Diamond Award went to DCC Division, Refinery Department.

- A whistleblowing policy was endorsed and approved by the Board to provide a communication channel for internal and external whistleblowers to provide clues and evidence on illegal and unethical conduct, frauds and malpractices by employees, ranging from directors, executives, employees, subsidiaries, to other stakeholders related to IRPC's businesses. The policy also spelled out stages of verification and remedy. The processes are unbiased and transparent, with protection measures for whistleblowers and involved witnesses alike.

Whistleblowing and complaint channels:

- By email to auditor@irpc.co.th
- By surface mail to Audit Committee Chairman IRPC Public Company Limited 555/2 Energy Complex Building B 6th Floor, Vibhavadi-Rangsit Road, Chatuchak, Bangkok 10900
- By mailbox to P.O. Box 35, Sun Tower NDPO Bangkok 10900.

- The policy includes stages of data and complaint verification. Corporate Internal Audit is assigned to manage all work processes and monitor progress, gather all the misconduct and unethical activities, and report directly to the Audit Committee and the Board monthly and quarterly. The unit considers if the complaints are well-grounded and establishes a committee to further investigate the case in question. Disciplinary action must be taken on the guilty parties under IRPC's regulations.

- In 2016, IRPC received 39 complaints from P.O. Box 35, surface mails and emails. The Audit Committee deems P.O. Box 35 to be the most efficient and safest channel for confidentiality. Of these complaints, 37 were not related to corporate governance and unethical conducts and two were recommendations. There was neither a complaint against directors nor one about a breach of the anti-corruption policy. The cases were assigned to Corporate Internal Audit together with relevant business units to verify all related data. The reports were made to the President, Executive Committee, Audit Committee and the Board under a specified procedure and timing. Of the 32 cases concluded by IRPC, 21 cases were not well-grounded

enough for verification, 13 cases about non-compliance with IRPC's regulations, and five cases about inappropriate conduct. IRPC used the regulations to fairly and transparently assign the penalty of each case. It did not find any material loss. The remaining seven cases are under review.

## The Environment

It is IRPC's policy to efficiently use the resources, avoid waste discharge that pollutes the environment, and strictly comply with EIA conditions. Below are its actions this year. Planted trees along the buffer zone between the IRPC Industrial Zone and communities to prevent environmental impacts and promote the industrial zone and its plants as Eco-Industrial Zone that can co-exist with the local communities by minimizing environmental impacts.

- Conserved economic trees which operated in Don Jone Forest, Tambon Lam Sai Yong, Amphoe Nang Rong, Buri Ram.
- Implemented a herb project and returning wild flora to its habitat with Phu Langka National Park and the Department of National Park, Wildlife, and Plant Conservation.

(Details are under Sustainability Management, page 211 and policy on the responsibility for the environment and natural resources page 55)

## The Company's Directions of Good Corporate Governance Practices in 2017

### 1. Responsibilities of the directors

1.1. The Board of Directors emphasizes the roles and responsibilities of the directors in guiding the company's performances, sustainability and stability governance, supporting the management in solving problems, and monitoring the performances of the management. The directors firmly hold accountability to the company and the shareholders. They must employ their knowledge and abilities for the utmost benefits on the basis of transparency, integrity and reliability of information to support their decisions.

For example, the Board of Directors are striving to complete the annulment of public ways and gutters

located within the company's lands in 3 sub-districts of Rayong Provinces, which are Cherngnern, Tapong and Banlaeng Sub-districts as determined by the company and allowed by the Land Code Section 8. At present the company is renting the lands which consists of such public ways and gutters in accordance with the Land Code Section 9 which is completed on March 7, 2016.

1.2. To foster the directors' missions and boost the company's benefits, in 2016 the Risk Management Committee amended the charter by adding "screening and providing suggestions for risk management of the investment projects which are technically complicated and have long-term commitment and significant risks". In addition, the Audit Committee amended the charter regarding "consideration, selection and nomination of an independent person to be the company's auditor and the remunerations offered to such person; dismissal of the auditor in case of failure to perform function, negligence of function or abuse of function; and attendance to the meetings with the auditor without the management presence at least once a year".

1.3. The Board of Directors has studied the new law on securities which was proclaimed on December 12, 2016 to be prepared for appropriate performances. Furthermore, the company has disseminated and provided guidance on practices following the new Securities Act to the management of all levels for understandings, prevention of malpractice and, most importantly, for confidentiality and information disclosure.

1.4. Practices during the meetings: If the meeting contains an agenda in which the President is an interested person, the President shall leave the meeting room, and an independent director shall be asked to preside over the meeting. In considering each meeting agenda, the company's secretary will identify the names of interested directors in each agenda as well as giving the information of how the consideration of such agenda reflects the directors' good corporate governance. For instance, consideration of the company's strategic planning promotes creation of long term value.

## 2. The company's practices

2.1. The Board of Directors has approved the operational plan of good corporate governance for the year 2017 in the meeting no. 1/2017 held on January 24, 2016 following the proposal of the Good Corporate Governance Committee. The plan consists of 4 operations including 1. Operations which are in conformity to the laws, regulations and policies of the company's directors, 2. Strategic operations to foster the good corporate governance, anti-corruption and bribery, 3. Environmental governance and 4. Social responsibility projects.

The 2017 operational plan which is significantly added to that of 2016 is risk assessment of compliance, systematization of compliance towards Zero Non Compliance at all levels and risk assessment of IT to reliably prevent the company's system from any kind of attacks whereby the IT Security: Zero Cyber Attacked (IT System Failure) has been set as the indicator. The goal of 2017 is that the failure must be zero.

Moreover, the participation of more various interested persons in addition to the shareholders is emphasized. Also, ideas, needs and suggestions from the interested persons are welcomed extensively and inclusively for accurate planning which will effectively increase the value to the interested persons.

Investment in social enterprise projects is promoted. There will be one more projected carried out in 2017, and the returns of the project will be assessed by SROI. It is found that the projects carried out by the company in 2016 are in concordance with the direction of the 6 types of social responsibilities in 2017 proposed by Thaipat Institute, which include integrity, inclusive, equality, local, tourism, and renewable. The details of the projects are shown on pages 186-199, and the company will continue developing such projects in 2017 with Sustainable Development Goals.

IRPC vows to drive its businesses toward steady and sustainable growth by leveraging the power of knowledge, capacity, experience, and, above all, ethics and code of conduct instilled in the DNA of all directors, executives, and employees to drive the organization toward its goals.