

## Message from the Chairman, Corporate Governance Committee

Dear Shareholders,

In supervising IRPC Plc's business, the Corporate Governance Committee applied SEC's modified Corporate Governance Code (CG Code), seen as suitable for the corporation's business context, for maximum efficiency. Quarterly monitoring is done to review and intensify corporate governance practices at IRPC; this committee reports the outcomes to the Board of Directors. A five-year CG roadmap compatible with IRPC's vision and strategies is in place. Major policies and operating plans for this year were laid out in advance, equipped with Board concurrence. The committee also prudently reviewed risks concerning its CG image and reputation before identifying accommodating measures. Finally, IRPC has allocated suitable resources and supports essential activities, valuing innovations and technology promoting socio-environmental responsibility. Below are the highlights of CG performance this year.

Upgrading of directors' roles and responsibilities: The Board received a briefing on "CG Code 2017", designed for new listed companies, and applicable laws on Board responsibility, aimed to stress their awareness and understanding of their proper roles and responsibilities. Director training was staged on directors' and the management's duties under a new law on market misconduct, civil penalty, and class action. Also, directors were encouraged to individually attend IOD's training courses. Orientation was provided for incoming directors, who received adequate information for their job performance. And finally, the Board endorsed this committee's charter as well as that of the Nomination and Remuneration Committee, both revisions with wider scopes of mission.

Policy and activities promoting good governance and sustainable growth: The Board defined a global corporate citizen policy under UNGC's guidelines together with a human rights policy on business conduct. In March, IRPC won its second CAC certification renewal; another IRPC Group company earned its inaugural CAC membership this year. Concerning compliance, IRPC completed its Corporate Compliance Framework and began staging its workshop for the first group of executives and staff whose jobs closely involved assorted regulations, including financial units and oil market units. Finally, this committee updated its CG manual in line with CG Code 2017 and emerging Board-defined policies.

Stakeholder stewardship: IRPC thoroughly preserves shareholders' lawful rights while treating shareholders equitably by disclosing its information clearly, transparently, and regularly through its communication channels and SET's venues. Through the year, its executives provided information to the public and investors in general through the mass media and analyst meetings. As for other stakeholders, IRPC ensured that they duly benefit, fostered good relations with them, and established networks of participation with a commitment to good governance and responsibility to communities, society, and the environment. In addition, IRPC promotes employees' CG awareness and volunteering spirit for public service, with directors and executives providing role models.

The Corporate Governance Committee is determined to foster strong work ethics among IRPC's executives and employees under everyone's cooperative spirit, which would automatically give IRPC an image of trustworthiness and acceptability from all stakeholders. For then it could achieve business goals in parallel with the balanced stewardship of communities and society-including the goal of being a good global corporate citizen.



**Mr. Anusorn Sangnimnuan**

Chairman, Corporate Governance Committee

## Corporate Governance Report

The Board of IRPC Public Company (Limited) 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 the Company's growth while elevating people's quality of life, including that of society and environment. In 2017, IRPC was awarded an Honorable Mention Award of transparent organization category 2017 from the Office of the National Anti-Corruption Commission (NACC) for 2 consecutive years and was rated at an "excellent level" with the score of 96/100 in an evaluation of survey project for CGR in 2017, presented by Thai Institute of Directors (IOD), which was considered higher than the scores of 2015 and 2016 with 92 and 94 scores respectively. Apart from corporate governance awards, IRPC also emphasizes on sustainable performance results, anti-corruption, social and environmental responsibility as prescribed by national and international standards. Details can be seen in the award and success section on page 14-17.



In 2017, the Board of Directors employed good corporate governance of SET 2017 (CG Code) as performance guidelines in parallel with 5 sections of CG Code and reported directly to shareholders on an annual basis. Consequently, this CG report 2017 has explained performance results based on new CG Code and 5 sections of CG guidelines.

### Corporate Governance based on CG Code 2017 of SET

The Board of Directors realize that the significance of an ability to adapt amidst different changes in the business world and petrochemical industry by adhering to business ethics and social responsibility that ultimately enable long-term



competitiveness of IRPC. The Board has adapted CG Code 2017 prescribed by SET as guidelines for monitoring, following up, revising and improving the operation of the Board and the management in which “Board That Makes a Different” strategy was efficiently and concretely put in place. Major operations in 2017 can be summarized below:

- **Recognition of roles and responsibility of the Board as the leader of an organization that creates sustainable business value**

The Board organized meetings as planned in 2017 for the total of 12 meetings. Directors attended the meetings at the average of 96 percent throughout the year and performed their duty with full responsibility and capability. Directors studied information relating to meeting agendas proposed by the management in advance. During meeting sessions, directors expressed their opinions independently and also took part in consulting, analyzing, exchanging ideas as well as inquiring the management with different perspectives of knowledge and experience until no further questions are left to be asked and sufficient information derived before voting. Besides, the Board fostered a good relation with the management and expressed their leadership by providing recommendations and support

the management in solving operation problems of IRPC such as problems relating to the community's complaint in which the directors visited the problem area in Rayong province to participate in the community activities, to acknowledge the true condition of the problem while expressing their sincerity and intention to help solve such problem and also encouraged the community's involvement. The Board strongly realizes the significance of the issues in question, whether money is involved or not, including other issues affecting IRPC's reputation and image, the stakeholders' trust and confidence and factors having an impact on corporate governance and environment. In considering meeting agendas and specifying important policies, the Board must ensure that they can appropriately respond to the objective of value creation of IRPC and the business operation must conform to the strategic plan established by the Board. If any changes do occur, explicable reasons and necessities for an overall success of the entire organization.

- **Promotion of innovation and responsible business operation**

In specifying important business policies and the approval of investment plans, IRPC strives to utilize its assets for highest efficiency as well as investments in



Board of Directors visited "Model Plant" a part of EVEREST Project's success, which was the improvement of planning tools and process for higher efficiency.

the new asset which create added value to its business and maintain quality of the environment; for example, the investment on product transformation for use as raw materials of petrochemical purpose that yields higher ROI such as UHV project and PPE/PPC project, the investment on research and development of catalyst to extend the product's life cycle and minimize costs. In addition, the Everest project was established with the purpose to increase production and maintenance efficiency, production planning, procurement of raw materials and equipment as well as personnel development that ultimately create higher revenues and benefits as intended while continued projects have been set up to maintain such strength.

The Board values innovation while elevating the importance of research and development center and allocating appropriate budgets to this center at the amount comparable to other leading industries. IRPC also aspires for an invention of high-quality products which help reduce environmental impact to the lowest level as well as minimizing the consumption of natural resources both in terms of materials and energy employed in the manufacturing process.

- **Maintenance of financial credibility and information disclosure**

As for fund raising activities for investments in various projects, the Board will consider factors as prescribed by law and will maintain its financial credibility, financial proportion as referred from standard practice accepted by leading companies and credit rating institutions in an international arena. IRPC has meticulously specified its filtering procedures such as marketing risk, world's economy, financial market, exchange rate, interest rate etc.

- **Specification of goals and objectives of the business for sustainability (society and environment)**

The Board cooperatively prepares an annual STS to identify long-term business path of the organization and to build a strong foundation to respond to changing situations whether they will be risks or business opportunities that might come in different types. Apart from the financial perspective, IRPC also emphasizes on three other dimensions promoting sustainable growth and development; namely, stakeholders' perspective, internal process perspective and learning

& growth perspective.

IRPC realizes the importance of the quality of life of employees, community and overall society, both inside its facilities and surrounding areas of its business operation. IRPC also specifies a high level of safety, sanitation and environmental standard as required by law. IRPC has also established OEMS to achieve its desired objective as an entrepreneur with excellence on operation, ethics, social and environmental responsibility and good corporate citizen. IRPC has consistently participated in various activities aiming at sustainable development in line with SDGs17 and developed IRPC to be acceptable and become one member of DJSI in emerging markets group of oil and gas industry for 4 consecutive years. IRPC also participated in UNGC and was a founding member of GCNT that constantly strives to create a quality society based on 4 dimensions of an agreement with UNGC, especially in the area of ethical business operation, solid anti-corruption policies and guidelines while simultaneously participating in an expansion of anti-corruption network with the society. In 2017, IRPC had implemented human rights policy and promoted such campaign alongside the environment in the project concerning responsible plastic consumption with its shareholders during shareholders' business visit 2017 in Na Klue community, Pattaya in "Doen Kin Tin Na Klue" etc.

- **Supervision of appropriate risk management and internal control systems**

The preparation of strategic plan shall be scrutinized relevant to brainstorming procedures and risk evaluation, including sufficiency of internal control, risk management plan and Business Continuity Management (BCM) plans to ensure that IRPC has been efficiently prepared for different circumstances. Afterwards, the President and senior executives (not the same person as the Chairman) shall accept clear strategy, objectives and indicators of which the results can be concretely evaluated. Objectives, indicators and evaluation criteria of senior executives' performance shall also be specified for effective synchronization to support an overall operation to achieve its mission and to fairly evaluate performance and remuneration.

The budgeting system and information technology





for business operation such as purchasing system, accounting, finance and budget, fast CCMS system with real-time inspection of every step can be employed in monitoring, following up and reviewing performance results for the highest benefits of every related business partners in the supply chain. In addition, performance results will be reported to the sub-committee and the Board at the appropriate deadline which suits the type of operation to be responsive to a specific situation in case any revision or improvement is necessary. Furthermore, the specification of policies, monitoring of the Company's subsidiaries, including other businesses IRPC has invested shall be in compliance with guidelines defined by the Board and must be approved by the director of any authorized individual identified by the Board and also indicated in CG Code. The Board shall specify report on performance progress on a regular basis and at appropriate time to revise operation plan in due time.

- **Support of participation and communication with shareholders**

IRPC strongly adheres to SET's regulations. Information disclosure in terms of performance results, progress or any events of the Company will be proceeded with great care and caution. Information disclosure must be performed via SET Portal in a suitable timing for shareholders. Meeting with analysts, institutional investors, media and other relevant individuals must be appropriately executed. In addition, IRPC has regularly participated in various activities

with SET in order to foster growth and confidence of the capital market and economic system of the country.

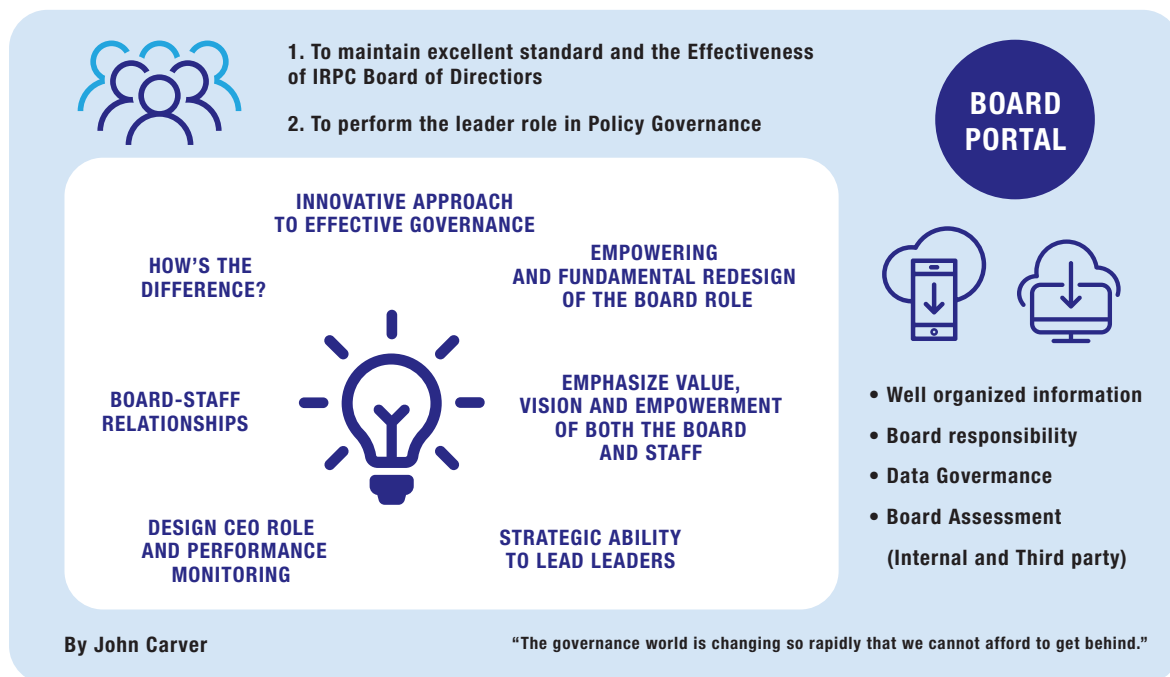
- **Selection and development of senior executives and personnel management**

IRPC realizes the importance of human resource management; therefore, the Company has established a systematic administration policy which is fair, equitable and comparable to other leading international industries. IRPC also stresses on developing efficiency, fostering corporate culture by instilling what is called "IRPC DNA" to build employees to become a major driving force of IRPC in the long run. IRPC also set up the talent management and succession plan as well as develop its personnel with PTT to broaden the executives' vision.

- **Strengthening the effective Board**

The Nomination and Remuneration Committee is responsible for nominating directors as obliged by its charter to appoint directors with appropriate qualification, knowledge and experience (Board Matrix) which, in turn, will facilitate performance integration more efficiently and effectively, achieve defined objectives, respect human rights and no discrimination owing to differences. Throughout 2017, the Board's performance evidently illustrates their responsibility and dedication by regularly attending the Board's meetings (information of the Board's meetings). During meeting, the Board can freely express their opinions while striving to foster good relationship with the management. The Board possesses different perspectives of knowledge, experience and

## BOARD THAT MAKES A DIFFERENCE



qualification while retaining necessary business elements of large companies. Every sub-committee shall perform self-evaluation annually for future improvement. In 2017, IRPC organized a training program and seminar for the Board under the topic of "Duties of directors and executives" within new legal principle regarding market misconduct, civil penalty, class action, presented by IOD's speaker and held on September 19, 2017 before the Board's meeting took place. In addition, there were 3 directors attending "Board's Role in Strategic Leadership", hosted by IOD.

The Board received adequate information for the meeting and other necessary information through "IRPC Board Portal Website"

The President possesses solid knowledge, expertise and experiences accepted in the petroleum and petrochemical industry, coupled with a broad vision and strong leadership skill, well qualified to move the organization towards its growth and development. The President is also the Chairman of Thailand's Petroleum Refining Industry.

The Board agreed to revise the company's charter for two sub-committees; namely, the Nomination and Remuneration Committee and the Corporate Governance

Committee to encompass broader missions, to enhance effectiveness of directors' operation to be in line with the business type as well as be compatible with SET's guidelines and international standard.

The Company Secretary is appointed by the Board. He/she shall possess knowledge, expertise, experience and qualifications that can support necessary information to the Board in an efficient and satisfactory manner. (Details shown in "Management Team" page 46).

### Activities and good corporate governance operations of IRPC in 2017

The Board has consistently monitored the Company to perform its business in conformity to good corporate governance which can be summarized as follows:

#### 1 Shareholders' rights

The Company realizes that shareholders are the owner of IRPC; therefore, the Company has granted them with all aspects of rights as prescribed by law and IRPC's regulations; for example, 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.

#### **AGM with shareholders**

IRPC has specified an annual AGM with shareholders within 4 months from the end of the accounting year of the Company and in case when any emergency arises that it requires the resolution or when such urgent matters may affect interests of shareholders or related to conditions or regulations prescribed laws that require the shareholders' approval. The Company will arrange for extraordinary shareholders' meeting on a case by case basis. In 2017, the AGM date was April 4, 2017.

#### **Before the Meeting**

The right in attending the 2017 AGM and the right in receiving dividend must be in compliance with the Securities and Exchange Act B.E.2535. IRPC will communicate and publicize details of the 2017 meeting via IRPC newsletter, issue no.23/2017, Thai version with translation. Such newsletter will be delivered to every shareholder, coupled with the meeting invitation as well as encouraging shareholders and institutional investors to attend the AGM to exercise their rights and to be informed of the Company's performance directly from the Board of Directors.

February 14, 2017

- The Board's resolution on the record date is March 1, 2017 and the 2017 AGM will be held on April 4, 2017.

- The Company will inform the Board via information dissemination system of SET as well as the Company's website.

February 24, 2017

- The closing date of registration book to compile lists of shareholders who are entitled to attend the meeting and receive dividend.

March 1, 2017

- Date specified the right to attend the 2017 AGM and right to receive dividend (record date)

March 3, 2017

- Submit the complete version of meeting invitation, including meeting-related documents, both Thai and English on [www.irpc.co.th](http://www.irpc.co.th) 30 days prior to the meeting

March 13, 2017

- Mail the meeting invitation to shareholders (via registered mail), performed by TSD 21 days prior to the meeting

March 20-22, 2017

- Publicize details of the 2017 AGM via daily newspaper, both Thai and English (stock newspaper and the Bangkok Post) for 3 consecutive days prior to the meeting

April 4, 2017

- The 2017 AGM will be held at 9.30 hours at Bangkok Convention Center, 22nd floor, Centara Grand Hotel and Bangkok Convention Center, Central World, 999/99 Rama I Road, Pathumwan district, Bangkok 10300

- IRPC gives the right to every shareholder with a combined 4 percent or more, higher than 5 percent prescribed by law, to propose agenda items for the 2017 AGM and nominate directors in advance during September 20, 2016 and January 31, 2017. Nonetheless, no additional agenda items nor nomination of directors was proposed in the 2017 AGM in advance.

- As for the quality of the meeting invitation, IRPC had clearly specified 7 agenda items for the 2017 AGM (there were no agenda items for adoption of the minutes of the previous meeting since IRPC had sent them to the shareholders on April 20, 2016 – May 31, 2016 for their review, objection or amendment. No shareholders had objected to the meeting minutes; therefore, they were automatically adopted). For each agenda item, reasons and opinions of the Board were stated as explained below:

- Acknowledgement of the 2016 performance and approval of IRPC's 2016 financial statements had been audited and certified with no further conditions by an authorized external auditor (page 2)
- Approval of dividend payment for the 2016 performance. IRPC disclosed its dividend payment policy and successfully maintained



suitable financial liquidity in line with its business operation, with categories and sources of retained earnings from which the dividends to be paid, proposed dividend rate, dividend payment date complete with clear rationale and data for consideration. Details have been clearly highlighted on pages 2-3 of the 2017 AGM meeting invitation.

- Appointment of directors to replace those who completed their terms. IRPC provided directors with complete information encompassing name-last name, age, education background, work experience and previous positions of each director to be appointed so that the shareholders would have sufficient information for their consideration. Details are further explained on pages 16-27 of the 2017 AGM meeting invitation.
- Specification of directors' compensation for 2017. IRPC proposed a policy for directors' compensation; namely, retention fees, meeting fees and bonuses. Besides, no other compensations or benefits had been given to directors. Details are explained on pages 7-8 of the 2017 AGM meeting invitation.
- Appointment of the external auditor for 2017. IRPC stated details and information of an external auditor such as the auditor's name,

company, experience and expertise, including other issues regarding his/her independence, audit fees and non-audit fees together with other services provided. Details were given in full and clearly on pages 8-9 of the 2017 AGM meeting invitation.

#### Meeting day

- IRPC's 2017 AGM was held on April 4, 2017 at 09.30 hours at the Bangkok Convention Center, 22nd floor, Centara Grand Hotel and Bangkok Convention Center, Central World, no.999/99 Rama I Road, Pathumwan district, Bangkok 10330, under the "Green Meeting" concept to keep up with the standard certified by Thailand Business Council for Sustainable Development (TBCSD) and Thailand Environment Institute (TEI) for 5 consecutive years.
- The meeting was held at a convenient meeting venue for public transport (BTS and buses) with spacious parking lots and efficient security system, including officers who will attend to help with any inquiries and registration. Sufficient registration points were also arranged, with registration process starting 2 hours prior to the meeting of which the shareholders were informed in the meeting invitation. The barcode system was leveraged during registration and vote-counting procedures for higher efficiency, accuracy and speed. In addition, IRPC facilitated



proxy-giving by making free duty stamps available for legal completeness of all documents. IRPC also organized an exhibition near AGM meeting rooms which consists of the following:

- Exhibitions regarding work plans and significant operations of IRPC such as:
  - The progress and performance outcome of the Everest Project
  - IRPC's role as a good corporate citizenship in operating its business in compliance with SDGs 17
  - An establishment of Global Compact Network Thailand in cooperation with 15 leading organizations in Thailand
- IRPC Innovation Product Bazaar was introduced to provide a channel for manufacturers, one of IRPC's customers, to meet directly with customers and to offer them with special price products such as luggage made of green ABS with natural rubber or plastic boxes using natural colors from fruits and vegetables for maximum safety etc.
- Booths to introduce foundations and social organizations which are IRPC's alliances (for example, Pediatric Cardiac Surgery Foundation and Her Royal Highness the Princess Mother's Prostheses Foundation) and to encourage IRPC's shareholders to donate and present their kindness to other disabled or underprivileged persons in order to improve their quality of life.
- IRPC realizes the importance of AGM; thus, the meeting began as scheduled with the Chairman of the Board served as the Chairman of the meeting. In attendance were the sub-committee chairs, directors and the President, together with senior executives and the Company Secretary. (complete details of the meeting were record in the AGM minutes and disclosed on IRPC's website). A total of 15 directors or 100 percent of the Board attended the meeting.
- IRPC requested an independent legal advisor from Weerawong Chinnawat and Partners Company Limited (Ms.Phiangphanor Boonklum and company) to ensure that the AGM was legitimate and provide legal information as needed. The external auditor attending the AGM 2017 was Mr.Wichien Kingmontree, CPA no.3977, Pricewaterhouse



Coopers ABS (PWC). IRPC also arranged for verifiers to verify the votes and serve as a neutral party in vote tallying, namely Miss Pranisa Suksomboon and Miss Woraporn Porapaskham, volunteer from the shareholders in attendance.

- Before starting the meeting agenda, the Chairman clearly informed the meeting about voting method and vote tallying. IRPC issued only one class of shares in which one share equals one vote.

- On the agenda of directors' appointment, IRPC allowed the shareholders to vote for directors individually with an individual name on the ballot. Directors with vested interests would leave the meeting on the agenda items in question. For this meeting, five directors with vested interests; namely, Mr. Somnuk Bomrungsalee, Mr. Ekniti Nitithanprapas, Mr. Anusorn Sangnimnuan, Mr. Jessada Promchart and Mr. Woothisan Tanchai left the meeting room until deliberation and voting were completed.

- During the meeting, the Chairman allowed the shareholders to exercise equal rights in asking questions or giving comments at the AGM while allocating sufficient time and asking related directors to provide them relevant data until no further questions were asked. IRPC arranged for ballot casting and ensured that all ballots were collected and inspected the voting results and recording of votes from the ballots. To achieve higher efficiency and speed, the barcode system was employed

to record and calculate voting results. Meeting resolutions were announced clearly for each and every agenda item, together with the numbers of yes, no or abstained votes which would be displayed on the projector for clarification.

- The Chairman strictly conducted the meeting based on the sequence given in the meeting invitation. No other agenda items were added apart from the topics listed in the meeting invitation.

#### **After the meeting**

- IRPC disclosed the resolutions of the 2017 AGM for each agenda item both in Thai and English via IRPC's website and SET Portal on the meeting date (April 4, 2017) after the meeting was completed.

- As for the quality of meeting minutes, IRPC recorded complete meeting minutes which include contents of the meeting, lists of directors and senior executives attended the meeting, questions of shareholders as well as clarifications of directors and executives on each question, meeting resolution and voting results for each agenda item, complete with details of yes, no and abstained votes on each voting agenda item.

- IRPC made available the minutes of 2017 AGM on SET's and IRPC's website on April 18, 2017 (14 days after the meeting). IRPC newsletter, special issue, volume 23/2017 was published and mailed to every shareholder on April 24, 2017 and also notifying them to forward any amendment or disagreement points to the Company Secretary by May 31, 2017. At the end of such period, if no shareholder objected the meeting minutes; therefore, such meetings were considered final.

## **2 Equitable treatment of shareholders**

IRPC pledges equitable treatment of all shareholders together with strict compliance with corporate governance principles. The 2017 business operation can be summarized below:

- IRPC issued only one class of shares
- IRPC provided the opportunity for one or more shareholders with a combined 4 percent or more of the eligible voting shares to propose agenda items and nominate directors in advance from September

20, 2016 to January 31, 2017. IRPC also publicized clear criteria and procedures on its website and notified shareholders via SET's news channel.

- IRPC disseminated meeting documents on its website both in Thai and English 30 days prior to the meeting date and mailed these documents to all shareholders 21 days in advance (March 13, 2017).

- In case any shareholders could not attend the meeting, IRPC would facilitate by sending proxy forms (Form A and Form B) together with the meeting invitation to such shareholders. The form would state the documents, evidence, advice and proxy procedures to accommodate the shareholders in their preparation and their proxy in attending the meeting. Shareholders could assign the proxy to attend the meeting and vote on their behalf under one share per vote by filling the proxy form as explained in detail and without complicated criteria in the proxy procedure. In addition, the shareholders could download the proxy forms, form A, form B and form C from IRPC's website. Nonetheless, IRPC submitted the names of the independent directors who had no vested interests in the meeting as proxies for shareholders, namely (1) Mr. Songpope Polachan and (2) Mr. Pramual Chanpong

- IRPC established a policy of no trading of securities 45 days ahead of the disclosure of financial statements and 2 days after such disclosure. IRPC would ensure that directors and executives would strictly comply to SEC's criteria.

- IRPC set up a written policy and guidelines to keep and prevent the use of inside information and notified all employees to strictly conform to. Directors and executives were legally responsible for reporting portfolios and regularly submitting a report to directors for acknowledgement. In 2017, IRPC's directors and executives were not reproached or warned by SET on selling shares by employing inside information.

- IRPC prepared a report of security holding by directors and executives and also specified that directors and executives must accurately and completely comply with SET's and SEC's rules and regulations. IRPC submitted this report to the Board for acknowledgement on a monthly basis. IRPC has never received such warning from the regulatory body.

- In 2017, the Board together held no more than 25 percent of IRPC's issued and paid-up shares, with a total shareholding of 0.04185 percent (as of December 31, 2017)

- According to SET's criteria, such transactions were not normal business and procured with comparison with other companies. The Audit Committee must screen them before submitting them to the Board for transparency and fairness to all relevant parties. The Board approved related transactions by taking into consideration the best interests of IRPC and transparently reported/ disclosed such transactions as prescribed by SET's regulations in an annual financial report. (Details shown in "Connected Transaction" page 139)

- When directors change or assume new positions, the latest information must be submitted to SEC for acknowledgement.

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

- IRPC stipulated that all executives and employees, including those of its subsidiaries must report every transaction of possible conflicts of interest with IRPC via on-line system for 3 consecutive years, apart from the report made by directors and executives as specified by SEC. This report is to raise awareness of transparent, fraud-free operation which must be submitted to the Corporate Governance Committee.

### 3 Roles of stakeholders

IRPC values the rights of all stakeholders by clearly specifying policies and treatment guidelines for each stakeholder group in its corporate governance handbook and considered them as part of IRPC's strategic plan and operation. IRPC has determined KPI to facilitate clear evaluation and performance assessment. Every stakeholder will be fairly and equally protected whether they will be employees, executives of IRPC and its subsidiaries, including external stakeholders.

#### Treatment of stakeholders will be described below:

##### Shareholders/ investors

IRPC is committed to perform its business operation which results in good performance, steady growth, competitiveness by taking into account major risks on current and future business to increase long-term value for shareholders. Consequently, IRPC is responsible for disclosing information by adhering to transparency and fairness while forging good relationship and focusing on communication with shareholders/ investors via numerous channels and activities such as:

- Arrange shareholders' visit of IRPC's business operation in Rayong province on November 16, 2017. On this occasion, IRPC together with the shareholders, organized an activity to instill knowledge to children in Rayong province by giving the signboard to encourage







*Analyst Plant visit to RDCC Plant.*

the use of plastic with responsibility and social conservation to schools attending the project, consisting of students from 15 schools (5 districts) located near IRPC's facilities; namely, Wat Tapong Nok School, Wat Yaida School, Wat Chang Chin Sirirat Bumrung School, Baan Nern Sao Tong School, Wat Baan Don School, Baan Nong Jok School, Wat Koh Kloi School, Wat Pluak Kade School, Wat Baan Laeng Community School, Ta Krao Thong School, Wat Natakwan School, Baan Chawuek School, Baan Kao Wang Marn School, Wat Nam Korn School and Satit Municipal Rayong School.

- Communication via printed media, radio, television, on-line activities with stakeholders and other public relations channels such as quarterly newsletters to keep shareholders informed of IRPC's operations and major activities.

- Arrange regular meetings with investors and analysts in Thailand and abroad (more details will be described in information disclosure and transparency section).

- Information disclosure to the public via news conferences and various media channels throughout the year.

- IRPC prepared an integrated report in conformity to <IR> framework which focuses on the treatment of stakeholders. The report was easy to understand and suitable for communication with extensive target groups and publicized on IRPC's website.

#### **Customers/consumers**

IRPC believes that customers' satisfaction and confidence are very crucial. IRPC; therefore, committed to offering products with quality and safety through innovations to develop excellent and environmental friendly products based on international standards. IRPC is also committed to disclosing marketing information to its entirety with accuracy and completeness without covering or distorting facts as well as to develop efficient information technology in responding to the requirement of customers in a timely manner. IRPC's IT system helps facilitate the management of the entire chain of data from purchasing and placement of order, payment, work order monitoring to product delivery. IRPC also provides consultation, recommendation, technical solutions as well as organizing customer relation activities. Details are listed in "Market Situation and outlook" page 135.



### 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 in which the Company's consultant has applied the best practice within the organization on the treatment of business partners as required by law and procurement contracts that are in compliance with the standards recognized by leading industries. IRPC is strongly committed to anti-corruption policy, money-laundering by registering approved vendors, manufacturers and a contractor list with efficient, accountable procurement and Procurement Web Portal which is the channel for communicating information and news regarding procurement such as bidding, e-sourcing (RFP, RFS), evaluation (AVL, ACL) which will facilitate business partners in terms of convenience, speed, transparency and accountability in all procedures. IRPC also organizes activities to foster good relationship with business partners. Activities will be described below:

- IRPC invited 19 business partners to attend "PTT Group CG Day 2017", hosted by PTT Group to promote its business partners to acknowledge, be informed and conform to IRPC's operation guidelines pertinent to corporate governance, business ethics and anti-corruption policy.
- IRPC organized "Supplier Recognition & Appreciation Day 2017" to express its sincere gratitude to business partners and contractors, considered as an important part of the overall success of IRPC's Annual Maintenance 2017 activity. On this occasion, IRPC granted an honorable reward to business partners and contractors who passed an evaluation test based on environmental, social and corporate governance criteria (ESG), including those who value sustainable operation. On this day, IRPC also communicated significant information regarding business ethics, human rights policy, labor rights policy and guidelines on safety, occupational health and environmental responsibility for strict compliance of business partners and contractors.
- IRPC arranged a training session on the evaluation of business partners based on ESG criteria.

IRPC selected major business partners to participate in such training by allowing them to complete self-assessment test by themselves for better understanding before an on-site audit takes place. This training is considered part of a cooperation between PTT Group companies with the purpose of sharing information and inspecting their major business partners in the area of environment, society and CG which will ultimately minimize IRPC's operation expenditures as well as strengthen good relationship with these business partners for sustainable growth and development.

### Competitors

IRPC manages its business under a code of conduct and ethics regarding the treatment of competitors. IRPC has established a control system to ensure that it will not use competitors' trade secret for its own benefit 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 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 the "Everest" to ensure that its employees are well-equipped with potentials 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. In addition, IRPC has consistently fostered a favorable and pleasant workplace and environment by focusing on employees' right, safety and occupational health across the organization. IRPC also respects employees' personal rights by developing numerous methods as follows:



- IRPC conducts an annual survey of employees' engagement. Survey results will be used to formulate work plans across the organization to increase employees' engagement with the organization through activities and continuous work plans and incorporates into KPIs of the executives. From the survey in 2017, IRPC was ranked in the first quartile. Further details will be in the report of Human Resources Administration on page 168-170.

- IRPC sets up performance management system (PMS) of employees with specific sets of KPIs for equitable performance evaluation. A salary structure comparable to other companies in the same industry to retain quality employees. IRPC has specified promotion criteria which are fair and explicable to everyone alike, with specific sets of knowledge and capability for each job which can be used to design proper training and development programs for each employee.

- Knowledge and capability development
  - Identify human resource policies and guidelines by systematically developing the handbook of "Human Resource Management Policies and Guidelines" in a written form to communicate to employees for their acknowledgement and better understanding of policies, procedures and regulations including employees' remunerations.
  - Develop training and development policies for employees through "Handbook of learning and development" to be employed as a tool

and guidance in managing employees' development. IRPC has identified criteria and standards for its training needs for every employees and executive which comprise of 4 main categories which are management, safety & environment, quality & productivity and technical, including courses in business code of conduct and anti-corruption policy. Moreover, IRPC had encouraged supervisors and employees to jointly prepare individual development plans (IDP) to fit individual needs for development. IRPC has set average training hours per employee per year for each level and also discloses such statistic in its SD report.

- Communication and activities with employees
  - IRPC has implemented the communication system in both forms of "top down" and "bottom up". The meeting of Management Committee is held weekly while that of the Vice-President level is held on a monthly basis. Moreover, "The President Townhall" activities will be held quarterly and whenever any critical need for communication arises. The objectives of such activities are to communicate operational results, policies as well as IRPC's directions to employees while allowing them to ask questions and exchange opinions. The activity is held in a conference room with video broadcast to cover all office areas for two-way communication via IRPC's

intranet. Besides, Employees Committee is another forum where employees can systematically communicate their request or requirements in which the President acts as the chairman of such meeting.

- With full attention on the rights and benefits of all employees, the President always chairs the Employees Committee to efficiently develop resolutions agreed by both employer and employees in a timely manner. IRPC also supports various activities of IRPC's 8 labour unions.
- The President, executives and employees have attended an annual retirement party to honor and encourage employees who have devoted themselves to IRPC while fostering good model for corporate culture.
- Compensation and welfare of employees
  - IRPC has developed a compensation policy conforming to work performance both in the short-term and long-term. The review process is appraised with assessment of agreed KPI and competency at an organizational, business unit and individual levels, starting from the beginning of each year. Variation bonus is also granted to senior executives in proportion to specific achievements.
  - IRPC has improved its welfare structure such as medical fees, rental fees and non-resident allowances to retain quality employees with the organization as well as promoting and upgrading the quality of life of employees.
  - IRPC has organized a provident fund for the long-term welfare of employees, with higher corporate contribution than legal requirement and exponential to service years. Employees are given sufficient information and training with options for appropriate investment depending on an individual's need for maximum return and investment's flexibility.
  - IRPC has organized an annual recognition service years awards for employees with 10, 20 and 30 service years.
  - IRPC consistently promotes and fosters awareness among its workforce to recognize commercial patents and intellectual property.

Several campaigns were organized to remind employees to fully comply with the Copyright Act B.E.2537. IRPC also published its policy on standard practices for its computers and computer networks, including good operation practices to prevent employees from using illegal computer programs and software. Periodic reviews and monitoring are set up to prevent any infringements.

- An internal audit is responsible for monitoring and auditing any violations on the use of copyrights owned by IRPC and to protect and optimize IRPC's intellectual properties.

### Community and Society

IRPC realizes its role as a good citizen while incorporating itself to community and society with the responsibility of assisting them, supporting community services and developing sustainable quality of life. Community and social programs on public health, education, religion, culture and quality of life which can be summarized in "Corporate Social Responsibility Project" page 192-201.







*Mangrove Reforestation project to protect waves in collaboration with Chumporn Nation Park*

#### Environment and natural resources

IRPC has consistently acted as a good citizen, taken into account the responsibility for the environment and natural resources including safety concerns. IRPC was selected by the Industrial Environment Institute of the Federation of Thai Industries as a role model for eco-industrial operations. The 2017 activities pertinent to the development of environment, natural resources and society are listed in “Quality Safety Health and Environment” page 205

#### 4 Information disclosure and transparency

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. In 2017, IRPC conducted information disclosure activities as follows:

- IRPC prepared reports on its information in conformity to SEC and SET; for example,
  - Report of directors’ and executives’ vested interests based on SEC’s criteria.
  - Report of significant information and financial

statements and important operation of IRPC via SET channels.

- IRPC prepared the 2016 Annual Report illustrating financial statements and significant operation information which were unconditionally approved by the auditor and IRPC has never been ordered by SEC and SET to rectify its financial statements.

- Disclosure of transactions or agreements between shareholders with significant impact on other shareholders or IRPC.

- IRPC prepared reports in compliance with international standards

- IRPC prepared Corporate Sustainability Report 2016 to communicate guidelines of management and performance results in terms of economics, social and environmental dimensions by using Sustainability Reporting Guidelines of Global Reporting Initiative (GRI G.4) to ensure that information disclosure compiled with international standards and to assess the completeness and accordance of contents at core level. IRPC also hired an external agency to cross-check information for accountability and then submitted it to shareholders together with the Annual Report and publicized on IRPC’s website.

- IRPC prepared Communication on Progress (CoP) report and submitted it to UN Global Compact as one of its members. IRPC has committed to operate and report its performance results in compliance with UN Global Compact’s guidelines in which IRPC has been a member since 2011. In 2017, IRPC upgraded its report to become GC Advanced Level, the highest level of reporting for 4 consecutive years. An electronic report was sent to the website of UN Global Compact ([www.unglobalcompact.org](http://www.unglobalcompact.org)) and also publicized on IRPC’s website.

- IRPC prepared Integrated Report 2016 in conformity to IR guidelines and also publicized it on IRPC’s website.



- IRPC disclosed significant information via electronic mail at [www.irpc.co.th](http://www.irpc.co.th) to present IRPC's up-to-date information, both Thai and English such as vision, business characteristics of the company, financial statement, press release, shareholding structure, organization structure, business group structure, information pertinent to the Board and executives, information on investors' relation, IRPC's certificate, regulations, memorandum of association, annual report (disclosed within 120 days after the end of an accounting year), integration report, shareholders' meeting invitation (can be downloaded), documents regarding shareholders' meeting, financial statement, 56-1 form, meeting related documents, analyst meeting, good corporate governance policy and other business information, accountability of organization, treatment of stakeholders and sustainable business operation.

- IRPC communicated via printed media, radio, television, activities with stakeholders and other public relations channels; for example, newsletter in order to report quarterly performance results as well as important activities to shareholders.

- IRPC communicated with analysts via line group in case of important events as well as to enhance communication efficiency.

- Direct information disclosure with shareholders, investors, stock analysts and media which was performed by the Managing Director and executives during meeting session with each group of stakeholders throughout the year.

- Activities for investors and stock analysts are as follows:

- Regular meeting with investors, stock analysts, domestic and foreign asset managers to provide insights, directions and business policies of IRPC in which in 2017, IRPC:
- Organized quarterly analysts meeting for 4 times in total
- Arranged audio conference with domestic analysts to clarify performance results on a quarterly basis for 4 times in total
- Organized roadshow and provided domestic and foreign analysts with information for 15 times in total
- Organized meeting with IRPC's executives based on the appointment of investors and analysts (company visit) for 31 times in total

- Organized activity with SET to disseminate IRPC's information in SET in the City 2017, held annually

- "Opportunity Day" activity, held by SET on a quarterly basis

- "Analyst Site Visit 2017" by stock analysts who visited UHV project as well as PPE & PPC projects. "IRPC Clean Power" project was also launched with the objective to provide knowledge and understanding of business and progress of IRPC's major investment projects

- Organized "Knowledge Sharing" (KM) seminar to stock analysts and institutional investors to employ information in analyzing operation results of the company as well as to utilize such information as basic factor of IRPC that reflects its shares' price, for 2 times in total under the topic called "2017 Petrochemical Market Outlook" and "Petrochemical: Moving forward to the Future"

- IRPC organized conference calls with stock analysts after the disclosure of financial statements 2016 to SET by providing opportunity to xx analysts to phone in and listen to clarification to help save travel time and could be deemed as "Green Meeting". The analysts would simultaneously receive complete, accurate and transparent information and in 2017, IRPC successfully arranged the total of xx conference calls.

- Refrain from disclosing information regarding IRPC's business performance to investors and analysts. IRPC will not make any appointments or providing information to analysts for 7 days prior to IRPC's performance report will be submitted to SET. Nonetheless, investors can find additional IRPC's information from [www.irpc.co.th](http://www.irpc.co.th) or from direct inquiry at Investor Relations Department.

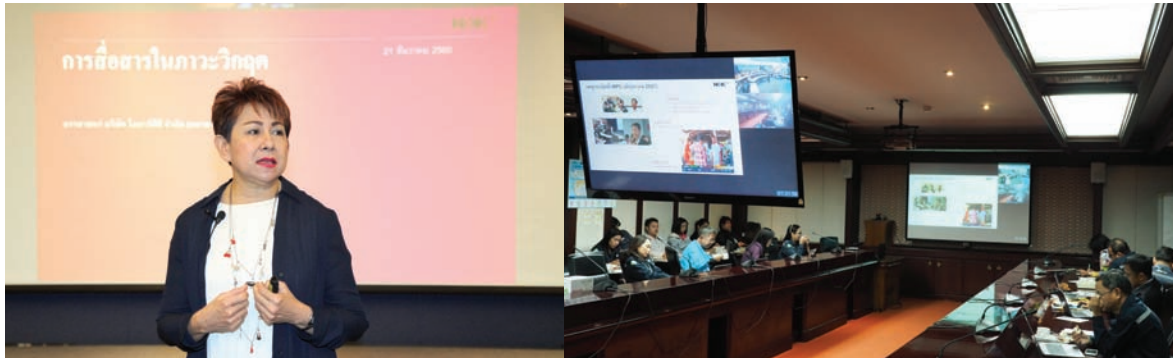
Tel: 0 2765 7380

E-mail: [ir@irpc.co.th](mailto:ir@irpc.co.th)

Fax: 0 2765 7379

## Communication and information disclosure/clarification of complaints

Among factors regarding good corporate governance, communication of information to



stakeholders and the public in a transparent, adequate and correct manner is considered as significant as the Best Practice. IRPC has employed various communication channels and easy-to-understand language to ensure that the issue to be communicated, whether it will be information required to be disclosed by law or information dissemination of the company in different matters will achieve its ultimate goal; that is, the acknowledgement of various target groups in every sector. Consequently, the Board strongly emphasizes on information disclosure and clarification that can respond to any questions or complaints of the community as well as striving to provide complete and correct information to the public sector or regulatory body such as information relating to the complaint of the community that promotes environmental conservation at Baan Laeng in which Mrs. Payung Meesabai and others had filed a complaint and lawsuit to Rayong Administrative Court with regard to compliance based on Land Code, Section 8 concerning with “Change of land into public path inside the operation facilities and the community’s land outside the operation facilities” which is considered an operation allowed by legal requirements. The land that IRPC bought from the community in exchange will enable the community to benefit the most from such land. Besides, during a major maintenance set by operation plan during the first quarter, IRPC has established measures to cope with potential impact from light, noise, odor and air. To achieve this purpose, IRPC had communicated directly with the public, related public agencies and media while 24-hour complaint reception had also been put in effect in that the officer will inspect the area in question as soon as the complaint arises and

in 2017, IRPC already disclosed such information to the Sustainability Evaluation Committee, SET and Office of the National Anti-Corruption Commission to represent the company’s sincerity in solving the community problems. The communication project were shown in “Cprpolate Social Responsibility page “186-204”

## 5 Responsibility of the Board of Directors

### Annual performance appraisal

IRPC conducted a performance appraisal of the Board of directors and the sub-committee. Evaluation results are summarized below:

### 1. The Board’s performance appraisal results as a whole

In 2017 received an average score of 97.04% (compared to 95.32% in 2016)

Appraisal topics	Scores
• Board structure and qualifications	97.80 %
• Board’s roles and responsibilities for business strategy specification	97.90 %
• Board’s practices	97.70 %
• Board’s meetings	94.77 %

Additional recommendations from directors are as follows: succession plan of senior executives of every important position must be clearly identified and successfully completed in a timely manner.

- Sustainable business operation, policy, responsibility for society and environment as well as treatment of stakeholders must be taken into account the importance of area and community participation.

## 2. Individual appraisal outcome

- The average scores of performance self-assessment in 2017 was 97.73% (compared to 97.29% in 2016)

- The average scores of other directors (cross-evaluation method) in 2017 was 98.48% (compared to 98.20% in 2016)

Appraisal topics	Self-assessment score	Cross-evaluation score
• Directors' qualifications	96.80%	96.80%
• Responsibility for one's own decision and action which are explicable	99.11%	98.89%
• Responsibility for duties with sufficient competency and efficiency	97.33%	98.13%
• Fair and equitable treatment of stakeholders which is explicable	96.89%	98.67%
• Transparent and auditable operation with information disclosure	98.67%	99.00%
• Vision of long-term value addition to the business	96.44%	98.00%
• Compliance with ethics and business codes of conduct	98.89%	99.89%

## 3. Performance appraisal of the Audit Committee

3.1 Performance appraisal of the Audit Committee by the Chairman in 2017 earned an average score of 100% (same as 2016)

Appraisal topics	Scores
• Independence in performance duties	100%
• Review of financial statements	100%
• Consideration of related transactions	100%
• Review of internal control system	100%
• Review of IRPC's risk assessment	100%
• Review of compliance with criteria specified By SET and SEC	100%
• Performing other assigned duties	100%
• Reporting IRPC's operation to the Board on	100%

3.2 The Audit Committee's appraisal outcome as a whole in 2017 earned an average score of 100% (compared to 99.31% in 2016)

Appraisal topics	Scores
• Structure and components of the Audit Committee	100%
• Roles and responsibilities	100%
• Relations with internal and external auditors	100%
• Relations with the management	100%
• Reporting	100%
• Quality control	100%

3.3 The Audit Committee's individual appraisal outcome in 2017 earned an average score of 97.38% (compared to 88.39% in 2016)

Appraisal topics	Scores
• Business knowledge	91.67%
• Proficiency in performance duties	97.22%
• Assigned authority and duties	97.22%
• Independence and fairness	100%
• Understanding of duties and responsibility	100%
• Performance and meetings	98.15%

## 4. Performance evaluation outcomes of the sub-committee 2017

- The Nomination and Remuneration Committee earned an average score of 98.54% (compared to 95.35% in 2016)

- The Corporate Governance Committee earned an average score of 96.44% (compared to 97.30% in 2016)

- The Risk Management Committee earned an average score of 99.27% (same as 2016)

Appraisal topics	The Nomination and Remuneration Committee	The Corporate Governance Committee	The Risk Management Committee
• Board structure	100%	96.67%	100%
• Board's policies	98.33%	95.00%	100%
• Board's practices	97.50%	97.85%	98.33%
• Preparation of Board meetings	98.33%	96.25%	98.75%

## 5. Efficiency evaluation outcomes of preparation of Board meeting 2017

(average score of 97.20%)

Appraisal topics	Score
• Meeting preparation	96.00%
• Meeting procedures	98.40%

## Performance appraisal of the President

The President's performance appraisal and remuneration are specified under explicit and transparent criteria which fairly and concretely reflect his performance and suit his responsibilities. Details of operation in 2017 will be described in the management structure page 101.

## Orientation of newly appointed directors

To ensure that newly appointed directors understand IRPC's business, including their roles and responsibilities as required by law and international CG standards, in 2016, IRPC held an orientation session for all newly appointed directors before their first attendance of the Board's meeting. The President shall summarize meeting report by himself and then submit corporate information, regulations and operation manual to the Board prior to the meeting. Newly appointed directors in 2017 are as follows:

1. Mr. Kris Imsaeng
2. Ms. Nantika Thangsupanich

Details of orientation session consisted of:

1. The President summarized corporate information consisting of IRPC's vision, policies, organization structure, business overview, business performance

outcomes as well as other related information to enhance their knowledge and understanding of IRPC's business. The session should take at least one hour and directors were allowed to ask questions without any time limitations.

2. The Company Secretary prepared director's handbook and documents for newly appointed directors consisting of director's handbook (books 1-3), corporate governance handbook, code of conduct, company's certificate, objectives, company's regulations, list of directors, duties of the sub-committee, minutes of shareholders' meetings 2014-2017, minutes of previous Board's meetings (2014-2017). Disclosure report concerning additional information (form 56-1), annual report 2016, sustainability report 2016, Institute of Directors (IOD) training courses and the schedule of Board meetings for 2017-2018.

## Knowledge development

IRPC has encouraged every director and executive to attend the training and seminar beneficial to their performance both in business management/ industry administration, roles, duties and responsibilities of directors. Each director has attended basic training program with IOD (details of directors' autobiography can be seen in page 22-33). Nonetheless, the Company Secretary has coordinated with the directors to arrange suitable timing for attending new training program of IOD in which in 2017:

- Directors attended the seminar under the topic of directors' and executives' duties under the new law pertinent to market misconduct, civil penalty and class action, held by IOD's speakers; namely, Mr.Weerawong Jitmittraparb from Weerawong Shinawatr and Partners Company Limited.
- Three directors (Mr.Anusorn Saengnimnual, Mr.Charnsilp Trinuchakorn and Mr.Chavalit Puntong) attended the seminar "Board role in strategic leadership", held by Mr.Christopher Hafner (IOD's speaker).
- Mr.Anusorn Saengnimnual, one of IRPC's directors, attended the training called "Independent Director Forum 2017" on the topic of "Update COSO Enterprise Risk Management: Integrating with Strategy and Performance".





- Executives attended seminars/ meetings/ lectures on anti-corruption and corporate governance, hosted by IOD, SET or other academic institutions throughout the year.

### 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 must possess experience, knowledge and understanding of petroleum and petrochemical business as well as having good image, leadership skills in compliance with CG. The nomination of the President must be approved by the Board.

### Succession plan

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

### Corporate governance of IRPC, its subsidiaries and associated companies

- Management structure

The Board has approved IRPC’s management structure to ensure efficiency of business management led by the President. In 2017, the Board approved a new, streamlined organization structure with fewer authority levels to avoid redundancy and better suit mandate and business nature of IRPC as shown under organization chart page 34

- Monitoring mechanism

Besides the nomination of the President and top management, the Board has set monitoring guidelines for IRPC, its 6 subsidiaries and 5 associated companies. (Details of shareholding structure are explained on page 116)

To serve as a director or other positions in IRPC or other organizations, the President must gain approval from the Board. On the other hand, top management of the company must receive approval from the President to serve as a director or other positions in other organizations. IRPCs representatives need an approval of the Board to serve as a director or members of the management team of IRPC’s subsidiaries and 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 based on CG.

Management of subsidiaries and associated companies will be performed by IRPC's representatives who are also IRPC's executives. However, key decision-making must, in any circumstances, gain approval from IRPC's Board.

### Dividend policy

IRPC has a policy for dividend payment of no less than 25 percent of the annual net profit after deduction of taxes and all provisional reserves required by law and IRPC's regulations. The dividend payment also depends on investment plans, necessity and other factors as seen appropriate by the Board. The 2016 AGM approved the dividend payment of 0.23 baht per share or 48.35% of dividend payment ratio for 2016 performance.

### Use of inside information

The Board has specified a policy of information disclosure and good practices on maintaining confidentiality of information in its CG manual requiring the directors, executives and employees to take precaution in maintaining inside information as well as disclosing confidential information to outsiders. Therefore, IRPC has established system for maintaining confidential information, specifying levels of confidentiality and restricting right for data access. IRPC's policy forbids disclosure and use of inside information not yet revealed to the public for the benefit of oneself or others, including the trading of IRPC's shares.

### Major conflicts or disputes with stakeholders

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

### Audit fee

In 2017, IRPC appointed Deloitte Touche Tohmatsu Jaiyos Company Limited to serve as an external auditor. This company has been proved by the Shareholders' Meeting 2017 as an independent and reliable auditor

and does not have any relations or vested interests or both, with IRPC, its subsidiaries, directors, executives, major shareholders or other related parties.

#### 1. Audit fees paid to auditor or audit company

Items	Amount
1. audit fees of IRPC	3,100,000
2. audit fees of subsidiaries	900,000
3. other expenditures such as travel expenses of employees, postage fees, report publication expenditures	Not more than 120,000
<b>Total</b>	<b>4,000,000</b>

#### 2. Other expenditures paid to an auditor or audit company

Items	Amount
1. hiring fees for financial, tax and legal consultants	4,000,000
2. hiring fees for consultants of CCMS development and installation project	4,800,000
<b>Total</b>	<b>9,008,830</b>

## Corporate Citizenship

Apart from good corporate governance, the Board strongly promotes IRPC to act as one of the good corporate citizenship to set a good example while encouraging every relevant stakeholder in its supply chain to adhere and strictly comply to its corporate citizenship policy for the quality of the society. In 2017, IRPC's operations based on UNGC's 4 obligations (anti-corruption, labor rights, human rights and environment) can be summarized as follows:

### Anti-corruption

- IRPC was granted a recertification membership of Thailand's Private Sector Collective Action Coalition Against Corruption or CAC on March 9, 2017.

- IRPCT Technology Company Limited and IRPC Polyol Company Limited cooperatively prepared self-evaluation form to request for a membership of CAC project in which CAC granted a certification on March 9, 2017 and on November 10, 2017 respectively.

- The establishment of anti-corruption network and support of IRPC's business partners in joining force with CAC by organizing a lecture on anti-corruption policy and participation with CAC in anti-corruption



practices, presented to business partners and contractors who performed their duties during project turn around 2017 on June 29, 2017 at IRPC Technology College. IRPC also acted as a medium in coordinating with business partners who presented their intention to become CAC member.

- Coordinate with Cubic Academy year5 by Associate Professor Saowanee Thairungroj, Ph.D, President of Thai Commerce University to organize a training program on anti-corruption to staffs, both in Bangkok and Rayong who have never been attended this course on October 12, 2017 at Suan Son Room, 6th floor and at the auditorium of the 10th Year Building, Rayong plant. There are 650 more employees attending the training (363 employees from Bangkok 287 employees from Rayong) with a total of 4,249 employees from 5,310 employees who already attended the training program. Therefore, only 1,061 employees left who have not participated in such training which will be implemented in 2018.

- IRPC had been invited from IOD to join in the discussion regarding the project evaluation of CAC for SME on December 18, 2017 with the purpose to enable small business to participate and become the membership.

- An internal audit agency has set up 5-year internal audit plan and an annual plan for completion and efficiency in relevant to the significance and impact of the operation. Besides, IRPC also established Self Audit Project to instill employees' awareness in complying to specified operation procedures. On this occasion, the Internal Audit Committee arranged the "Diamond Award" 2017 activity which has been held for 7 consecutive years since 2011. The objective of such award is to praise

the regulatory body, the internal audit agency and the cooperation in transparent inspection that promotes efficient internal control and internal audit systems for the organization, deemed one of the most important foundations of good corporate governance.

- The Board specified whistleblowing policy by providing channels for whistleblowers to inform the trace and accept complaints from inside and outside organization relating to illegal acts, unethical performance or any fraud actions of every personnel

of every level, starting from the President, executives and employees of IRPC, including those of its subsidiaries and other stakeholders related to the company's business. The Board also defined clear steps of inspection and rectification which must be impartial and transparent while whistleblowers' protection procedures must be put in place.

Channels to inform traces and complaints

- Via e-mail: auditor@irpc.co.th
- Via letter: The Chairman of Internal Audit Committee  
IRPC Public Company (Limited)  
555/2 Energy Complex, Building B, 6<sup>th</sup> floor  
Vibhavadi Rangsit Road, Chatuchak  
sub-district, Chatuchak district Bangkok 10900
- Via PO.box: PO.box 35 Suntower Building,  
Bangkok 10900

- Steps of inspecting trace and complaint shall begin with the internal audit department that is responsible for managing and following up results as well as compiling information concerning any wrongdoings or unethical behavior to directly report to the Internal Audit Committee and the Board on a monthly and quarterly basis respectively. In practical, the internal audit department shall consider the accuracy of such complaint and then appoint the directors to further the investigation. If there is an actual wrongdoing or unethical behavior, punishment based on IRPC's rules and regulations shall be enforced.

- In 2017, IRPC received 21 complaints in total, among which 18 cases are not pertinent to corporate governance and business ethics and 3 recommendations. IRPC successfully summarized and ended 17 complaints whereas 4 complaints are being processed.

## Labor

IRPC has constantly promoted equitability and fairness policy, legal use of labor, whether they will be employees, labor of its business partners, labor of the contractors and customers throughout the supply chain. IRPC also respects individuals' right and freedom without any indiscrimination due to differences in gender, age, educational background, religion and nationality.

## Human rights

- As for networking, IRPC is one of the founders of Global Compact Network Thailand (GCNT) which is the result of the merging of 15 leading organizations in Thailand, certified members of UN Global Compact with the mission to promote business operation with respect to human rights and assist the company to achieve 17 goals of sustainable development. In 2017, GCNT joined force with partnership networks of 7 public and private sectors in total in signing the declaration of national cooperation to move forward the principles regarding business and human rights of UN (UNGPs) in Thailand, hosted by the Office of the National Human Rights Commission of Thailand. General Prayut Chanocha, the Prime Minister also witnessed such event to become one of the driving forces of business operation with respect to human rights policy in Thailand and to encourage the awareness of related agencies regarding this issue while simultaneously extending practical outcome concretely and further it to the regional level.

- IRPC cooperated with GCNT in organizing an exhibition displaying "Best Practice" of human rights in private sector, in the preparation before announcing national agenda under the topic of "Human rights join the driving force to move forward to Thailand 4.0 for sustainable development", chaired by General Prayut Chanocha, the Prime Minister.

- IRPC announced its human rights policy as well as comprehensively performing risk evaluation, impact on human rights owing to IRPC's business operation and employ such information to plan risk management of the organization.

## Environment

IRPC has been committed to efficient consumption of natural resources by minimizing wastes that may cause environmental pollution and has strictly conformed to EIA conditions. Furthermore, IRPC ensured that its facilities and other nearby industrial

plants become an ecological industry that can live harmoniously with local community and endeavored to minimize every negative impact on environment to the lowest level possible.

In 2017, IRPC, together with shareholders and stakeholders, implemented various social responsibility activities by providing knowledge in terms of plastic use and building a network to instill awareness among students living near IRPC's facilities with the total of 15 schools from 5 tambons.

## Operation plans 2017

IRPC has defined major objectives in developing its corporate governance policies to be comparable to international standard and also endeavors to foster cooperation with every private and public sector, including independent organizations in order to become a driving force that moves the company towards sustainable growth and development. IRPC's major operation plans include the following:

- Improvement of corporate governance handbook as well as providing knowledge in terms of corporate governance to executives and employees to be employed as a guideline of impeccable business operation with ethics and morality.

- Use of Technology 4.0 as a tool to improve the efficiency of corporate governance policy.

- Knowledge sharing on CG Web Page: Digital 4.0

- Development of CG Self-Assessment (online quiz)

- Support and cooperate with other organizations regarding human rights.

- Prepare Stakeholders Engagement to ensure that every stakeholder group will receive equal benefits and highest satisfaction.

IRPC has planned to develop and implement its corporate governance policy 2018, continued from 2017 and consists of operation plan in compliance with law and strategic plan, including communication and promotion plan, environment governance plan, CSR, community relations plan and stakeholders engagement plan as approved in the Board's Meeting No.2/2017 on February 13, 2017.