



BEAT THE TARGET



Message from the Chairman, Corporate Governance Committee

Dear Shareholders,

The Corporate Governance Committee is determined to see IRPC consistently undertake its business with corporate governance, recognizing the criticality of value addition with business ethics, transparency, respect for human rights, and corporate responsibility for sustainable growth in parallel with society. These success factors have arisen from the synergy of directors, executives, and the workforce, all of whom are committed to corporate governance, and from the support of shareholders and stakeholders with similar views to IRPC. As a result, we are witnessing corporate prosperity, a decent image, and confidence expressed by domestic and overseas investors alike, society, and the public.

The committee completed its tasks to the best of its ability under the Board-assigned scope of responsibility, succeeding on all counts. This year the committee proposed that the Board approve the annual action plan on corporate governance oversight, which consisted of compliance with laws and regulations, anti-fraud, environmental governance, compliance oversight, communication with stakeholders, sustainability tasks, and CSR. It also monitored IRPC's tasks and assessed them for reporting to the Board every quarter. Finally, the committee instituted third-party directors' assessment, conducted every three years, beginning in 2015; the 2018 assessment was the second. Internal assessment takes place yearly.

In August this year the committee in conjunction with the Board revised and defined the corporate governance policy and plans, as well as the CG & CSR Excellence strategies over the next five years. Throughout the year, for the sake of continuous development for excellence, it steered IRPC's study and comparison with international rules, a global corporate citizenship guideline development plan, or Thailand's emerging best practices so that IRPC may modify and apply them to promote the ethics of directors, executives, and the workforce for concrete results and greater efficiency. A case in point is the modified application of SET's CG Code for listed companies to IRPC's business context. For a second straight year, this committee chairman has shared expertise and advice with executives and other employees at the IRPC CG Day to inspire them and urge their awareness of making CG a habit, in addition to fostering cordial relations among all at IRPC.

All these actions to elevate corporate governance practices have earned acclaim and awards on corporate governance and related aspects this year, including the Best SET Sustainability Award 2018, ASEAN CG Awards: TOP 50, the Golden Peacock Award for CSR 2017, and Top Community Care Companies in Asia 2018. Besides its practical leadership, IRPC relentlessly formed a network for corporate governance and socio-environmental responsibility with business allies, business partners, and other stakeholders in the hope of strengthening corporate governance in society.

IRPC is convinced that corporate sustainable growth in tandem with development of a quality society for Thailand and the global community will materialize through the following achievements. First, establishment of practical systems that proves efficient, standardized, and credible. Second, commitment to cultivating ethics and transparency under corporate governance. And third, wholehearted cooperation among directors, executives, and the rank and file that hold iSPIRIT values at heart and devote

(Mr. Anusorn Sangnimnuan)

Chairman, Corporate Governance Committee

Corporate Governance Report



Over the years since its establishment, IRPC has become determined to step up efforts on corporate governance by adhering to good governance principles and SET's Corporate Governance Code for Listed Companies (CG Code) as well as other international rubrics, such as the ASEAN CG Scorecard.

The Company key performance in 2018 is classified into two categories; 1) The excellent key performance and 2) The compliance of SET's Corporate Governance and Code of Conduct.

1. The Excellent Key Performance

1.1 Performance Assessment and Development of Directors

- Every three years, IRPC has Board members' performances assessed by a third party, known as Independent Assessment, the results of which entail a development plan for them. The first Independent Assessment was carried out in 2015 by Governance Matter Thailand (details of which can be found in the 2015 Annual Report). The 2018 Independent Assessment was thus the second time and was carried out by KPMG Phoomchai Business Advisory Ltd., scheduled for completion around May 2019.
- On a yearly basis, IRPC arranges for performance assessment of the Board of Directors and its committees. In 2018, in addition to a review of the assessment form, preparation of the



Board meeting was added as an assessment item in a bid to make Board meetings most effective. (please see details in the Report, page 114-116)

- The Board attended a presentation on "Chemical Industry: Consolidation as a Route to Transformation", given by Mr. Alex de Mur, Principal, Head of WESA/ CEMA for Refining & Petchem Profit Improvement, The Boston Consulting Group. He was an expert in strategy cases for downstream companies or oil and gas companies in refinery and petrochemical businesses around the world.

1.2 Improvement of Policy on Compliance

- The 2018 AGM passed a special resolution on amendment of the articles of association in compliance with Order of the National Council for Peace and Order No. 21/ 2018, dated April 4, 2018, as proposed by the Board. IRPC then arranged for filing the amendment, detailed below, as agreed at the meeting:
 - Section 5, item 31: One shareholder or more, whose combined shares account for no less than 10% of the total common shares, can collectively submit a letter to the Board to call for an extraordinary shareholders' meeting. This can be done any time, but the subject and rationale for calling a meeting must be clearly stated in the letter. In that case the Board must call a shareholders' meeting within 45 days as from the date the letter is received.
 - Section 4, item 22: The Board is authorized for the selection and appointment of the President, who is screened through the process and related rules. The President will also be appointed to sit on the Board as its Secretary.
- Improvement of the CG Handbook to ensure its alignment with the articles of association and ensure its agreement with policies on political neutrality, prevention of money laundering, human rights, anti-corruption and bribery, social responsibility, and prevention of conflicts of interest.

1.3 Promotion of Ethics, Transparency, and Anti-Corruption

- IRPC joined the NACC Integrity Award Contest for 2018, organized by the Office of the National Anti-Corruption Commission (NACC), to learn NACC's best practices. Taking part in the contest can also raise stakeholders' confidence in the corporation's transparency and anti-corruption. IRPC has won a consolation prize for the past two years, and was announced to win the award in early 2019
- IRPC issued an announcement on "Measures to Prevent Conflicts of Interest" to ensure all employees' understanding and adoption of the measures as guidelines for reporting any transaction suspected of conflicts between individuals' interests and those of IRPC. The on-line reporting process has been in operation for several years.
- IRPC encourages executives and staff to receive training on amended and newly issued regulations from in-house and public courses. The training during 2018 included the international law on anti-dumping and Article 123/ 5 of the organic law on anti-corruption B.E. 1999 (2542).



A total 37 business partners attend a talk on
"The Role of Private Sector in Fighting Corruption"

- IRPC values anti-corruption throughout its supply chain. It invited Mr. Kulvech Janvatanavit, CEO of The Thai Institute of Directors Association (IOD) and a director of Thailand's Private Sector Collective Action Coalition against Corruption (CAC), to give a talk for business partners and IRPC employees on "The Role of Private Sector in Fighting Corruption".



Anti-Corruption Day / International Anti-Corruption Day (Thailand)

1.4 The Board's Role to Promote Code of Conduct among Employees

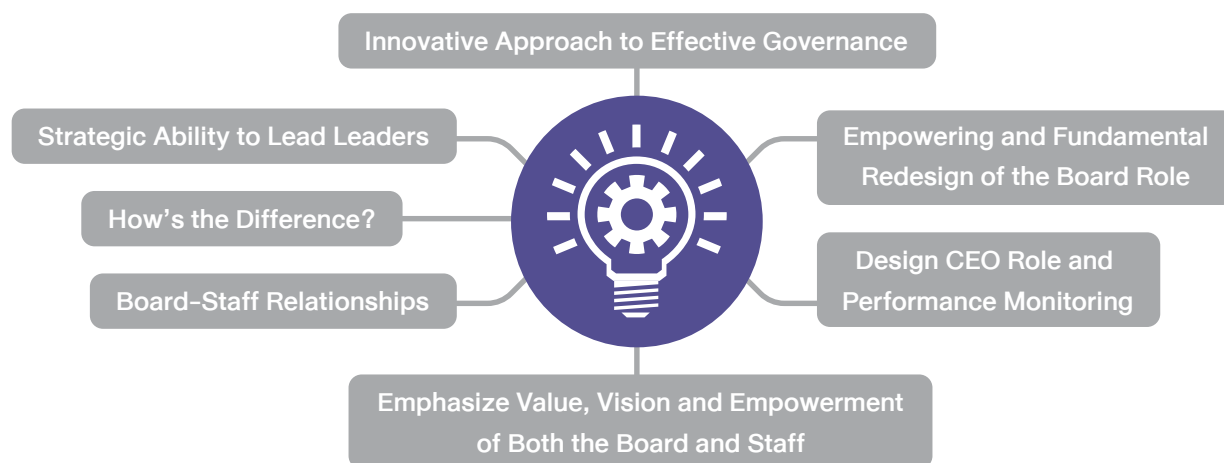


Figure : Board that makes a difference

- The Board has executed the “Board that Makes a Difference” strategy that aims to promote organization values—ethics in particular—while strengthening good relations between the management and staff. Three directors were invited to give a talk on “GRC – Immunity for Working in the 4.0 Era”, namely Mr. Anusorn Sangnimnuan, chairman of the Corporate Governance Committee, Mr. Jessada Promjart, member of the Audit Committee, and Mr. Sukrit Surabotsopon, member of the Risk Management Committee. Providing different views by each, the talk guided staff to get prepared for the digital age with efficiency, transparency, and cautious foresight for risks, as well as to get ready for scrutiny to reach further development.



The talk on “GRC – Immunity for Working in the 4.0 Era”

1.5 Promotion of Human Rights in Doing Business

- IRPC promotes business conduct with respect for human rights, one of the four main principles of the UN Global Compact. It has also sought ways to seriously and continuously implement the principles since 2015 to make IRPC a business entity that conforms to international principles. In 2018, IRPC invited Dr. Seree Nonthasoot, Representative of Thailand to the ASEAN Intergovernmental Commission on Human Rights (AICHR), to give two talks. One was for the Board, the management, and staff on “Human Rights in Doing Business in the 4.0 Era”, and the other was for business partners and staff on “Human Rights in the Petrochemical Business”. IRPC expects that his views expressed in both talks would be nurtured in executives and staff as well as all stakeholders, which will not only result in doing business without violating human rights but will also promote respect for human rights, as valued by the public sector.



Talks Given to the Board, Staff, and Business Partners on “Human Rights in Doing Business”

1.6 Development of Corporate Governance System

- At IRPC, the corporate governance system has been made fully compatible with other systems. In 2018 the Company applied for the assessment of enterprise-wide “Total Quality Assurance (TQA)” and was certified at the TQC level in early 2019.
- IRPC has also been included on the DJSI for five consecutive years and became the leader of the oil and gas refining and marketing, the crowning achievement for 2018. Good corporate governance is a category that underpinned IRPC’s success for the code of conduct, corporate governance, and social report.

2. Compliance with Corporate Governance of the listed companies in 2017 of The Stock Exchange of Thailand

In the operation of corporate governance of the Company, the Board of Directors assigns Corporate Governance Committee to scrutinize, consult and advise on corporate governance to ensure that the Company operates carefully by following the corporate governance policy and plan set forth in the beginning of the year. Annually, the Corporate Governance Committee will propose the operation plan mentioned above to the Board of Directors for approval.

The Corporate Governance Committee reviewed the previous guidelines as well as applying the corporate governance principles of the listed companies in 2017 of The Stock Exchange of Thailand (CG Code) to its business context. The meeting of the Corporate Governance Committee was held at least once per quarter. For any practices that still cannot be implemented, the reasons were recorded as part of the Board’s resolution. (please see details in the Corporate Governance Report, page 243-257).



Corporate Governance plan mentions various activities of IRPC throughout the year that promote corporate governance. The primary objective is to supervise and operate to ensure that the Company is transparent and personnel at all levels are ethical in conducting business. In addition to creating business value-added, it is also responsive to the expectations of all groups of shareholders and stakeholders, fairly and appropriately and able to adapt to the changes of business conditions as well as having a good relationship with those around by adhering to the six essential principles of corporate governance which are: C-R-E-A-T-E.

C - Create long term value	Create sustainable value-added for stakeholders that can compete and adopt
R - Responsibility	Organization and personnel are responsible for conducting business
E - Equitable treatment	Equal and fair treatment of stakeholders Accountability Sense of accountability and be able to explain what can proceed
A - Accountability	Being accountable for his own decision and action. Such decision must be explainable.
T - Transparency	Good governance and transparency
E - Ethics	Operating business with ethics and code of conduct



IRPC reported the progress on a quarterly basis to the Corporate Governance Committee and the Board of Directors respectively. The Board of Directors provided opinions, suggestions as well as support to the management team to enhance the level of corporate governance of the Company to be better and stronger constantly and to find the measures to correct the weakness as much as possible. With reference to the recommendation or standard criteria of the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), IOD, ASEAN CG Scorecard, DJSI and other international standards.

The Board of Directors gave priority to their performance, roles, duties, and responsibilities to safeguard the interests of all group of shareholders and stakeholders. The Board of Directors set effectively appropriate business operation directions and strategies including considering, examining and supervising business operation to be transparent and progressive, which is the basis of sustainable growth. The summary of the performance of the Board of Directors and the operation of the company according to the corporate governance principles of the registered companies in 2017 of the Stock Exchange of Thailand (CG Code) are as follows:



Code of Conduct 1: Realizing the roles and responsibilities of the Board of Directors as the leader of the organization that creates sustainable value for the business.

- **The Board of Directors adheres to the principles of conducting business with sustainability** taking into account the creation of value-added and the economic growth in response to the society and environment. By being a role model in performing their duties and conveying such principles to the President, to the management team and to the lower levels respectively, to be implemented in the same direction throughout the organization and set up a system to report various operational results at the Board of Directors' meetings regularly.
- **The Board of Directors defines corporate governance policy** to be used as practices for employees at all levels of the Company from the Board of Directors, executives, employees and all groups of stakeholders. The policy is publicized on the Company's website. The directors and executives should perform their duties with prudence, responsibility and honest to the organization, comply with the laws,



regulations and the resolution of the shareholders' meetings. IRPC has prepared CG handbook together with the Code of Conducts in business operations and distributed to the directors, executives and employees to endorse and use as a model in performing their duties and supervise the communication of the policy to increase understanding. Also, there were activities organized to raise awareness in accepting and complying with the policy throughout the organization, creating a network to drive the practices in business partners as well as supply chain, and alliance companies, with the participation from the Board of Directors and executives

- **The Board of Directors set the roles of directors in Director Charter and Sub-Committee Charter** in accordance with the laws, regulations and Corporate Governance handbook of the Company. Besides, the Board of Directors also adequately supervised to ensure the adequate structure of the Board and determined remuneration structure of the President and the employees that motivate them to comply with the main objectives and goals of the organization set forth.
- **The Board of Directors determines that the directors, executives, employees must comply with business ethics** and establishes as the corporate culture, by adding to the Business Code of Conduct for directors, executives and employees of IRPC. The guidelines for promoting compliance with business ethics are disclosed to everyone and the Board regularly monitor the compliance as specified in the corporate governance plan. There is a clean

division of the scope of duties and responsibilities of directors and the Management. The Board of Directors gives authority in writing to the President to operate the Company within the extent set forth.

- **The Board of Directors reviews and determine the vision, mission, direction and strategy of the Company** to encourage the executives and employees performing work with responsibilities in the same direction. The framework and authority in operation are determined to be suitable with the duties of the Management without interfering on any decisions made under the scope of the Management.
- **The Board of Directors approves the main goals of the organization (Corporate KPI) and the annual budget of the Company** to ensure sufficient resources in operating the business to achieve the primary goals.
- **The Board of Directors approves significant investment projects** in the Board of Directors' meetings every month. The Board of Directors approved the operations and major investment projects of IRPC, that is beyond the authority of the Management, including considering and approving matters that require the shareholders' approval. Details of the projects and performance results of the year 2018 is shown in the Annual Report, Operating Result Report, page 168-191.
- **Management Structure:** The Board of Directors approves the management structure of IRPC to ensure the efficiency, adequacy, and suitability for the management under the leadership of the President. In 2018, a new organization structure was approved. For example, the duties of the three Executive Vice Presidents were combined together and formed a new position - Senior Executive Vice President, Corporate Strategy. As a result, the Company has four Executive Vice Presidents, from the previous three. The Executive Vice President has been downgraded to create greater connectivity and support for the overall performance, to achieve the Company's vision and goals. (for more details, please see the Organizational Structure, page 38).

Code of Conduct 2: Determine the main objectives and goals for the sustainable business

- **The Board of Directors determined primary objectives and policies in line with the vision, mission, direction, and strategy of the Company,** such as Social Responsibility Policy, Compliance Policy, Human Rights Policy, Community and Environmental Policy including financial goals and other plans of the IRPC. Besides, the Board monitors the ensure the Management's regular compliance with the policies and plans set forth. The Management must report significant performance results in the meetings of the Sub-Committees and the Board of Directors on a regular basis to ensure that the Executives will be able to implement the vision, direction and strategy set forth in managing the organization to achieve effective results, to create value for the business, customers, stakeholders, and society as a whole. The Board of Directors reviewed the vision and strategic plan both the short-term plan of 1 year and the long-term plan of 5-10 years. The Company's missions are reviewed by using the information proposed by the Management on an annual basis in the Strategic Thinking Session (STS). In the meeting to develop strategy, STS, as mentioned Board of Directors inquires more information from the senior management until they can gather enough information for decision making. In preparing a strategic plan, there is a thorough analysis of internal and external factors In 2018, there is IRPC 4.0 strategic plan, which brings new innovative technologies to support all aspect of the operation of the Company.
- **Board that makes a difference strategy:** The Board of Directors follows the 'Board that makes a difference strategy' which is the best practice of directors that helps support IRPC to develop steadily and sustainably. This strategy consists of creating of effective corporate governance, reviewing the proper design of the board structure, creating mutual value between the Board and management team, having strategies that can guide executives, setting of roles and assessment of the President and creating good relationships between directors and the employees

Code of Conduct 3 : Promoting effective Board of Directors

- **The structure and qualifications of directors:** The Board of Directors can perform their duties and use their discretion freely and with all their ability. The shareholders' meeting approved the structure of the Board of Directors to consist of between 5-15 members which is appropriate for the size and complexity of the Company's business to operate effectively. The Board has one executive member who is the President. An Independent Directors' meeting and a meeting without the attendance of the executive directors is also another way that allows directors to freely express their opinions and give suggestions to the Board of Directors and the Management to implement for the benefit of the Company. Structure and qualifications of directors can be found in the Annual Report in the section Directors, page 72-77 and scope of the duties and responsibilities, TheBoard of Directors' meetings, and Sub-Committee's meetings can be found in the section Management Structure, page 81-90 Director's remuneration is in Management Structure page 99.
- **The Board of Directors selects a person that is suitable for being Chairman of the Board of Directors.** The Board of Director's meeting No. 8/2018 passed a resolution to select Mr. Chansin Treenuechagron, a director to be the Chairman of Board of Directors from 31 August 2018 onwards replacing Mr. Tevin Vongvanich who resigned due to his retirement from Chief Executive Officer and President of PTT Public Company Limited under the contract term. The decision is based on the knowledge, ability and experience in the business operation. Mr.Chansin Treenuechagron, currently holding Chief Executive Officer and President of PTT Public Company Limited - the major shareholder of the Company, is qualified to be the Chairman of the Board. In addition, with the views of the top Executives of PTT, consisting of petroleum and petrochemical companies within the industry similar to the company will benefit from the setting of the IRPC's direction and business strategy to grow with stability. It will bring about benefits to shareholders as well as when

Mr. Tevin Vongvanich, former Chairman of the Board of Directors held the position. Although both of them are not qualified as independent directors, the independent directors account for half of the total number of directors. Roles and duties of Chairman of the Board are shown in Management Structure, page 72 – 77, 81.

- **Holding positions in the listed companies:** The Board of Directors determines that directors cannot hold a directorship in more than 5 companies being listed in the Stock Exchange of Thailand (including IRPC) in order to have sufficient time to effectively perform their duties and be able to allocate time for attending the Board of Directors' meeting and Sub-Committees' meeting, to consider various agenda in an effective manner.
- **The Term of Office of directors:** The Board of Directors sets a term of office for directors and independent directors for no more than 3 consecutive terms (9 years).
- **Supervision of the operations of the Company, subsidiaries and associates:** The Board of Directors establishes guidelines for supervising of the business operation of the Company and 6 subsidiaries in a total of 6 entities, to be able to follow up with the progress and control significant operations through clear channels.
 - The Board of Directors must approve a representative of the IRPC who will work as a director or executives of the subsidiaries or associates. (Details of Business Structure and Shareholding, page 134)
 - A representative of the Company who is a shareholder of a subsidiary and associates shall exercise the right to vote in the shareholders' meeting in accordance with the rules and regulations of the subsidiaries, associates and under the authority framework approved by the Board of Directors.
 - Management mechanism of subsidiaries and associates: The business management must be consistent with the Company's primary policy; related transaction must proceed under marketing price and with fairness; the report of conflicts of interest must be accurate, complete, transparent and can be verified according to the principles of corporate governance.
- Critical business decisions must be approved by the Management Committee of IRPC Public Company Limited first. Then the President, as the Secretary to the Board of Directors will consider proposing to the Board of Directors the matter that fall under the authority of the directors or to be acknowledged by the Board of Directors.
- The announcement of various operating policies of IRPC shall apply to all subsidiaries including policy related to the Corporate Governance, Compliance, Anti-Corruption as well as the World Citizenship and Human Rights which is applied in all IRPC Group. The office of Corporate Affairs is responsible for presenting and receiving policies or recommendations from the Board of Directors to apply to IRPC's business operating efficiently.
- IRPC does not provide financial assistance to the companies that are not its subsidiaries. There is no cross-shareholding in the Company Group and there is no repurchasing the company shares.
- **Performance assessment of the Board of Directors:** The Company conducts a performance assessment for the Board of Directors to use the result in development planning. There are 2 types of assessment as follows.:
 1. Independent Assessment is conducted regularly every 3 years. In 2018, the independent assessment was conducted by KPMG (expected to be completed around May 2019).
 2. Internal Assessment: The Board of Directors and Sub-Committee conducted their performance assessment every year and report the result to the Corporate Governance Committee and the Board of Directors, respectively. The assessment result is used as a benchmark in monitoring the operation within a past year, whether it is adequate, following the scope of authority and in accordance with the principles of corporate governance. Consequently, the reference will be used for improving purpose in the following year. Summary of the assessment result are as follows:

1. Performance assessment of the Board of Directors for the year 2018, an average score was **96.55 %** (In 2017, an average score was 97.27%)

Assessment topic	score
Structure and Qualifications of the Board	97.35%
Roles and responsibilities of the Board in determining business policy	96.62 %
Practice guideline of the Board	95.36 %
Meeting of the Board	96.86 %

2. Individual assessment results

- Self-performance for 2018, an average score was **97.25 %** (In 2017, an average score was 97.73 %)
- Performance of other board members (crossover) in 2018, an average score of **99.23%** (In 2017, an average score of 98.48%)

Assessment topic	Self assessment score	Crossover assessment
Qualifications of directors	96.86 %	99.14 %
Responsibility for one's own decisions and actions, the ability to explain such decisions.	98.57 %	99.29 %
Responsibility for performing of duties through sufficient capability and efficiency	96.29 %	99.00 %
Equal and fair treatment to stakeholders and the ability to explain	97.14 %	99.52 %
Transparency in operation that can be checked and information has been disclosed	97.86 %	99.47 %
Having a vision in creating value-added for the business in the long term	94.29 %	98.34 %
Adhering to morality/ code of conducts	99.76 %	99.34 %

3. Performance Assessment of the Audit Committee

- 3.1 Performance Assessment of the Audit Committee by Chairman of the Board for the year 2018, an average score of **100 %** (in 2017, an average score of 100%)

Assessment topic	score
Independence in performing duties	100 %
Review of financial statements	100 %
Consideration of connected transactions	100 %
Review of internal control systems	100 %
Review to have the Company assess risks	100 %
Review of Compliance with SEC and SET Criteria	100 %
Performing other tasks as assigned	100 %
Reporting performance results to the Board of Directors regularly	100 %

3.2 Performance Assessment of the entire Audit Committee in 2018, an average score of **100%** (In 2017, an average score of 100%)

Assessment topic	score
Structure and composition of the Audit Committee	100 %
Roles and responsibilities	100 %
Relationship with internal auditors and the auditors	100 %
Relationship with Management	100 %
Reporting	100 %
Quality control	100 %

3.3 Performance Assessment of the Audit Committee member individually in 2018, an average score of **94.42%** (in 2017, an average score of 97.38%)

Assessment topic	score
Business knowledge	86.11 %
Expertise in performing duties	97.22 %
Authority and duties assigned	94.44 %
Independence and fairness	100 %
Understanding of duties and responsibilities	95.24 %
Performing work and meeting	93.52 %

4. Performance Assessment of Sub-Committees in 2018

- Nomination and Remuneration Committee, an average score of **98.23%** (in 2017, an average score of 98.54%)
- Corporate Governance Committee, an average score of **98.97 %** (in 2017, an average score of 96.44%)
- Risk Management Committee, an average score of **99.55 %** (in 2017, an average score of 99.27%)

Assessment topic	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
Board structure	96.67 %	100 %	100 %
Board policy	97.50 %	97.86 %	98.75 %
Practice guideline of the Board	98.75 %	99.29 %	99.44 %
Preparing and conducting meetings	100 %	98.25 %	100 %

5. Assessment of effectiveness in preparation of the Board meetings in 2018, an average score of **98.15%**, an increase from 2017, at 97.20 %

Assessment topic	score
Preparing the meeting	98.15 %
Meeting procedures	98.15 %

- **Orientation for new directors:** IRPC arranges an orientation for new directors to pass on knowledge and understanding of its business and rules to support effective performance. The orientation will be provided once the new directors take their position, before the next Board of Directors' meeting, which should not be more than one month. Details of the orientation consist of:

- The President provides a briefing of the Company's information by himself every time. That information includes a vision, policy, organizational structure, overview of the business operation, operating result and other relevant data to enhance knowledge and understanding about the business to the new directors. The briefing takes at least one hour and the new directors are allowed to raise questions at an unlimited time.
- The Company Secretary prepares the Director's handbook and documents for new directors, consisting of Director's handbook of the listed companies, book 1 – book 3 (Director's Handbook), Corporate Governance Handbook, Code of Conduct, Compliance Handbook, Certifications, Objectives and Regulations of the Company, list of directors' name, duties of Sub-Committees, minutes of the Annual General Meeting of Shareholders in 2018, Board of Directors' Meeting (the year 2018) and minutes of the Sub-Committees' meetings that the new director is a member of, Annual Registration Statement, (Form 56-1), Annual Report 2017, Sustainability Report 2017, Training Course of the Thai Institute of Directors Association (IOD), Schedule of Board of Directors' Meetings of 2018 and introduction on how to use the data from Website IRPC Board Portal which is the formal communication channel for Board of Directors.

- **Development knowledge for directors:** IRPC encourages directors and executives to participate in seminars that are useful in performing their duties either in business management, industry, corporate governance, anti-corruption, roles and responsibilities of directors and Sub-Committees. All directors attended the basic training course on the duties of directors, (details are appeared in the Directors profile, page 24 – 37).



- **The Company Secretary:** The Board of Directors appointed the Company Secretary to ensure that he or she has the necessary knowledge and experience to support the Board's operations and assure that the operation of the Board of Directors is going smoothly and the directors can have access to all information necessary for effective decision-making. However, before or during the meeting, if the directors need more information for consideration, the Company must have all that information ready.

In the meeting No. 9 /2018, the Board of Directors appointed Mrs. Peyada Chongpayuha as the Company Secretary from 1 October 2018 onward, to replace Miss Monwipa Choopiban who reaches her retirement age. Details of the Board of Directors' meeting can be found in the Management Structure, page 94 – 95.

Code of Conduct 4: Nomination and Development of Senior Executives and Personnel Management

- **Nomination of Senior Executives:** The Nomination and Remuneration Committee is responsible for recruiting individuals who possess suitable qualifications, knowledge, and skills to present to the Board of Directors to appoint as a President and the directors, according to Article 22 of Company's regulations. The nominated person must be experienced, with suitable knowledge and understanding in petroleum and petrochemical business, having a good image, leadership skill and behave under the corporate governance principles. Details can be found in Management Structure, page 72 – 73, 83 – 85. Nomination of Senior Executive Vice President and significant changes in the organizational structure must be approved by the Board of Directors.

- **Performance Assessment:** The Nomination and Remuneration Committee assesses and determines compensation of the President. The matter is proposed to the Board of Directors for consideration and approval of the assessment guidelines and methods of calculating the remuneration in January 2018. At the end of December 2018, the Nomination and Remuneration Committee summarized the assessment of the President's performance according to the defined guidelines as presented to the Board of Directors for approval. Details of the assessment can be found in the Management Structure, page 100 – 101.
- **Criteria for other positions of the Executives:** The Board of Directors determines that the President can hold a position at the other companies or academic or social positions of other institutions after the approval from the Board of Directors. Meanwhile, the Senior Executives must be approved by the President. However, this does not include the appointment of directors in the affiliated companies or joint ventures according to the number of shares held, as per the agreement between the shareholders, which is defined as the authority of the Board of Directors.
- **Succession Plan:** The Board oversees the HR Management plan and succession plan. In 2018, the Company improved the system of succession plan together with international consulting companies in order to make the planning process more efficient to prevent any gaps in the operations and affect the efficiency of operations.
- **The Board of Directors understands structure and relationship of the shareholders** as well as those with conflicts of interest, which may affect the business management and operation and also establishes a system for considering relevant matters clearly and in accordance with the laws. For example, connected transactions or guidelines for directors who abstain from voting or leaving the meeting room during the consideration of the agenda with interest. Details of the making connected transactions can be found in the section Connected Transactions, page 159 – 162.
- **Personnel management and development:** IRPC has in place an appropriate incentive process for employees in term of money, growth, recognition, expressing of opinion and participation in important projects, etc. and the also has intensive personnel development under the strategy 'Power of People' - one of the main GDP strategies for sustainable growth as follows:
 - **Aimed at building the capacity and engagement of personnel at all levels** by means that the entire organization following Integrated HR Management practice, create a corporate strategic plan 'Power of people' by bringing core competencies, challenges and strategic advantages to analyze and assess the needs for capacity and workforce including organizational structure, recruitment and personnel development process linked to the performance assessment process and progress in the career management process. In addition, there is a process to explore satisfaction and strengthen engagement with the organization and the method of enhancing corporate culture in which all operations are connected.
 - **Workplace Environment:** IRPC creates the work environment to ensure health, safety, and ease of access to the workplace of personnel as follows: 1) Establish policies by studying laws, regulations and government announcements as well as relevant international standards such as ISO45001 accreditation, implementation of Operational Excellence Management System (OEMS) in management of security, safety, health and environment (Security, Safety, Health and Environment: SSHE Element) to use as management system. SSHE raises safety awareness to cultivate a good safety culture throughout the organization, establishes a health risk assessment (HRA) to assess the health risks of the personnel working in contact with risk factors that may be harmful to their health and brings this result of the risk assessment to plan for the controlling of the personnel's health risks. Also, the creation of preventive and communication

measures for those involved including reviewing health risks annually. In the management of security and emergency, there is an establishment of the Emergency Control Center (ECC) of the factory to be on guard 24 hours a day.

- **Build engagement and assess the performance of the personnel.** The Company defines the corporate culture with the objective to change the behavior of staff in the organization. It believes that if all personnel behave according to the values set by the organization, then this will be the driving force for the organization to have a management system that is geared towards excellence and achieve business goals.

The Company defines iSPIRIT as a value and determines IRPC DNA as a desirable behavior for the Executives (Vice President) to become the IRPC DNA Role Model for personnel, to implement and change behavior until it becomes a corporate culture which will affect good performance and the engagement of personnel. The Company determines that behavior assessment is part of the annual performance assessment; all staff must demonstrate excellent performance. For example, the Company gives a reward to those who reach the defined target, to stimulate behavior of focusing on results (R: Results Orientation), both in terms of money and praise as well as sincere behavior honest communication (N: No Bias). In addition, a communication channel is also provided to personnel, to encourage open dialogue by allowing personnel at all levels to have Feedback to the Company via the Team Mate system. Give opportunity for staff to provide suggestions, opinions and participate in goals setting through various activities, agency meetings as well as conveying the goals from the organization level to the individual level in the CEO Town Hall. Also, using behavior in keeping promise P: Promise and deliver to achieve good results and stimulate the engagement of personnel by requiring supervisors and subordinates to review their performance, acknowledge comments on improving performance and talk about career advancement opportunities in the style of One on One Dialogue at least 2 times per year.

- **Personnel and leader development:** The Company enhances knowledge and skills of personnel to be in line with core competencies, the need of organizations that response to strategic challenges, action plan and the needs of staff by dividing the set of knowledge and capacity of personnel into 3 parts, consisting of:

- 1) Knowledge about the organization and work standards (Organization Knowledge)
- 2) Professional knowledge (Work Competency) such as production, marketing, and engineering techniques etc.
- 3) Leadership and Business Knowledge (Leadership Competency) Consists of 4 crucial areas of knowledge such as Self-development, Business Administration, Leadership, and Change Management.

The Company also establishes Personnel Development Committee in their profession and the Executive Development Committee to prepare for future leaders and review the knowledge that is necessary for the organization and business and consider certifying the results of various competencies of personnel of all departments, as follows:

- **Knowledge management:** High-level Executives continue to drive process and organization improvements in accordance with the Operation Excellence Management System (Operation Excellence Management System: OMES) as well as the exchange of knowledge between personnel. By reviewing the knowledge management process (KM) and establishes a knowledge management unit (Knowledge Management) to increase efficiency and effectiveness of knowledge management which includes seeking of knowledge, gathering of knowledge both Explicit and Implicit Knowledge from various sources such as customers, suppliers and partners and emphasize the collection of knowledge from the personnel who are retiring as well.

Corporate leaders and executives in all levels have motivated and participated in knowledge development of personnel and the organization to disseminate and promote the knowledge in real practice and to improve, invent innovation and create value to the Company. The body of knowledge gathered from customers, suppliers and partners, for instance, new products, new technology and raw materials, researches and innovation are scrutinized by CoP Leader and Experts to analyze feasibility on how to create and enhance corporate potentiality and to define level of the body of knowledge. The Company has in place a way to encourage its personnel to take part in knowledge management by giving praise to those who have the highest performance score of creating and

sharing the body of knowledge in the presence of the entire organization to mark out a good example. The Company allows personnel to share the knowledge to the third party through Block-chain technology and stimulate the cumulation of knowledge for applying in real life and to develop into a new experience. The executives will be monitoring and encourage the person to use education to enhance work performance. For instance, rewarding those who carry out knowledge in a way that creates corporate value, e.g., in the steam and combined power plant (CHP1), the knowledge about power plan and steam power plant is passed on to CHP2 to select high efficient equipment, saving 203 million baht per year.



Code of Conduct 5 Promote innovation and business operation with responsibility

Promotion of innovation

Research and business development strategy

Creating value for business and society is the high priority of the Board of Directors. In order to set a corporate strategic plan, the business model is scrutinized from comprehensive studies, researches, and developments, as well as the situation of the world and in the country. In 2018, there were new business projects initiated under GDP strategy, in the Power of the Growth.

Production innovation

The Company invests and determines to develop product innovation, production practice, and related services continue to maintain the quality of consumers' life, to create a useful body of knowledge

and to make progress to industries and business under our supply chain which will eventually result as a positive impact on the society. In 2018, there were many essential innovation matters.

- the investment in innovation center to support personnel and modern equipment in response to the change of business scenario,
- a research on product development with an aim to add value and to make an environmental-friendly product
- an enhancement of energy utilization in production process to save natural resource, the control and preparation of integrated action plan using IT/Digital system to enhance production management efficiency and use of resources efficiently, the enhancement for competitiveness, the improvement in production process, also to raise awareness on responsibility toward society and environment and to add them as a part of GDP Strategy, in Power of Digital.

Details are shown in the annual report Research and Development for Excellence, page 187-191 and Performance Summary page 169-186.

Social Innovation

The Board of Directors promoted the invention of innovations to implement projects that are beneficial to society, community and environment where the society and community will take part together. For instance, Community Health Promotion Fund Project, the project background is as follows.

IRPC had discussed with the community and government agency in Rayong about direction of business operation and project scope that will generate the utmost benefit living in harmony with the community, mitigation of impacts on the community and environment as a result of the maintenance or production process from time to time and the benefits that the community will receive regarding comprehensive health care. The discussion resulted in a conclusion to establish “Community Health Promotion Fund Project, by the Community” for promoting community health for the resident living

within 5 kilometers around the IRPC Eco-Industrial Zone. The fund will be managed by the community through 20 members of a commission and maximum 9 consultants with term of office not over 2 year, maximum 2 consecutive terms. The officials and staff from the Company will be a consultant. The Company allocates budget to support the fund by 6 million baht annually.

In 2018, the Commission of Community Health Promotion Fund approved 41 projects, covering 8 locations, representing a benefit for approximately 100,000 people. For instance, the purchase of medical supplies and equipment to bed-ridden patient, chronic patients and terminal patients in the community of Tapong and Tabma sub-district, Risk Screening and Monitoring on Breast Cancer and Cervical Cancer, Obesity and Stroke for community of Ban Lang sub-district, Service Enhancement Project for Health Promotion Hospital of Ban Nong Tabaek Village, Takhon sub-district, and the purchase of Portable Electric Defibrillators (AED), Ban Laeng Sub-district. Details of the social innovation is shown in Corporate Social Responsibility Section, page 221-227.



Conduct business with responsibility

According to the Company's philosophy, the Board of Directors should promote the business operation that adheres to responsibility for stakeholders and society as a whole of which should be appended to the corporate strategic plan of all lines. The Board of Directors should also establish a policy of being a good corporation of the world, remaining neutral in politics, promoting rights in politics, international human rights, refraining from violating intellectual property with target to become a good corporation of the world following the concept of UN Global Company which consists of 4 major principles as follows.

Human rights

- The Board of Directors determined policy on human rights for practice guidance within the organization and IRPC Group. The human right policy is disclosed on the Company's website since 2017 to ensure that our business operation is free of human right violation in any activities, and we bear in mind responsibility for customers, competitors, partners. The process of selecting partners, creditors and guarantee conditions are fair. IRPC does not support the intellectual property violation (copyright, patents, trademarks) of the others and takes due maintenance on information technology, including rights and benefits related to the intellectual property.



- IRPC recognizes the importance of respect to human rights and adheres to the UN framework regarding the protection, respect and remedy in case of human right violation occurs in its business procedures which is consistent to the CSR concept of the Company 'Care, Share, Respect.' Particularly, the communities located around IRPC Eco Industrial Zone which considered as an important stakeholder of the Company is supported with our social innovation through Community Health Promotion Project. Another example is the Plastic Rights, the campaign that promote in various locations the use of plastic- the Company's products with responsibility and efficiency.
- IRPC protects and maintains rights of employees and contractors including compliance to labour law, provision of good working environment, promotion of proper welfares to employees under the Company's Code of Conduct, provision of training course and safety equally among its employees and contractors, preparation of safety handbook during the plant maintenance and supervision to ensure strict compliance. IRPC takes care of all external personnel who entering the plants by following safety rules. The Safety Unit must report safety situation both during working time and out of working time, including complaints from the communities concerning environment in the Management Committee's meeting on a weekly basis to ensure that the decision, remedy and prevention or mitigation will be proceeded on time and properly and to prevent against recurrence of situation.
- IRPC conducts Due Diligence to assess risk of human rights and also establish a measure to cope with such risk properly. Furthermore, there is an assessment and mitigation process set forth for taking care of communities and environment in case they will be affected by activities in the plants. For instance, IRPC establishes a 24-hour complaint channel, assigns staff to investigate an area, identify a cause and seek for a solution immediately, discloses information of an activity that may cause adverse impacts to the public both prior and during work.
- The President and senior executives recognize the importance to resolve all the complaints. In complaint processing, all significant complaint will have at least one step that the Internal Audit must propose the matter to the President to acknowledge and seek for solution. The procedures proceed with fairness and whistle-blowers are under good protection.
- The Company's Personnel regularly attended the lectures and activities related to human rights to learn, understand and pass on the knowledge to other employees, partners and stakeholders and eventually, to generate a concrete outcome that cover the entire loop and to ensure that

everyone practices correctly in line with international standard. For example, in 2017, our personnel attended the Announcement of National Agenda “Human Rights Driving Thailand 4.0 for Sustainable Development” by the Prime Minister; IRPC’s personnel joined the seminar with the ASEAN Intergovernmental Commission on Human Rights (AICHR) in the AICHR Training on Business and Human Right event. In 2018, IRPC took part in the government project and invited a human right expert to give a lecture for its directors, executives, employees and partners. Besides, in the opening ceremony of Lam Sai Yong Model 4th, Si Sa Ket, IRPC also invited justice court expert to give a lecture for the community about human rights and environment under the new constitution of the Kingdom of Thailand. Previously in 2017, the same lecture was arranged in Lam Sai Yong Model 2nd, in Buriram province. These arrangements reflect well of our sincere effort to make social benefits under international principles regarding human right.

Labor

- IRPC has 8 Labor Unions that represent the freedom of the labor in forming a group, and also authorize the right to negotiate in the meeting of the labor commission which will be chaired by the President. The changes of important rules, regulations and welfare for the employees were brought in the discussion stage for mutual understanding and acceptance. In 2018, there were many missions achieved and brought about benefits to employees. For more details, please see Report of Corporate Governance, Personnel Management and Development, page 119 – 120. Besides, the IRPC has provided various communication channels for employees to acknowledge, express opinions, give suggestions and make a complaint, e.g., Intranet, Teammate Blog and PO Box 35, etc. IRPC does not accept child labor, compulsory labor, and refrains from discrimination in employment and occupation. The recruitment is based on the suitability of working conditions, positions, and safety.

Environment

- IRPC follows good practice on environmental issues, adhering to global standards and even performs more than the law stipulated. The details are shown in the Report of Safety, Occupational Health and Environment, page 228 – 235 and the Sustainability Management, page 236 – 241

Anti-corruption

- IRPC aims to create a culture of honesty and transparency and also focuses on the importance of anti-corruption that cover the entire organization by issuing policy and actual practice. In 2016, the Board of Directors established policy and practice guidance on an explicit anti-corruption namely Anti-Corruption and Bribery to apply to everyone in the entire organization and the Company Group, the No Gift Policy. The Board of Directors also arranged training course with a campaign to raise the right awareness among employees on various occasions.
- The Anti-Corruption is disclosed to the public on the Company’s website and other communication channels. Moreover, the Board of Directors has broadened out the Anti-Corruption network to stakeholders, e.g., the Company Group, joint partner, contractors. Code of practices is also disclosed to the Company’s partners since 2016–2017.
- The Audit Committee determines that the procedures for risk assessment and management is one of the topic for internal audit and the procedures must be controlled, monitored, assessed and reported to the Board of Directors on a regular basis.
- In 2017, the Company received a Re-Certification as a member of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) after being certified as a member first time on 4 April 2014. IRPC carried out the direction of CAC strictly throughout the year 2018 and plans to continue the compliance to a long-term organizational strategy. As a result, IRPC received NACC Integrity Award for the year 2018 from the Office of the National Anti-Corruption Commission for the first time. Previously IRPC receives honorable mention for 2 consecutive years in 2016 and 2017.

- The companies in the IRPC Group which are Technology IRPC Co., Ltd. and IRPC Poly All Co., Ltd. were certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in 2017.

The Board of Directors sets the Whistle-blowing Policy with a channel for reporting clues and receiving complaints within and out of the organization concerning any illegal acts, unethical practice or any behavior that indicate corruption, misconduct of the personnel in all positions and other stakeholders. The Board of Directors also set forth clear, fair and transparent procedures for investigating and inspecting and adheres to the Whistle-Blowing Policy, a policy that set to protect whistle-blowers and relevant witness. The Internal Audit Unit is assigned to supervise procedures and monitoring result, collect information and report the Audit Committee and the Board of Directors on a monthly and quarterly basis respectively. In 2018, there was no violation of the ethical code. Details of complaints and the management are shown in the Sustainability Report

Channel for reporting clues and complaints

- Via electronic mail : auditor@irpc.co.th
- Via regular mail : Chairman of the Audit Committee IRPC Public Company Limited
No.555/2 Energy Complex
Building B 6th floor,
Vibhavadi Rangsit Road,
Chatuchak sub-district,
Chatuchak district,
Bangkok 10900
- Via PO Box. : PO Box 35, Sun Tower
Building Bangkok 10900

Taking into account the role of stakeholders: The Board of Directors places importance on conducting business with responsibility for communities, environment and societies, and therefore, sets in the Corporate Governance Handbook the explicit policy about stakeholders, shareholders, customers, communities, societies and environment. The Board also discloses all policies and good practice guidelines about all groups of stakeholders, e.g., personnel, safety, customers, partners, creditors, environment, shareholders and placing importance on social and environmental development including other groups of stakeholders which include

Shareholders: IRPC creates added value to the business in the long term with aim to generate return on investment, by way of seeking business opportunity, product and service innovation that are in line with the business growth, such as an investment in new projects and development of existing projects, joint venture with business partners in Thailand and abroad.

Community, environment, and society: The Board of Directors establishes as a corporate strategic plan regarding CSR Excellence and Sustainability, factual annual operation plan and clear target. The Board of Directors reports operation progress to the Corporate Governance Committee and the Board respectively on a quarterly basis. In 2018, the Board of Directors determined that the Company shall allocate the budget from 3% of the average profit of the past three years to ensure that the Company will be able to take care of society and environment continuously.

The Board of Directors places importance to the sustainable development under the Global Reporting Initiative (GRI) (please see details in the Sustainability Report 2018) and supports the efficient and cost-effective use of resources. Employees must pay attention and perform their work with awareness on safety and environment, and encourages stakeholders to take part in developing community and society while adhering to and improve the treatment to stakeholders continually. IRPC determines measures and indicators and assigns a unit to be responsible, monitor and report to the Management Committee on such matter on a regular basis to ensure the improvement will be proceeded timely, the unplanned shutdown may affect community environment. However, with the mitigation measures in place plus timely dissemination of the information to the government authority, the community and environmental officers and community relation officer will inspect the area and resolve the issue without delay. Moreover, the accident statistics, absenteeism rate and illness/injury rate of employees including contractors and temporary workers were disclosed in the Management Committee's meeting for safety and hygiene purpose.

Details of Corporate Social Responsibility is shown in the Annual Report, Corporate Social Responsibility Section, page 210 – 227, QSHE, page 228 – 235 and Sustainable Management Section, page 236 – 241.

Employees: The Company has set a fair employment condition for employees, with a policy that provides short and long term compensation, such as reasonable salary and bonus suit to work performance and operating result of the Company. IRPC provides the provident fund for its employees, personnel development plan, succession plan to allow potential employees in preparing themselves for the growth. Besides, IRPC arranges for its employees, the training course about savings management with an aim to improve their quality of life post-employment with the Company.

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

Partners: IRPC has in place a policy regarding fair and equal treatment to partners and customers taking into account the utmost benefits of the Company, basing on morality for both parties, avoid a situation that may cause a conflict of interest, compliance with contract terms and conditions, providing true statement and accurate report, complying with conditions set forth with partners strictly. In case IRPC will not be able to comply with any conditions, it must notify partner in advance to seek for the mutual solution. IRPC has transparent criteria for selecting partners.

Competitors: IRPC manages its business under a code of conduct and ethics regarding the treatment of competitors. IRPC has established a control system to ensure that it will not use competitors' trade secret for its own benefit through any dishonest means. IRPC will not tarnish competitors' reputation without factual data and information.

Creditors: IRPC commits to comply with conditions, contract and obligations set forth with creditors strictly whether the objective is about the use of money, repayment, maintenance of collateral quality and any other matters agreed with its creditors. In case the Company is not able to comply with one of the conditions, the Company will notify its creditors immediately in order to seek a solution together based on reasonableness. IRPC commits to maintaining a positive and prolong relation with creditors.

- **Selecting business pattern that cost-effectively utilize the resources:** To prepare corporate strategy and to consider projects in the Board of Directors' meeting, the Board of Directors and the Management took into account the energy-saving, the cost-effective use of resources, selection of proper raw materials, range of production approach that generates high value while results minimal impact to the environment.
- **Adequate allocation of information technology resource:** The Power of Digital Strategic Plan indicates that the Company realizes the importance of the said matters. IRPC conducts risk management, provide data security, and reports progress in the Board of Directors' meeting weekly.

Code of Conduct 6 Oversee to ensure appropriate risk management and internal control

Risk management and internal control

The Board of Directors realizes that importance in raising awareness and recognition of its personnel on the vitality of corporate risk management. To ensure that there is management for the risk that may affect its business operation and achievement of strategic target, the Board of Directors assigns the Risk Management Committee which currently comprises of 4 members to determine policy and scope of risk management, to oversee to ensure that the risk management of IRPC is efficient and effective in acceptable level. The Risk Management Committee reports the result of risk management to the Board of Directors on a quarterly basis. The Board of Directors also assigns the Audit Committee to supervise the internal control system to be consistent to the international standard and good practice.

Hence, to ensure the efficient performance in each operation, the accuracy and transparency of reports, strict compliance with the law, rules and regulations, and to build trust among the Board of Directors, Sub-Committee, including stakeholders, the President have established the Risk Management Committee and Internal Control Unit to oversee to ensure that the risk management and internal control in corporate level, operative level and procedure level achieve the target set forth as specified in the “Risk Management” and “Internal Control”. For more details, please see the Annual Report, Performance Summary page 181 – 187 and the Report of Internal Control, page 57 – 59.

Supervision on the use of internal information:

The Board of Directors sets policy on a disclosure of information and good practice guidance regarding the confidentiality in the Corporate Governance Handbook which stresses that directors, executives and employees shall be caution in keeping confidential information of the Company, using internal information and providing the Company's information to the third party. The Board has in place confidentiality system for the Company which defines levels of confidentiality and restrict access to the Company's information, a policy that forbids that use of materiality of the internal information which has not yet been disclosed for benefit of one's self or the others, including for the securities trading purpose. The use of internal information is described in the Policy on Compliance with the Company's regulations announced effective in 2015.

IRPC determines that all executives and employees and affiliated companies must prepare a report disclosing transactions that may have a conflict of interest with the Company. The report is to submit through online system which has been used for 4 consecutive years. This requirement is additional from the requirement on the report of directors and executives as stipulated by SEC. However, IRPC expects to cultivate among its personnel the performance with transparency, preventing corruption. The result will be monitored to direct improvement approach and to reduce the action against morality. The performance report is submitted to the Corporate Governance for acknowledgment.

Code of Conduct 7 : Maintain financial reliability and information disclosure

Maintain the financial reliability: Realizing the importance of monitoring, planning and controlling financial liquidity to be in line with financial activities, the Company sets performance assessment procedures to prevent significant risks in all aspects under normal and crisis.

IRPC officially met and exchanged information with financial institutions, credit rating institutions three times, attended eight conference calls to define the direction of capital management, to strengthen the organization and to prevent the Company from falling into a situation that is difficult to repay loans to creditors and to set explicit repayment plan within schedule.

Investor Relations Activity, 2018		Times per year
Roadshow to meet investors – 17 times, namely:		
Meet foreign investors (International Roadshow)		6
Meet investors from Thailand (Domestic Roadshow)		11
IRPC Analyst Conference Call (quarterly)		4
IRPC Analyst Meeting (quarterly)		4
IRPC Opportunity Day, 4 times namely:		
With collaboration with the Stock Exchange of Thailand (quarterly)		4
Company Visit (Appointment) 32 times, namely		
Conference Call		6
Company Visit		26
2018 Analyst & Fund Site Visit, 1 time:		
IRPC Site Visit by Morgan Stanley's Client_7 September 2018		1
Set in the City) 1 time:		
“SET in the City 2016” 14# : 15-18 November 2018		1

Dividend policy: IRPC has the policy to pay dividend at least 25% of annual net profit after tax and all reserves as stipulated by the articles of association and by law. The dividend payment is depended on an investment plan, necessity and other reasons as considered appropriate by the Board of Directors. The shareholders' meeting in 2018 approved the dividend payment as proposed by the Board of Directors at the amount of 0.29 baht per share.

Information disclosure and transparency: IRPC emphasizes disclosing important information of the Company regarding the Thai version and correct transparent translation of English version within a reasonable time frame. For instance, Business Structure and Shareholding (in the Annual Report, page 134) Business Operation and Financial Result, Supervision of Business Operation Policy, Audit Procedures and Control are disclosed through the News system of the Stock Exchange of Thailand and the Company's website. The disclosure categorized by information details, following criteria and practice guidelines related to the law, regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, to ensure that all stakeholders can have access to the Company's information equally. Operations in 2018 are summarized below:

1. Submitted financial reports to the Securities and Exchange Commission/ Stock Exchange of Thailand within due time, without a transaction that the auditor express unqualified opinions.
2. Disclosed complete information in Form 56-1, Annual Report (56-2) and on the Company's website, e.g., financial statement, corporate governance policy and business ethics, social responsibility, annual report, annual information Annual Registration Statement, minutes of the shareholders' meeting, list of major shareholders, news to inform the SET, news from the newspapers, online news and others. Prepared these information into the Integrated Report and sent to shareholders together with the invitation letter to the meeting of shareholders. Investors can study further information on our website: www.irpc.co.th or directly contact our Investor Relation Unit.

E-mail : ir@irpc.co.th
 Tel. : +66 (0) 2765 7380
 Fax : +66 (0) 2765 7379

3. Disclosed clearly criteria for directors' and executives' compensation in the Annual Report.
4. Clearly disclosed information about shareholding of directors and executives and determined policy that requires directors and executive to make a report as stipulated by SEC and SET.
5. IRPC has no record of the order from the Stock Exchange of Thailand and Securities and Exchange Commission to amend the financial statement.
6. Appointed the auditors upon approval from the Annual General Meeting of shareholders 2018. The auditor's qualifications are not contrary to the criteria of the Stock Exchange of Thailand. The auditor's compensation for the year 2018 was 3,100,000 baht (excluding other expenses required as necessary amounted to 120,000 baht). As for other services the auditor provided to the Company (non-audit fee) in the year 2018 amounted to 4,883,085 baht. Such transaction is not related and/or involved with an interest of the Company, subsidiaries, executives, major shareholders or related person.
7. The Company's financial statement was certified without conditions by the auditor.
8. Disclosed information about directors and executives on the Company's website which include name, position, education, work experience, amount of shares holding in the Company, pictures, directorship in other listed companies and the date of taking the position.
9. Prepared Corporate Sustainability Report 2018 to share management direction and operating result regarding the economy, society and environment using Sustainability Reporting Guidelines of Global Reporting Initiative 4# (GRI G.4) to ensure the information disclosure is in line with international standard. Assessed the adequacy of the content which is consistent with the Core level. Reviewed the report by



hiring an external party to build reliability and sent the report to shareholders together with the Annual Report. Disclosed the report on the Company's website.

10. Prepare Communication on Progress (CoP) to UN Global Compact as a member. Being a member since 2011, IRPC is obliged by the contract to proceed and report operating result under UN Global Compact guidance. Since 2014, the IRPC leverage the report to GC Advanced Level - the highest level of the reports. The Company prepared and published the report on its website and sent the report in e-mail to UN Global Compact's website (www.unglobalcompact.org).
11. Electronic communication: The Company discloses important information on its website: www.irpc.co.th, to present up-to-date information about the company in both Thai and English, including visions, nature of business, financial statements, press releases, shareholding structure, organizational structure, business group structure, information about the Board of Directors and executives, Investor Relations, Company certificate, articles of association, memorandum of association, annual report (available for download), minutes of the shareholders' meeting (available for download), annual registration statement (Form 56-1), presentation document in Analyst Meeting, good corporate governance policy, other activities and information related to business, corporate responsibility, stakeholder care, and operations for sustainable growth.
12. Communicated through printed media, radio, television, activities with stakeholders and other publicity channels, e.g., regular sending of newsletter to shareholders to inform operating result and important activities of the Company.
13. Refrained from disclosing information related to the Company's operating result to investors and securities analysts. IRPC does not accept or provide information to analysts 7 days before the report of its operating effect to the Stock Exchange of Thailand.

Code of Conduct 8: Support the participation and communication with shareholders

Rights of shareholders:

IRPC has policy that supports, promote and facilitate all shareholders of all groups to exercise their right under the law and in compliance with the articles of association entirely by way of attending shareholders' meeting, making decision or vote on important matters, acknowledge operating result of the Company, express opinions and ask questions. In addition to fundamental rights, IRPC allows shareholders to exercise more rights as follows.

Before the meeting

- IRPC allowed that between 4 September 2017 – 31 January 2018, one or more shareholders holding shares of not less than 4 percent of the paid-up capital, can propose a matter to add as a meeting agenda and nominate a person to take director position or to send questions about the Company before the Annual General Meeting of Shareholders for the year 2018. The criteria and procedures of proposing agenda and nominating such person were published on website (www.irpc.co.th). In 2018, there was no shareholder proposed a matter or nominated a person as a meeting agenda.
- IRPC disclosed resolution of the Board of Directors' meeting No. 2/2561 held on 13 February 2018, specifying that 28 February 2018 is a date to list names of shareholders for the right to attend the Annual General Meeting of Shareholders for the year 2018 and for the right to receive dividend payment (record date) pursuant to Section 225 of the Securities and Stock Exchange Act. B.E. 2535 and the Annual General Meeting of Shareholders for 2018 is on 4 April 2018, at 14.30 hrs, Bangkok Convention Center, 5th floors, Central Plaza Ladprao.
- IRPC published an invitation letter for the meeting and supporting document in Thai and English on its website 30 days prior to the meeting date, from 2 March 2018. Also, the invitation letter to the meeting was sent to shareholders via posts 21 days prior to the meeting date.
- Quality of the invitation letter to the meeting of shareholders: IRPC set forth details on meeting agenda, classified clearly by total 9 agenda, with



objectives and reasons supported, opinions of directors and the number of votes as stipulated by law for each agenda to ensure that shareholders will have sufficient information to make a decision on each resolution.

- To appoint directors: The Company provided full information and qualifications of each directly which included name-surname, age, education background, work experience, a number of companies he/she holding position to ensure adequate information to shareholders.
- To approve directors' compensation: IRPC proposed policy of determining all forms of compensation which included monthly compensation, attending fee, bonuses and other benefits as well as criteria on compensation for each directorship.
- To appoint an auditor: IRPC specified details about the auditor which included name, the company, experience, and skills of the auditor, the matters related to the independence of the auditors and auditor's fee. The breakdown of auditor fee and other service fees (if any) were clarified clearly.
- To approve dividend payment: The Company disclosed its dividend payment policy, the dividend payment rate, payment date (19 April 2018 (15 days from the date of approval) together with precise reason and supporting documents as stated in the invitation letter.
- IRPC allows that a shareholder who cannot attend the meeting can vote through proxy holder. The Company nominated 5 independent directors as a choice for shareholders to select as a proxy holder. The proxy form was

sent together with the invitation letter, including clear details about the document, evidence, and advice of submitting proxy which is simple and in line with the law.

On the meeting date

- The Company held the Annual General Meeting of Shareholders on 4 April 2018 at 14.30 hrs. Bangkok Convention Center, 5th floors, Central Plaza Ladprao. The meeting place was convenient for shareholders to travel, whether by private transport or public transport.
- The registration was opened 2 hours before the meeting time. The bar code system was applied to the registration, counting votes and displaying the result to ensure the meeting was proceeded efficiently, timely, accurately and precisely. IRPC provided many facilities including duty stamps for shareholders who submit the proxy form without any charges, for the validity of the document as required by law.
- Chairman of the Board of Directors chaired the meeting, with attendance of all Sub-Committees, directors, and the President. Total of 15 members were attending, representing 100%. The Chairman conducted the meeting in accordance with the agenda set forth in the invitation letter. There was no additional agenda other than listed in the invitation letter. During the meeting, shareholders were allowed to ask questions and all answers were clearly replied. All details were recorded in the minutes of the shareholders' meeting.
- The Company requested an auditor from Deloitte Touche Tohmatsu Chaiyos Audit Company



Limited (Mr. Permsak Wongpatcharapakorn), a legal advisor, (Miss Peangpanor Boonklum), and senior management and the Company Secretary to attend the meeting in order to answers questions from shareholders in the matters related to their duties. The Company also assigned a person to review the counting of the vote in the meeting of shareholders. The two persons who volunteered from the shareholders attending the meeting (Miss Ratchada Klongprong and Mr. Pawaris Posarn). Before proceeding with the meeting agenda, the Chairman explicitly explained to the meeting the procedure of voting for each agenda. The right to vote is equal to the number of shares held with one vote for each share. The voting result was recorded in the minutes of the shareholders' meeting.

- Appoint a director to replace the director who vacates office by rotation: Before considering this agenda, the nominated directors were Mr. Tevin Vongvanich, Mr. Nuttachat Charuchinda, Mr. Chansin Treenuchagron, General Sasin Thongpakdee, General Theppong Tipayachan and Mr. Sukrit Surabotsophon. Shareholders who had interest in this agenda abstained from voting and left the meeting room until the consideration was completed and the resolution was passed, following the good corporate practice. The Chairman of the meeting assigned Mr. Woothisarn Tanchai, Chairman of the Nomination and Remuneration Committee to presented detail of this agenda to the meeting and allowed shareholders to vote in electing each director. Each nominated name was presented to shareholders for voting purpose.

- During the meeting, Chairman of the meeting allowed all shareholders an equal right to ask or share opinions under proper time. The related directors answered and clarified to shareholders on each question. All questions and answers, suggestions and opinions were recorded in the minutes of the meeting to acknowledge absent shareholders the details of the meeting.
- The Company arranged the voting procedures, oversaw the ballots collected from shareholders, and reviewed the resolution and voting result from the ballots by using bar code system to process the scores for better performance and time frame. Then all agenda was reported to the meeting and resolutions were recorded precisely in the minutes of the meeting. The number of votes for each agenda were recorded in full details, e.g., agree, disagree or abstained.
- In the Annual General Meeting of Shareholders 2018, the Chairman of the meeting conducted the meeting in accordance with the agenda set forth in the invitation letter. There was no additional agenda other than listed in the invitation letter.

After the meeting

- The Company took the minutes of the meeting and details with accuracy and completeness. List of Chairman of the Board, Chairman of Sub-Committee and executives who attending the meeting, voting procedures, the use of ballots, counting votes, explanations which were materiality, answers and questions made during the meeting, list of shareholders and opinions expressed in the meeting and resolution of the meeting which divided into agree, disagree and

abstained for each agenda clearly, were also included in the minutes of the meeting.

- IRPC submitted the minutes of the shareholders' meeting in Thai and English version to The Stock Exchange of Thailand through SET Portal and also were publicized on its website after the meeting date.
- The Company prepared minutes of the meeting, with complete details as stated in 'On the meeting date' above and other details were described clearly and completely.
- The minutes of the shareholders' meeting which contained full details of the meeting were submitted to the Stock Exchange of Thailand within 14 days to conform with criteria of the Stock Exchange of Thailand and send to all shareholders (via post). The minutes of the meeting also stated that a shareholder who wishes to amend or oppose may response to the Company Secretary within 10 June 2018. Upon such date, if there was no shareholder response, it would deem that the meeting was certified. The Company also sent the minutes of the meeting to the Department of Business Development, Ministry of Commerce and amend the articles of association as per resolution of shareholders. The minutes of the meeting was also publicized on the Company's website.

Equitable treatment of shareholders:

IRPC respects the rights of shareholders and addresses the importance of each shareholder equally, no discrimination about genders, ages, color, races, nationalities, religions. The Company prioritizes the value of human rights, facilitating the disabled and the elderly during the meeting when receiving information and casting votes.

There is only one class of shares, with one share is equal to one vote, as per articles of association of IRPC. There is no policy to classify types of shares which will differ the right of shareholders. In 2018, the Board of Directors held the Company's securities in total not exceeding 25% of the issued and paid-up capital, representing 0.04930% (as of 31 December 2018).

IRPC issued a policy on information disclosure, guidance for storage and prevention against the use of written internal information. Then the said

policy has been announced to its employees for strict compliance. The Company assigned that the directors and executives must report their securities holding as stipulated by law of securities holding the report of changes of securities holding, to the Board of Directors' meeting.

IRPC is now studying the impact that may occur from the issuance of the said policy which states that directors and senior executives must report to the Board of Directors about the purchase-sell of shares at least one day in advance prior to the trading date. Such a requirement is to provide an information for setting direction and criteria for prudent and efficient practice.

According to the criteria of SET, the related transaction which is not a normal course of business and/or the procurement is compared with another company, the Audit Committee will primarily screen before submitting matter to the Board of Directors or shareholders for approval, based on types, size, financial balance to ensure compliance with the law and transparency and fairness for all related parties. The director who may have a conflict of interest will leave the meeting room and abstain from voting. The Board of Directors will approve the related transaction, connected transaction taking into account the utmost benefit of the Company. The said transaction is accurately and adequately reported/disclosed under information disclosure regulations of SET.

Any changes or taking the new office of the directors will be reported to the SEC to ensure shareholders receive up-to-date information of directors always.

The Board of Directors and executives and IRPC's staff who hold information under SEC criteria will be notified about the silent period pursuant to the good corporate governance, 45 days prior to the disclosure of financial statement and 2 days after the said disclosure. Throughout the past year and in 2018, the directors and executives strictly complied with the regulations. No members was accused or been warned by SEC regarding the insider trading.

The Board of Directors duly complied with the 8 Code of Conduct of the Stock Exchange of Thailand and applied all CG principles to perform their duties and to oversee the Company and affiliated companies comprehensively, effectively regarding mission, policy, strategic plan and operating plan of IRPC.



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