



## Corporate Governance Report



### Good Corporate Governance Policy

On behalf of IRPC Public Company Limited (IRPC), the Board of Directors has issued the Corporate Governance Policy. It applies to every IRPC executive officer and employee, including every person working at an IRPC subsidiary or joint venture or an organization in which IRPC has a controlling stake. These individuals must abide by the policy and use it as a framework that guides their day-to-day operations. Their adherence to the policy will bolster the company's effectiveness and allow it to excel in an ethical, transparent, corruption-free, and accountable manner.

The policy has come into effect since September 2007. The Board of Directors has provided a Corporate Governance Handbook to every director, executive officer, and employee. Everyone within IRPC has acknowledged the policy and applied it to their respective role as if it were second nature. The handbook has since received several revisions, which have kept them in line with the most current situation and context. IRPC's Corporate Governance Policy is based on good corporate governance principles, best practices from the Securities and Exchange Commission and the Stock Exchange of Thailand, opinions and suggestions from the Corporate Governance Assessment Reports of Thai Listed Companies from the Thai Institute of Directors, international benchmarks—such as the Organization for Economic Cooperation and Development, the ASEAN CG Scorecard, and the Dow Jones Sustainability Index - and best practices of leading global companies to ensure its robustness and long-lasting applications.

### Corporate Governance Policy

The Board of Directors intends for IRPC Public Company Limited (IRPC) and every subsidiary within the IRPC Group to steadfastly operate within the framework of the Corporate Governance Policy, which will bring about operational excellence, transparency, accountability, and benefits to shareholders without infringing upon the rights of stakeholders. On that account, IRPC has adopted the six pillars of good corporate governance of the Stock Exchange of Thailand as guidelines in the day-to-day operations of the company for IRPC directors, executive officers, and employees.

1. Creation of long-term value
2. Responsibility
3. Equitable treatment
4. Accountability
5. Transparency
6. Ethics and code of conduct

These pillars have ensured the sustainability of shared value and bolstered faith in the company among shareholders and investors. Furthermore, the Board of Directors has refined its corporate governance guidelines to improve competitiveness and profitability with due regard to long-term effects, ethical operations, respect and responsibility towards shareholders and stakeholders, benefits to society, environmental development, environmental impact minimization, and the ability to adapt to changing factors. To this end, IRPC has adopted the Thai Corporate Governance Code for Listed Companies 2017 issued by the Securities and Exchange Commission as a benchmark for its Corporate Governance Policy. The following principles apply to IRPC's Board of Directors:

- Principle 1: Establish clear leadership role and responsibilities of the board
- Principle 2: Define objectives that promote sustainable value creation
- Principle 3: Strengthen board effectiveness
- Principle 4: Ensure effective CEO and people management
- Principle 5: Nurture innovation and responsible business
- Principle 6: Strengthen effective risk management and internal control
- Principle 7: Ensure disclosure and financial integrity
- Principle 8: Ensure engagement and communication with shareholders

## 1. Corporate Governance Report

In 2019 IRPC further elevated and strengthened its corporate governance according to the 2019 Corporate Governance Plan approved by the Corporate Governance Committee. Below is a summary of key developments:

### 1.1 Duties of the Corporate Governance Committee

- The Corporate Governance Committee scheduled all of its meetings in advance for the entire year. A total of six meetings took place in 2019. The committee approved, consented to, and acknowledge major corporate governance issues—including the scope of the Corporate Governance Report, amendments to the Anti-Corruption Policy and anti-corruption guidelines for IRPC and the IRPC Group, extension of the membership to the Thai Private Sector Collective Action Coalition against Corruption, criteria for updating the Corporate Governance Handbook and Code of Conduct Manual, the 2020 Corporate Governance and Compliance plans, the Compliance Framework and Charter, company representatives to serve on the Board of Founding Members of the Global Compact Network Thailand, corporate governance report of listed companies, complaints report, PTT Group Way of Conduct compliance report, IRPC Group Way of Conduct, and much more.
- The Board of Directors submitted to an independent assessment performed by KPMG Phoomchai Business Advisory Limited. An independent assessment takes place at least once every three years. The 2019 assessment was IRPC's second. The first was conducted in 2015 by Governance Matter Thailand.
- The Board of Directors and its committees underwent an annual performance assessment. Their performance assessment forms were reviewed and fine-tuned. The evaluation of board meeting effectiveness was also made more comprehensive.
- In terms of director development, every board member attended a lecture entitled "Measure the ROI of Digital Transformation Strategy, KPIs for Digital Transformation Success" by experts from KPMG Phoomchai Business Advisory Limited.



## 1.2 Shareholder Rights and Equitable Treatment of Shareholders

- IRPC allowed and encouraged minority shareholders to propose agenda items and nominate director candidates before the annual general meeting of shareholders from September 2, 2019 to January 31, 2020. This opportunity conformed to the criteria of the Thai Institute of Directors for good corporate governance, which stipulates that Thai listed companies should afford their shareholders a period of at least 90 days before the end of the fiscal year to propose agenda items and nominate director candidates. IRPC notified the Stock Exchange of Thailand of this opportunity in writing and made a similar announcement on its website.

## 1.3 Policy, Framework, and Guidelines for Compliance, Code of Conduct, Transparency, and Anti-Corruption Activities

- The Corporate Governance Handbook received an update, which further aligned it with the most recent corporate governance guidelines for listed companies from the Stock Exchange

of Thailand, the Securities and Exchange Commission, and the ASEAN CG Scorecard. Other anti-corruption measures and international best practices that IRPC has adopted include the UN Global Compact, the UN Sustainable Development Goals, and other UN declarations, especially those pertaining to human rights and their relevance in business operations.

- The Anti-Corruption Policy was revised to better comply with the PTT Group Way of Conduct.
- The Corporate Governance Policy received a revision. Principles from the Corporate Governance Code for Listed Companies 2017 issued by the Stock Exchange of Thailand were adapted and applied to the revised text, making it suitable for the company's business context.
- The Compliance Policy also underwent a revision, which rendered it more inclusive of notable issues per international standards. The revision was aimed at bringing about effective implementation, sustainability, and compliance excellence, as well as bolstering stakeholders' confidence.

The Audit Committee and the President presented "Diamond Award" to the departments with excellent internal control and focus on fostering effectiveness to the organization.







#### 1.4 Employee Awareness Activities in 2019

##### Ethics

- IRPC and other PTT subsidiaries organized the PTT Group CG Day 2019 under the concept of “Digitalization: Challenge for the Governance.” The event demonstrated the PTT Group’s good governance spirit and expressed its commitment to “CG 4.0” to stakeholders in a most sincere and transparent manner. CG 4.0 is the concept in which corporate governance is driven by technology, creativity, and innovation without compromising business ethics. Many business partners and customers attended the event at IRPC’s invitation. The company hoped to expand the scope of its corporate governance to its business partners throughout the entire supply chain.
- The company organized the IRPC CG Day 2019 under the concept of “The Creation of TRUST: SUSTAINABILITY FOR ALL.” The event’s goal was to bring IRPC executives, employees, business partners, and customers onto the same page about the vital role a good global corporate citizen plays in the following four dimensions: human rights, labor rights, the environment, and the fight against corruption. With everyone on the same page, the organization could move towards excellence in a sustainable manner. At the event, there was a discussion panel led by Prasit Vaiyavatjamai of ERM Siam Co., Ltd. on the topic of “Sustainable Value Chain & Human Rights.” Participants included Nareelak Paechaipoom (director of the International Human Rights Division, Department of Rights and Liberties Protection, Ministry of Justice), Prakairat Pukkaprema (IRPC, Vice President, Procurement Department), and Pongsak Wattanakarunwong (IRPC, Vice President, Petrochemical Sales Department). Additionally, there were two other speakers. Dr. Seree Nonthasoot, a former Thai representative to the ASEAN Intergovernmental Commission on Human rights, gave a lecture on “Human Rights and Good Corporate Governance.” Meanwhile, Pana Ratanabanangkoon, project director to Thailand’s Collective Action Coalition against Corruption (CAC) under the Thai Institute of Directors (IOD), spoke about the private sector’s anti-corruption role. More than 180 people were in the audience.
- The company launched the IRPC CG Roadshow and Corporate Compliance Academy under the concept of “Opening the GRC Gift Box” to enhance business integrity and ethics, both of which would result in the utmost operational efficiency.





### Anti-Corruption and Ethics-Promoting Activities

- IRPC applied to extend its membership to Thailand's Private Sector Collective Action Coalition against Corruption for the second time in December 2019.
- A conflict of interest reporting line has been made available online. All executive officers and employees at every level are required to disclose any transaction that could be a conflict of interest. This project was launched in 2015 and has just reached its fifth-year mark with a 100% success rate.
- IRPC and the PTT Group attended the "National Anti-Corruption Day 2019" organized by the Anti-Corruption Organization of Thailand on September 6, 2019. The theme was "Unite and Fight against Corruption." IRPC reaffirmed that it operated on the foundation of professionalism, transparency, good corporate governance, and social responsibility.
- IRPC and the PTT Group attended the "International Anti-Corruption Day (Thailand)" organized by the Office of the National Anti-Corruption Commission on December 9, 2019. The concept was "Zero Tolerance: Thai People Do Not Tolerate Corruption." The event expressed a collective push for transparency in a society that would not stand for corruption. It also promoted integrity within Thai society under the theme "Zero Tolerance and Clean Thailand." By attending the event, IRPC fulfilled its obligation for four of the Ten Principles of the UN Global Compact—namely, human rights, labor, the environment, and taking action against corruption—which IRPC has been a part of since 2011.





### Global Compact Network Thailand

IRPC is a founding member of the Global Compact Network Thailand (GCNT). All 15 founders are leading Thai private companies and members of the UN Global Compact. The goal of GCNT is to encourage the Thai private sector to operate in a way that conforms to human rights principles and the 17 Sustainable Development Goals of the United Nations. Below is a summary of activities led by IRPC to fulfill its role as a GCNT member:

- The company attended a conference on the UN Guiding Principles on Business and Human Rights and the National Action Plan on Business and Human Rights (remedial action for individuals affected by business operations). The conference's objectives were to promote a better understanding of the principles, disseminate information about the national action plan, and prepare for its enactment, especially in regard to remedial action for those affected by business operations. The conference took place on September 9, 2019.
- IRPC attended the Third National Conference on Business and Human Rights on "Must-Knows for Businesses." Its objectives were to promote an understanding of the United Nations Development Program (UNDP), as well as to disseminate information about the National Action Plan for Business and Human Rights and the link between sustainable financial principles and responsible business practices and respect for human rights. The conference took place on September 13, 2019.
- IRPC attended the public announcement of the National Action Plan on Business and Human Rights, Phase 1 (2019–2022), by the Department of Rights and Liberties Protection, Ministry of Justice, in conjunction with the UNDP. Its objectives included raising awareness in every

sector, encouraging implementation, and demonstrating the intention, commitment, and participation of the government, state enterprises, private organizations, and civil society. The plan conforms to the framework of the UNDP, which underlines the following three pillars: protect, respect, and remedy. The event took place on December 16, 2019.

### 1.5 Awards of Success for Good Corporate Governance 2019

IRPC has always emphasized the significance of good corporate governance and its continuous betterment. The awards granted to IRPC in recognition of its governance excellence in 2019 are testaments to its dedication and commitment to transparent and ethical business operations. These accolades are a source of pride and encouragement for IRPC to do even better. Further details on this subject matter appear under Milestones & Awards of Success on pages 10-13

### 2. Compliance with Good Corporate Governance Principles

IRPC observes the OECD Principles of Corporate Governance, Principles of Good Corporate Governance for Listed Companies of the Stock Exchange of Thailand, ASEAN CG Scorecard criteria, and Corporate Governance Report of Thai Listed Companies of the Thai Institute of Directors. Moreover, the board has adopted Thai Corporate Governance for Listed Companies 2017 (CG Code) as a benchmark for its corporate governance policy. However, in 2019, there are performance in some categories, which were inconsistent with CGR principles. The company had considered the replacement measures as follows:



CGR inconsistencies	Company Performances
Prescribing and disclosing employee compensation policy that are consonant with the company's long-term performance more (such as conferring ESOP, EJIP).	IRPC has a standardized employee compensation management system for both current and future employees, with flexibility in compensation management to be consonant with the same business group, along with staff performance management system by prescribing corporate indicator (Corporate KPI) based on Balanced Scorecard that are consonant with the short-term and long-term strategic plans, associate company turnover and employee performance.
The chairman is not an independent director.	IRPC stipulates that the chairman and the president (the top executive officer) shall not be the same individual to ensure a clear separation of duties. The chairman is not participated in management, which results in balancing the power of corporate governance and business management.
The remuneration committee shall consist of independent director (more than 50 percent).	There are currently 3 members of the nomination and remuneration committee, namely two independent directors (66 percent) and one director.
The nomination committee shall consist of independent director (more than 50 percent).	There are currently 3 members of the nomination and remuneration committee, namely two independent directors (66 percent) and one director.
The Board of Directors shall consist of 5 – 12 members.	According to IRPC's articles of association, the Board of Directors shall consist of 5 – 15 members. There are currently 15 members of the Board of Directors, comprise eight independent directors (53.33 percent), six directors and one executive director, which suit the sizes, types and complexity of its businesses. As IRPC is a large organization operate in the business of petroleum, petrochemical and utilities to support the industry. The company is necessary to have directors with diversities knowledge and competence in order to encourage the directors and sub-committee for efficiency performance.
How many independent directors of the Board of Directors?	There are currently 15 members of the Board of Directors, consist of eight independent directors (53.33 percent), six directors and one executive director.

In 2019, IRPC Corporate Governance encompasses these five aspects:

### 1 Rights of Shareholders

The rights of shareholders are of the utmost significance to IRPC. As co-owners, they are entitled to appoint directors to act on their behalf and in their best interest. They also have the right to decide on crucial changes to the company. IRPC respects and protects these rights. The company encourages shareholders to attend shareholder meetings, express their opinion freely, vote,

nominate director candidates and propose agenda items before a meeting, appoint or dismiss directors, approve or reject director and auditor remunerations, and approve or reject their shares of the profit or dividends. Moreover, shareholders have the right to quick, sufficient, and complete information through a variety of channels. This right affords them enough time to understand the stake and decide on the most appropriate action. In 2019 IRPC promoted shareholder rights through the following means:



### Annual General Meeting of Shareholders

Per board resolution, the 2019 Annual General Meeting of Shareholders (AGM) was held on Wednesday, April 3, 2019, at the Bangkok Convention Center on the fifth floor of CentralPlaza Ladprao. This location offered transportation convenience. In addition to the use of private vehicles, shareholders could get to the meeting via the MRT, the BTS, and public buses. The 2019 AGM format satisfied the AGM Checklist of the Thai Investors Association, as well as other guidelines provided by the Thai Listed Companies Association, and the Securities and Exchange Commission. It was organized as a “green meeting” to maintain the Green Meetings Certification that the company had received from the Thailand Business Council for Sustainable Development and the Thai Environment Institute for seven consecutive years. The meeting itself exemplified resource optimization and environmental impact minimization. Shareholders in attendance answered a questionnaire designed to assess the organizational quality of the meeting. Their opinions and suggestions will serve to improve the next meeting, allowing the company to better meet their needs. (IRPC did not hold any extraordinary meetings of shareholders in 2019.)

### Preparation

To ensure smoothness, transparency, effectiveness, and compliance, IRPC requested the Board of Directors to issue a notice of the 2019 AGM at the February 2019 Board Meeting. The company disclosed this meeting’s resolutions and agenda via the SET Portal within the same day as soon as the meeting concluded.

Per company policy, IRPC encouraged every minority shareholder or group of minority shareholders with at least 4 percent of all issued shares to propose agenda items and to nominate director candidates in advance of the 2019 AGM from September 3, 2018 to January 31, 2019, but none was made.

The company sent meeting invitations and relevant meeting documents by mail. The invitation letter was also made available via different means-namely, the SET Portal, IRPC Newsletter Vol. 29/2019 (Thai and English), and daily newspapers (Thai and English). Additionally, IRPC also invited shareholders and investors to the meeting via a public relations campaign. Below is the summary of the timeline:





- September 3, 2018–January 31, 2019      Agenda item proposal and director nomination by minority shareholders
- February 12, 2019      Disclosure of board resolution on the date of 2019 AGM and board-meeting agenda items via the SET Portal
- February 27, 2019      Record date
- March 1, 2019      Dissemination of the invitation to the 2019 AGM (Thai and English) at least 30 days in advance
- March 5, 2019      Mailing of the invitation to the 2019 AGM and relevant documents, including the annual report, sustainability report, integrated report, financial statements at least 21 days in advance via a securities registrar (Thailand Securities Depository Co., Ltd. or TSD)
- March 20–22, 2019      Public announcement of the 2019 AGM in daily newspapers published in Thai and English (Khao Hoon and the Bangkok Post) 3 days in a row before the date of the meeting
- April 3, 2019      The 2019 AGM at the Bangkok Convention Center on the fifth floor of CentralPlaza Ladprao

As for the 2020 AGM, which will take place in April 2020, every minority shareholder or group of minority shareholders with at least 4 percent of all issued shares have been able to propose agenda items and/or to nominate director candidates since August 30, 2019, until January 31, 2020. Information regarding this matter appear on the website: [www.irpc.co.th](http://www.irpc.co.th).

## Invitation

The Board of Directors specified seven items on the agenda of the 2019 AGM. Under each of these agenda item were an explanation of its objective and the board's comments. (The approval of the minutes of the 2018 AGM was not one of the agenda items because a copy of the minutes had previously been sent to every shareholder on April 21, 2018. Shareholders had had time to verify the correctness and completeness of the minutes, as well as to dispute any inaccuracies. Since no shareholders had voiced their concerns, the minutes were considered approved.) Below is a short summary of the details of the 2019 AGM:

### (1) 2019 Performance Reports and Financial Statements

The company's 2019 performance reports and financial statements were put before the assembly. Both had received approval from the Audit Committee and had been audited and certified unconditionally by the authorized auditor.

### (2) Dividend Payments Based on 2018 Performance

The company disclosed its dividend payment policy and revealed that it had been able to maintain a financial liquidity ratio that suited its operations. Sources of the profits to be distributed as dividends and tax benefits to shareholders were explained in detail. The proposed dividend payment rate, date, reasons, and other pertinent information were also included.

### (3) Appointment of Directors in replacement of those retiring by rotation

The company provided detailed information about director nominees, including their name and last name, age, education level, work experience, and vision. The number of companies for which they currently served as directors was also disclosed. With this information, shareholders were able to decide which nominees could best represent them as directors.

**(4) Directors' Remunerations for 2019**

The company presented its current directors' remuneration policy, which includes a monthly salary, meeting allowance, and monetary and non-monetary bonuses. No other forms of compensation or privileges would be offered apart from those aforementioned.

**(5) Appointment of and Remuneration for 2019 Auditor**

The company provided detailed information about the auditor, including name, affiliated firm, experience, capabilities, independency, audit fee, non-audit fees, and other services.

**On the Day of the Meeting**

The 2019 Annual General Meeting of Shareholders (AGM) took place on Wednesday, April 3, 2019, at the Bangkok Convention Center on the fifth floor of CentralPlaza Ladprao, No. 1695, Phahon Yothin Road, Chatuchak, Bangkok. It commenced at 9:30 a.m. The conference hall was large enough to accommodate all shareholders in attendance. Refreshments were available to all.

In front of the conference hall was a pop-up exhibition with key information about IRPC. At the Investor Relations Corner, staff were available to provide information and assistance to shareholders. In addition, IRPC continued to show its support for underprivileged children and people with disabilities as part of its corporate social responsibility by

inviting relevant organizations and foundations to set up exhibitions and donation booths. Participants included the Prostheses Foundation of H.R.H. Princess Mother and the Pediatric Cardiac Surgery Foundation. Furthermore, the company donated 100,000 baht (one hundred thousand baht) to the Pediatric Cardiac Surgery Foundation.

The company provided a sufficient number of welcoming and registration staff, as well as registration points. Registration began approximately 2 hours before the meeting was due to commence. Shareholders were made aware of this process from the invitation. A barcode reader was used for registration and vote counting, enhancing the efficiency, accuracy, and speed of the process. Shareholders who were delayed were allowed to enter the conference hall even after the meeting had already commenced. These shareholders were able to vote on the remaining agenda items as long as the votes had not been cast. The number of shareholders present during the discussion of each agenda item was adjusted once they had joined.

Before the meeting, IRPC showed a video presentation on the conference hall's safety features, including emergency exits, to shareholders. The chairman then presented the Board of Directors, the management team, the auditor, and legal advisors in attendance.





#### • Directors in Attendance

(All 13 directors were present, accounting for 100 percent of the board; however, the company's articles of association stipulate that the Board of Directors should comprise 15 members.)

- |                                  |  |
|----------------------------------|--|
| 1. Mr. Chansin Treenuchagron     | Chairman   |
| 2. Mr. Somnuk Bomrungsalee       | Independent Director/<br>Chairman of the Audit<br>Committee                          |
| 3. Ms. Ruenvadee<br>Suwanmongkol | Independent Director/<br>Member of the Audit<br>Committee                            |
| 4. Mr. Jessada Promjart          | Independent Director/<br>Member of the Audit<br>Committee                            |
| 5. Mr. Anusorn Sangnimnuan       | Independent Director/<br>Chairman of the<br>Corporate Governance<br>Committee        |
| 6. Gen. Sasin Thongpakdee        | Independent Director/<br>Member of the<br>Corporate Governance<br>Committee          |
| 7. Gen. Theppong<br>Tippayachan  | Independent Director/<br>Member of the<br>Corporate Governance<br>Committee          |
| 8. Mr. Nuttachat Charuchinda     | Director/ Chairman of<br>the Risk Management<br>Committee                            |
| 9. Mr. Worawat Pitayasiri        | Director/ Member of the<br>Risk Management<br>Committee                              |
| 10. Mr. Ekniti Nitithanprapas    | Director/ Member of the<br>Risk Management<br>Committee                              |
| 11. Mr. Woothisarn Tanchai       | Independent Director/<br>Chairman of the<br>Nomination and<br>Remuneration Committee |
| 12. Mr. Kris Imsang              | Director/ Member of the<br>Nomination and<br>Remuneration Committee                  |
| 13. Mr. Noppadol Pinsupa         | Director/ Member of the<br>Risk Management<br>Committee/ President                   |

(A total of seven independent directors)

#### • Executive Officers in Attendance

- |                                 |  |
|---------------------------------|--|
| 1. Mr. Woravuth Sivapetranart   | Senior Executive Vice<br>President of<br>Petrochemical &<br>Refinery Operation   |
| 2. Mr. Somkiat Lertritpuwadol   | Senior Executive Vice<br>President of Corporate<br>Strategy                      |
| 3. Mrs. Nidcha Jirametthanakij  | Senior Executive Vice<br>President of Corporate<br>Accounting & Finance          |
| 4. Miss Wanida Utaisomnapa      | Senior Executive Vice<br>President of Corporate<br>Commercial and<br>Marketing   |
| 5. Mr. Vichit Nittayanonte      | Senior Executive Vice<br>President of Innovation<br>and Operation<br>Excellence  |
| 6. Mr. Veerawat Srinoradithlert | Senior Executive Vice<br>President of Corporate<br>Organization<br>Effectiveness |
| 7. Mrs. Peyada Chongpayuha      | Executive Vice President,<br>Corporate Affairs/<br>Company Secretary             |

Moreover, senior executive vice presidents, executive vice presidents, and members of the management team were available at the front of the stage to provide explanations whenever relevant questions arose.

#### • Auditor in Attendance

Permsak Wongpatcharapakorn, CPA Reg. No. 3427, of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited

#### • Legal Advisors in Attendance

1. Mr. Manit Suthaporn
2. Mr. Supot Laosuarpha
3. Mrs. Veeranuch Thammavaranucupt

(These legal advisors were present throughout the meeting to provide legal consultation and to review the voting process in the event of a dispute.)

#### • Independent Vote Counting Witnesses

- |                            |                      |
|----------------------------|----------------------|
| 1. Miss Rattanachat Tiptoo | shareholdervolunteer |
| 2. Miss Chortip Isradeth   | shareholdervolunteer |



- **Shareholders in Attendance (at the Close of the Meeting at 12:40 p.m.)**

A total of 4,099 shareholders were considered to be present at the meeting. Of this number, 1,794 attended the meeting in person, while 2,305 attended by proxy.

These shareholders represent 13,714,966,318 shares or 67.12 percent of all issued shares.

- **Notable Procedures**

- Before introducing the first agenda item, the chairman informed the meeting of the voting and vote-counting process. IRPC only has one class of shares. Each share is equal to one vote.
- Regarding director appointments, IRPC allowed shareholders to vote to appoint directors individually or as a panel of directors. Director nominees were presented to shareholders one by one.
- During the meeting, the chairman afforded every shareholder equal opportunity and sufficient time to pose questions and speak their mind. The chairman also tasked relevant directors and executive officers with answering these questions with the utmost clarity. Questions, answers, suggestions, and opinions were recorded in the minutes in detail for record-keeping purposes and especially for shareholders who were unable to attend the meeting in person.



- The chairman informed the meeting of each agenda item, including the exact number of “for,” “against,” and “abstain” votes. These figures also appear on the large projector screen for all to see.

- The chairman strictly led the meeting through all agenda items specified in the invitation. No impromptu items were allowed.

### **Conflict of Interest Management at Meetings**

IRPC's policy regarding the management of any conflict of interest that might occur at a meeting is as follows:

At any board or committee meeting, if a director has a vested interest in a particular agenda item, he or she must inform the meeting of a potential conflict of interest and must leave the meeting. The director in question cannot vote on the said agenda item and must refrain from voicing his or her opinion unless an explanation is required to satisfy any questions that the rest of the board or committee may have and only when such an account is necessary for the benefit of the company. Permission to speak in this instance must be granted by the chairman of the respective meeting. Nonetheless, the director in question still has no right to vote on that particular agenda item. The company secretary and/or committee secretary will make a note of the conflict of interest in the minutes of each meeting.

Similarly, if a director has a vested interest in a particular agenda item at a shareholder meeting, he or she must inform the meeting of a potential conflict of interest and must leave the meeting.

IRPC requires all directors, executive officers, and employees to report all potential conflicts of interest annually and during the year if the event of a change. The reports are submitted to the Chairman of the Board of Directors, the Chairman of the Audit Committee, and the company secretary.

### **Meeting Minutes and Disclosure of Resolutions**

IRPC published the resolution of each agenda item of the 2019 Annual General Meeting of Shareholders (AGM) in both Thai and English on its website and via the SET Portal within the same day (April 3, 2019) as soon as the meeting concluded.

The quality of meeting minutes is of great importance to IRPC. The company requires that minutes be recorded wholly and thoroughly. They always include names of directors and executive officers in attendance, details of each agenda item, voting process, vote-display method, questions from



shareholders, explanations from directors or executive officers, resolutions, number of votes per each agenda item, and types of votes (for, against, abstain) for each agenda item that requires voting. The company's practice is in line with good corporate governance principles and legal requirements. IRPC disclosed the resolutions of the 2019 AGM soon after the close of the meeting. The minutes were made available on April 16, 2019, which was within 14 days following the meeting, on the IRPC website and via the SET Portal. Furthermore, the minutes were included in the special edition IRPC Newsletter Vol. 31/2019, which was printed and mailed to every shareholder on May 15, 2019. Also included in the minutes distributed was a note informing shareholders that they could dispute any inaccuracies by notifying the company secretary by June 10, 2019. Without any disputes, the company considered the minutes approved.

## 2 Equitable Treatment of Shareholders

IRPC recognizes the paramount importance of respecting and treating all shareholders equitably regardless of their status as a majority, minority, institutional, or foreign shareholder. The company treats all of its shareholders equitably, with the utmost fairness and without discrimination.

### The Right to Vote

- IRPC only issues one class of shares. Every share is the equivalent of one vote.



### Agenda Item Proposal and Director Candidate Nomination

- IRPC provides all pertinent information to shareholders in advance of a shareholder meeting. It also affords every minority shareholder or

group of minority shareholders with 4 percent of all issued shares with a voting right to propose agenda items and/or nominate director candidates.

- For the 2019 Annual General Meeting of Shareholders (AGM), IRPC allowed shareholders to propose agenda items and/or nominate director candidates in advance from September 3, 2018 to January 31, 2019. The company specified relevant criteria and procedures on its website, as well as notified shareholders via the SET Portal. No proposals or nominations were made throughout the period aforementioned, a fact which the company secretary informed the Board of Directors.
- As for the 2020 AGM, IRPC allowed shareholders to propose agenda items and/or nominate director candidates in advance from August 30, 2019 to January 31, 2020.

### Promotion of Shareholders' Attendance

- IRPC takes the convenience of all shareholders and investors, including institutional investors, into consideration because it wants to encourage them to attend every shareholder meeting. The company's chosen location for the 2019 AGM offered transportation perquisites. AGM attendees could get there via the BTS, the MRT, and public buses in addition to using private vehicles. The event was staffed by apposite personnel, such



as welcoming staff, public relations staff, registration staff, security staff, and first-aid staff, to facilitate the entire process for all shareholders, especially senior adults and wheelchair users. Refreshments were available to all shareholders in attendance. Security preparations were made, and an emergency plan had been rehearsed, bringing peace of mind to those in the audience.

- IRPC opened the registration booth two hours before the meeting was due to commence. Institutional investors and custodians had the option of mailing relevant documents to the company early to ensure registration preparedness.
- At registration booths, the company had staff available to assist shareholders with photocopying, document verification, duty stamps, and registration. The company also employed digital technology to facilitate registration and vote counting. There were 30 registration booths available for optimal efficiency, which included designated lanes for individual shareholders attending in person, those who had forgotten their registration documents and proxy authorization letters, proxies, and representatives of institutional investors and custodians.
- IRPC had a secondary hall prepared, with a live stream of the main event. These measures allowed all shareholders access to the meeting. There were also Thai-English interpreters on-site to interpret questions, answers, and opinions for foreign shareholders.

#### Appointment of Proxy

- In the event that shareholders were unable to attend the AGM in person, they could appoint a proxy to participate in the meeting and exercise their voting right on their behalf using Proxy Form A or B enclosed with the invitation letter. To facilitate the process further, the company had included detailed specifications of the documents and other forms of proof required for the proxy in the invitation packet, as well as detailed instructions regarding the matter. By following these instructions carefully, a proxy should encounter no trouble at the meeting. Shareholders could assign any person to attend and vote on their behalf. There were no complicated conditions for appointing a proxy. Moreover, shareholders could also download proxy forms A, B, and C (for custodians) from the company's website.
- In the event that shareholders were unable to attend the AGM in person and would like to authorize an independent director to act as their proxy, IRPC had provided a choice of four

independent directors—namely, Mr. Woothisarn Tanchai, Mr. Anusorn Sangnimnuan, Mr. Somnuk Bomrungsalee, and Mr. Jessada Promjart. Their names appeared on the proxy forms provided. Their resumes were included in the invitation packet. These independent directors have no vested interest in any of the AGM agenda items, posing no risks of a conflict of interest. Furthermore, with the invitation packet the company had enclosed other relevant documents, such as a location map, names and resumes of director nominees, the company's independent director definition, and the company's articles of association that applied to a shareholder meeting.

- The company had also prepared duty stamps, free of charge, for shareholders' proxies to ensure the legality of their documents.

### 3 Consideration of Stakeholders' Roles

IRPC places a great deal of importance on the rights of all stakeholders throughout the entire supply chain. Its Corporate Governance Policy comprehends the protection of stakeholders' rights, the specific treatment of each group of stakeholders, and the promotion of the co-operation between the company itself and its stakeholders. The policy provides guidelines by which the Board of Directors, executive officers, and company employees must abide. These guiding principles aim to be of the utmost benefit to shareholders, bring about prosperity, foster stability, and ensure sustainability. Moreover, IRPC's corporate key performance indicators (KPIs) have been aligned with the balanced scorecard. This management strategy takes stakeholders' perspectives into consideration as an integral part of these KPIs.

#### Stakeholder Treatment

##### Shareholders and Investors

IRPC has issued the Code of Ethics in writing to guide employees involved in shareholder and investor relations in their day-to-day operations, with a particular focus on information disclosure and security. Principles within the Code of Ethics are in line with principles of good corporate governance to which the company has always





Goby the Fish project is a campaign to promote proper garbage management and respond to the plight of plastic waste on beach and in the ocean.

adhered. The code seeks to engender confidence among shareholders, investors, and other stakeholders

In 2019 the company communicated with shareholders and investors through a number of channels and activities, including the following:



- Communication activities through print media, radio, television, online media; activities with stakeholders through other public relations channels, such as a quarterly newsletters to report company performance and major developments to shareholders.
- Domestic and overseas meetings with investors and analysts
- Interactions with the media throughout the year to disclose information to the public through their various channels
- IRPC Plant visit: Shareholders visited the IRPC Eco-Industrial Zone in Rayong on Wednesday,

October 16, 2019. The tour was part of IRPC's campaign to promote social responsibility and environmental awareness in which IRPC and its shareholders presented Goby the Fish, a metal sculpture designed to contain plastic waste, to representatives from communities around the IRPC Eco-Industrial Zone.

Goby the Fish promotes proper garbage management. It is a response to the plight of plastic waste on beaches and in the ocean. It is also considered a symbolic activity aimed at improving the quality of the environment and constructing a sustainable framework for environmental preservation and conservation. This fish-shaped wire sculpture is placed at a beach to collect plastic waste, much like similar sculptures of the same name placed in India, Indonesia (Bali), Mexico, Ireland, and Vietnam. Its installation by IRPC is the first in Rayong and a continuation of Goby the Fish in Thailand.

#### Customers/Consumers

The Regulations of IRPC Public Company Limited on Marketing Management provide guidance on how to align the company's customer relations management with its 2016–2022 Commercial and Marketing Strategic Plan. Its framework encompasses customer management, planning, market analysis, product shipment, and complaint management to ensure the customers' utmost satisfaction.

The IRPC 2019 strategic marketing plan described the company's conduct towards business partners, customers, and consumers. It had a particular focus on fostering sustainable growth and a commitment to researching and developing high-value-added products (HVA). This strategic plan worked in tandem with the IRPC 4.0 Policy under the GDP Strategy to enhance IRPC's competitiveness amid global economic uncertainties and to expand its ASEAN market share. In addition to HVA research and development, the company also reconfigured its production process, advancing towards the Zero Waste Goal. The company has combated industrial plastic waste problems through reducing, reusing, and recycling (the 3 Rs). So far, IRPC has been able to reuse polymer waste to manufacture a number of products, such as boxes for brand-name watches and jewelry. Its other customer- and consumer-oriented activities and developments throughout the year were as follows:

- IRPC developed a database management system for each group of customers to ensure fairness and transparency.
- IRPC developed innovations and policies that played an essential role in creating value-added to its products while lowering costs and better meeting market demands. Moreover, consumer demand for sustainable everyday products encouraged IRPC to continue developing eco-friendly products and to resort to local raw materials as much as possible to ensure the sustainable growth of the local economy and society.
- IRPC organized annual activities that promoted relations with customers and partners, such as technical development activities and customer relations activities. The company also conducted

satisfaction surveys, the results of which would be used for further improvements, fostering an even stronger bond with customers.

- IRPC penned a deal with Tecs Energy Co., Ltd. and VA Energy Co., Ltd. to buy an average of 300,000–400,000 liters of crude oil per month from the two producers. This contract is considered a part of IRPC's corporate social responsibility because this fuel comes from processing plastic waste with an advanced technology called pyrolysis, allowing them to reduce it by about 560 tons per month. The deal also supports circular economy principles for sustainability. The company plans to expand the scope of its corporate social responsibility in similar manners in the future.
- IRPC, the National Research Council of Thailand, and Kasetsart University began collaborating on developing a zero plastic waste model, aptly named the Eco Solution Model, that would tackle plastic waste problems at their sources. Under this closed-loop model of proper and efficient recycling, other manufacturers in the supply chain would make use of their peers' polymer waste. As a result, no waste would ever leave the production ecosystem and affect local communities and society at large. The collaborators hope to see the eventual inclusion of other manufacturers throughout the plastic-industry supply chain, leading Thailand into a zero plastic waste society.
- The company organized the "IRPC Exclusive Trip 'The Unseen of Kansai Heritage'" for domestic customers who had met the sales target to thank them for the trust they had always placed in IRPC products and services and to build rapport between customers and IRPC management.



IRPC Collaborates with the National Research Council of Thailand, and Kasetsart University on developing a zero plastic waste model.



### Partners, Competitors, and Creditors

IRPC operates on the foundation of morality and integrity, upholding fairness, honesty, and mutual benefits. It also strictly abides by ethical practices, relevant laws, and contractual terms and conditions. The company constantly seeks new trade partners and fosters good relations with all parties, including competitors and creditors. There are guidelines and systems of control in place to prevent it from obtaining and using competitors' trade secrets through dishonest means. IRPC never attempts to destroy a competitor's reputation with malicious accusations or attacks. The company advocates fair competition, which brings about sustainable business and industrial development for the benefit of Thailand and Thai society.

**Partners:** IRPC has regulations and policies concerning the procurement process in place. It also conducts a due diligence investigation on its business partners throughout the supply chain to guarantee sustainable procurement excellence. Its Code of Ethics regarding business partners and procurement include ethical business practices, human rights, environmental protection, safety and security, occupational health, conflict of interest management, and trade secret management. IRPC conducts a risk assessment on all of its partners per the Sustainable Supplier Code of Conduct.

The company has continuously improved upon its procurement process, including the adoption of a digital procurement and e-auction platform. Its

demand-management scheme analyzes its business units' actual needs, which helps it plan a more effective use of resources. Additionally, a satisfaction survey has played a role in improving and enhancing the quality and efficiency of its procurement system. IRPC organizes annual activities to foster good relations with its partners. It also provides development training to partners to augment their safety standards, improve their anti-corruption measures, cultivate their respect for human rights, and prepare them for ISO standard certification.

In 2019 IRPC received a plaque of honor from H.E. Prof. Dr. Kasem Watanachai, a member of the Privy Council, at the "Thai Chamber of Commerce's Outstanding Ethics Awards 2019" for its corporate governance excellence. The award was a testament that IRPC had operated ethically based on good corporate governance principles and had contributed to sustainable development. The awards have been bestowed to the Thai private sectors for 17 years now (since 2003). They double as incentives to encourage private organizations to aim for corporate governance excellence to gain trust and acceptance from customers, partners, employees, and stakeholders. The awards focus part particularly on ethical business practices, responsibility for consumers and partners, and being a role model.

The marks that IRPC received from the award's 2019 assessment are as follows:



## Marks from the Deciding Round

Topic of Assessment	Customers/ Partners No = 60, Max = 10	Employees N = 60, Max = 3	Mark
1. Fairness	8.55	2.91	75%
2. Disclosure & Transparency	8.67	2.80	75%
3. Responsibility for customers	8.60	2.83	75%
4. Honesty	8.72	2.88	85%
5. Ethics Promotion	8.74	2.79	75%
6. Corporate Social Responsibility	8.56	2.92	75%
7. Environmental Protection	8.60	2.78	75%
8. Liberty	8.80	2.81	75%
9. Risk Management	8.62	2.84	75%
10. Excellence Promotion	8.60	2.84	75%
Overall	8.65	2.84	75%

Employees' Satisfaction	N = 60, Max = 7
1. Work	6.43 (0.647)
2. Colleagues	6.23 (0.676)
3. Supervisors	6.28 (0.904)
4. Compensation	6.48 (0.567)
5. Career Advancement	6.12 (0.958)
Overall	6.33 (0.143)

**Note :** N is the number of surveys. Max is the maximum score.

**Competitors :** IRPC's treatment of its competitors is in conformity with the international framework of free competition and relevant competition laws. The company competes fairly and never seeks a competitor's trade secrets through dishonest or improper means. It also never attempts to destroy a competitor's reputation through malicious accusations or attacks. Moreover, IRPC never agrees with a competitor or any person to circumvent or limit free competition.

**Creditors :** IRPC strictly complies with all obligations it has with accounts payable and financial institutions. The company has never attempted to conceal facts or information that ought to be public knowledge in any manner that could cause damage to its creditor. IRPC has implemented many policies and guidelines that govern matters

of creditors-especially the terms of guarantee, capital management, and defaults-to prevent payment failures and breaches of contract. Nonetheless, in the event that the company learns of its inability to fulfill any obligation, it will always notify its creditor quickly and work with the creditor to find a suitable solution. The company is committed to maintaining a long-lasting relationship with all creditors.

#### Employees

A major contributing factor to the success of a company is its employees. With this understanding, IRPC is committed to creating a proper human resource management system with fair performance assessment. The IRPC work environment promotes career growth. In addition to providing education



and development training, the company also applies stringent international standards to its operations to ensure a safe work environment and support a good work culture and atmosphere. In addition, it regularly extends its “Care & Share” corporate social responsibility campaign to employees’ families.

As stipulated in the Human Rights Policy, IRPC respects labor rights, women’s rights, children’s rights, human dignity, liberty, and equality as guaranteed by Thai and international laws. The UN Guiding Principles on Business and Human Rights serves as a framework for its operations. The company will not stand for any activity throughout the supply chain that constitutes a violation of labor or human rights. According to its Good Corporate Citizenship Policy, IRPC will never tolerate any form of illegal labor, overtime work without employee consent, or intimidation. Moreover, the company offers relevant training to foster equal opportunity without discrimination.

IRPC fully supports its employees’ freedom of association. Employees of IRPC and the IRPC group have formed seven executive and labor unions to ensure fairness and increase their bargaining power. The company allows and encourages union activities. It even distributes union news to every person within the organization via the intranet.

IRPC has issued human resource management regulations and related guidelines to afford every employee fairness under employment conditions that conform to legal requirements. Employees regularly have a chance to talk to the management team in person at the quarterly meetings with the

president and at local business unit meetings (Bangkok, Rayong, and every oil depot). The company also organizes productivity-enhancing activities and heeds employees’ suggestions, both of which contribute to organizational development.

Through knowledge management, IRPC uses its information technology system to pass on a wealth of knowledge from one employee to another. The Knowledge Management department is in charge of efficiently operating this system to ensure that the knowledge learned is genuinely applicable. Furthermore, the company places a great deal of importance on the safety of life and property of every employee of every level. To this end, IRPC has formulated an Occupational Health and Safety Policy in conformity with international labor laws. It has communicated this policy to all involved via various communication channels, including emails, internal magazines, business unit supervisors, and HR champions (representatives from each business unit). By using all of these channels, IRPC has ensured that everyone had quickly, transparently, and equally received the information.

The guidelines for human resource management, which have been developed for IRPC and the IRPC Group, draw from principles of good corporate governance, as well as other rules and regulations. Honestly, respect for human rights, employer benefits, and employee rights have all been considered. The guidelines encompass the following:

- Commissioning and hiring
- Workdays, work hours, breaks, holidays, and leave
- Compensation and benefits
- Employee development
- Discipline, disciplinary action, appeal, and grievances
- Employment termination
- Penalties

The safety of life and property of every employee of every level is important to IRPC; therefore, the company has formulated and issued an occupational health and safety policy and guidelines in conformity with international labor laws.

### Communities, Society, and the Environment

Per company policy, IRPC operates with due regard to corporate social and environmental responsibility. The company always pays close attention to the safety and quality of life of people living in nearby communities, as well as society at large. In its daily operations, IRPC takes measures to either prevent or minimize its impacts on local communities and the environment. The company also repays society through numerous activities that foster mutual growth. Valuing effective and efficient use of natural resources and energy, IRPC undertakes a wide range of activities to promote sustainable environmental preservation and energy conservation, contributing to the fight against climate change and to green-energy development.

IRPC has implemented corporate social responsibility (CSR) strategy, policy, and goals. The company allocates about 3 percent of its past three years' average profit to three groups of CSR activities—namely, educational projects, community projects, and nationwide social projects—to assure stakeholders of sufficient funding. Furthermore, the company has set up funding to promote healthcare for communities around the IRPC Eco-Industrial Zone. For transparency, this fund is managed by three groups of people—namely, community representatives, IRPC representatives, and local civil servants—which also allows it to genuinely meet people's needs. Further details of the company's CSR activities and sustainable development management appear in the 2019 annual report under "Corporate Social Responsibility" on page 221-239.

### **Legal Compliance and Respect for Human Rights**

#### Corporate Compliance Policy

The current organizational structure of IRPC facilitates regulatory compliance supervision. In addition to Corporate Governance and Risk Management departments, which have been active since 2006, the Board of Directors has established Corporate Compliance to uphold matters of compliance with laws, rules, and regulations. This department reports directly to the company secretary and the president. It is also under the supervision of the Corporate Governance Committee. The board also enacted

the Corporate Compliance Policy for IRPC and the IRPC Group on November 17, 2015.

#### Intellectual Property Policy

The company's policies and guidelines for the ethical use of its assets, information, technology, and intellectual property, as well as their care, appear in the Corporate Governance Handbook. In terms of corporate compliance, IRPC requires all parties involved to abide by relevant laws and regulations on company information technology (IT). IRPC does not tolerate any copyright, patent, or trademark violation. The company controls and limits access to information and computer applications based on the need of each position. It also monitors compliance with the law and its IT and communications policies. The company employs various means of data security. For instance, the password used to access company data is confidential and cannot be revealed without expressed permission, which allows its anti-intellectual-property-violation measures to function efficiently and adequately.

#### Human Rights Policy

The Human Rights Policy of IRPC Public Company Limited and the IRPC Group came into effect in 2017. It has since been mandatory for IRPC Board of Directors, executive officers, and employees to adhere to its principles in their everyday conduct. The policy comprehends all groups of known stakeholders, such as employees, communities, society, business partners, and customers within the IRPC Group supply chain. It even covers matters of environmental protection. The policy ensures that IRPC's businesses will always operate with prudence and great care without violating or impacting the rights of humankind, whether directly or indirectly. IRPC will also never encourage or be involved in any instance of human rights violation.

#### **Conflicts or Disputes with Stakeholders**

IRPC has no significant disputes with its stakeholders. Details of other legal disputes appear under "Legal Disputes" in the annual registration statement 2019 (Form 56-1).





#### 4 Disclosure and Transparency

IRPC has established a policy and best practice for the disclosure of vital corporate information, including financial and non-financial information, via easy-to-access channels to ensure correctness, thoroughness, timeliness, transparency, credibility, and equality of access. The policy also applies to data security, data use, and trade-secret protection.

##### Disclosure

It is mandatory for IRPC to disclose any information that may affect investors' decisions or shareholders' rights and benefits. The information unveiled must be correct and sufficient. The disclosure itself must be on time and conform to disclosure guidelines for listed companies of the Stock Exchange of Thailand (SET). Any information deemed to affect investment decisions will first become available via the SET Portal before being disclosed to a specific person or the general public. Furthermore, IRPC cannot divulge trade secrets, incorrect information, estimates, speculations, or promotional information that is unnecessary for investment decisions.

IRPC discloses all information of this nature on its website, [www.irpc.co.th](http://www.irpc.co.th), under the Investor Relations tab and via the SET Portal, affording all stakeholders equality of access. Its information disclosure activities in 2019 are summarized below.

- (1) The company submitted financial reports to the Securities and Exchange Commission (SEC) and the SET on time. The auditor expressed his opinion unconditionally on all entries.
- (2) The company thoroughly disclosed information in the annual registration statement (56-1), the annual report (56-2), and on its website. The information released included company performance, financial statements, the Corporate Governance Policy, the Code of Ethics, the Corporate Social and Environmental Responsibility Policy, details of the annual general meeting of shareholders, management structure, and the list of majority shareholders. The company also communicated all of this via the SET Portal, print media, online media, and many other channels. An integrated report containing a summary of all information

disclosures had been prepared and delivered to shareholders, along with the invitation to the upcoming annual general meeting. Investors may learn more about IRPC via its website, [www.irpc.co.th](http://www.irpc.co.th), or contact Investor Relations via one of the following channels:

E-mail	: <a href="mailto:ir@irpc.co.th">ir@irpc.co.th</a>
Telephone	: 02-765-7380
Fax	: 02-765-7379

- (3) The company's remuneration criteria for its directors and executive officers were specified clearly in the annual report.



- (4) The company also disclosed directors' and executive officers' shareholding information per company policy. This disclosure conformed to regulations of the SEC and of the SET.
- (5) The SEC and the SET never asked-and has never asked—the company to correct any of its financial statements.
- (6) The company's current auditor was appointed by shareholders at the 2019 Annual General Meeting of Shareholders. This licensed auditor possessed none of the prohibitions that the SET had announced. His audit and non-audit fees were presented to and approved by shareholders at the meeting as well.
- (7) The company's financial statement was certified unconditionally by the auditor.
- (8) Information about the company's directors and executive officers-including their names, current position(s), education, experience, ownership of shares in the company, photograph, directorship at other listed companies, and inauguration date—was made available on the company's website.

- (9) The company published the Corporate Sustainability Report 2019, detailing its management directions and its economic, social, and environmental performance. The report's preparation adhered to the G4 Sustainability Reporting Guidelines of the Global Reporting Initiative. Its contents conformed with international best practices and met core option requirements. The report was audited by an external agency, further enhancing its credibility. It was delivered to shareholders, along with the annual report, and made available on the company's website.
- (10) The company also presented a Communication on Progress report to the UN Global Compact (UNGC). IRPC has been a member of the UNGC since 2011 and has an obligation to advance towards the established goals and report its progress. Since 2014 the company has attained the highest reporting level known as GC Advanced. The report has been made available on the company's website. An electronic copy was submitted to UNGC via [www.unglobalcompact.org](http://www.unglobalcompact.org).
- (11) The company publishes all critical information in Thai and English on its website ([www.irpc.co.th](http://www.irpc.co.th)). It also keeps these web pages up to date. It has so far disclosed the following: vision, nature of business, financial statements, press releases, shareholding structure, organizational structure, business unit structure, information about directors and executive officers, investor relations information, company registration certificate, articles of association, memoranda, annual reports, invitations to the annual general meeting (AGM), AGM minutes, annual registration statements (Form 56-1), documents for analyst meetings, the Corporate Governance Policy, and information about other business-related activities such as corporate social responsibility, stakeholder treatment, and sustainable development projects.
- (12) The company communicated with stakeholders via print media, radio, television, and other public relations channels, including newsletters, to inform them of its performance and key developments.

### Internal Data Protection

- (1) IRPC does not reveal any information about its performance to investors and analysts and does not accept appointments with analysts during the silent period of seven days before reporting its performance to the Stock Exchange of Thailand.
- (2) Per company policy, IRPC employees must keep trade secrets confidential. They may not use insider information for the benefit of their own or of another person.
- (3) IRPC employees are required to refrain from commenting on its stock price under all circumstances.
- (4) IRPC employees are required to strictly comply with all relevant laws, regulations, and company policies on internal data protection.

### Fair and Equitable Disclosure

- (1) IRPC requires information presented at a private group meeting, such as an analyst meeting, to be made available on its website after the meeting has taken place to afford fairness and equality of access to the public.
- (2) IRPC makes all reasonable efforts to allow any stakeholder to access pertinent information. Stakeholders may write to the company via [ir@irpc.co.th](mailto:ir@irpc.co.th) or call 02-765-7380. The company affords equality of access to all groups of stakeholders.
- (3) IRPC is cautious about information disclosure on social media. If necessary, the company will only provide an explanation to investors and the general public via the SET Portal.





## Media and Investor Relations

IRPC prepares annual strategic and communication plans to manage its information disclosure to each group of stakeholders, adhering to principles of good corporate governance behind fair disclosure of information. These plans encompass domestic and international roadshows to attract investors, quarterly analyst meetings, press conferences, plant

visits for shareholders, plant open house for local communities, and much more. Investor Relations, Public Relations, and Community Relations are in charge of information disclosure and promoting an understanding and awareness among investors, the media, local communities, and society at large.

### Overview of Disclosure Activities for Investors and Shareholders in 2019

2019 Investor Relations Activities)	Times/ Year
<b>13 Roadshows</b>	
- International roadshows	2
- Domestic roadshows	11
<b>Quarterly Analyst Conference Calls</b>	4
<b>Quarterly Analyst Meetings</b>	4
<b>Company Visits (Appointments)</b>	21
<b>4 Opportunity Days</b>	
- At the Stock Exchange of Thailand (Quarterly)	4
<b>3 Site Visits</b>	
- Domestic	2
- Overseas	1
<b>SET in the City</b>	
- "SET in the City 2019" (the 15 <sup>th</sup> event) during November 14–17, 2019	1

### Overview of Interactions with the Media in 2019

Activities	Times/ Year
1. Press Conferences / Interviews	11
2. Press / Photo Releases	40
3. Print Media / TV / Radio	100

## Whistleblowing, Access to Information, and Whistleblower Protection

The Anti-Corruption Policy of IRPC Public Company Limited and the IRPC Group details whistleblowing channels and protection for internal and external whistleblowers. The company accepts submissions about any activity that violates the law or code of conduct, or any corruptive behavior or inappropriate conduct of any person at any corporate echelon—including directors, executive officers, and employees of IRPC and the IRPC Group, as well as any party involved in IRPC's business. The policy also clearly specifies the ensuing investigative procedures to ensure

impartiality and transparency. All whistleblowers and witnesses will always be afforded protection and non-retaliation.

### Whistleblowing Channels

- E-mail : auditor@irpc.co.th
- Mail : Chairman of the Audit Committee  
IRPC Public Company Limited  
555/2 Energy Complex, Building B,  
Floor 6  
Vibhavadi Rangsit Rd., Chatuchak,  
Chatuchak, Bangkok 10900
- P.O. Box : P.O. Box 35, Sun Tower Post Office,  
Bangkok 10900



The investigative procedure begins with Office of Corporate Internal Audit. This department is directly responsible for supervising the investigation and monitoring its progress. It also prepares a detailed report of all known wrongdoings or violations of the Code of Conduct to be submitted to the Audit Committee and the Board of Directors every month and every quarter. In practice, Corporate Internal Audit has the power to determine whether each

whistleblowing submission has grounds. If the submission is of sound reason, Corporate Internal Audit will set up an investigation panel. If the accused is found guilty, they will be subject to the corresponding disciplinary action. All whistleblowers and witnesses will be afforded protection.

In 2019 Office of Corporate Internal Audit received the following submissions via the following channels:

Explanation			Channels		Types of Submission		
	1. President (letter via BoD / CEO / CAE/ employee / department)	2. Email address: auditor@irpc.co.th (emails to Internal Audit)	P.O. Box 35 Sun Tower Post Office (letter mailed via Thai Post)	A: Employee's Conduct	B: Operation	C: Corruption	D: Suggestion
Total	4	2	37	11	11	-	21

## 5 Board Duties and Responsibilities

The Board of Directors plays a pivotal role in governance for the benefit of IRPC. Members of the board have a duty to shareholders and act independently from the executive branch of IRPC. They strive to fulfill their missions, roles, duties, and responsibilities and to protect the interests of shareholders and stakeholders. The Board of Directors determines which business directions and strategies the company should pursue based on their suitability and effectiveness. In addition, the board ensures the transparency and sustainable growth of IRPC's business.

The Board of Directors relies on eight principles from the Corporate Governance Code for Listed Companies 2017 issued by the Securities and Exchange Commission as guidance. These principles appear in the Corporate Governance Policy. The following is a summary of board duties and responsibilities:

- **Business sustainability:** To bring about business sustainability, the board bases its decisions on various factors, including the creation of value-added, economic growth, and corporate social and environmental responsibility. Board members act as role models and impart business sustainability principles to the company, letting them trickle down from the president and other executive officers to the rest. The board also

discusses the company's multifaceted performance reports regularly at their meetings.

- **Corporate governance:** The board establishes and oversees the Corporate Governance Policy, which is available on the company's website, to guide everyone at IRPC and its stakeholders. The board oversees communications to promote a genuine understanding of the policy, as well as awareness-raising activities to facilitate its organization-wide adoption. The board also urges IRPC's business partners throughout the supply chain to adopt similar principles.
- **Board and committee charters:** The board determines what its responsibilities and duties-including those of its committees-should be, basing them on laws, regulations, and IRPC's Corporate Governance Handbook. These are specified in their respective charters. Furthermore, the board oversees the suitability of its structure and determines the remuneration of the president and company employees, which serves as an incentive for them to help IRPC reach its objectives and goals.
- **Code of conduct:** The board ensures that its members, along with company executive officers and employees, abide by the Code of Conduct. It also regularly monitors compliance with the code and facilitates its adoption as part of the corporate culture.



- Vision, mission, directions, and strategies: The board establishes and reviews all of these to steer all of operations towards a common goal. It also lays down the scope of responsibilities for management but never interferes with their roles and duties.
- Corporate KPIs and budgets: The board oversees corporate KPIs and budgets, ensuring that the company has sufficient resources to achieve its goals.
- Investments: The board meets every month to consider and give its approval to major investment projects whose scopes exceed the power and authority of the executive branch. It also determines which subjects will be presented to shareholders for their approval.
- Management structure: The board ensures that the management structure is efficient, sufficient, and suitable for the operation of the company.

Further details about board responsibilities appear in the 2019 Annual Report under “Management Structure” on page 60

## **Board Committees, Assessment, Orientation, and Development**

### Board Committees

The Board of Directors is at the heart of good corporate governance. In addition to having the Audit Committee, which is a requirement of the Stock Exchange of Thailand, the Board of Directors has established three other committees for the sake of good corporate governance with the approval of shareholders and in conformity with the company's articles of association. These committees play a role in fine-tuning board performance. Below is a summary of IRPC's committees:

1. The Audit Committee comprises at least three board members, all of whom must be independent directors. Their qualifications and scope of duties are as stipulated by the Stock Exchange of Thailand. They must possess sufficient experience and be able to ascertain the reliability of the company's financial statements. Their other duties include superintending the standardization of the company's operations, aligning different corporate components towards

a common goal, and ensuring reliable reporting and appropriate internal control systems, which will benefit all parties involved.

2. The Corporate Governance Committee comprises at least three board members, one of whom must be an independent director. They are in charge of good corporate governance best practices, superintending management's compliance with corporate governance principles and action plan. They also oversee the Corporate Governance Policy and anti-corruption measures.
3. The Nomination and Remuneration Committee comprises at least three board members, at least one of whom must be an independent director. They oversee the corporate structure, nominate director candidates and presidential candidates, and determine board and management remunerations per corporate best practices.
4. The Risk Management Committee comprises at least three board members who are considered experts in petroleum, petrochemical, or other fields that may benefit IRPC's risk management.

Details of these committees, as well as the names and roles of committee members, appear in the 2019 Annual Report under “Management Structure” on page 69

### 2019 Board Performance Assessment

#### • Board Assessment

IRPC evaluated the performance of its Board of Directors in 2019 and used the results to devise a director development plan. There were two types of assessment:

1. Independent Assessment: The board is independently evaluated every three years. KPMG Phoomchai Business Advisory Limited conducted an independent assessment on the board and its committees in 2019, employing a practical and tangible process that met international standards. The process included a questionnaire and an interview of board members. IRPC used the feedback and recommendations to improve board performance, ensuring transparency and accountability, as well as bolstering its good corporate governance.

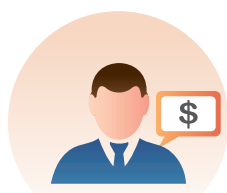
## Key Components of Board Performance Assessment



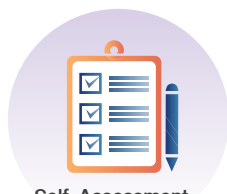
Structure &amp; Qualifications

Chairman's Responsibilities  
& Duties

Nomination and Appointment



Remuneration

Roles, Responsibilities  
& DutiesPolicies on & Governance of Subsidiaries  
and Other Investment Projects

Self-Assessment

Development of Knowledge  
& SkillsInformation Management  
& Company Secretary

## Results of 2019 Independent Assessment of the Board of Directors

Components	Standard Criteria Met			
	All**	Thorough Compliance*	Partial Compliance	Non- Compliance
1. Structure & Qualifications	10	9	1	-
2. Chairman's Responsibilities & Duties	5	5	-	-
3. Nomination and Appointment	6	6	-	-
4. Remuneration	4	2	2	-
5. Roles, Responsibilities & Duties	59	56	3	-
6. Policies on & Governance of Subsidiaries and Other Investment Projects	3	2	1	-
7. Self-Assessment	7	6	1	-
8. Development of Knowledge & Skills	7	7	-	-
9. Information Management & Company Secretary	29	28	1	-
<b>Total</b>	<b>130</b>	<b>121</b>	<b>9</b>	<b>-</b>

\* Whether the company thoroughly or partially complies with a standard criterion is subject to the standard's complexity and the company's nature of business.

\*\* From a total of 130 standard criteria, the assessment reveals that IRPC complies thoroughly with 121 criteria (93%) and partially with 9 criteria (7%). The result is classified as "excellent."





2. Self-Assessments: The Board of Directors performs a series of self-assessments every year—namely a self-assessment of the board as a whole, a self-assessment of each director, and a self-assessment of the four board committees (the Audit Committee, the Nomination and Remuneration Committee, the

Corporate Governance Committee, and the Risk Management Committee). These self-assessments enable board members to collectively review each other's performance and provide solutions to each other's problems, augmenting their overall strength.

### 2.1 Self-Assessment of 2019 Board Performance

Criteria	2019 Score
1. Structure and Qualifications	97.14%
2. Roles and Responsibilities in Effectuating Major Business Policies	95.58%
3. Conduct	96.79%
4. Meetings	98.00%
Total	96.88%

### 2.2 Self-Assessment of Individual Directors

Criteria	2019 Self-Assessment Score	2019 Cross-Assessment Score
1. Qualifications	94.29%	98.00%
2. Ownership of Decisions and Actions and Ability to Explain Decisions Made	96.67%	97.62%
3. Capabilities and Efficiency	94.71%	98.42%
4. Equitable Treatment of Stakeholders and Ability to Explain Actions	94.76%	97.38%
5. Transparency, Accountability, and Disclosure	96.79%	98.75%
6. Creation of Long-Term Value	95.71%	96.67%
7. Ethics / Code of Conduct	98.10%	100%
Total	95.86%	98.12%

**2.3 Chairman's Assessment of the Audit Committee's Performance**

Criteria	2019 Assessment Score
1. Independence	100%
2. Financial Statement Audit	100%
3. Review of Connected Transactions	100%
4. Internal Control Audit	100%
5. Risk Management Supervision	100%
6. Supervision of Compliance with SET & SEC Regulations	100%
7. Other Tasks	100%
8. Regular Progress Reported to the Board	100%
Total	100%

**2.4 Self-Assessment of the Audit Committee**

Criteria	2019 Assessment Score
1. Structure and Components	100%
2. Duties & Responsibilities	100%
3. Relations with Internal Auditor and Financial Auditor	100%
4. Relations with Management	100%
5. Reports	100%
6. Quality Control	100%
Total	100%

**2.5 Performance Assessment of the Audit Committee member individually**

Criteria	2019 Assessment Score
1. Business knowledge	100%
2. Expertise in performing duties	100%
3. Authority and duties assigned	100%
4. Independence and fairness	100%
5. Understanding of duties and responsibilities	100%
6. Performing work and meeting	100%
Total	100%

**2.6 Self-Assessment of 2019 Sub-Committee Performance**

Criteria	Nomination & Remuneration Committee	Corporate Governance Committee	Risk Management Committee
1. Structure	100%	93.33%	100%
2. Policies	95.00%	95.25%	99.00%
3. Conduct	97.50%	98.10%	98.67%
4. Meetings	100%	96.67%	100%
Total	98.13%	95.83%	99.42%



#### • Performance Review of the President

The Board of Directors has stipulated that the president of IRPC shall submit to an annual performance review by the Nomination and Remuneration Committee. The board then determines the remuneration of the president based on the results of this review; however, these results are considered undisclosable private information. The criteria are based on the president's job components and goals. They reflect the president's performance in a tangible, transparent, fair, and suitable manner. The review is divided into two parts:

##### Part 1: Four Corporate KPIs

1. Financial Perspective
2. Stakeholder Perspective
3. Internal Process Perspective
4. Learning & Growth Perspective

##### Part 2: Three Sustainable Growth Factors

1. Leadership
2. Corporate Governance
3. Promotion of Growth and Reputable Image

The president's annual salary adjustment and bonus are dependent on the results of this performance review and are subject to the approval of the Board of Directors.

In 2019 the Board of Directors approved the president's performance review criteria at Board Meeting No. 4/2019, held on April 3, 2019. In addition to challenging goals, these criteria comprehend financial and non-financial key performance indicators per short- and long-term goals of the strategic plan and the company's vision; corporate responsibilities for communities, society, and the environment; and the balanced scorecard. Having acknowledged these criteria, the president steered IRPC towards the established goals. He demonstrated his ability to lead; solve problems affecting IRPC and stakeholders quickly, correctly, and successfully; and ensure a reputable corporate image and good corporate governance.

Moreover, every director completed an assessment form that evaluated the president's performance, ensuring transparency and fairness. Their participation

reflected IRPC's continued change for the better. The president reportedly excelled at both parts of the review. The remuneration of the president is comparable to that of the others within the same industry or similar industries. His remuneration is part of the executive remuneration budget per criteria of the Securities and Exchange Commission that appears in the 2019 Annual Report under "Management Structure" on pages 60.

#### Director Orientation

The company required all newly appointed directors in 2019 to attend an orientation session before they could participate in their first board meeting. The session allowed these new directors to acquaint themselves with the company's business nature and their duties and responsibilities, which had been prescribed by law and international principles of good corporate governance. The president himself provided them with an introductory report, an organizational overview, pertinent rules and regulations, and director's handbooks.

- Directors appointed in 2019 were as follows:

1. Mr. Noppadol Pinsupa  
Director/ Member of the Risk Management Committee/ President/ Secretary of the Board of Directors/ The Director who is authorized to sign on behalf of the Company
2. Air Marshal Boonsuib Prasit  
Independent Director
3. Miss Siriwan Chierapong  
Independent Director
4. Mr. Charcrie Buranakanonda  
Independent Director/ Member of the Corporate Governance Committee
5. General Nattaphon Narkphanit  
Independent Director/ Member of the Corporate Governance Committee
6. Mr. Wattanapong Kurovat  
Independent Director/ Member of the Risk Management Committee
7. Mr. Jumpol Sumpaopol  
Member of the Audit Committee



- Orientation in detail:
  1. The president gave an overview of the company, including its vision, policies, organizational structure, business overview, performance, and other pertinent information. The presentation lasted about an hour, followed by a questions and answers session that had no time limit.
  2. The company secretary provided new directors with a comprehensive range of relevant documents, including director's handbooks 1–3, Corporate Governance Handbook, Code of Conduct, company registration certificate, company objectives, articles of associate, names of board members, duties and responsibilities of committees, AGM minutes from 2016 to 2019, annual reports of the Board of Directors from 2016 to 2019, reports from the committee on which the new directors would be serving, annual registration statement (Form 56-1), 2018 annual report, 2018 sustainability report, and curriculum of the Thai Institute of Directors. The company secretary also instructed new directors on how to retrieve information from the IRPC Board Portal.

#### Development of Directors and Executive Officers

IRPC encourages its directors and executive officers to partake in training programs that will benefit their role, business management, and knowledge of the industry. Every director has received the fundamental training. Further details appear in the 2019 Annual Report under “Directors’ Biography” on page 16-31.

Moreover, the company secretary regularly works with all directors to find time for them to attend new training sessions at the Thai Institute of Directors. IRPC’s directors attended the following programs in 2019:

- Every director attended a seminar entitled “Measure the ROI of Digital Transformation Strategy: What the Board of Directors Should Know,” conducted by an expert from KPMG Phoomchai Business Advisory Limited.
- A director (Mr. Ekniti Nitithanprapas) attended “RCL—Risk Management for Corporate Leaders” at the Thai Institute of Directors.

#### **Nomination and Appointment of Directors and the President**

Board policy mandates that members of the Board of Directors must come from a diverse range of backgrounds. Priority is given to needed competencies that will fulfill the composition of the board. Qualifications, experience, and expertise are also considered; however, gender, religion, ethnicity, and nationality play no role in the process. Further details on this matter appear in the 2019 Annual Report, under “Management Structure,” “Composition and Qualifications of the Board of Directors” on page 65.

As for the nomination of a director candidate, IRPC will consider suitable and deserving individuals. Both majority and minority shareholders, in addition to the Nomination and Remuneration Committee, have the right to propose director candidates. All nominations must be approved by the Nomination and Remuneration Committee according to the established criteria before being presented to either the board or the shareholders for the final approval (whichever the case may be).

#### 1. Director Nomination

Details of director nominations appear in the 2019 Annual Report under “Management Structure,” “Director Nomination” and “Appointment of Directors” on page 63-69.



- Independent Directors

The Board of Directors has aligned the company's required qualifications for an independent director with announcements of the Securities and Exchange Commission (SEC) and the Corporate Governance Handbook; however, the company mandates that its independent director cannot possess more than 0.5 percent of the company's issued shares, which is more stringent than the 1 percent prescription of the SEC. The definition of an independent director appears in the Corporate Governance Handbook and the company's website. Independent directors serve a three-year term, much like other directors. They can be re-appointed, according to the law and the company's articles of association (up to nine years, unconditionally).

Further details about the company's independent directors and their duties and responsibilities appear in the 2019 Annual Report under "Independent Directors," "Management Structure" on page 65.

- Distinct Roles of the President and the Chairman

Although the Public Limited Company Act allows one person from holding the offices of the president and the chairman of the board simultaneously, having the top executive officer double as the board's leader would create a conflict of interest. The board would be unable to independently determine the executive branch's directions and policies and monitor its conduct. Information reported to the board could be selective or concealed. The president and chairman could also influence the board to rule in favor of management.

To ensure good corporate governance and separation of powers, the Board of Directors of IRPC Public Company Limited has mandated that its chairman and the president of the company cannot be the same person. Their roles are separate and distinct.

Further details about the duties and responsibilities of the chairman and the president appear in the 2019 Annual Report under "Management Structure," "Authority of the Chairman" on page 69 and "Duties and Responsibilities of the President" on page 79.

## 2. President Nomination and Succession Planning

The Board of Directors has tasked the Nomination and Remuneration Committee with nominating a qualified and capable individual for the office of the president. The nominee is presented to the board for appointment. The president of the company also serves as a member of the board. The nomination and appointment process conform with the company's articles of association and all legal requirements. The candidate must possess the necessary experience and a profound understanding of the petroleum and petrochemical sector, in addition to a good reputation, leadership, and a track record of corporate governance compliance. Candidates for senior executive vice president offices must also similarly pass the consideration of the Nomination and Remuneration Committee and gain approval from the Board of Directors.

**Executive Succession Planning:** IRPC selects senior executive vice presidents to undergo the IRPC Group's executive development program. After completion, they will be subject to a leadership assessment by a leading consultancy. The company will use the results of this assessment to further develop their potential. When an opportunity arises, one of these leaders will be nominated and appointed per the established process.

## 3. Executive Succession Planning and Development

The Board of Directors charges the Nomination and Remuneration Committee with succession planning for N-1 and N-2 senior executives, preparing candidates for pivotal management positions efficiently. Succession planning also helps manage risks, ensures business continuity, and encourages mutual growth for executives and IRPC itself.

To ensure business continuity, IRPC has a systematic executive succession plan in place, the progress of which is periodically reported to the Nomination and Remuneration Committee. It assesses and develops the capabilities of senior executives that are necessary for the company to achieve its objectives and strategic goals. The process is as follows:

- 1) Succession Planning
- 2) Criticality of Target Roles
- 3) Prioritization of Target Group
- 4) Succession Readiness
- 5) Successor Candidate)

Furthermore, IRPC worked with a leading consultancy in 2019 to develop a training program entitled “Development of Next Generation Leaders (Top 30 Leaders),” which comprises three phases:

- Phase 1 Pre-Succession Planning: World Class Competency & Leadership Potential Assessment.
- Phase 2 Succession Planning Actually Happens: Match Demand & Supply.
- Phase 3 Gap Closing & Value Delivery: Implement Development Program & Gap Closing.

## **Governance of Subsidiaries and Joint Ventures**

### Organizational Structure

The Board of Directors ensures that IRPC’s organizational structure is adequately efficient and suitable for governance under the leadership of the president. In 2019 the board approved the restructuring of IRPC, which took into account the present strategic plan and goals for future growth achieved through new business opportunities, mergers and acquisitions, and the creation of long-term value-added. Details on the matter appear in the 2019 Annual Report under “Organizational Structure” on page 31.

### Governance Mechanisms

In addition to the president and other senior executive officers, the Board of Directors oversees the management of subsidiaries, joint ventures, and affiliates through representatives whom they have appointed to serve as directors or executives of these companies. Further details on this subject appear in the 2019 Annual Report under “Management Structure” on page 87. The decisions on significant investments and business developments that these representatives make require the approval of the Investment Board, the Management Board, or the Board of Directors, whichever the case may be. They must also report the progress of these projects to the company periodically.

### Outside Interests Policy

The Board of Directors has established these rules on outside interests, which apply to the president, other executive officers, and every employee of the company. In addition to clarity, these rules also ensure good corporate governance, compliance with international standards, and conformity to IRPC’s business nature and the practice of its majority shareholder.

1. In the event that the president has been assigned a position external to the company’s affairs by royal command or lawful order of the cabinet, the president shall inform the board as soon as the command or order was received, whichever the case may be.
2. In the event that the president has been requested to serve as a director, committee member, specialist, expert, consultant, or any other position external to the company’s affairs by a government agency, state enterprise, independent organization, or state-owned institution of education, the president shall seek approval from the board first.





3. In the event that an executive officer from the executive vice president level upward has been requested to serve as a director, committee member, specialist, expert, consultant, or any other position at a company or juristic entity external to the company's affairs and outside the provision of Rule 2, board approval is required before accepting the offer. For employees from the vice president level downwards, permission must be obtained from the president instead.
4. For all executive officers and employees whose outside interests fall under the provision of Rule 1 or 2, they must inform or ask for permission from the president before accepting the offer, whichever the case may be.
5. The appointment of a director to serve in a subsidiary or joint venture, according to the shareholding ratio or agreement made between shareholders, is the authority of the Board of Directors

### **Insider Information**

The Board of Directors has introduced guidelines on the disclosure of information, confidentiality, information technology, and communication in the Corporate Governance Handbook. Directors, executive officers, and employees alike are to exercise caution when dealing with private information and providing information to an outsider to safeguard IRPC's trade secrets. Information is categorized according to its level of confidentiality; access to information is limited. Company policy prohibits the use of insider information, that which has yet to be revealed to the public, for the benefit of one's own or of another person, especially for IRPC securities trading. Rules governing insider information are part of the Compliance Policy, which was introduced in 2016. It is currently under revision.

### Code of Conduct

IRPC's good corporate governance best practices guide its directors, executives, and employees. These appear in the Corporate Governance Handbook. Its contents include human rights; treatment of employees, society, communities, the environment; occupational health and safety; giving or accept assets or other benefits in a way that may influence one's decision; conflicts of interest in a transaction; trading company securities; insider information; compliance; the use and care of assets, information, information technology, and intellectual property of IRPC; treatment of customers; product quality; marketing communication; treatment of contractual partners (business partners and creditors); and treatment of competitors.

### Conflicts of Interest

IRPC requires that its directors, executives, and employees, as well as those of its subsidiaries, joint ventures, and companies in which IRPC has a controlling stake, disclose any potential conflict of interest in any transaction of IRPC or the IRPC Group, using the specified method. Disclosures enhance operational efficiency, governance and management excellence, ethics, freedom from corruption, transparency, and accountability.

### Conflicts of Interest Report

In addition to disclosing its directors' and executives' conflicts of interest according to the regulations of the Securities and Exchange Commission, IRPC also mandates that all IRPC-Group executive officers and employees must report all of their (potential) conflicts of interest with the company to the Corporate Governance Committee. Reporting is done online. The system has been available for five years now (since 2015), raising an anti-corruption and transparency awareness within the organization.

The company saw a 100-percent adoption of the online reporting system in 2019. Failing to do so would have resulted in disciplinary action per Section 8 of the Workplace Policy, which prohibits workers from neglecting or not complying with the company's lawful order or assignment or concealing a fact.

#### Reporting Conflicts of Interest of Directors, Executives, and Related Persons

Every director submits a conflicts of interest report, which the board uses as the basis for the supervision of its members' conflicts of interest. Every senior executive officer prepares a similar report annually. The company secretary files these away after presenting their copies to the chairman of the board and the chairman of the Audit Committee, who use them to oversee matters of conflicts of interest.

Whenever there is a position change or a new director, IRPC will present a report of the change to the Office of the Securities and Exchange Commission, keeping its directors' information up to date.

#### Reporting Securities Holding

To oversee insider trading, it is mandatory for board members and executive officers, including their legal spouse, cohabiting partners, and underage children, to report any changes in their holding of IRPC securities to the company, the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission-according to Section 59 of the Securities and Exchange Act B.E. 2535 and any ensuing amendments-within three business days from the date of the transaction. Moreover, company policy obliges board members and executives to report any changes in their holding of IRPC securities to the board at the monthly board meeting. In fact, the report is an integral part of every board meeting's agenda.

IRPC has never received any warning regarding this subject from any of the regulators. In 2019 board members collectively held less than 25 percent of the company's issued shares, complying with regulations of the Stock Exchange of Thailand.

The company also has a blackout period-45 days before the release of the financial statement and the 2 ensuing days-during which its stock cannot be traded. This blackout period enables board members, executives, and any employees with insider information to thoroughly and strictly abide by pertinent regulations.

Moreover, the company has requested that all board members and executive officers inform the company secretary of their intent to trade IRPC securities at least one business day before the date of the transaction.

#### Connected Transactions

- Connected Transactions Policy and the Necessity for Connected Transactions

The IRPC Group operates a complete range of petrochemical and refinery businesses, sharing the sector with fellow companies within the PTT Group. As a result, transactions between IRPC and other PTT Group companies are commonplace. These transactions include the exchange of crude-oil and petrochemical products, related services, and other activities that support each other's everyday operations. The prices and terms and conditions of these transactions are no different from those agreed upon with companies outside the PTT Group with no additional benefits. IRPC considers every connected transaction carefully, rationally, and independently in its own best interest.

Measures for connected transactions, policies for future connected transactions, and opinions of the Audit Committee on past connected transactions appear in the 2019 Annual Registration Statement (Form 56-1), Part 2, under "Connected Transactions."



## Appointment and Remuneration of the Auditor

### IRPC Public Company Limited

The Audit Committee nominated Deloitte Touche Tohmatsu Jaiyos Audit Company Limited (Deloitte) as the 2019 auditor for IRPC. The nomination was approved at the 2019 Annual General Meeting of Shareholders. Deloitte is an independent auditor with a long-standing reputation. It has no relations and/or vested interest in IRPC, its subsidiaries, directors, executives, majority shareholder, or related persons. Its fees were as follows:

The audit fee for 2019 was 3,100,000 baht, which was the same rate for 2018. This fee, however, did not include other accrued expenses, such as traveling allowance, that did not exceed 120,000 baht, which were billed to IRPC according to customary practice.

### Subsidiaries and Joint Ventures

Deloitte also proposed another audit fee of 950,000 baht in 2019 for five IRPC subsidiaries and one IRPC joint venture, which was an increase of 10,000 baht from its 2018 fee. The increase was due to the incorporation of I Polymer Co., Ltd. (a subsidiary) in November 2018.

## Other Corporate Governance Activities

### Corporate Citizenship

The Board of Directors ensures that IRPC is a good corporate citizen, serving as a role model for stakeholders throughout the supply chain and encouraging them to adopt and uphold similar principles. To this end, the board has issued the Good Corporate Citizenship Policy, which was developed in conformity with the UN Global Compact, for IRPC and the IRPC Group. The policy has been available for retrieval on the company's website since 2017. Its contents comprehend the four pillars-namely, human rights, labor rights, the environment, and anti-corruption activities.

Fee (Unit: Baht)	2018 (Auditor: Deloitte)	2019 (Auditor: Deloitte)
Audit Fee	3,100,000	3,100,000
Non-Audit Fees	4,883,085 Fees for* 1. Verification of BOI privileges 2. Financial consultancy 3. Development and installation of the Continuous Control Monitoring System (CCMS)	3,623,085 Fees for** 1. Verification of BOI privileges 2. Remaining balance from 2018 for financial consultancy and CCMS



IRPC joined business and human rights international meeting.

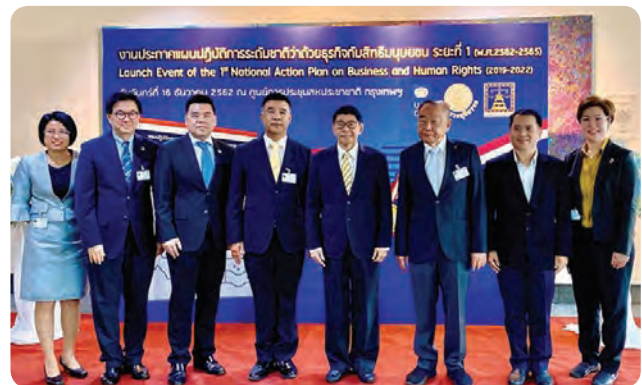
## Human Rights

Thailand is a member state of the United Nations. The kingdom has ratified the Universal Declaration of Human Rights and is a signatory to many human rights treaties with binding obligations. The Royal Thai Government has adopted the National Human Rights Plan as a framework of operations. Its primary goals are to serve as a device for human rights protection used by a network of human rights agencies from all sectors and to provide human rights guidelines for Thai people.

IRPC promotes the Protect, Respect, and Remedy principles, which supports the National Business and Human Rights Action Plan. To demonstrate the IRPG Group's commitment to human rights, IRPC entered the "Human Rights Role Model Organization Project" contest for private companies and state enterprises in 2019. The contest was organized by the Department of Rights and Liberties Protection, Ministry of Justice, to select an organization with an exemplary track record of human rights to serve as a role model for others, enabling Thai organizations to have human rights excellence as the foundation of their operations.

IRPC's human rights successes are attributed to the following:

1. Top-down human rights commitment ("Tone at the Top" campaign)
2. Solid structure of the human rights department
3. Effective management, preventive measures, and monitoring



IRPC joined the National Human Rights Plan announcement.

4. Awareness promotion and regular networking
5. Collaboration with partners and stakeholders
6. Independent human rights due diligence investigation
7. Sustainable operation with corporate social responsibility and mitigation measures for potential impacts
8. Whistleblowing, protection, and remedy

Thanks to its earnest and regular activities, IRPC was awarded the title of the Private Sector Winner of the Human Rights Role Model Organization Project 2019. IRPC President Noppadon Pinsupa represented the company at the ceremony, accepting a plaque issued in the name of Prime Minister Prayut Chan-ocha from Justice Minister Somsak Thepsuthin on November 20, 2019.





*“We, the directors of IRPC Public Company Limited, perform our duties to the best of our abilities in the best interest of the company. We work with the management team to develop solutions to all problems that have arisen. We make sure that the company’s risk management and auditing processes are adequate and sufficient. We also oversee the company’s corporate governance, social responsibility, fair treatment of stakeholders, and respect for human rights.”*

**Chansin Treenuchgorn**  
Chairman



*“At the core of IRPC is its respect for human rights. The company attaches a great deal of importance to the three human rights pillars: protect, respect, and remedy. In doing so, we hope to assure all stakeholders throughout the supply chain that our business is based on a solid foundation of human rights. We never violate or adversely affect human rights, whether directly or indirectly.”*

**Noppadol Pinsupa**  
President

- IRPC’s treatment of its employees and related parties in the supply chain, as well as the surrounding communities, conform to international principles of human rights and human rights laws. The company affords freedom and equality to individuals, which are guaranteed and protected by Thai and international laws. It never violates or takes part in the violation of human rights, whether directly or indirectly. IRPC respects human dignity and provides equal opportunity without any form of discrimination based on ethnicity, religion, gender, skin color, belief, disability, or social status.
- To ensure the freedom from human rights violation in all company activities, the Board of Directors introduced the Human Rights Policy to the IRPC Group in 2017; it has been available on the company’s website since.
- The company protects the rights of its employees and contractors, abiding by labor laws, implementing workplace safety regulations, and providing good welfare per company policy. It offers safety training to both employees and contractors equally. In addition, IRPC issues a safety manual specific to plant turnarounds and strictly enforces its measures. It also oversees the safety of every outsider who has entered its plants’ premises. The Safety Department reports safety statuses both during and after work hours. It also forwards all environmental complaints from surrounding communities to the Management Committee for prompt and appropriate remedial action, as well as to prevent a repeat.
- IRPC conducts due diligence investigations on human rights risks, for which the company has adequate mitigation measures. There are also environmental-impact evaluation and remedy processes in place. These include accepting complaints 24 hours a day, having a team on standby to investigate problems and provide solutions as soon as possible, and disclosing information about an activity that has an environmental impact potential both before and during the operation.
- IRPC representatives have continuously attended human-rights seminars and activities to ensure their thorough understanding before passing on their knowledge to IRPC employees, partners, and stakeholders. In doing so, the company has ensured widespread and tangible applications and results. For instance, Dr. Seree Nonthasoot, a former representative of Thailand to the

ASEAN Intergovernmental Commission on Human Rights, gave a lecture on “Human Rights and Good Corporate Governance” in 2019. There was also Nareelak Paechaipoom, director of the International Human Rights Division of the Rights and Liberties Protection Department of the Ministry of Justice, who joined a discussion panel on the topic of “Sustainable Value Chain & Human Rights” with company executives.

### Labor

- The company respects its employees’ fundamental rights and personal freedom, which are guaranteed by Thai labor laws and conventions of the International Labor Organizations. Its treatment of employees conforms to labor laws. It encourages employees to exercise their freedom of association per labor relations law and complies with relevant state regulations. IRPC never uses its power to coerce employees to enter into an agreement that deprives them of their fundamental labor rights, as well as never engages in the use of illegal labor. Moreover, the company complies with the Convention on the Elimination of All Forms of Discrimination against Women and UNICEF’s Children’s Rights and Business Principles. Furthermore, employment at IRPC is free from discrimination based on ethnicity, religion, gender, or skin color. The company promotes equal opportunity and decent work with rightful liberty and human dignity.

### Legal Compliance

- With corporate governance and sustainable co-existence in mind, IRPC took a proactive approach to legal compliance in 2019 by incorporating the legal department in the initial stages of investment projects, such as the UHV Catalyst Cooler Project, the E4E or EVEREST Forever Project, and the IRPC 4.0 Project. In each of these projects, the legal department was involved from the beginning, assisting in procurement negotiation, contractor hiring, and agreement drafting. Its involvement reduced risks from the lack of legal knowledge or understanding of the wording, either of which could lead to a breach of contract. In doing so, IRPC was able to minimize the possibility of legal disputes.

### Information Technology

- IRPC’s digital transformation goal seeks to enhance the efficiency of its operations. The process has begun, starting from aligning its strategies with technological growth with a focus on generating value-added. Data governance principles have been applied for maximum benefits, including the use of Machine Learning and Big Data to help direct business decisions with data analysis. The infrastructure has been upgraded to support digital technology. The security of the network has been augmented with protection against natural and cyber threats. Further details appear in the Risk Management Report on page 135.

### The Environment

- IRPC expresses its committed to the protection of the environment from any impact that its operations may cause through its action and its environmental protection measures and guidelines. The company conducts an environmental impact assessment before investing in a project or business. It employs applicable technologies to bolster its environmental protection measures and methods. It also encourages the development of eco-friendly innovations and technologies. IRPC always promotes an awareness of environmental responsibility and occupational health and safety among its employees and related parties.

### Anti-Corruption Activities

- Ethics permeate through every fiber of IRPC’s operations. The company thoroughly adhere to anti-corruption and anti-bribery laws and international best practices. It does all within its power to eradicate corruption, bribery, and coercion. It also educates every person within its corporate structure, including related parties within the supply chain, about its anti-corruption and anti-bribery measures. Its whistleblowing channels are appropriate, effective, and convenient.



- In the fight against corruption, the Board of Directors has introduced the following policies: the Anti-Corruption Policy, the Anti-Bribery Policy, the No Gift Policy. These policies apply to every person at every level of IRPC and the IRPC Group. Training and seasonal campaigning are used to raise awareness. These policies are publicly available on the company's website and via other communication channels. Additionally, the Board of Directors endeavors to expand the IRPC anti-corruption network to include stakeholders, such as other IRPC Group companies, joint-venture partners, and contractors. The company's anti-corruption practices have been disclosed to all of its partners. Many of these activities have been going on since 2016.
- The Audit Committee includes corruption risk management and assessment on Corporate Internal Audit's agenda. The committee also requires corruption risks to be controlled, monitored, assessed, and reported to the board continuously.
- IRPC was among the first group of listed companies (no. 40) to express their intentions to join Thailand's Private Sector Collective Action Coalition against Corruption (CAC) when it was first launched in 2010. The company became a certified member on April 4, 2014. Each certification lasts three years. Its first re-certification was confirmed on March 9, 2017. The company just submitted its second re-certification application on December 9, 2019.
- According to the Anti-Corruption Policy introduced by the board, internal and external whistleblowers may report any activity deemed to be in violation of the law or code of conduct or any act suspected to be of corruptive nature of any person of any corporate echelon or any stakeholder. The policy also outlines a clear investigative procedure that is impartial and transparent. Adhering to this policy, IRPC affords protection and non-retaliation to whistleblowers and witnesses. Corporate Internal Audit oversees and monitors every investigation, as well as reports relevant matters to the Audit Committee and the Board of Directors every month and every quarter. The company received no ethical violation reports in 2019. Further details about whistleblowing channels and reports appear in the 2019 Annual Report under "Whistleblowing, Access to Information, and Whistleblower Protection" and in the Sustainability Report.
- IRPC representatives have continuously attended human-rights seminars and activities to ensure their thorough understanding before passing on their knowledge to IRPC employees, partners, and stakeholders. In doing so, the company has ensured widespread and tangible applications and results. For instance, Pana Ratanabanangkoon, project director to Thailand's Collective Action Coalition against Corruption (CAC) under the Thai Institute of Directors (IOD), gave a lecture on the private sector's anti-corruption role to executives, employees, partners, and customers of IRPC.



- The company requires all executive officers and employees to report their (potential) conflicts of interest with the company. Reporting is done only, a feature that has been available for five years now (since 2015). Compliance with this requirement in 2019 was at 100 percent.

### Corporate Compliance

Compliance is vital to IRPC. The company endeavors to incorporate compliance into its organizational culture to prevent compliance risks and to garner trust from shareholders and other stakeholders. The Board of Directors first introduced the Compliance Policy in November 2015. The Corporate Governance Committee oversees matters of compliance and reports compliance activities and progress to the board at least twice a year. Meanwhile, Corporate Compliance is responsible for strategizing and managing the corporate compliance system. It also oversees the organization-wide implementation of its strategies, as well as in other IRPC-Group companies. It is also in charge of compliance communications, education, and supervision. Its ultimate goal is the highest level of corporate governance excellence.

### Corporate Compliance Activities in 2019

The Board of Directors, the Corporate Governance Committee, and senior executives of IRPC ensure the concrete implementation of the Corporate Compliance Policy. The company's major compliance developments in 2019 are as follows:

#### Compliance Policy, Process, and Procedure

1. The Corporate Governance Committee approved the Corporate Compliance Framework on April 23, 2019. It is suitable for the nature of the company's business and comparable to international practices. With a focus on compliance effectiveness, the framework has created the three lines of defense:
  - a. All operative functions within the company are the first line of defense. They are responsible for the compliance of their own tasks and projects, including compliance risk management.
  - b. The second line of defense refers to all central assurance functions. Their three roles are as follows: (1) to provide an effective

compliance management system, including support for compliance management self-assessment and compliance risk assessment; (2) to ensure compliance through education, proactive campaigns, and advice; and (3) to oversee correction and prevention of repeated offenses through reviewing issues and reporting them to executives, the Corporate Governance Committee, and the Audit Committee.

- c. Corporate Internal Audit serves as the third line of defense. It reviews the effectiveness of the first and second lines independently, as well as collaborates with an independent auditor.
2. IRPC assesses its legal and compliance risks per its short- and long-term strategic operations plan. The company has also adopted the concept of integrated governance, risk management, and compliance (GRC).
  3. The E-Compliance Library has been developed to host a wide range of compliance-related information from every operation within IRPC. Its creation supports the IRPC 4.0 Policy and facilitates the corporate compliance self-assessment by providing correct and accurate information. The library also hastens the preparation of reports-per the established framework-for the Corporate Governance Committee and the Risk Management Committee.
 

Also, the Dos and Don'ts for Anti-Trust and Trade Competition Law guidelines were distributed to every employee through Compliance News and filed away in the E-Compliance Library for ease of access. The Merger and Acquisition Due Diligence Checklist was also developed with help from Business Development, preparing IRPC for future business expansion and investment.
  4. On December 17, 2019, the Corporate Governance Committee assented to the revision of the Compliance Policy. The amended policy will better guide company personnel, allowing them to support IRPC's vision and mission more earnestly and effectively, meeting the company's expectations.





5. As the top executive officer, the president expressed his commitment to compliance and to serving as a role model for all others. This was part of the “Tone at the Top” campaign.

### Integration of GRC

The integration of governance, risk management, and compliance (GRC) is another device the company employs to garner trust from all stakeholders. It assures them that IRPC operations are legally sound, transparent, accountable, and well aligned. At this initial stage, the company’s integrated GRC allows assurance functions—namely, Corporate Governance, Risk and Internal Control, and Corporate Compliance—to share information and co-host activities. IRPC’s integrated GRC now focuses on resource maximization and redundancy elimination, allowing time for more information and activities. GRC developments in 2019 were as follows:

- The three departments met regularly to discuss work and craft action plans. Corporate governance and compliance criteria were added to the internal control assessment to improve the company’s risk assessment and internal control. These inclusions have saved time and eliminated redundancy. Furthermore, they combined their communication activities into one. The event was called “Opening the GRC Gift Box” to simultaneously raise GRC awareness. It took place on December 11, 2019, at the Bangkok head office. At the event, there was an academic discussion panel on the principles and benefits

of GRC. In addition, an external expert was invited to the company to talk about privacy protection law. Applicable and practical ideas were exchanged. The activity underlined employees’ participation in IRPC’s efforts to be a good corporate citizen.

### Compliance Communication & Information Dissemination

- IRPC informed its executives of the compliance guidelines on three separate occasions, promoting their understanding and awareness of compliance. The company also evaluated its compliance pilot program of two laws—namely, the Securities and Exchange Act and the Fuel Trade Act. The program’s goal is to serve as a practical demonstration model for related parties.
- “Message from the President” was delivered to every person within IRPC to remind them that the company’s senior executives were genuinely committed to business ethics and transparency according to the Corporate Compliance Policy. The message was the first step of the Tone at the Top campaign.
- Compliance training became mandatory. All personnel, especially new hires, underwent a face-to-face lecture on “Compliance & Governance of IRPC.” Meanwhile, mid-level executives were subject to an annual training program entitled “Corporate Compliance Overview” for the second time. It was led by an expert on international standards of corporate compliance and ethics. The training augmented their understanding of the Corporate Compliance Policy and the contents of the Code of Conduct manual. It was supplemented by a Q&A session with examples to facilitate their understanding and tangible policy adoption, which would enable them to oversee their teams’ implementation. These training programs have been added to the company’s training scheme for 2020 to ensure continuity and repetitions, complying with both the short-term and the long-term plans. Furthermore, other training methods have been added, including video and e-learning platforms.





IRPC co-organized Workshop/ Study Tour on Anti-Bribery Compliance for representatives from Office of the National Anti-Corruption Commission from 11 Asian countries on 8 October 2019. They joined 15<sup>th</sup> Principles Meeting of the South-East Asia Parties Against Corruption : SEA-PAC Thailand

- IRPC developed Corporate Compliance News and a GRC article in the intranet magazine I-Oon. Within the Corporate Compliance Framework, these forms of internal communications provide employees with pertinent knowledge, information, and case studies regardless of their location (Bangkok headquarters, Rayong plants, or other operations warehouses). These are also accessible by other companies within the IRPC Group.

#### Compliance Advice

- IRPC added [compliance@irpc.co.th](mailto:compliance@irpc.co.th) as another communication channel, allowing compliance officers to offer advice to employees more easily.
- The use of the Employee Compliance Survey has allowed IRPC to better understand its employees' needs. Their suggestions have helped improve the efficiency and effectiveness of Corporate Compliance. For instance, they have asked the company to share case studies to help improve their understanding. They have also asked for legal advice on specific matters, such as contract and competition laws.
- Pertinent departments worked closely with every business function to improve the compliance aspect of their operations. Compliance was made an integral part of everyday activities.
- IRPC made sure that its employees were aware of and could access all of the whistleblowing channels.

#### Compliance Evaluation, Monitoring, Auditing, and Reporting

- Various levels of executives completed the corporate compliance health check questionnaire and corporate compliance risk assessment, which helped IRPC determine the adequacy of its internal control. The results also contributed to the improvement of the corporate compliance program, as well as other related evaluations and assessments, such as the internal control assessment. The company made sure to integrate these different assessments to eliminate redundancy.
- To genuinely integrate governance, risk management, and corporate governance, various departments were asked to work closely together. They exchanged information, opinions, and suggestions, all of which contributed to the betterment of the corporate compliance program.
- To build a public-private network of collaboration, IRPC hosted the Workshop/ Study Tour on Anti-Bribery Compliance on October 8, 2019, for representatives of anti-corruption agencies from the 11 ASEAN member states. These individuals were in Thailand to attend the 15th Principles Meeting of the Southeast Asia Parties against Corruption (SEA-PAC), which was held during October 8–10, 2019. IRPC was invited as an expert to participate in the discussion entitled "Anti-Corruption Compliance & Corporate Compliance Program." It was a great honor to the company and a testament to its ability to meet standards and gain acceptance from the public sector.



## Risk Management

IRPC firmly believes in the effectiveness of its organization-wide risk management in preventing and mitigating internal and external risk factors. With appropriate risk management, IRPC minimizes the likelihood of risks and their adverse effects while seeking business opportunities and ensuring sustainable growth. Armed with this understanding, the company covers all bases with three risk managing bodies:

1. Risk Management Committee: Established and appointed by the board, the Risk Management Committee oversees the risk management policy and its implementation. It ensures that IRPC has an appropriate risk appetite, which bolsters stakeholders' confidence in the company's ability to achieve its goals. The committee meets at least once every quarter.
2. Risk Management and Internal Control Committee: The president serves as the chairperson of this committee. Its members are IRPC's senior executive officers.
3. Hedging Committee: The Hedging Committee is responsible for market analyses and managing risks relating to prices, the availability of crude oil as feedstock for petroleum and petrochemical products, transportation expenses, and financial transactions.

### Risk Management Standards

IRPC has adopted the ISO 31000: Risk Management Principles and Guidelines and COSO's Enterprise Risk Management Integrated Framework as part of its risk management system. It also makes use of good corporate governance principles, internal control, business continuity management, anti-corruption guidelines, sustainability management, and operational excellence management. Moreover, the company has developed several tools to improve the effectiveness of its risk management. For instance, key risk indicators warn IRPC of impending risks, and value at risk (VaR) calculations enable the company to measure how much is at stake and devise an appropriate risk management plan.



## Risk Management as Part of IRPC DNA

IRPC strives to make risk management an integral part of its organizational culture. The company regularly conducts activities that improve its directors', executives', and employees' awareness and understanding of the importance and necessity of adopting risk management measures and framework, which will allow IRPC to grow and advance stably and sustainably. The following activities took place in 2019.

- The committee devised a risk management framework and principles to guide executive officers and employees. It also monitored the progress of implementation at the board, management, and operations levels. The committee also reviewed risk management guidelines to ensure their applicability to the current business context.
- Regular communication bolstered the understanding of risk management within IRPC. Communication channels included board meetings, executive meetings, department meetings, function risk management workshops, email, e-learning, internal magazine, and training.
- By integrating governance, risk management, and compliance functions, IRPC significantly improved the efficiency of its risk management and eliminated overlaps. These three departments began sharing information for the benefit of the company.
- IRPC used PESTLE analysis to identify political, economic, social, technological, environmental and legal external risk factors that may impact its businesses. The company also analyzed international risk factors, including corporate structure, strategies, human resources, skills and competencies, operational systems, organizational culture, and stakeholders' expectations. IRPC also assessed the likelihood and impacts of risks, placed risks in an order, established risk mitigation measures. The company also monitored and reported its risk management progress and effectiveness regularly.

## Summary of Risk Management Activities and Major Risk Management Guidelines in 2019

## Economic and Price Risk



Economic uncertainties and financial volatility in Thailand and overseas, the US–China trade war, the US–Iran conflict, natural disasters, violent geopolitical issues, and terrorist attacks across the globe were factors that affected the crude-oil demand and supply equilibrium. The company imported a large amount of crude oil as feedstock to manufacture petroleum and petrochemical products. The demand and supply fluctuations directly and significantly affected IRPC's profitability. The company employed the following measures to mitigate economic and price risk:

- IRPC purchased crude oil from different sources. This flexibility also lowered its costs. IRPC also relied on linear programming (LP) to find feedstock from the most suitable source.
- IRPC minimized its production costs through various means of energy efficiency maximization. For instance, the company improved the efficiency of its industrial furnaces' heat transfer and storage and adopted the use of refuse-derived fuels. These measures decreased IRPC's annual expenses by millions of baht.
- IRPC closely monitored and analyzed pricing situations and prepared a price forecast report for its executive officers every week. Doing so allowed its management and related departments to prepare for various scenarios.





- IRPC maintained a suitable level of crude oil, petroleum, and petrochemical stocks to minimize impacts from stock gains and losses.
- IRPC entered into hedging contracts with defined price targets and a suitable amount and duration of risk management. These contracts were in line with IRPC's business plans under the supervision of the Hedging Committee and the Risk Management Committee.
- IRPC reviewed and evaluated the crude-oil procurement process and related procedures to increase their efficiency and lower operational risks. A risk control matrix (RCM) enabled operatives to perform their duties thoroughly and efficiently.

### Operations Risks

IRPC attached a great deal of importance to managing operations risks, which may affect its workforce, stakeholders, assets, and business opportunities. These risks included issues related to safety, security, health, and the environment (SSHE); the potential failure to meet production



targets; the possibility of equipment malfunctioning; threats to local communities caused by IRPC's operations; emergencies and crises beyond IRPC's control; and water management. The company used the following measures to mitigate these risks:

- IRPC promoted a safety culture through its policy and an action plan under its operational excellence strategic plan, which made safety

one of the key performance indicators for everyone within its corporate structure. The company took advantage of the OHSAS 18001 standard and process safety management. With an incident management system (idMS), IRPC analyzed data to ascertain the root cause of accidents. Moreover, IRPC educated all of its employees, contractors, and outsourcers' employees about the importance of safety through projects such as Outsource Safety Man and Goal Zero 365 Days. In addition, a specialized team monitored safety compliance with the utmost stringency. Whenever an accident happened, IRPC would form an ad hoc committee to determine the actual cause. Any knowledge gained would be disseminated among its employees as a preventive measure. Thanks to these rigorous efforts, IRPC was able to meet its accident rate reduction target, standing proud with its peers of leading gas and oil companies. The company will continue to work towards a lower goal.

- IRPC strengthened its plant reliability management to ensure smooth operations and prevent unplanned plant shutdowns. It strictly adhered to measures outlined in the Zero Unplanned Shutdown program. A repetition prevention system allowed IRPC to ascertain the root cause and devise corresponding preventive measures, as well as to conduct accident analyses. Furthermore, IRPC administered a plant health check to ensure that its machinery and equipment, especially in risk-prone areas, were in good condition. The company also continued its system-wide inspection.
- IRPC committed to integrating environmental management frameworks, including the ISO 14001 environmental management standards and the ISO 50001 energy management standards. The company also strictly complied with pertinent laws, regulations, and measures.

Furthermore, IRPC allocated a budget for the prevention and minimization of its operations' impacts on the environment based on Eco-Efficiency principles, which include air pollution management, volatile organic compound emission reduction, waste management, wastewater treatment, and energy conservation. All of this contributed to the preservation of the ecosystem's integrity and the low-carbon society efforts.

- IRPC fostered understanding and good relations with communities surrounding its industrial park, as well as maintained a favorable public image, with hopes of attaining their trust and confidence. The company followed society and community management measures such as the CSR-in-process model, social impact assessment (SIA), and social return on investment (SROI) evaluation. Through the Lam Sai Yong project, IRPC built and repaired public utilities. It even provided support to local entrepreneurs and offered scholarships to students. To improve the public's understanding of its operations, IRPC held open house events, operated field co-ordination centers, and participated in local activities. It founded health funds for 76 communities around its industrial park. It also hosted emergency drills for the surrounding neighborhoods with the help of local and national governments.
- IRPC made full use of all 12 elements of the operational excellence management system (OEMS), such as leadership, risk control, and management of change. OEMS ensured that IRPC's operations were efficient and effective. Furthermore, the company had an external expert assessed its OEMS to ascertain flaws and determine improvement methods.

- IRPC also made use of a business continuity management system (BCMS). With well-formed business continuity plans and drills, IRPC was always quick to cope with crises and emergencies. For standardization purposes, IRPC adhered to the ISO 22301 Business Continuity Management System at its headquarters in Bangkok and plants around Thailand.
- IRPC employed a water management system to ensure that it would have sufficient water for its processes despite increasing demands from other industries, the agricultural sector, the expanding urban areas, and the tourism sector. To prevent conflicts with stakeholders and to use water optimally, IRPC made use of the three Rs: reduce, reuse, and recycle. Additionally, the company had constructed a 5-million-cubic-meter reservoir for use when natural sources proved insufficient.



To improve corporate communication, IRPC required its senior executive officers to the Effective Media Handling Skills Workshop, which sought to promote their understanding of how to properly represent the company and communicate with the media during normal business operations and in times of crisis. The workshop equipped them with media-handling criteria, methodologies, and best practices. They could also apply knowledge gained to their dealings with other stakeholders.



## Financial Risks

IRPC employed the following management measures:

- **Foreign Currency Exchange Risks:** The fluctuating currency exchange rate between Thai baht and US dollars affected IRPC's revenue and expenditure directly and indirectly. Although the company sold petroleum and petrochemical products and bought crude oil as feedstock in Thai baht, their prices were always subject to the global market price in US dollars. Investment loans were also US dollar-linked. To minimize the effects of currency exchange rates, IRPC employed natural hedging to ensure that its debts in US dollars were proportional to its revenue in that currency. This method of risk management fell under the oversight of the Risk Management Committee, who ensured that projects were aligned with IRPC's policy and risk appetite. The company also entered into foreign exchange swap agreements for export revenue and feedstock expenses in US dollars to minimize currency exchange differences between sales and purchases.
- **Funding Risks:** Due to its investment plans and responsibility to make loan and debenture payments, IRPC needed sufficient and timely funding with appropriate financial costs. Its

ability to source funds externally was subject to numerous factors, including its performance, financial standing, credibility ranking, current petroleum and petrochemical circumstances, and domestic and international capital market and economic conditions. The lack of liquidity, which would render cash flow insufficient, posed a risk to the company. To prevent potential dangers, IRPC always ensured sufficient funding before undertaking a project. Its defined capital structure allowed IRPC to maintain its financial ratios at appropriate levels. In addition to good corporate governance, IRPC also monitored factors affecting or pertaining to funding, which enabled it to find funds according to plan with suitable financial costs. At the time of this report's preparation, the company has the following credit lines with financial institutions: 6.05 billion baht remaining in long-term loans and 30.64 billion baht remaining in short-term loans. Furthermore, per its loan agreement with PTT Public Company Limited, IRPC enjoys a credit line of 10 billion baht and a debit line of 1.5 billion baht for cash flow management within the PTT Group.



### Capital Projects Risks

IRPC's Ultra Clean Fuel (UFC) Project, which involves constructing a new plant, commenced in 2019. This large-scale investment undertaking, once completed, will allow IRPC to produce diesel that meets the Euro V standard, instead of the current Euro IV standard, by the time the government's new regulation comes into effect in 2024. In preparation, IRPC employed the following risk mitigation measures:

- IRPC devised marketing and sales plans according to the stock and demand forecasts to ensure that all of the manufactured diesel would be sold.
- IRPC made the necessary preparations-such as personnel, finances, construction site, and public utilities-that would allow the project to reach target stages efficiently.
- IRPC established systems and processes-such as project duration, budget management, project quality criteria, project safety measures, and continuous co-operation with government agencies and local communities-to closely monitor the progress of the project. They enabled the company to solve problems quickly, ensuring that the project would reach all of its goals.

### Organizational Capability Risks

Through the adoption of core values, IRPC worked towards corporate excellence, including the development of competent and morally sound people. Employees of IRPC had to be ready, knowledgeable, and capable. The "Power of People" served as one of the company's strategic focuses. To ensure the achievement of corporate excellence, IRPC implemented the following Organizational Capability Risk management measures:

- IRPC sought to enhance its organizational efficiency and effectiveness through the adoption of the IRPC DNA by all of its personnel. In addition to publicizing desired behaviors, the company monitored its employees' adoption of the IRPC DNA and made it one of their key performance indicators. Moreover, it required executive officers to act as role models for their teams. Adoption and progress were continuously monitored.
- IRPC made use of succession planning for all key positions and a systematic performance assessment system. The company was able to ensure a smooth transition and business continuity.





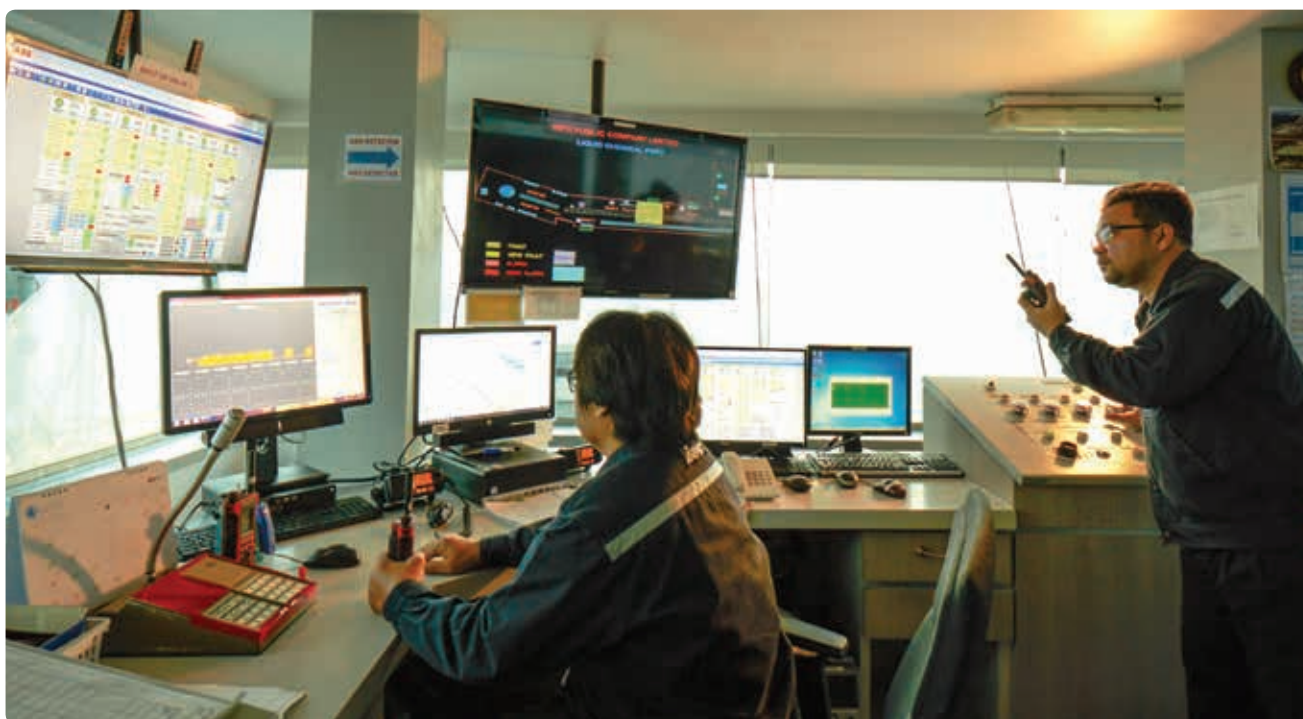


- IRPC took advantage of a knowledge management system, which ensured that essential knowledge, such as machinery operation and maintenance, would remain within the company after an employee resigned or resigned. Moreover, IRPC continued to augment its employees' work-related knowledge and skills to help them keep up with the current technology. To this end, IRPC worked with online institute SkillLane to develop and extract workers' hidden potential. The instructional videos provided enabled IRPC's employees to learn and develop their skills regardless of time zones and locations.

### Compliance and Legal Risk

IRPC attached a great deal of importance to raising compliance awareness among its employees. The company monitored and prepared for new policies, laws, and regulations issued by the government-such as the Fuel Control Act, oil reserves, tax laws, labor laws, and anti-bribery guidelines-which could impact its current business and future growth. To mitigate compliance and legal risks, IRPC adopted the following measures:

- As a certified member of Thailand's Private Sector Collective Action against Corruption (CAC), IRPC was subject to a comprehensive range of corruption risk assessments and devised mitigation guidelines accordingly. Furthermore, to ensure transparency, IRPC adopted the eight anti-bribery principles from the National Anti-Corruption Commission. The company made these principles known to its executives and employees, facilitating organization-wide adoption.
- IRPC continued to develop its Corporate Compliance Program according to international standards, including the formulation of the Operational Compliance Supervision Policy, the establishment of supervision bodies with sufficient resources, and the appointment of compliance officers. IRPC ensured that its directors and executives thoroughly understood its operational compliance processes and regularly asked them for new suggestions. Furthermore, the company provided various whistleblowing channels. Violations reported would always be investigated. If proven true, the guilty party would be subject to the corresponding disciplinary action.
- IRPC monitored news of regulatory changes from the government and made all of the necessary preparations, including risk mitigation plans and guidelines. The company was confident that its measures would adequately prevent policy or regulatory changes from affecting its businesses.
- IRPC's self-assessment revealed that it appropriately complied with the internal control manual on the formulation of anti-bribery guidelines for legal entities. IRPC fostered an understanding that bribing state officials, foreign officials, or officials of intergovernmental organizations would constitute a criminal offense, leading to strict anti-bribery practice.
- IRPC disseminated the Compliance Policy to all of its employees across every corporate echelon, fostering an understanding they were expected to comply with all pertinent laws and regulations. It also built an e-compliance database to house the most up-to-date information and raised awareness through regular communication. Moreover, IRPC assessed its compliance risks and the potential impacts of non-compliance, which allowed it to devise preventive measures to ensure compliance internally and externally.
- IRPC thoroughly complied with land laws on the use of public spaces, waterways, and roads that were on its expanding premises. Compliance also allowed IRPC to avoid lawsuits and conflicts with local communities. The company appointed ad hoc working groups to oversee these matters.



### IT Security Risk

The frequency and variety of cyber threats had significantly increased. Armed with this understanding that a cyber-attack could severely damage a business, IRPC adopted proactive measures to safeguard its information technology, on which it relied heavily. The following were its risk mitigation measures:

- IRPC made use of the ISO 27001: Information Security Management System. This internationally acclaimed standard bolstered the company's confidence in the efficiency and effectiveness of its information security management. Moreover, IRPC made sure to comply with all relevant laws, rules, and regulations.
- IRPC conducted its annual disaster recovery plan drill, preparing its employees for a total system failure that could happen as the result of cyber-attacks, damaged equipment, or natural disasters.
- Having founded the Security Operation Center (SOC), IRPC continued to improve its software, hardware, and personnel. SOC oversaw access to IRPC's various systems, monitoring any irregular

activities and external intrusions. SOC responded quickly to every attack. It also educated its personnel on more effective methods regularly.

- To augment their knowledge, cybersecurity staff of IRPC attended training and seminars, as well as exchange their know-how with external agencies. They also received ICT Security Certificates from ComTIA.
- IRPC educated its staff on how to safely use computers and its software to avoid cyber viruses, malware, and cyber-attacks. The tech team offered IT consultations, warnings, and solutions to all employees in need.

### Emerging Risks

IRPC analyzed emerging external risk factors that could impact its business in the next five to ten years, including political, economic, social, environmental, legal, and technological factors. Having assessed their likelihood, the company devised the following measures to mitigate these emerging risks:



- **Electric vehicle risk:** Consumers could switch to electric vehicles (EVs) sooner than anticipated due to exponential improvements on the technological front and much more affordable prices. The government itself began promoting the use of electric vehicles. Understanding its sales of fuels and lubricants would decline, IRPC started to shift its focus from petroleum products to petrochemical products in 2014. This long-term strategy resulted in the Upstream Project for Hygiene and Value-Added Products (UHV), in which fuel oil could be converted into propylene, which would later be made into polypropylene products and polypropylene compounds. The UHV plant construction was completed, and commercial operation has begun. The plan to convert heavy naphtha and aromatics, components of gasoline, into paraxylene has also been put in place. This last project is expected to be completed in 2025.
- **Climate change risk:** The severity and frequency of natural disasters have increased. Droughts and floods have become commonplace. One of the causes is climate change, which has affected natural resources and all living beings on Earth. Human activities-such as driving cars; using heaters and air conditioning; and burning coal, petroleum products, and natural gas-contribute directly to climate change through the emission of greenhouse gases into the atmosphere. IRPC has devised guidelines to prevent and mitigate this risk. It has adopted carbon pricing to determine the return on investment of every future project. It has also taken measures to reduce its emissions. For example, IRPC uses the ISO 50001 standard as a benchmark to improve the efficiency of its energy use in the manufacturing process by reducing the use of fuels by 2 percent every year. IRPC also voluntarily subjected itself to a corporate carbon footprint assessment of the Department of Industries and the Thailand Greenhouse Gas Management Organization (Public Organization). IRPC has also switched to green energy sources. For instance, IRPC employees share an electric shuttle bus with their peers within the PTT Group. The company has also constructed a solar power plant. Furthermore, the company strives to reduce the effects of floods and droughts through sustainable water management projects, including the Water Resource Management Project and the Community Water Management Project.
- **Plastic ban risk:** The government's anti-plastic measures have directly impacted IRPC's polymer revenue. Currently, there is a ban on single-use plastics, but there could be related legal provisions in the future. Consumers themselves are more aware and have campaigned against single-use plastics. To cope with this emerging risk, IRPC has switched from manufacturing HDPE sheets for the production of single-use plastic bags to manufacturing HDPE pipes for construction sites, infrastructure projects, industries, and general household applications. Moreover, the company has looked into measures for other plastic products that could be banned in the future.
- **Consumer behavior risk:** Modern consumers are increasingly more adept at online transactions. They have come to rely less on traditional points of sale and authorized retailers. This behavioral change has led to lower sales through conventional means in favor of cheaper and quicker methods. This trend is likely to continue for many years to come. To rectify the issue, IRPC has ventured into a digital platform by forming a joint venture with Guangzhou Saiju Performance Polymer Ltd., an expert in the Chinese market. IRPC holds 55 percent of the stake while its Chinese partner holds the remaining 45 percent. Together, the partners have developed PLASTKET.COM, Thailand and ASEAN's first e-commerce platform for plastic products to use artificial intelligence to facilitate the procurement of plastic pellets, chemicals, and semi-finished and finished products. It was officially launched in February 2020.





IRPC has supported a wide range of skill development activities to bring about sustainability and ensured business continuity through executive succession planning and leadership pipelines. Its talent and leadership plan contributes to improved competitiveness.

