POWER
DRIVES US TOWARD FURTHER SUCCESS
EVEREST
An important strategy in elevating the organization’s capability in which in 2017 can create EBIT of 7,218 million baht for IRPC. (continue on page 11)

PPE/PPC PROJECT
This project hiked competitiveness by improving product quality to meet the needs of current customers while accommodating the growth of domestic and AEC markets.
(Continue on page 12)

SET AWARD 2017
An innovation for quality of life IRPC has been awarded with Best Innovative Company Awards, presented by SET Awards 2017
(continue on page 13)

GOOD CORPORATE CITIZENSHIP
(Continue on page 40)

DJSI
IRPC was selected as one of DJSI members for 4 consecutive years, reflecting its leadership as sustainable organization in an international arena. (continue on page 21)
MESSAGE FROM THE CHAIRMAN

LAST YEAR MARKED ANOTHER YEAR OF SUCCESS FOR IRPC.

Dear Shareholders,

The Board of Directors of IRPC Public Company Limited has specified its vision to move IRPC to become “the Leading Integrated Petrochemical Complex in Asia” by 2020. The Board has also defined both short-term and long-term strategic plan to ensure that the organization will move to the established direction and plan and ultimately achieve its goals and objectives within time specified.

Last year marked another year of success for IRPC. IRPC’s business performance has continuously improved. In 2017, EBITDA was recorded at 20,420 million baht with the net profit of 11,354 million baht, an increase of 17 percent from 9,721 million baht in 2016. Such success is the result of the EVEREST Project, a project based on a strategic plan to improve performance efficiency, manufacturing procedure, organizational management as well as fostering corporate value and culture while simultaneously developing the organization to be in the Top Quartile. To achieve this objective, the cooperation of employees of entire organization together with consultants from the leading companies worldwide is needed. Such project started since 2015 and ended in 2017 and incurred the profit of approximately 7,000 million baht in which IRPC plans to further its growth by introducing new strategie plan under the name “GDP” Project. IRPC, therefore, will be equipped with strength, readiness and accurate prediction, rendering the company with more efficient business management and in conformity to directions specified by the Board.

Apart from creating added value to its business, The Board of IRPC also perform its duty as specified in the new CG Code, revise, develop and improve the performance by emphasizing on the notion of “Board that makes a difference”. The Board has constantly valued the internal control, risk management, anti-corruption policy and bribery while stressing on the highest benefits of every group of shareholders and stakeholders on a fair and equitable basis and strives to foster their confidence to maintain the organization’s image and reputation regarding transparency to ultimately become the good corporate citizen that is accepted and recognized by both domestic and international institutions. IRCP has been awarded with NACC Integrity Award 2017, presented by the Office of the National Anti-Corruption Commission for two consecutive years. In addition, the Board has realized the importance of business operation with responsibility towards society, environment and community as indicated in the company’s philosophy on creating balance between economy, society and environment; thus, in 2017, IRPC had been recertified its membership of DJSi (Dow Jones Sustainability Indices) in oil and gas category for four consecutive years.

The Board has realized that an overall achievement in 2017 was a cooperation of every related party, especially the management and employees of IRPC and its subsidiaries who consistently dedicated their best effort and ability in leading the organization toward better goals in the future. On behalf of the Board of Directors, I would like to express my sincere gratitude to every stakeholder who have a strong faith and always provide us with considerable support. I would like to confirm that all of us at IRPC will continue to adhere to our vision and mission to render every shareholder with the highest benefits while striving to create value for business and society for sustainable growth and development.

Mr. Tevin Vongvanich
Chairman
ABOUT THIS REPORT

Prepared under the principles of The International Integrated Reporting Council (IIRC), this Integrated Report of IRPC approaches internationally accepted report preparation to communicate key business issues as well as issues of interest to stakeholders to enable them to appreciate and access IRPC’s data more readily. The report covers economic, social, and environmental performance over the 2017 calendar year. Integrated reports are essentially an annual report integrated with sustainability contents, which helps investors apply data leading to more accurate decision-making. IRPC will be increasingly committed to this approach of key data communication in all formats and channels for all stakeholders’ most efficient access to data.
MESSAGE FROM THE PRESIDENT

Dear Shareholders,

The year 2017 marked another success for IRPC in achieving its established goals to gain profits not less than the previous year regardless of the Major Turnaround of overall IRPC’s facilities during the first two months of the first quarter. The success of such project is illustrated below.

Upstream Project for Hygiene and Value-Added Products or UHV which could operate commercially throughout the year for the first time. Although the ability to create added value has not completely fulfilled owing to the downfall of propylene, considered as a major component, coupled with the production capacity that is lower than expected, IRPC solved this problem through continuous projects such as catalyst reformulation, mix gasoline project including catalyst cooler project in which this continuous project will enhance the efficiency of UHV to create added value of at least 1 US dollar per barrel.

Fully Integrated Polypropolylene Project (PPE/PPC) of polypropylene to increase production capacity of PPE/PPC to 300,000 tons per year will be completed at the end of this year and can create added value of approximately 0.8 US dollars per barrel, including IRPC clean power project to produce 240 mw electricity in which IRPC had invented with Global Power Synergy Public Company Limited (GPSC) and will be completed at the end of this year as well.

The EVEREST project, one of the important strategies of IRPC to create added value by applying best practices from world-class consultant with every sector of IRPC’s operation which encompasses Production, Commercial, Procurement including other supporting units throughout the organization and can foster added value of 7,000 million baht within this year and expect to achieve its objective of 10 billion baht within 2018.

All of the above projects will support IRPC to definitely achieve its outstanding performance in 2018.

IRPC defines its objectives of consistently creating more revenues until it reach the Top Quartile level of petrochemical industry to achieve its mission of “the Leading Integrated Petrochemical Complex in Asia by 2020”. Such objective is considered a challenging task and requires cooperation of the entire organization to move forward every project to its ultimate success. Apart from its business management on the foundation of good corporate governance, IRPC strives to develop human resource management system to become “HR Excellence” coupled with an instil of New IRPC DNA to increase its efficiency while emphasizing on corporate ownership notion, achieving outcomes, maintaining promises, constantly developing, working cooperatively and offensively solving problems that will ultimately drive the organization toward its success and sustainability.

For 2018 operation plan, IRPC has defined a new strategy under the name “GDP: Power of Growth, Power of Digital and Power of People by establishing the “Office of the Strategic Management and Administration” as an ad hoc unit to move forward key organization’s strategies to success as the Everest Project, one of the major projects under GDP strategic plan, consisting of the EVEREST Forever (E4E), an investment project on the construction of paraxylene with approximate production capacity of 1 million tons per year or equivalent to an investment of 1 billion US dollars. In addition, IRPC 4.0 had been implemented by applying digital system and state-of-the—art innovation with every step of business operation as well as the project to select and develop new leaders to continue missions in driving the organization in the future. These projects help elevate the level of competitiveness of the organization.

Nonetheless, our stride toward IRPC’s vision by 2020 would be unsustainable unless IRPC strived for nonmonetary returns as well. For instance, it is imperative that IRPC make itself conscientious, ethical, responsible for society, communities, and the environment, and respect human rights, for these are the cornerstones of sustainable success. It was therefore encouraging to see IRPC earn a fourth consecutive year of DJSI (Dow Jones Sustainability Indices) membership in the Oil & Gas Refining and Marketing group; an SET Sustainability Award; and an NACC Integrity Award presented by the Office of the National Anti-Corruption Commission for second year. These three accolades speak volumes for IRPC’s sustainable growth—our collective pride.

I would like to take this opportunity to express my sincere gratitude to every shareholder, the Board, customers, business partners, financial institutions, community, employee and every related person who consistently support and have faith in our business operation. With every factor encouraging IRPC’s sustainable growth and development, I am definitely confident that we can move the company toward the goal of “Getting to the Top and Staying There”.

Mr. Sukrit Surabotsopon
President
NATURE OF BUSINESS

Equipped with a refinery and petrochemical complexes located in its own Rayong Industrial Zone, IRPC is an integrated petrochemical pioneer of Southeast Asia. The zone fully contains infrastructure and basic utilities supporting industries, including a deepsea terminal, tank farm, and power plant.

IRPC’s oil refining unit commands a total capacity of 215,000 barrels per day (bpd). The third largest refinery in Thailand yields LPG, naphtha, gasoline, and diesel. Its Lube Base Oil Group 1 plant (with the largest domestic capacity) boasts a total capacity of 320 (KTA), whereas an associated asphalt plant’s total capacity is 600 KTA. IRPC is also a producer of raw materials for well-known rubber process oil whose quality has won international quality acceptance under the Terramaxx brand.

IRPC’s upstream products consist of olefins (1,221 KTA capacity) and aromatics (367 KTA capacity), both serving as downstream feedstock. Sold under the POLIMAXX brand to domestic and international plastic manufacturers, polyolefins consist of HDPE, PP, and polyol (940 KTA capacity); and styrenics (ABS, SAN, EPS, and PS) (334 KTA capacity). IRPC’s petrochemical business strives for growth and keeping pace with global change, developing the quality of life, together with enhancement of international competitiveness by inventing and creating innovative styrenics products, namely Green ABS, ABS powder, impact modifier–MBS, anti-dripping additives, and anti-bacterial products, and innovative polyolefins, namely UHMW–PE, polyolefins catalyst, baby–bottle polypropylene, and antimicrobial compounds.

INTEGRATED REFINERY AND PETROCHEMICAL COMPLEX FLOW CHART
Power and public utilities
IRPC provides electricity, steam, and basic public utility services along with other public utility systems, including sale and lease of land for industrial purposes, and other land.

Port and tank services
These services consist of ports or terminals for transfer of domestic and international cargoes. This is a deepsea area of the Eastern Region at Amphoe Mueang, Rayong, featuring infrastructure, facilities, and international-standard dock services. Available services include liquid tank farms for petroleum products and petrochemicals equipped with modern management systems that are both efficient and safe. Tank farm facilities located in different regions, namely Rayong Oil Depot, Phra Pradaeng Oil Depot, Ayutthaya Oil Depot, and Chumphon Oil Depot accommodate customers’ needs, which supplement the competitiveness of Thailand’s industrial markets.

1. Bulk & container terminal (BCT): At 900 meters long and 44 meters wide, the six sub-wharfs handle vessels ranging from 800 to 150,000 DWT, serving general cargoes, including iron ores, palm shells, coal, granite, fertilizers, and infrastructural items. The current annual cargo volumes exceed 2 million tons. The terminal handles over 260 vessels a year.

2. Liquid & chemical terminal (LCT): This terminal handles petrochemicals, liquid petroleum, and gasoylextoxic cargoes. At 1,623 meters long, the port features six sub-wharfs, handling vessels ranging from 1,000 to 250,000 DWT. The annual cargo volume is about 15 million tons (more than 2,100 vessels).

3. Tank farm service: Service is provided through more than 300 tanks for liquid petroleum and petrochemical products with a storage capacity of 2.9 million tons, designed to accommodate IPRC’s oil product distribution. Four IRPC oil depots are located in Rayong, Phra Pradaeng (Bangkok), Phra Nakhon Si Ayutthaya, and Chumphon.

IRPC Solutions provider business
This business provides full support to investors in IRPC Industrial Zone along with skilled and professional personnel so that their businesses may grow in tandem with those of IRPC. Services consist of maintenance, analytical laboratory, calibration, ICT, engineering, logistics, IRPC Safety Standard Center (ISSC services for safety training), truck scale, truck and trailer weighing, and MCC service (metallurgical services).

Asset management business
IRPC manages high-potential land in Rayong and other provinces with a total acreage of some 12,000 rai to develop such land into EIZ (Eco–Industrial Zone) projects, including land for industries and high-potential land supporting industrial economic sector expansion that accommodates the upcoming Eastern Economic Corridor Development Project (EEC).

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**BUSINESS STRUCTURE AND SHARE HOLDING**

**IRPC Public Company Limited**

**Refined Product Distribution**
- Naphtha
- Gasoline
- Diesel
- Fuel Oil
- Lube Base Oil
- Asphalt

99.99%
IRPC Oil Co., Ltd.
(Refined Product Distribution)

99.99%
Rak Phisak Co., Ltd.
(Marine Transportation Services)

**Manufacturing and Distribution of Petrochemical Products**
- Styrenics
- Polyolefins
- Aromatics
- Olefins
- Vinyl Chloride
- Styrene Monomer

74.99%
IRPC Polymers Co., Ltd.
(Polymer Manufacturing and Distribution)

59.98%
IRPC A&L Co., Ltd.
(Metallics Distribution)

59.98%
IRPC A&L Co., Ltd.
(Stryenics Distribution)

99.99%
UBE Industries Limited Co., Ltd.
(Ube Chemicals (Asia) Plc.)

48.99%
IRPC Clean Power Co., Ltd.
(Manufacturing and Distribution of Electricity and Steam)

20.00%
PFT Energy Solutions Co., Ltd.
(Engineering Consultancy)

40% PTT Plc.
30% PTT Global Chemical Pcl.
30% Thaibor Plc.

40% PT Energy Solutions Co., Ltd.
(Engineering Consultancy)

**Supporting Businesses**
- Power and public utilities
- Port and tank services
- Asset management business

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**FINISHED PRODUCTS**

- LPG, Gasoline, Diesel, Fuel Oil
- PP
- HDPE
- Acetylene Black
- POLYOL
- Toluene
- Mixed Xylene
- ABS / SAN
- PS
- EPS
- Lube Base Oil
- TOX
- Asphalt

**USES**

- Fuel
- Consumer Packaging, Drink Bottles
- Consumer Packaging, Drink Bottles, Types of Bottles, Foaming Nets
- Dry cell battery, rubber compound
- Flexible, adhesive, elastomers and footwear application
- Solvents and raw materials for Petrochemical Plant
- Solvents and raw materials for Petrochemical Plant
- Plastic tubes, electrical appliances, automobiles
- Tape cases, OS cases, electrical appliances
- Rigid foam insulation, protection
- Lubricant
- Ingredient in tires
- Construction materials for road

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**NOTE**
- The Board approved the increased selling of investment funds of IRPC Polyal Company Limited of approximately 20 percent to PCC Rokita SA, Poland on December 20, 2017. After such selling, the ratio of shareholders will be 50:50.
- Illustrate only the companies with an operation.
KEY PERFORMANCE

NET SALES

UNIT: MILLION BAHT

197,594

PETROLEUM PRODUCTS 68%
PETROCHEMICAL PRODUCTS 30%
OTHERS 2%

SALES DISTRIBUTION

UNIT: MILLION BAHT

197,594

DOMESTIC 57%
EXPORT 43%

PETROLEUM PRODUCTS

UNIT: MILLION BAHT

135,125

DIESEL 58%
GASOLINE 11%
FUEL OIL 3%
LUBE BASE OIL AND ASPHALT 12%
OTHERS 16%

PETROLEUM PRODUCTS

UNIT: MILLION BAHT

59,728

OLEFIN AND POLYOLEFIN 59%
AROMATICS 29%
STYRENE 11%
POLYOL 1%

PETROCHEMICAL PRODUCTS

UNIT: MILLION BAHT

NET SALES

UNIT: MILLION BAHT

2017
197,594
168,349
197,594
2558 2559 2560

NET PROFIT

UNIT: MILLION BAHT

11,354
9,721
9,402
2558 2559 2560

TOTAL ASSETS

UNIT: MILLION BAHT

184,544
172,378
163,174
2558 2559 2560

TOTAL LIABILITIES

UNIT: MILLION BAHT

96,894
91,373
87,296
2558 2559 2560
IRPC has defined a vision and business strategies to become a “Leading Integrated Petrochemical Complex in Asia by 2020”. To this end, key strategic projects have been undertaken to enhance the capability and strengthen businesses in tandem with IRPC’s stewardship of society, communities, and the environment, with key future plans formulated to ensure vision achievement.

**LEADING INTEGRATED PETROCHEMICAL COMPLEX IN ASIA BY 2020**

**EVEREST Project**
The Everest Project strives to drive IRPC toward its vision, while driving goal achievement through 14% or higher in ROIC in pursuit of the top quartile in 2020, this year forging roughly Baht 2.311 million in EBIT for IRPC.

**UHV Project**
This year, UHV Project posted the total production output of propylene of 320,000 tons per year. IRPC has continued to add values from its UHV Project as follows:
- Maximum capacity of gasoline production to forge higher revenues of approximately 870 million baht.
- The development of Catalyst (RDCC Catalyst Reformulation) can increase the amount of propylene production from 18 percent to 21 percent.
- The installation of heat connection machine from catalyst to increase production capacity project.

**PPE/PPC project**
PPE PROJECT: Polypropylene Production Expansion (PPE) Project to increase production capacity of polypropylene to 635,000 tons per year. Commercial production and operation will be completed in September 2017.

**PCC PROJECT:** This project seeks to improve and expand Polypropylene Compound and Specialties (PPC) production capacity to 140,000 tons per year, expected to be completed for revenue generation in December 2017.

**Margin Improvement**
- Operational Excellence
- Commercial Excellence
- Procurement & HR Excellence

**DELTA Benefit** + 134 MUSD

**Incremental margin Improvement**
- Capability Building
- Owner mindset & Performance Orientation
- Cultural Changes

The UHV Project will be completed and commercially operated in September 2017, with an increase in propylene production capacity of 320,000 KTA/year.

**Fully Integrated PP**
- PPE : PP Expansion +160 KTA
- PPC : PP Compounding + 140 KTA

**Revenue Growth of 5%**

**EBITDA Growth of 10%**

GDP strategy
- Q : Power of growth
  - Mars Maximum aromatics Production
  - Everest forever (E4E)
  - M&A (Merger and acquisition)
  - R&D Excellence

- D : Power of Digital
  - IRPC 4.0

- P : Power of PEOPLE
  - IRPC DNA

**Individual Ownership**
- Synergy
- Performance Excellence
- Innovation
- Responsibility for Society
- Integrity & Ethics
- Trust & Respect

**2020 ROIC** 14%

**2018**

**2016**

**2014**

**2010**
ECONOMIC PERFORMANCE

BUSINESS OPERATION

An IRPC goal is to grow its profits by achieving EBITDA growth of 10%. This year its EBITDA amounted to Baht 20.42 billion, against Baht 17.43 billion last year, some Baht 2.99 billion (17%) up. The net profit came to Baht 11.354 billion, against Baht 9.721 billion last year or 17% from its suite of efficiency improvement projects. Below are the highlights of key business moves made this year.

IRPC strives to keep domestic customers while growing its petroleum exports to Indochinese countries with high demand. This year the business grossed Baht 135.125 billion in sales revenue. EBITDA totaled Baht 7.51 billion, a 55% gain over last year’s Baht 4.844 billion.

To profit through incremental spreads, IRPC focuses on relentlessly promoting and supporting R&D to develop special-grade products, deciding the sales proportions of these products at 60% by 2020. This year the petrochemical business generated Baht 59.728 billion in sales revenue, of which domestic sales accounted for 57%; exports, 43%. EBITDA for the business totaled Baht 11.028 billion, a 2% rise from last year’s Baht 10.857 billion.

IRPC’s goal is to provide integrated quality utility services to meet the needs of target industries and fully support businesses with due regard for harmonious co-existence among communities, society, and the environment. Its businesses consist of services for power, steam, public utilities, and others, including water and air systems, together with wastewater systems. This year saw Baht 2.754 billion made in revenue.

IRPC’s goal is to relentlessly improve the quality of its product tanks and port services to meet customers’ varied needs with a focus on advanced, international-standard, and safe management systems. This year the business generated Baht 734 million, down Baht 42 million from last year. The lower income this year was due to a lower throughput during the annual maintenance turnaround.

IRPC’s goal is to manage, study, and develop commercial land in Rayong and other provinces into Eco-Industrial Zones—including industrial estates, industrial zones, and high-potential land. This year it generated Baht 48 million in land sale, land lease, and the zone’s central utility fees of about Baht 33 million.

PETROLEUM BUSINESS

| Sales revenue | 135,125 Billion Baht |
| EBITDA | 7,510 Billion Baht |

PETROCHEMICAL BUSINESS

| Sales revenue | 59,728 Billion Baht |
| EBITDA | 11,028 Billion Baht |

SUPPORTING BUSINESSES

| Public utility service revenue for target industries: | 2,754 Billion Baht |
| Port and tank farm service revenue: | 734 Billion Baht |
| Asset management revenue | 81 Billion Baht |

KEY PERFORMANCE INDICATORS

<table>
<thead>
<tr>
<th>Petroleum Business</th>
<th>2017 TARGET</th>
<th>2017 PERFORMANCE</th>
<th>2018 TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (percentage)</td>
<td>90.0</td>
<td>91.1</td>
<td>89.0(1)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Petrochemical Business</th>
<th>2017 TARGET</th>
<th>2017 PERFORMANCE</th>
<th>2018 TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Satisfaction (percentage)</td>
<td>90.0</td>
<td>91.8</td>
<td>90.0</td>
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</table>

<table>
<thead>
<tr>
<th>Port and Asset Management Customer satisfaction (percentage)</th>
<th>2017 TARGET</th>
<th>2017 PERFORMANCE</th>
<th>2018 TARGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>85.5(2)</td>
<td>75.0(2)</td>
<td>80.0</td>
<td></td>
</tr>
</tbody>
</table>

Remark:
(1) The target for customer satisfaction in petroleum business has changed in 2018 due to a change result counting methodology from average counting to top and bottom box scoring (Top 2 Box) methodology.
(2) Customer satisfaction in port and asset management business was lower than the target due to fewer number of respondents, changes in the rating format and topic of complaints. In response to this, IRPC will devise a service improvement plan to communicate with customers and manage complaints in order to serve their ultimate satisfaction.
The EVEREST Project strives to drive IRPC toward its vision of a “Leading Integrated Petrochemical Complex in Asia by 2020”. Thanks to implemented best practices to its corporate management and operation by a world-class consultant company, this year the project successfully contributed Baht 7.218 billion in EBIT.

The project’s peak EBIT goal is expected to be Baht 10.5 billion in 2018. As planned, the OHI goal is set for the top quartile at 74 or more. As a result, by 2020 IRPC should achieve the goal of a top-quartile performance to sustainably maintain decent EBIT.

### EVEREST PROJECT PERFORMANCE SUMMARY

<table>
<thead>
<tr>
<th>Year's performance</th>
<th>Actual EBIT (Baht million)</th>
<th>EBIT goal (Baht million)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operations:</td>
<td>3,011</td>
<td>2,751</td>
</tr>
<tr>
<td>Efficiency improvement from crude oil and returns improvement through modification of process units, higher energy efficiency, improved efficiency of maintenance, and operation loss reduction</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Integrated supply chain:</td>
<td>2,077</td>
<td>1,921</td>
</tr>
<tr>
<td>Efficiency improvement from supply chain management to cut costs and production planning to enable processing units to proceed at full steam, thus maximizing profits</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Commercial:</td>
<td>1,179</td>
<td>1,348</td>
</tr>
<tr>
<td>More trade value added from refining and petrochemical products</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Procurement:</td>
<td>411</td>
<td>353</td>
</tr>
<tr>
<td>More efficiency in timing and expenses of refining units’ shutdowns for inspection and maintenance, and improved efficiency for procurement of equipment and high-expense goods</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Corporate:</td>
<td>323</td>
<td>330</td>
</tr>
<tr>
<td>The corporate area management to develop the Company’s potential in maintaining the efficiency in managing its expenditures.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Resources:</td>
<td>217</td>
<td>813</td>
</tr>
<tr>
<td>Efficiency improvement in HR cost management for maximum efficiency</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,218</td>
<td>7,516</td>
</tr>
<tr>
<td><strong>Organization Health</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Organization Health Index:</strong></td>
<td>86*</td>
<td>≥ 74</td>
</tr>
<tr>
<td>Improve all personnel’s caliber with a 1st Quartile (OHI score) goal</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Organization Health Index score as of January 2018
UHV (UPSTREAM PROJECT FOR HYGIENE AND VALUE-ADDED PRODUCTS)

This project seeks to raise competitiveness and foster sustainable growth by investing to improve the quality of low-value heavy oil and add value to it. Key products consist of propylene and heavy naphtha. Secondary ones consist of ethylene, butane, propane, LCO, light naphtha, hydrogen, sulfur, fuel gas, and CLO. To accommodate prevailing circumstances, IRPC extended work on UHV as described below:

- The Maximum Gasoline Project: This undertaking raised gasoline capacity from 95 million to 120 million liters a month. Commercial operation began in November 2017.

- The RDCC Catalyst Reformulation Project: This project raised propylene output from 18% to 21%. It will start making up new catalyst from the end of 2017 to the middle of 2018.

- The UHV Catalyst Cooler Project: This project aimed to grow production capability by using heavy oil as a raw material while doing away with temperature constraints in the catalyst regenerator. The project is now in the detailed engineering design stage.

FULLY INTEGRATED POLYPROPYLENE PROJECT

This project seeks to improve and expand PP capacity to 300 KTA at a budget of US$236 million to strengthen IRPC’s core business with a total capacity of 775 KTA. At the same time, it hiked competitiveness by improving product quality to meet the needs of current customers while accommodating the growth of domestic and AEC markets. Two mini-projects make up this project:

PPE (PP Expansion Project)
Investment will be made to install additional machinery to grow capacity by 160 KTA from the current capacity of 475 KTA to a total of 635 KTA. Commercial operation began in September this year.

PPC (PP Compounding Project)
High-efficiency “In-line Compounding” technology is used to grow capacity by 140 KTA. Thanks to this process, production was streamlined for cost reduction. Commercial operation began in January 2018.

For competitiveness, IRPC’s goal is for operational excellence and relentless production efficiency improvement with stability. Add to these efficient energy-related production cost management and production planning that meets market needs through flexibility, and due regard for safety and occupational health, society, communities, and the environment around IRPC Industrial Zone.

Below are the highlights of production operations:

A total of 167 projects give process control precision and accuracy, yielding products of desirable qualities and quantities while lowering process energy.

IRPC underwent the annual major turnaround to ensure that its production is reliable and fully prepared. This year’s plant reliability posted 99.4% performance against the goal of 99.5% due to the annual turnaround.

IRPC raised energy efficiency and used more natural gas in place of fuel oil in processes. It successfully controlled hydrocarbon gaseous losses from processes, thus trimming pollutant emissions. As evidence, the energy intensity index (EII) was 90.4%, equivalent to energy reduction of 1.9 million gigajoules, or Baht 749 million.

IRPC applied TIS/OHSAS 18001 for safety and promoted a safe work culture through the promotion of awareness and various projects and activities, which enabled it to maintain its excellent safety statistics, with a TRIR (total reportable injury rate) of 0.45.

IRPC applied an innovative management process format to enable research projects to succeed as planned, established a new S-Curve and business opportunities, and achieved innovation in the process of Ultra-High Molecular Polyethylene (UHMWPE), polymers with higher endurance and potentially many more business opportunities.

OUTSTANDING PRODUCTS IN 2017

- High speed and excellent bonding adhesion polypropylene for lamination & coating application.
- Ultra-thin and energy-saving polypropylene for thermoforming application:
- Multilayer surface coating for fast-cycle molding (EPS)
- High-density polyethylene pipe.

RISK MANAGEMENT PERFORMANCE

RISK MANAGEMENT POLICY

IRPC’s focus is on enterprise risk management by appointing a President-led Risk Management Steering Committee. A Board-appointed Risk Management Committee consists of at least three directors to devise policies, steer, and guide IRPC’s risk management to keep corporate risks manageable and boost confidence among investors in goal achievement.

IRPC has applied an international-standard risk management system (ISO 31000-2009: Risk Management – Principles and Guidelines) and has developed tools to give risk management higher efficiency, including the definition of KRIIs (key risk indicators) and the application of VaR (Value at Risk) to aid the assessment of preliminary risk values.

BUSINESS RISKS

Price volatility risks
- Closely monitored and analyzed price situations
- Engaged in production/process planning by constantly acquiring new grades of crude oil
- Managed the stocks of crude oil, petroleum and petrochemical products
- Engaged in contracts on derivative trading with set targets for prices, volumes, and periods for suitable risk management in keeping with business plans
- Reviewed related crude oil purchasing processes to raise efficiency and lower risks arising from operating processes.

Operation risks
- Promoted a safety culture by making it a policy and undertaking various activities
- Integrated various units and planned together in unity to cut redundancies and accommodate assorted risks associated with the 2017 maintenance turnaround
- Relentlessly implemented risk management measures, a result of the project to improve and develop them for higher efficiency and stability of machinery and tools
- Implemented full-fledged OEMS to ensure efficient and effective operation at all times
- Implemented the BCM (Business Continuity Management)

COMMUNITY AND SOCIETY RISKS

- Regularly established understanding and cordial relations with neighboring communities of the industrial zone, including the construction and renovation of public utility systems, support to local entrepreneurs, scholarship granting, education on IRPC’s businesses through the likes of the Open House Project, a field coordination center for site engagement in community activities, and participation in emergency drills with communities and public agencies.

ENVIRONMENTAL RISKS

- Focused stringently on proceeding under laws and regulations on safety and the environment, the TIS/OHSAS 18001 management standard for occupational health and safety, and the ISO 14001 environmental management standard.
- Implemented the 3Rs (reduce, reuse, recycle) including digging a 5–million–cubic–meter water reserve pond.
CAPITAL PROJECT RISKS

- Prepared resources to support and efficiently drive the Fully Integrated Polypropylene Project toward its goals, including personnel and financial support
- Developed systems and processes for closely monitoring business updates and remedy problems swiftly to ensure that projects could achieve all goals
- Established marketing and sales plans to accommodate new products to ensure that all the produced goods are saleable and have enough markets.

ORGANIZATIONAL CAPABILITY RISKS

- Cultivated a corporate culture for work through the IRPC DNA so that the workforce may adhere to it in enhancing business efficiency and effectiveness
- Defined a suitable approach for IRPC corporate restructuring so that it may compete with companies in the same industry
- Defined plans to appoint people to key positions and defined systematic performance appraisal processes to accommodate retiring executives and enable job transfers to proceed smoothly
- Systematized suitable knowledge management, particularly knowledge in key professions that may vanish once people resign or retire.

POLICY AND REGULATORY RISKS

- Monitored public-sector news and intelligence that may affect business or operation
- Set up task forces to study draft laws, applicable acts, and privileges before proclamation or enforcement by assessing positive and negative impacts to IRPC
- Joined CAC in anti-corruption efforts, established corruption risks, and developed risk mitigation approaches
- Followed the procedures of the land code in revoking roads and canals, and changes in public locations lying on the extended industrial zone to ensure that IRPC’s actions are legitimate and minimize conflicts with communities as well as litigation.

IT SECURITY RISKS

- Set up a Security Operation Center (SOC) to supervise and audit access to various corporate systems and detect anomalies in a quick and efficient way
- Educated IT security officers
- Acquired ISO 27001 (Information Security Management System) certification to boost confidence in corporate IT security
- Underwent the annual drill under the Disaster Recovery Plan.

EMERGING RISKS

- Tracked information and analyzed public policies, including draft acts on Eastern Region special economic zones, including the Eastern Economic Corridor (EEC) policy, which could affect current businesses favorably or adversely
- IRPC recognized the inevitable advent of the EV car technology, which would affect its future, particularly the petroleum product group, including gasoline, diesel, and lubricants. IRPC therefore formulated mitigation measures, including business transition from petroleum to more petrochemicals, product R&D that caters to markets of the future, and establishment of cooperation with business partners to grow markets or seek more sources to place IRPC’s products.
MARKET SITUATION AND OUTLOOK

PETROLEUM MARKET AND OUTLOOK

- This year the crude oil price average is USD 53.2/bbl in contrast with USD 41.4/bbl last year due to the declining surplus crude volume after steady growth in oil demand. The global oil demand grew 1.5 million bbl/day.

- At OPEC’s meeting on November 30, OPEC and non–OPEC producers agreed to extend the period for their agreement to cut production capacities by 3–9 months from March 2018 to preserve oil price stability. Meanwhile, the producers managed to cut their outputs to near the agreed goals, thus supporting decent prices.

- In addition, support came from situations in the Middle East, where tension brewed from the conflicts between Saudi Arabia and Iran in Lebanon and Yemen; Venezuela’s output capacity that dropped to a 28-year rock-bottom, by 2 million bbl/day; the emergency maintenance shutdown of the oil pipeline from Canada to the US in the wake of oil spill discovery, which resulted in less crude oil being transported to the US.

At any rate, the US still commanded high outputs of oil, still relentlessly rising.

- Due to the rebounding Thai economy, its primary energy consumption rose 2.4% and oil consumption rose 2.3%, diesel consumption rose 2.6%, seen in sales by service stations and the industrial sector. Gasoline consumption rose 3.8% in line with the increasing numbers of passenger cars and motorcycles.

- For 2018, Dubai should cost more and move in the USD 60–65/bbl range in line with the robust recovery of the global economy, including the leading economies and emerging economies. In addition, major factors supporting this oil price rise include the cooperation between OPEC and non–OPEC countries on extending the period of output cut.

- Geopolitical risks in the Middle East, namely Iraq and Libya, and in Venezuela and Nigeria, are to be closely monitored because they might add to tight oil supply in 2018.

FACTORS AFFECTING CRUDE OIL PRICE IN THE WORLD MARKET

- Strong bullish trend on H2-2017, fuelled by OPEC efforts, US Hurricanes, Middle-East tension, Forties incident and deal extension expectations
- Bullish sentiment on early January despite US concerns
- 30-Nov: 9 month deal extension until the end of 2018 with an “exit option” in June
- Implementation of the OPEC/Non-OPEC reduction deal
- March-June-Mid-Term bearish trend fuelled by US context (rising stocks)
- May: pre-agreement on May-16 (Russia + KSA) and agreement on May-25 for a 9 months extension
- Source: Platts & Reuters
• Price comparisons for polymers this year versus last year: PP was up 0.72%, averaging $1,151/ton; HDPE, up 0.51%, averaging $1,160/ton; PS, up 3%, averaging $1,393/ton; and ABS, up 4%, averaging $1,819/ton.

• For monomers, ethylene was up 4%, averaging $1,072/ton; propylene, up 1.46%, averaging $813/ton; and PP, up 2%, averaging $1,241/ton.

• The total export and import values of the Thai petrochemical industry this year dropped 10.17% and 8.81% due to the price volatility of crude oil together with the fragile recovery of the world economy, particularly the economy of Thailand’s key export markets, namely China, the US, the EU, and Japan.

• For 2018, IMF projected the global economy rising 3.6% and 3.7% because several groups of countries commanded better growth than expected, which reflected continuing global economic recovery.

• An upbeat projection is in place for the Thai petrochemical sector in 2018, along with a more robust GDP and growth in downstream industries, regional trade economy, and world economy, as well as expansion of related and downstream industries, namely plastics. In addition, investment in various public infrastructural projects would increase demand for polymers, in turn benefiting the petrochemical industry.

• For Thailand in 2018, GDP projections are 3.6–4.6%. Supporting factors are world economic growth and continued exports, as well as rising private investment.

**PRICE OF FEEDSTOCK AND PETROCHEMICAL PRODUCTS**

![Price chart](chart.png)

Source: ICIS
PORT BUSINESS

• Based on the Thai economic outlook for 2018, growth is to be supported by healthy global economic growth, causing investment in several public infrastructural projects, contributing to a higher capacity of the iron and steel industry, the major customer group of the bulk and container terminal. This is a critical factor supporting healthier import and export volumes through IRPC ports.

• IRPC plans to grow port services to accommodate the public policy on “Eastern Economic Corridor (EEC)” with a focus on providing offshore services, fabrication, and cargo transport through terminals.

• In 2018, IRPC is committed to developing and expanding its services to accommodate rising capacities, while investigating business opportunities for the port business in Amphoe Chana, Songkhla, of the South.

TANK BUSINESS

With a domestic economic growth forecast for 2018 and the chemical group growth foreseen, this would spell opportunities for the service to pick up from new service users or tank service for new products, or both. An instance is the tank service for Thai Oil Plc, with a 600,000-barrel additional volume. Finally, IRPC has examined the feasibility of a chemical tank fabrication project at the Phra Pradaeng Oil Depot.

IRPC’s plan is to develop its Eco–Industrial Zone (EIZ) and the Rayong Industrial Estate (Ban Khai) to accommodate the growth of the industrial economic sector in line with the EEC, an investment supporting strategy. IRPC has incorporated project areas as part of the EEC to pilot Thailand’s special economic zone development and promote industrial development to leap frog and connect investment with ASEAN members and other regions of the world.
SUSTAINABILITY MANAGEMENT PERFORMANCE

IRPC strives to undertake business for sustainable growth by nurturing confidence among stakeholders through operational excellence, transparency, and relentless innovation development. All these are to be in parallel with the stewardship of natural resources and the environment together with the maintaining of cordial relations and promotion of the community quality of life in pursuit of a suitable standard. These elements together support our vision of a “Leading Integrated Petrochemical Complex in Asia by 2020”.

Below are IRPC’s performance outcomes this year.

<table>
<thead>
<tr>
<th>TARGET OF SUSTAINABILITY MANAGEMENT</th>
<th>ACCOMPLISHMENT</th>
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<tbody>
<tr>
<td>DJSI’s leader of Oil and Gas Refining and Marketing Group</td>
<td>Selected membership of the DJSI Emerging Market, Oil and Gas Refining and Marketing Group for the fourth consecutive year, and presented with a 2018 RobecoSAM Silver Class Award</td>
</tr>
<tr>
<td>Disseminate information on sustainability to the public</td>
<td>Sustainability Report Award 2017 (Excellence Level) from the Sustainability Report Award announcement, a cooperative project of CSR Club, Thai Listed Companies Association, SEC, and Thaipat Institute with the award level being more developed than that of the previous year</td>
</tr>
<tr>
<td>Becoming an Eco-Industrial Zone</td>
<td>IRPC’s 24 plants were certified Eco-Factories by the Industrial Environmental Institute, Federation of Thai Industries</td>
</tr>
</tbody>
</table>
| Raising awareness that has impact on sustainable operation behavior | • Foster desirable behavior (IRPC DNA)  
• Forge knowledge and understanding of sustainability management for target employees and mid-level executives |
| Business Shift with Digital Mindset | • Strategies of Power of Digital  
• Operation via digital system |
IRPC was named a member of DJSI emerging market in the Oil and Gas Refining and Marketing group for a fourth straight year, underscoring the fact that IRPC is a leading company worldwide that engages in sustainable business operation.
IRPC is committed to excellence and sustainable growth by conducting best practices under the umbrella of IRPC’s Operational Excellence Management System with a common goal to add value to the organization and all stakeholders.

The value given to QSHE efforts is illustrated below:

International standards are implemented to raise productivity and improve product quality, including QCC group activities applied for productivity purposes for operators. At the same time, work efficiency is continually improved.

IRPC values safety at all times and in all stages of work. To IRPC, this means personal, process, and transport safety. Its goal is to become a zero accident organization, with zero emergency case.

IRPC efficiently manages consumption of natural resources while preventing environmental impacts, improving processes to be environmentally friendly, promoting clean energy, and managing water, air, and waste with the 3Rs principle.
QSHE PERFORMANCE

QUALITY

IRPC has implemented quality control measures such as Quality Control Circle (QCC) and Total Productive Maintenance and Management (TPM) to increase productivity and support plant reliability by integrating them into IRPC’s Operational Excellence Management System in order to manage the value chain of safety and environmental considerations to meet all stakeholders’ satisfaction.

<table>
<thead>
<tr>
<th>Key Performance Indicators</th>
<th>2017 Target</th>
<th>2017 Performance</th>
<th>2018 Target</th>
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<tbody>
<tr>
<td>TRIR (Case Per Million hours worked)</td>
<td>0.52</td>
<td>0.45</td>
<td>0.47</td>
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<tr>
<td>Process Safety Events Tier 1 (Case)</td>
<td>0</td>
<td>1*</td>
<td>0</td>
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<tr>
<td>Process Safety Events Tier 2 (Case)</td>
<td>0</td>
<td>0</td>
<td>0</td>
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Remark: *Derived from the fire incident at UHV Plant in which IRPC was able to timely respond the incident without anyone being injured. The incident was effectively communicated, clarified and comprehended to each group of stakeholders resulting in the understanding of the circumstance without distress. After the incident, IRPC has arranged for preventive measures to avoid reoccurrence.

SAFETY AND OCCUPATIONAL HEALTH

• Work Safety
IRPC promotes safety awareness and culture among all employees and contractors. There are many projects and activities implemented, for example, “GOAL ZERO”, “Safety Excellence”, and “Safe Driving Program” to ensure that all play a part in curbing work accidents and achieving a safe workplace without work-related accidents.

• Process Safety
IRPC runs its Security Safety, Occupational Health and Safety Management and Environment under OEMS in compliance with OSHA (Occupational Safety and Health Administration) standards. Its commitment includes the development of e–MoC programs and IdMS to control and manage safety. It also set a safety management goal for the annual major turnaround this year. As a result, incident cases declined without a serious accident from that of last major maintenance in 2011.
• Air Pollution Management

Greenhouse Gas (GHG) Reduction
IRPC determined its direction to improve energy efficiency in parallel with the reduction of GHG emissions. As a result, this year IRPC was able to reduce GHG emissions by 132,856 tons of carbon dioxide equivalent. It has also implemented a waste gas management project, heavy-oil quality improvement from distillation tower (UHV) project, a refractory brick coating furnace in the combustion chamber project, and reduction of heat loss at the cooling tower of the Ethylene Plant (ETP) project.

Management of Volatile Organic Compounds (VOCs)
This year IRPC managed Volatile Organic Compounds (VOCs) by spending Baht 80 million on installing the second Vapor Recovery Unit (VRU) to control VOCs from the chemical tanks of the Ethylene Plant, the Benzene, Toluene and Xylene Plant and vaporizing control systems from the tank farm to successfully reduce VOCs by more than 60 tons a year.

• Waste Management

Pollutant Release and Transfer Registers (PRTRs)
Since 2012 IRPC has participated in a pilot project to produce a PRTR report containing information on industrial sites, their release or transfer of pollutants to the air, water and soil, in coordination with PTT Group. It has consistently improved chemical management efficiency together with the management of plant areas’ pollutants, while implementing measures to relentlessly reduce pollutants.

Emission Control and Air Quality Improvement Program
IRPC’s policy is to manage sulfur dioxide (SO2), nitrogen dioxide (NO2) and total suspended particles (TSPs) in air emission, such that their quantities have clearly been plummeting due to the use of fuels and the installation of clean combustion equipment. TGTU and CHP projects also slashed NOx and particulates from emissions. The overall reduction is more than 1,280 tons a year.

• Protection Strip

This year, 18 additional rai of 5,242 trees was completed. To date, 707 rai of 383,362 trees have absorbed about 3,600 tons of carbon dioxide per year. The sequestered volume amounts to about 3,600 tons per year, while reducing air emission impacts, particulates, and noise on the community around the zone. It also adds a green landscape and reduces GHG emissions directly.

• Eco-Industrial Zone
IRPC is committed to the ongoing development of eco–industrial zones. This year nine more plants were certified, namely Expandable Polystyrene (EPS) plant, ABS and AS polymer and powder plant, Plastic Compounding Plant, Wastewater Treatment Plants 1, 2 and 3, PTK Catalyst Plant, Ethylbenzene Styrene Monomer Plant, HA1 Catalyst Plant, and Water Supply Plant. This achievement raised the Eco Factory certification to 24 plants.
CORPORATE SOCIAL RESPONSIBILITY PROJECTS WHICH ARE TIED TO NATIONAL STRATEGY

IRPC has consistently operated its business on the foundation of corporate governance in conformity to UN Global Compact which stresses on honesty, transparency coupled with a concern on social and environmental responsibility and human rights with an effort to achieve 17 sustainable development goals. Such objectives are tied to sustainable development goals, national strategy, economics of the nation and social development plan no.12 and also enforced in the Constitution of Thailand, section 65 which states that the objective of sustainable development must be included in the strategic plan. IRPC; therefore, strongly believes that the organization striving to create innovation for sustainability and operate its business with responsibility will successfully become the future leader.

Problems and sustainable development goals

<table>
<thead>
<tr>
<th>1</th>
<th>Disparity between the rich and the poor (Ref TDRI)</th>
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<tbody>
<tr>
<td>Strategic plan no. 3 the development and reinforcement of people’s capability</td>
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<td>Strategic plan no. 4 the creation of opportunity for social equality</td>
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<th>Premature pregnancy</th>
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<th>Changing climate affecting epidemic incidence</th>
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<tr>
<td>Strategic plan no. 1 Security issues</td>
<td></td>
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<th>4</th>
<th>Changing educational values</th>
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<td>Strategic plan no. 6 balance adjustment and development of public management</td>
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<th>6</th>
<th>Unbalanced cost of living and wages</th>
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<th>Natural disaster and its prevention</th>
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<tr>
<td>Strategic plan no. 1 security issues</td>
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<td>Strategic plan no. 2 the creation of competitiveness</td>
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<tr>
<td>Strategic plan no. 5 the building of growth on environmental friendly quality of life</td>
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**SUSTAINABLE DEVELOPMENT GOALS-SDGs**

1. No Poverty
2. Zero Hunger
3. Good Health and Well Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Sustainable Development of Oceans, Seas and Coastal Areas
13. Life below Water
14. Life on Land
15. Peace, Justice and Strong Institutions
16. Partnerships for the Goals
17. Partnerships for the Goals

**IRPC’s projects**

- Lam Sai Yong model project
- Community enterprise project
- Project from Her Royal Highness the Princess Mother “Give Never Stop” project
- Promotion of women’s right project
- Muslim Foundation for Underprivileged Youth project
- Eco Industrial Zone
- Restoration, conservation and protection of mangrove forest project
- Natural trail and mangrove forest view tower
- Reforestation project to protect waves (Chumporn)
- Cubic Academy project
- 1 for 9 project
- School for the elderly, Amphoe Mueng Rayong
- The Legend of Mon Phra Padaeng
- Pan Nam Jai Clinic for community
- Give Never Stop project
- Mobile medical unit to check-up health for the community project
- Project to monitor the wellness of people
- Health Promotion Fund for communities surrounding IRPC Industrial Zone
- Sam Pakung Social Enterprise Co., Ltd.
- Employment opportunity for mooring rope project
- SE (Social Enterprise)
- IRPC Technological College
- Eco Industrial Zone
- Restoration, conservation and protection of mangrove forest project
- Lam Sai Yong model project
- Green Port (MARPOL)
17 Goals to Transform Our World

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
4. Quality Education
5. Gender Equality
6. Clean Water and Sanitation
7. Affordable and Clean Energy
8. Decent Work and Economic Growth
9. Industry, Innovation and Infrastructure
10. Reduced Inequalities
11. Sustainable Cities and Communities
12. Responsible Consumption and Production
13. Climate Action
14. Life Below water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

Problems and sustainable development goals

8. Drought and need for agricultural products
   Strategic plan no. 1 security issues
   Strategic plan no. 2 the creation of competitiveness
   Strategic plan no. 5 the building of growth on environmental friendly quality of life

9. Promotion of maximization of space utilization
   Strategic plan no. 2 the creation of competitiveness
   Strategic plan no. 5 the building of growth on environmental friendly quality of life
   Strategic plan no. 6 balance adjustment and development of public management

10. Coastal fishery area and inundation
    Strategic plan no. 5 the building of growth on environmental friendly quality of life
    Strategic plan no. 6 balance adjustment and development of public management

11. Promotion of tourist attractions in various dimensions
    Strategic plan no. 2 the creation of competitiveness
    Strategic plan no. 5 the building of growth on environmental friendly quality of life
    Strategic plan no. 6 balance adjustment and development of public management

12. Thailand, a door to the new world
    Strategic plan no. 1 security issues
    Strategic plan no. 2 balance adjustment and development of public management

13. New energy source from waste management
    Strategic plan no. 2 the creation of competitiveness
    Strategic plan no. 5 the building of growth on environmental friendly quality of life

14. Life safety and waste management area
    Strategic plan no. 4 the creation of opportunity for social equality
    Strategic plan no. 5 the building of growth on environmental friendly quality of life

SUSTAINABLE DEVELOPMENT GOALS-SDGs

1. No Poverty
2. Zero Hunger
3. Good Health and Well-Being
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14. Life Below water
15. Life on Land
16. Peace, Justice and Strong Institutions
17. Partnerships for the Goals

IRPC’s projects

- Lam Sai Yong model project
- Community enterprise project
- Combined He and Power Plant (CHP)
- RDCC plant
- Protection Strip project
- Eco Industrial Zone
- Restoration, conservation and protection of mangrove forest project
- Green Port (MARPOL)
- The Legend of Mon Phra Padaeng
- Rak Le Rak Silp Tin Tai project (Love the sea and arts in southern provinces’ project)
- Restoration, conservation and protection of mangrove forest project
- Natural trail and mangrove forest view tower
- KVIS/ VISTEC
- Innovative products for quality of life and environment
- Walking Robot to assist Paraplegics
- RDCC plant
- Eco Industrial Zone
- Protection Strip project
- Promotion of responsible plastic users
- Love Rayong River project
- Green Port (MARPOL)
CORPORATE SOCIAL RESPONSIBILITY (CSR)

IRPC is committed to perform the business operation with the creation of the organization together with the economic, social, and environmental development to support and grow sustainably. The Company’s Board of Directors agree to use the excellent strategies of good corporate governance and CSR Excellence with the aim to become the good social enterprise of the world in order to build the confidence and reliability among the stakeholders in the good corporate governance and corporate social responsibility.

CSR WORK STRATEGY

1. Define CSR as a part of the corporate strategies in sustainable growth.
2. Define the criteria in selecting the corporate social responsibility (CSR) projects to build the balance among the impacts on the society, communities, and IRPC with the duration of project implementation that will cause such impact.
3. Conform to the Sustainable Development Goals (SDGs 17) by selecting the project following the appropriate criteria and the design to agree with and respond to 17 items of SDGs. IRPC has already completed the operation in 17 items.
4. Define the goal of CSR project for value creation and social transformation.
5. Assess the risks in the corruption of CSR project having the risk assessment result not to be in the significant level.
6. Give knowledge, understanding, and involvement in the ideas/activities, and good practices in the corporate social responsibility with all groups of employees and stakeholders of IRPC continually.
7. Perform the operation following the approach of UN Global Compact by applying 10 universal principles of UNGC covering 4 main areas; human right, labor, environment, and anti–corruption to conform to as well as defining the Good Corporate Citizenship Policy following the UNGC approach.

THE PROMOTION OF COMMUNITY ENTERPRISE PROJECT

has enhanced potential, expertise, and vocational skills for communities around IRPC Industrial Zone. IRPC supports 40 model groups to strengthen their businesses to become self-sustaining, which generated an income of Baht 300,000 per group. IRPC has also engaged in product procurement from the communities and employed their services. In 2017, the procurement accounted for Baht 296 million.

ECO FACTORY

IRPC has secured 9 more Eco–Factory certificates for its plants, thus completing 24 plants’ certification.
SUMMARY OF MAJOR CSR PROJECTS

ENVIRONMENTAL

Lam Sai Yong Model Project Phase II
The Lam Sai Yong Model Project was initiated in 2014 in Tambon Lam Sai Yong, Amphoe Nang Rong, Buri Ram. It provided raw water supply for tap water for the communities of 440 households. In 2016 IRPC installed PE pipes to divert water from Tambon Lam Sai Yong to a reservoir in Donjone Forest. Handover of the pipes took place this year. The pump can deliver water into the reservoir at an average of five hours a day or 1,350 cubic meters of water a day. The number of communities benefiting from the reservoir has therefore increased from 3 to 10.

The Forest in Rayong Project “Phra Samut Chedi Mangrove Forest – the Unique Jewel of Rayong”
IRPC in collaboration with a Forest in Rayong project called “Phra Samut Chedi Mangrove Forest – the Unique Jewel of Rayong”, to develop the mangrove forest at the estuary of the Rayong River.

The project is aimed to provide suitable access to the public. A total of 500 rai of mangrove forest was developed as a learning center, learning and recreational structures constructed with a nature trail for mangrove forest ecosystem learning, a community seedling nursery, and two piers. Residents can benefit through better lives and economic and social quality, and prepare for the Eastern Economic Corridor (EEC) Project.

Management of Floods around IRPC Industrial Zone
In response to the communities’ concerns over floods that happened during every rainy season, IRPC defined plans to prevent and solve the problem. The project (since 2016) included collection of waterborne weeds in public waterways inside and outside the industrial zone. Water levels in the reservoir in the zone are lowered to accommodate up to 1 million cubic meters of water. Levels of rain water and water in the Rayong Reservoir will be regularly measured. IRPC also provided heavy machinery to develop the communities’ public areas, such as canal dredging and restoration. Water retention areas were increased to reduce impacts from floods in the rainy season.

Campaign in Promotion of Responsible Plastic Users
IRPC in cooperation with the University of the Thai Chamber of Commerce and Assumption College Rayong supported the work of students in Rayong through a Short Film Production Training Project to promote tourism under the “Waste to Revenue” theme.

HEALTH AND QUALITY OF LIFE

Health Promotion Fund for communities surrounding IRPC Eco Industrial Zone
Annually, IRPC set up a Health Promotion Fund for communities’ health care services within a 5–km radius of IRPC Industrial Zone at a budget of Baht 6 million to promote, prevent, remedy and improve the health of the residents. Progress report meetings are held every two months.
Prostheses Project

IRPC donated PP polymers to the Prostheses Foundation of HRH The Princess Mother in contribution to prosthesis production to improve the quality of life of the disabled in line with IRPC’s Creating Shared Value (CSV) concept. IRPC’s volunteers attended a Mobile Prosthetic Service Unit to help install equipment and devices and produce prostheses for patients in December 2017 jointly with the foundation at the Friendly Design Festival and Health Innovation for the Mass. The event served 46 patients, and 51 prostheses were made. IRPC continued its support since 2011, representing 13,374 pieces of prostheses for 11,487 patients from 115 tons of polymers.

Walking-Aid Robot for Paraplegics

IRPC joined hands with Sripatum University in researching and developing ultra–high molecular weight polyethylene (UHMWPE), which is especially durable, highly resistant to impacts, shock absorption and corrosion, and light–weighted. Hence, it can replace the original parts of the walking–aid robots and help paraplegics lead a normal life by developing medical equipment of industrial scale for social benefit.

IRPC Give Never Stop

IRPC together with FM91 Radio Station launched this project to donate life–saving equipment or medical apparatus to the needy and underprivileged so that they may lead a normal life with good quality. In 2017, the project supported 310 persons.

Pan Nam Jai Clinic

IRPC established this service in 2010 at IRPC Community Learning Center to provide free public health service and basic medical care to the communities surrounding IRPC Industrial Zone. In 2017 the clinic served 4,238 patients. Most patients suffered from high blood pressure, musculoskeletal disorders, gastrointestinal and respiratory tract disorders. Records and information will be forwarded to Rayong Hospital for treatment planning.

The total number of IRPC Cards handed out is 8,848. The cardholders are entitled to free service at the clinic and a 50 satang (Baht 0.50) per liter of discount at IRPC service stations.

Mobile Clinic

Under cooperation with Queen Sirikit Hospital, Department of Naval Medical, IRPC arranged mobile clinical service to provide free general medical care. Medical treatment was provided to patients who suffered from musculoskeletal, gastrointestinal and respiratory tract disorders. Other services included tooth extraction and spectacles for the communities at Baht 100 per pair (IRPC sponsored excess expenses). In 2017, it served a total 1,735 patients living in the tambon near IRPC Industrial Zone, namely Ban Laeng, Taphong, Na Takhwan, and in Choeng Noen and Nakorn Rayong Municipalities. Records and information on healthcare services in the communities will be used to plan next years’ medical treatment programs for medical specialists.

Project to Monitor the Wellness of People

IRPC set up a geographic information system (GIS) database of the communities in the surrounding areas along the wind directions to identify the movement and dispersion of air pollution, to be used in formulating work plans and measures to prevent, rectify and mitigate health impacts on the communities of 10,398 families (38,256 persons). It will formulate a future healthcare surveillance plan for the communities.
IRPC Cubic Academy developed six training courses with an emphasis on spurring business growth with sustainability. The training covers good governance, social contribution, communication, green business, promotion of good corporate image and sustainable business conduct. Participants consist of employees and external interested participants. Since its establishment in 2015, the academy has held a total of five classes for 510 participants, 425 of whom are IRPC employees and 85 external interested participants.

**KVIS & VISTEC Project**

IRPC joined with PTT Group to establish Kamnoetvidya Science Academy (KVIS) for students in secondary school of 4th – 6th year by providing education to talented students in science and math and “Vidyasirimedhi Institute of Science and Technology (VISTEC) offering both masters and doctoral degrees in science. The two institutes are designed to meet the potential for full development setting the goal to become the “Leading Research University” further.

**Drinking Water for Communities**

IRPC distributed clean, standardized drinking water to the communities and government agencies surrounding IRPC Industrial Zone to enhance relation and support their public activities, such as religious events, training, meetings, cultural ceremonies, and merit-making. IRPC gave out 211,392 cups (4,404 boxes) and 24,864 bottles of drinking water in 2017.

**IRPC Cubic Academy**

IRPC Cubic Academy developed six training courses with an emphasis on spurring business growth with sustainability. The training covers good governance, social contribution, communication, green business, promotion of good corporate image and sustainable business conduct. Participants consist of employees and external interested participants. Since its establishment in 2015, the academy has held a total of five classes for 510 participants, 425 of whom are IRPC employees and 85 external interested participants.

**1 for 9 Project**

IRPC, in cooperation with public organization Office for National Education Standards and Quality Assessment (ON–ESQA), applies its competence and equipment to institute development. This year the project focused on “Enhance the Genius by Making a Robot”, which was implemented for students of Prathom 4–6 (grades 4–6) from Beacon House Yamsaard Lad Prao School so that they may be able to make basic robots.

**Scholarships**

IRPC provides educational opportunities to youths in Rayong. In 2017, a total of 310 scholarships worth Baht 2,118,000 were given to 310 youths from primary, secondary, vocational and university levels, selected by leaders of 89 Rayong communities.
RELIGION, ART, AND CULTURE

Amazing Songkran 2017
IRPC and the Tourism Authority of Thailand (TAT) joined in the “Amazing Songkran 2017” event to promote cultural tourism and advertise cultural and traditional tourism by applying concepts on its green products to convey environmental conservation together with troupes representing environmental conservation.

Seafaring Buddhist Robe Offering
IRPC held a “Seafaring Buddhist Robe Offering” ceremony initiated by fishing communities in Moo 1, Tambon Hat Sai Ri, Amphoe Mueang, Chumphon, to conserve Thai cultural tradition. A procession of 40 fishing boats brought Buddhist robes to present to monks at Wat Phlap Phla, near IRPC’s Chumphon Oil Depot. The fund raised at the event was used for public service for these communities.

Thai Shadow Puppet Theater (Nang Yai), Wat Ban Don, Rayong
IRPC joined in the conservation of this Thai cultural tradition, which is over 200 years old. Nang Yai is a high–art performance. IRPC provided a budget to cover operating costs for two screens for the shows and encouraged youths who are interested in folk arts to learn this puppetry art, which will lead to further development and elevate it to national and international levels.

DEVELOPMENT OF THAI SOCIETY

Occupation and Employment Promotion for the Disabled
In 2017, IRPC supported a Drinking Water Project involving the disabled through The Innovation for Society Foundation for them to benefit from group participation and income–sharing. It also engaged in a project for vocational training of the disabled under the Sufficiency Economy course through the Redemptorist Foundation for PWDs to help them learn new skills.

Promotion of community enterprise
IRPC values the quality of life of residents in the communities around IRPC Industrial Zone. It executes the Promotion of Community Enterprise Project under its economic and social strategy to educate communities on management, organize training on production and management, and provide product distribution channels, as well as the development of quality products of acceptable standards which can compete with outside markets. IRPC also employs the communities’ services and engages in product procurement from the communities. In 2017, this procurement accounted for Baht 296 million. The project is in line with the government policy in promoting the community’s economy to generate more income, strengthen the community and lay a security foundation of the country.

Public Facilities
In response to the communities’ needs, IRPC implemented projects beneficial to the surrounding communities, such as projects to support thermal foggers, improvement of the landscape, a granular fertilizer plant, monasteries, exercise yards and a community occupational promotion center, installation of lights and lighting for public paths, and construction of a multi–purpose building, Civil Defense Volunteer Center, stands for the football stadium and village guardhouses.
Volunteers’ Hearts for Community Development

IRPC encourages its employees to use their potential and knowledge in the activities of the company as well as the communities for the development of the communities surrounding IRPC Industrial Zone. The activities included improvement of buildings and the community tap water system. Our volunteers also held Thai language and basic English courses for the elderly at Nongjok Convent School. The project aims to benefit communities, raise public-service awareness among employees, create cooperation networks, and cultivate CSR DNA. In 2017 a total of 1,859 employees joined the activities with 17,447 hours spent.

Communication project to foster awareness and good relation with community

• IRPC Community Network Learning Center

IRPC Community Network Learning Center was established to strengthen relations with community members through beneficial activities and vocational training. In 2017, about 11,065 people joined the activities.

• Open House

This annual event provides an annual opportunity for stakeholders to learn about IRPC’s operations and environmental management. This year IRPC held a seminar on Environmental Management of IRPC Industrial Zone and arranged trips to the nine plants under EIA measures project and the deepsea port (totaling 15 visits). The 618 visitors were students, teachers, the elderly, residents and groups of community enterprises around the zone.

School for the Elderly, Amphoe Muang Rayong

IRPC values the development of the elderly’s quality of life by setting up a school for them at Amphoe Mueang Rayong. The courses and learning activities were designed to suit them and make them happy, both physically and mentally, in these activities together. The knowledge gained will also be useful to their occupation. The school had 128 students and held 13 learning activities this year.

INVESTMENT IN SOCIAL ENTERPRISE

IRPC gives importance to and advocates for social responsibility seriously as another channel in return benefits to the society which will benefit the nation extensively.

• IRPC and PTT Group have cooperatively established Sarn Palung Social Enterprise Co.,Ltd. to select and search for social activity projects capable of sustainable business operation that, in turn, will yield higher benefits, employment opportunity or problem-solving in the community.

• IRPC Technology College (IRPCT) is the vocational institute with 99.9% of the investment by IRPC. The objective of establishment is to build the community college that produces skilled labor in the industrial sector of the country. In 2017, IRPCT has adjusted the strategic plan to agree with the policy of Thailand 4.0, Eastern Economic Corridor (EEC) including the policy of IRPCT 4.0 moving forwards to become the role model for the vocational education leader of the country.

IRPC defined an HR Excellence vision for the workforce to jointly complete the mission and achieve goals as well as supporting IRPC’s vision by continuing existing projects.

### Leadership Development:

Five leadership skills that IRPC focuses on are entrepreneurship, change management, team development, self-development, and corporate values role model. Besides, IRPC strives to craft a leadership assessment (180-degree assessment), of which the result can be analyzed and used in the development of an individual development plan (IDP).

### Performance Management:

This is a key factor of human resources administration since appropriate performance management contributes to corporate success and can motivate employees to continue delivering even better performance in the short and long terms.

The performance management process is described below.

<table>
<thead>
<tr>
<th>INPUT</th>
<th>PROCESS</th>
<th>OUTPUT</th>
<th>IMPACT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate value that is normalized thinking and performance of each employee to deliver optimal effectiveness and efficiency. Capability of the individual is the norm in the professional aspect and the position/level aspect.</td>
<td>Definition and transfer of objectives and targets are conducted deliberately, with a monitoring system to check progress and obstacles so that recovery can be made during the year.</td>
<td>IRPC defines output in a broad sense to ensure organizational development. Performance comprises three factors: outcome, knowledge and skills, and corporate values.</td>
<td>Performance. Individuals will realize the value they have toward the success of the organization, either in cash or in non-cash form (stakeholder satisfaction, work process development, and effective knowledge management).</td>
</tr>
</tbody>
</table>

IRPC always creates a work atmosphere that instills corporate values. The management and employees are engaged in value cultivation, by being a management role model and by collecting employees’ opinions. In addition, Human Resources has promoted Knowledge Management (KM) in order to forge understanding across the company, which will enable knowledge transfer among themselves.
IRPC conducted a survey of the Organization Health Index (OHI) by measuring the organization readiness in nine factors as follows:

1. DIRECTION  
2. LEADERSHIP  
3. WORK ENVIRONMENT  
4. ACCOUNTABILITY  
5. COORDINATION AND CONTROL  
6. CAPABILITIES  
7. MOTIVATION  
8. EXTERNAL ORIENTATION  
9. INNOVATION AND LEARNING

In 2017, there was the additional development on various processes as follows:

1. ACCOUNTABILITY  
The organizational structure was improved and the responsibilities in the structure were clearly shared for the IRPC to be able to compete timely for the changes in the digital era.

2. PERFORMANCE MANAGEMENT  
IRPC had developed the operational performance management systems to be the management tool in the organization as well as the new composition of the performance assessment by increasing the proportion of competency assessment to the employees at all levels in order to achieve the Company’s goal sustainably.

3. PEOPLE CAPABILITY  
There was the arrangement of the leadership development program using the tools gained from the world leading consultants such as 7 Habits, Lead Program, etc. This included the adjustment of desirable behaviors (IRPC DNA) in order to achieve the corporate culture desired by IRPC.

THE RESULTS OF CORPORATE HEALTH INDICATORS AS OF JANUARY 2018 WERE AT 86% WHICH WAS HIGHER THAN IN 2015 OF 69%
IRPC has constantly valued good corporate governance and strives to operate its business with transparency which can be inspected as well as adhering to the intention to create value for every stakeholder group, together with IRPC’s growth while elevating people’s quality of life, including society and environment.
IRPC has adhered to CG Code established by SET in 2017 and applied it as a guideline for monitoring, following up, reviewing and improving the Board’s and the management operation. The “Board That Makes a Different” strategy has been effectively and concretely implemented. Major operations in 2017 can be summarized as follows:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Realization of roles and responsibility of the Board as the organization’s leader who creates sustainable value to the business</td>
</tr>
<tr>
<td>2</td>
<td>Promotion of innovation and responsible business operation</td>
</tr>
<tr>
<td>3</td>
<td>Maintenance of financial credibility and information disclosure</td>
</tr>
<tr>
<td>4</td>
<td>Definition of goals and objectives of the business for sustainability (society and environment)</td>
</tr>
<tr>
<td>5</td>
<td>Supervision of appropriate risk management and internal control systems</td>
</tr>
<tr>
<td>6</td>
<td>Support of participation and communication with shareholders</td>
</tr>
<tr>
<td>7</td>
<td>Selection and development of senior executives and personnel management</td>
</tr>
<tr>
<td>8</td>
<td>Strengthening the efficient Board</td>
</tr>
</tbody>
</table>

- **NACC Integrity Award 2017**, presented by the Office of the National Anti-Corruption Commission for 2 consecutive years
- **The Best Corporate in Asia 2016**: Asia’s Outstanding Company on Corporate Governance Award, presented by Corporate Governance Asia
- **Golden Peacock Global Award for Excellence in Corporate Governance 2017**, presented by Institute of Directors (IOD), India for 5 consecutive years, in recognition of its outstanding corporate governance practices
- **An honorable certificate as an organization with social responsibility** that promotes an employment of disabled 2017 from the Ministry of labor
- **Result evaluation of CGR 2017 from IOD in an “excellent” level**, with the score of 96/100 scores, higher than scores in 2015 and 2016
PERFORMANCE RESULTS OF CORPORATE GOVERNANCE

1 SHAREHOLDERS’ RIGHTS

IRPC has granted every shareholder with all aspects of rights as prescribed by law and IRPC’s regulations such as right in attending the shareholders’ meeting, right to express their opinion, voting right, right to propose the meeting agenda before the actual meeting date, right to nominate or remove any directors, right to consider remuneration for directors and auditor, right to consider the sharing proportion of benefits/dividends and right to access adequate and complete information via different channels to facilitate the shareholders’ decision making.

2 EQUITABLE TREATMENT OF SHAREHOLDERS

IRPC pledges fair and equitable treatment of all shareholders together with strict compliance with corporate governance principles by providing them with sufficient information through various convenient channels and provide opportunity for minor shareholders to propose agenda to nominate directors in advance.

3 ROLES OF STAKEHOLDERS

Shareholders/investors

IRPC strictly emphasizes on information disclosure for fairness and transparency while encouraging good relationship and communication with shareholders/investors via different channels and activities.

Customers/consumers

IRPC strives to introduce high-quality products by consistently inventing new technology and innovation to develop excellent and environmental friendly as specified by international standard. IRPC also emphasizes on accurate and complete information disclosure and consistently value good relationship with its customers as well as developing IT system to enhance efficiency and speed in communication and database management.

Business partners

IRPC treats every business partners with equality and fairness which is in line with honest and transparent business competition while taking into account mutual benefits, developing and maintaining sustainable relationship, confidence and trust with its business partners. IRPC also adheres to procurement excellence policy under the Everest Project and Procurement Web Portal system which is the channel for communicating information and news regarding procurement that will ultimately facilitate business partners in terms of convenience, speed, transparency and accountability in all procedures.

Competitors

IRPC has established a control system to ensure that it will not use competitors’ trade secret for its own benefits through any dishonest means. IRPC will not tarnish competitors’ reputation without factual data and information.

Creditors

IRPC has set up a policy and practices regarding the treatment of creditors, especially guarantee conditions, capital management as well as establishing policy regarding non-compliance of contracts by strictly complying to contracts under creditors’ stipulations.

Employees

IRPC realizes the importance of equitable treatment of all employees regardless of their gender, nationality, race, religion or belief. The employees are considered as a major driving force of the organization to achieve its business success. Therefore, IRPC promotes continuous development of employee’s skill and expertise under the project called “EVEREST” to ensure that its employees are well-equipped with potential comparable to other leading companies in the same industry. IRPC has specified suitable and fair compensation and welfare to retain high quality employees in the long run.
IRPC devises a policy to disclose both financial and non-financial information in a sufficient, accountable and timely manner via different channels such as 56-1 form, annual report, IRPC website (both Thai and English), including the media. IRPC has established investor relations unit to coordinate between IRPC and shareholders, analysts and other relevant persons.

The Board is responsible for defining vision, directions and strategies as well as establishing credible accounting system, financial report and internal audit. The Board also supervises an effective internal control system and specifies good corporate governance while following up its performance result. Consequently, the Board has appointed 4 sub-committees to filter its significant operation; namely, the Internal Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee.

### Evaluation of the Board’s Performance Appraisal

In 2017, IRPC had set up an annual performance appraisal of the Board and the sub-committee in which the performance result can be summarized below:

<table>
<thead>
<tr>
<th>The Board’s performance appraisal as a whole average score</th>
<th>An individual appraisal outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>97.04%</td>
<td>An assessment of individual performance average score 97.73%</td>
</tr>
<tr>
<td></td>
<td>Other directors’ performance (cross-evaluation method) average score 98.48%</td>
</tr>
</tbody>
</table>

#### Performance Appraisal of the sub-committee

<table>
<thead>
<tr>
<th>The Audit Committee</th>
<th>The Audit Committee’s appraisal outcome as a whole</th>
<th>The Audit Committee’s individual appraisal outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>100.00%</td>
<td>97.38%</td>
<td>100.00%</td>
</tr>
<tr>
<td>98.54%</td>
<td>98.48%</td>
<td></td>
</tr>
<tr>
<td>96.44%</td>
<td>99.27%</td>
<td></td>
</tr>
</tbody>
</table>

EVALUATION OF THE BOARD’S PERFORMANCE APPRAISAL

The Nomination and Remuneration Committee

The Corporate Governance Committee

The Risk Management Committee

The Audit Committee by the Chairman

The Audit Committee’s appraisal outcome as a whole

The Audit Committee’s individual appraisal outcome
Knowledge development

IRPC has encouraged every director and executive to attend the seminar and training programs beneficial to their performance both in the business management, industry administration, roles, duties and responsibilities of directors.

Nomination of the President

The Nomination and Remuneration Committee is responsible for nominating an individual with knowledge, expertise and capability appropriate to be assigned as the President of IRPC. Such candidate will be proposed to the Board and appointed as the President while the nomination of senior executives and Deputy Managing Director will be approved by the Board. The change in organizational structure has to receive prior approval from the Board as well.

Corporate governance of IRPC, subsidiaries and associated companies

Management structure

The Board has approved IRPC’s management structure to ensure efficiency of business management led by the President.

Governance mechanism

The Board has set guidelines in monitoring and supervising the business operations of IRPC, including those of its 6 subsidiaries and 5 associated companies.

Role as shareholders of subsidiaries and associated companies

IRPC’s representatives can exercise their voting right at the shareholders’ meeting under rules and regulations specified by subsidiaries and associated companies and within the Board’s approved authority.

Management mechanism of subsidiaries and associated companies

Business management must be aligned with IRPC’s main policy and conform to market prices on a fair basis for related transactions. Reporting of any conflicts of interest must be undertaken properly, completely, transparently and auditably based on CG code.
GOOD CORPORATE CITIZENSHIP

To participate in producing a happy society as intended by the UN Global Compact (UNGC), IRPC is committed to Good Corporate Citizenship. It is responsible for supporting its total alignment with UNGC on human rights, labor, environment, and anti-corruption.

HUMAN RIGHTS

In running its businesses, IRPC is committed to the human rights principles to ensure that it honors and does not affect human rights, either directly or indirectly.

• It promotes human dignity and equal opportunities, avoiding discrimination on the grounds of race, religious belief, gender, skin color, faith, physical disability, and social status.

LABOR

IRPC respects the fundamental rights and personal liberty under the Thai labor laws and ILO treaties on the treatment of employees under labor protection laws. It treats employees by the laws on labor protection and promotes freedom of association for negotiation under labor relations laws while abiding by applicable state regulations.

ENVIRONMENT

In setting its guidelines and measures promoting environmental responsibility, IRPC is committed to safeguarding the surroundings from impacts potentially arising from its business conduct by:

• Assessing environmental impacts before investing in projects or businesses
• Applying suitable technologies in support of measures or procedures enforced to prevent environmental harm
• Promoting innovations or green technological development
• Cultivating awareness of environmental, occupational health, and safety responsibility among its employees or those in its supply chains.

ANTI-CORRUPTION

IRPC proceeds with integrity, transparency, and ethics in each step of businesses while promoting anti-corruption measures as follows:

• Observing laws and universal best practices to prevent and resist frauds, as well as bribery of all forms. Taking steps to root out corrupt practices, bribery, and coercion of all forms
• Focusing on communication and education of anti-corruption and bribery measures involving all employees and those in its supply chains
• Establishing convenient, suitable, and efficient whistleblowing channels and processes.

Complaint and Whistleblowing Channels

• Email: auditor@irpc.co.th
• Mail: Chairman, Audit Committee, IRPC Plc, 555/2 Energy Complex Building B, 6th Floor, Vibhavadi-Rangsit Rd, Chatuchak, Bangkok 10900, Thailand
• Mailbox: P.O. Box 35, Suntowers Complex, Bangkok 10900, Thailand
• Website: http://www.irpc.co.th/th/cg_contact.php
MANAGEMENT STRUCTURE

The Board of Directors has envisioned IRPC to become a leading petrochemical complex in Asia by 2020 by formulating short and long term strategic plan to assure that the Company growth will be in line with the targeted direction.

BOARD OF DIRECTORS

Board of Directors consists of 15 members. The duty is to oversee all corporate operations to ensure the compliance to policies, directions and targets what will return maximum benefit to shareholders, taking into account the interest of all stakeholders with fairness, social responsibility adherence, under the moral and code of conduct to become the good corporate citizen of the world.

SHAREHOLDERS

IRPC conducts business with integrity, taking into account the highest benefit of shareholders, considering sustainable growth and adequate continuous return. In the General Meeting of Shareholders, shareholders will appoint the Board, acknowledge annual operation result of the Company and consider meeting agenda as stipulated by law, including approval of financial state.

AUDIT COMMITTEE

is appointed by the Board and the sub-committee shall comprise of at least3 directors, having duty to audit financial statement and to give advice on internal audit procedures. The board shall have at least one member who have adequate knowledge and experience in auditing the accountability of Company’s financial statement.

NOMINATION AND REMUNERATION COMMITTEE

is appointed by the Board and the sub-committee shall comprise of at least 3 members, having duty in selection candidates for directorship, sub-committee and President, including to determine fair remuneration.

INDEPENDENT DIRECTORS

is independent from major shareholders or group(s) of major shareholders, and the Company executives. The director’s duties is to express their opinions freely under the assigned tasks as to protect benefit of all shareholders and stakeholders equally. As of end of 2017, the Independent Directors consists of 7 members. In the event where the chairman is not an independent director, the independent director may be elected to perform duty in the meeting in some occasions.

REPORT

SUB-COMMITTEE

PRESIDENT

is appointed and supervised by the Board of Directors, having duty to manage Company’s operation to ensure its compliance with objectives, policies and strategies set forth by the Board as well as report the Company’s performance result to the Board in a correct and transparent manner.

COMPANY SECRETARY

is appointed by Board of Directors

MANAGEMENT

The duty is to manage work under responsibility, policy and target assigned by the President.

MANAGEMENT COMMITTEE

The duty is to manage and ensure parallel direction of the whole operations, to consider important matters on business operation and to screen the agenda as to propose to the Board for approval.

- President
- Senior Executive Vice President
- Executive Vice President
IRPC conducts business with integrity, taking into account the highest benefit of shareholders, considering sustainable growth and adequate continuous return. In the General Meeting of Shareholders, shareholders will appoint the Board, acknowledge annual operation result of the Company and consider meeting agenda as stipulated by law, including approval of financial state.

Board of Directors consists of 15 members. The duty is to oversee all corporate operations to ensure the compliance to policies, directions and targets what will return maximum benefit to shareholders, taking into account the interest of all stakeholders with fairness, social responsibility adherence, under the moral and code of conduct to become the good corporate citizen of the world.

**Chairman**
The Board of Directors elects one member as a chairman, to support and promote the performance of the Board at highest extend of the responsibility assigned, to oversee and monitor management result of the Board and sub-committees to ensure the effectiveness as specified in corporate objectives.

**Corporate Governance Committee**
is appointed by the Board and the sub-committee shall comprise of at least 3 members, having duty to propose practice guidelines, give advice on good corporate governance to the Board, to oversee the good corporate governance operation of the Company to ensure the efficiency.

**Risk Management Committee**
is appointed by the Board and the sub-committee shall comprise of at least 3 members, having duty to formulate risk management policy, risk management plan and risk management procedures to cover the entire organization.

**President**
is appointed by Board of Directors
The duty is to manage work under responsibility, policy and target assigned by the President.

**Management**
The duty is to manage and ensure parallel direction of the whole operations, to consider important matters on business operation and to screen the agenda as to propose to the Board for approval.
- President
- Senior Executive Vice President
- Executive Vice President

**Management Committee**
The duty is to manage and ensure parallel direction of the whole operations, to consider important matters on business operation and to screen the agenda as to propose to the Board for approval.
- President
- Senior Executive Vice President
- Executive Vice President

**Company Secretary**
is appointed by Board of Directors
The duty is to perform secretarial tasks pursuant to the Securities and Stock Exchange Act B.E. 2535 and as stipulated by the Capital Market Supervisory Board as well as performing duties assigned by the Board.
BOARD OF DIRECTORS

As of December 31, 2017, the Board consisted of 15 directors (14 non-management directors, or 93.34%, and one management director, namely the President), seven of whom are independent directors (46.67%, with two female directors)

<table>
<thead>
<tr>
<th>No.</th>
<th>Name position</th>
<th>Appointed Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Mr. Tewin Vongvanich, Chairman</td>
<td>October 20, 2015</td>
</tr>
<tr>
<td>2</td>
<td>Mr. Wootisarn Tanchai, Independent Director, Chairman of the Nomination and Remuneration Committee</td>
<td>June 19, 2015</td>
</tr>
<tr>
<td>3</td>
<td>Mr. Nuttachat Charuchinda, Director, Chairman of the Risk Management Committee</td>
<td>April 29, 2016</td>
</tr>
<tr>
<td>4</td>
<td>Mr. Chansin Treenuchagron, Director, Member of the Risk Management Committee</td>
<td>October 20, 2015</td>
</tr>
<tr>
<td>5</td>
<td>Mr. Chavalit Punthong, Director, Member of the Nomination and Remuneration Committee</td>
<td>November 17, 2015</td>
</tr>
<tr>
<td>6</td>
<td>Mr. Somnuk Bomrungsalee, Independent Director, Chairman of the Audit Committee</td>
<td>April 9, 2014</td>
</tr>
<tr>
<td>7</td>
<td>Mr. Anusorn Sangnimnuan, Independent Director, Chairman of the Corporate Governance Committee</td>
<td>August 27, 2016</td>
</tr>
<tr>
<td>8</td>
<td>Gen. Sasin Thongpakdee, Independent Director, Member of the Corporate Governance Committee</td>
<td>September 1, 2014</td>
</tr>
<tr>
<td>9</td>
<td>Gen. Theppong Tippayachan, Independent Director, Member of the Corporate Governance Committee</td>
<td>September 1, 2016</td>
</tr>
<tr>
<td>10</td>
<td>Mr. Ektni Niththanprapas, Director, Member of the Risk Management Committee</td>
<td>November 17, 2015</td>
</tr>
<tr>
<td>11</td>
<td>Mr. Jessada Promjart, Independent Director, Member of the Audit Committee</td>
<td>March 16, 2016</td>
</tr>
<tr>
<td>12</td>
<td>Ms. Ruenvadee Suwanmongkol, Independent Director, Member of the Audit Committee</td>
<td>April 1, 2016</td>
</tr>
<tr>
<td>13</td>
<td>Ms. Nantika Thangsuphanich, Director/Member of Nomination and Remuneration Committee</td>
<td>December 2, 2017</td>
</tr>
<tr>
<td>14</td>
<td>Mr. Kris Imsang, Director/Member of Corporate Governance Committee</td>
<td>December 2, 2017</td>
</tr>
<tr>
<td>15</td>
<td>Mr. Sukrit Surabotsopon, Director (Management Director), Member of the Risk Management Committee, President, Secretary to the Board of Directors</td>
<td>October 1, 2013</td>
</tr>
</tbody>
</table>


SUB-COMMITTEES

1. **AUDIT COMMITTEE**
   The Audit Committee consists of at least three independent directors with qualifications under the Capital Market Supervisory Board’s notification. It audits IRPC’s operation and must have at least one director who possesses sufficient knowledge and experience to review the reliability of financial statements.

2. **NOMINATION AND REMUNERATION COMMITTEE**
   The Nomination and Remuneration Committee consists of at least three directors, at least one of whom must be an independent director, responsible for nominating new directors of the Board/sub-committees, and the President, as well as determining fair and sensible compensation for the directors and the President.

3. **CORPORATE GOVERNANCE COMMITTEE**
   The Corporate Governance Committee consists of at least three directors, at least one of whom must be an independent director, responsible for recommending implementation guidelines and advice on corporate governance to the Board, as well as monitoring IRPC’s operation.

4. **RISK MANAGEMENT COMMITTEE**
   The Risk Management Committee consists of at least three directors who are experts in the petroleum or the petrochemical business, responsible for refining the risk management policy, risk management plans, and risk management procedures for the entire company.
THE PRESIDENT

The Board assigns the President to manage IRPC’s overall business under IRPC’s objectives and policies. Regulations on IRPC’s business operations are issued for all employees to acknowledge and adhere to.

EXECUTIVES

As a rule, receiving the formulated policies and goals from the President, executives implement them. They are responsible for the management of IRPC’s operations to achieve goals, objectives and strategies, both short and long term, within the scope of management under the organization structure. They perform their duties to support IRPC’s sustainable growth, in compliance with corporate governance principles, and in a socially responsible manner.

MANAGEMENT COMMITTEE

To ensure systematic management, efficiency, and smooth coordination of IRPC’s operation, the company appointed a Management Committee, consisting of the President, Senior Executive Vice President and Executive Vice President of every business unit. It is responsible for decision-making on matter significant to IRPC’s strategies, investment, and resource allocation.

COMPANY SECRETARY

The Board appointed Ms. Monwipa Choopiban, Executive Vice President, Office of Corporate Affairs, as Company Secretary to perform duties in compliance with the Securities and Exchange Act, B.E. 2535 (1992), and a notification of the Capital Market Supervisory Board. The Corporate Secretary and Compliance Division was also established to define IRPC’s compliance framework and ensure compliance with IRPC’s regulation.
As of December 31, 2017, IRPC Management consisted of 16 members as follows:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name position</th>
</tr>
</thead>
</table>
| 1   | Mr. Sukrit Surabotsopon  
President |
| 2   | Mr. Pongpraphan Titathavewatana  
Senior Executive Vice President, Petrochemical & Refinery  
Business Unit, Acting Executive Vice President, Refinery Operation |
| 3   | Mr. Somkiet Lertritpuwadol  
Senior Executive Vice President, Corporate Commercial and  
Marketing, Acting Executive Vice President, Corporate Marketing |
| 4   | Ms. Rachadaporn Rajchataewindra  
Senior Executive Vice President, Corporate Accounting & Finance |
| 5   | Mr. Thammasak Panyowat Kok  
Executive Vice President, Office of Corporate Internal Audit |
| 6   | Mr. Pravet Assavadakorn  
Executive Vice President, Office of Corporate Research and  
Development |
| 7   | Ms. Monwipa Choopiban  
Executive Vice President, Office of Corporate Affairs and  
Company Secretary |
| 8   | Ms. Awrapin Ketratanakul  
Executive Vice President, Office of Sustainability Management |
| 9   | Mr. Sirimet Leepagorn  
Executive Vice President, Strategic Transformation and Result  
Delivery Office |
| 10  | Mr. Kraisit Anukool Saitaiwong  
Executive Vice President, Corporate Human Resources |
| 11  | Ms. Wanida Utaisomnapa  
Executive Vice President, Corporate Business Planning |
| 12  | Mr. Chalor Panutrakul  
Executive Vice President, Corporate Business Development |
| 13  | Mr. Veerawat Siroradithlert  
Executive Vice President, Engineering and Maintenance |
| 14  | Mr. Woravuth Sivapetranart  
Executive Vice President, Technology and Operational Excellence |
| 15  | Mr. Vichit Nittayanonte  
Executive Vice President, Petrochemical Operation |
| 16  | Mr. Phothiwat Paopongchuang  
Executive Vice President, assigned to the President |

**DIRECTOR’S AND MANAGEMENT’S COMPENSATION**

**DIRECTOR’S COMPENSATION**

The 2017 AGM approved the compensation of the Board and sub-committees at the same rate of those of 2016 as detailed below:

<table>
<thead>
<tr>
<th>No.</th>
<th>Name position</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Board</td>
</tr>
</tbody>
</table>
|   | Chairman 60,000  
45,000  
60,000  
60,000 |
|   | Director 45,000  
45,000  
60,000  
60,000 |
| 2   | Four sub-committees and other sub-committees |
|   | Chairman 60,000  
45,000  
60,000  
60,000 |
|   | Director 45,000  
45,000  
60,000  
60,000 |

**MANAGEMENT’S COMPENSATION**

IRPC annually measures the performance of the management at every level under the Performance Management System (PMS). The President’s compensation is designed under clear, transparent, fair, and sensible principles. The Nomination and Remuneration Committee considers the compensation and proposes it to be the Board for approval.

<table>
<thead>
<tr>
<th>Compensation</th>
<th>2016 (17 persons)</th>
<th>2017 (16 persons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary</td>
<td>76.57</td>
<td>77.30</td>
</tr>
<tr>
<td>Bonus</td>
<td>28.87</td>
<td>32.08</td>
</tr>
<tr>
<td>Other remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provident Fund</td>
<td>6.95</td>
<td>6.87</td>
</tr>
<tr>
<td>Total</td>
<td>112.39</td>
<td>116.25</td>
</tr>
</tbody>
</table>

Performance results of IRPC 2017
Net profit increase of 17%

IRPC is strongly committed to a steady growth comparable to international leading organizations with Return on Invested Capital (ROIC) at 14 percent by 2010 by defining direction and strategy under the strategic plan “GDP” consisting of

G: POWER OF GROWTH
IRPC’s approach for extending its investment scope for relentless growth is to focus on raising the productivity of green petrochemicals, market expansion to ASEAN, cooperation with business partners for incremental interests, and development of high-value products with innovation excellence.

D: POWER OF DIGITAL
IRPC’s approach for digitalization and application of advanced technology is meant to streamline operation, upgrade operating processes, enhance plant efficiency, and digitize the entire customer services-known as the IRPC 4.0 Project.

P: POWER OF PEOPLE
IRPC’s approach for human resource management entails a suitable corporate structure for flexible administration, cultivation of a corporate culture to grow employees’ capability, selection of proper personnel, inspire people to work, and develop leadership to galvanize these into a new corporate culture in line with IRPC’s growth.