

## **Part 2**

# **Management Structure and Corporate Governance**

## 7. Information on securities and shareholders

### 7.1 Our registered capital and paid-up capital

As of 31 December 2018, our registered and paid-up capital totaled Baht 30,004,442,705 consists of 4,335,902,125 ordinary shares with a par value of Baht 6.92 each.

### 7.2 Shareholders

#### (1) List of the top 10 major shareholders

List of the top 10 major shareholders as of 28 August 2018

No.	List of the top 10 major shareholders	Number of shares	Shareholding percentage
1	CHEVRON SOUTH ASIA HOLDINGS PTE LIMITED <sup>(1)</sup>	2,625,888,656	60.56%
2	THAI NVDR CO., LTD.	353,055,482	8.14%
3	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	110,319,832	2.54%
4	STATE STREET EUROPE LIMITED	102,408,900	2.36%
5	THE BANK OF NEW YORK (NOMINEES) LIMITED	37,774,200	0.87%
6	N.C.B.TRUST LIMITED	18,862,836	0.44%
7	MR. MIN TIEANWORN	18,400,000	0.42%
8	GOVERNMENT PENSION FUND	17,074,800	0.39%
9	BNP PARIBAS SECURITIES SERVICES, LONDON BRANCH	16,184,000	0.37%
10	BANGKOK LIFE ASSURANCE PCL	15,738,000	0.36%

<sup>(1)</sup> Chevron South Asia Holdings Pte. Limited operates its business by holding shares in other petroleum refinery companies, i.e. investing in its subsidiaries and associated companies. As of the effective date hereof, Chevron Corporation, through its subsidiaries, holds 100 percent of shares in Chevron South Asia Holdings Pte. Limited

#### (2) Share transfer restrictions

Our shares can be transferred without any restriction.

### 7.3 Dividend policy

The dividend payment policy of SPRC is to pay twice per year of at least 50 percent of net profits after legal reserve requirements. The payment is subject to actual and future cash flows, market conditions, capital requirements and other considerations as our board of directors may deem relevant.

The dividend declaration shall be made in US Dollar and converted to Thai Baht by using the average selling exchange rate of The Bank of Thailand for 7 Banking days before the notification date of the Board of Directors for consideration on the dividend payment.

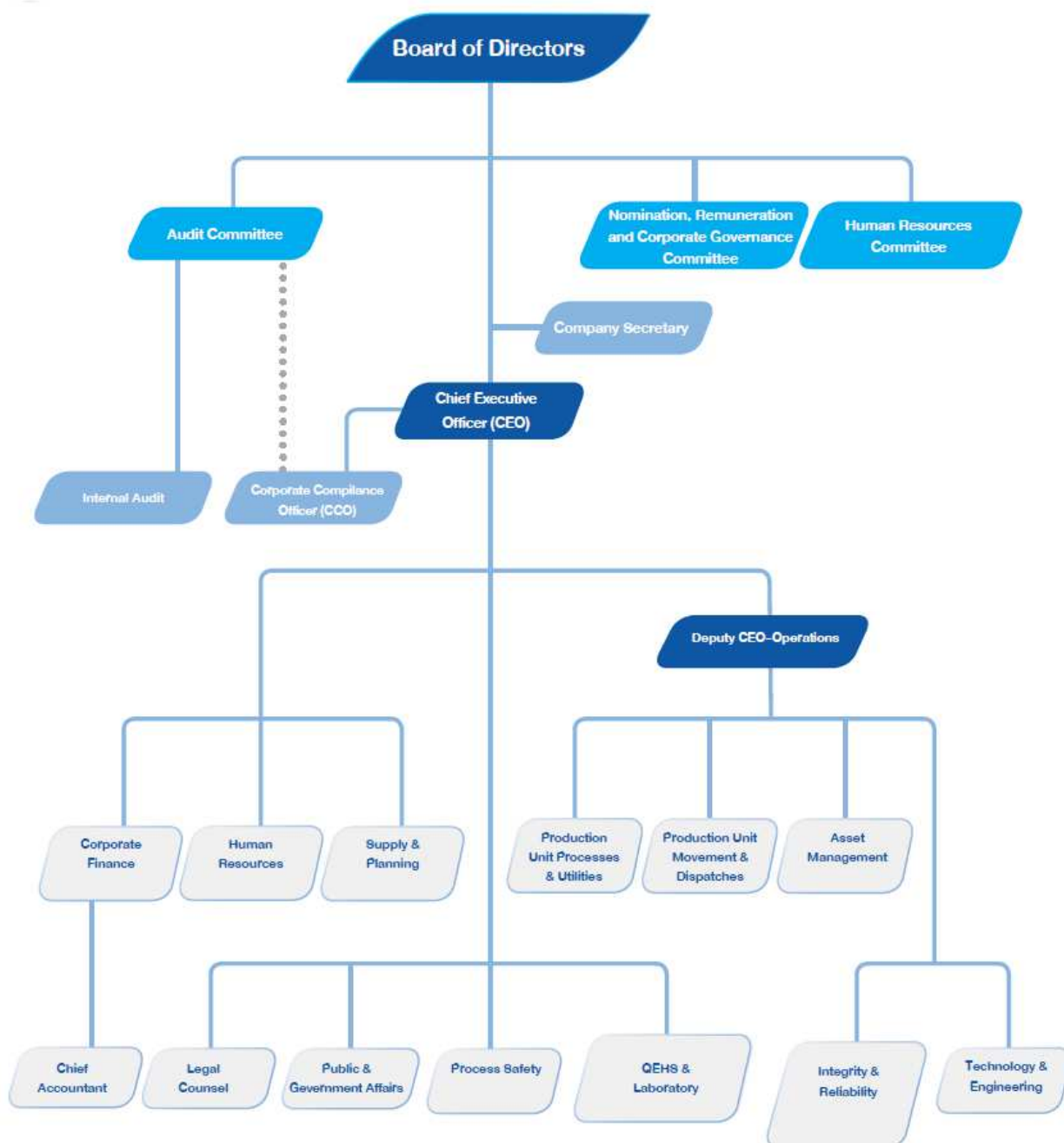
Our board of directors may recommend an annual dividend payment, subject to the approval of our shareholders at the shareholders' meeting. Our board of directors may also, by its resolution, decide to pay an interim dividend to our shareholders if the directors determine that it is justified by our profits. It is the policy of our board of directors to consider an interim dividend payment to shareholders every year.

**Historical dividend payment information**

Year	2015	2016	2017	First six months of 2018
Net earnings per share (US\$)	0.06	0.06	0.06	0.04
Dividend per share (US\$)	0.05735268	0.0335	0.0362	0.0177
Dividend payout ratio same period (%)	95.00	60.00	60.00	50.00

Year	2015	2016	2017	First six months of 2018
Net earnings per share (Baht)	1.99	2.00	2.05	1.13
Dividend per share (Baht)	1.97376772	1.1824	1.1427	0.5928
Dividend payout ratio same period (%)	99.18	59.12	55.74	52.46

## 8. Management Structure



## 8.1 SPRC's organizational structure is composed of:

### 8.1.1 Composition of the Board of Directors

As of 31 December 2018, the Board of Directors comprises of 7 directors;

- 6 Non-executive directors (86% of total members), which 3 out of 6 Non-executive directors are independent directors (43% of total members)
- 1 Executive director, who is the CEO (14% of total members)

The election of directors followed the resolutions of the annual shareholders meetings, resolutions of the Board of Directors meetings, the laws and regulations, as well as the Company's Articles of Association. The number of directors is appropriate for the Company's business operations.

The Charter of the Board provides that the Board shall have diversity of perspectives and talents to ensure that an appropriate mix of skills, experience and expertise is maintained on the Board.

The Board aims to maintain a diversity of skill, experience, expertise and is committed to pursuing diversity in terms of gender, age and other distinction across the group for the perspectives and talents, resulting all aspects of consideration for decision making.

The Board and the Nomination, Remuneration and Corporate Governance Committee considered the Board composition and opined that the Board has an appropriate mix of skills, experience, and expertise such as the knowledge and understanding of refinery business and operations, petroleum business, related technology and engineering, strategy, marketing, finance, corporate governance, etc.

The Company has a policy of non-discrimination. Therefore, there is no discrimination against the directors based on gender, age or race. The directors shall possess qualifications according to the Public Limited Company Act, the Securities and Exchange Act, regulations of the Securities and Exchange Commission, regulations of the Capital Market Supervisory Board and the Company's Articles of Association. The directors shall have knowledge, skills, and expertise in fields related to the Company's business, or have experiences that are beneficial to the Company's business operations, be trustworthy, have leadership skills, vision, ethics, integrity and be able to perform director's duties with care and diligence. Additionally, the directors must not serve as a director of more than 3 listed companies in the Stock Exchange of Thailand.

A new director will receive an introduction to gain background on the Company's business, operation, culture, governance and corporate structure. Additionally, all directors are encouraged to attend director training and professional development courses.

### 8.1.2 Board of Directors as of 31 December 2018

Name	Position
1. Mr. Andrew Benjamin Walz	Chairman of the Board of Directors
2. Ms. Kheng Ling Lok	Director Human Resources Committee
3. Mr. Manoon Siriwan	Independent Director Audit Committee Nomination, Remuneration and Corporate Governance Committee
4. Mr. Nicolas Michel Bossut	Director Nomination, Remuneration and Corporate Governance Committee
5. Mr. Pliu Mangkornkanok	Independent Director Vice-Chairman of the Board of Directors Chairman of Audit Committee Human Resources Committee

6. Mr. Robert Stair Guthrie	Independent Director Chairman of Nomination, Remuneration and Corporate Governance Committee Audit Committee
7. Mr. Timothy Alan Potter	Director Chairman of Human Resources Committee Nomination, Remuneration and Corporate Governance Committee Chief Executive Officer

### 8.1.3 The authorized directors of the Company

The authorized directors of the Company are any two of Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut, Mr. Timothy Alan Potter, and Ms. Kheng Ling Lok, to jointly sign and affix the Company's seal.

### 8.1.4 Scope of authority, duties, and responsibilities of the Company's Board of Directors

The Company's Board of Directors has a number of duties and responsibilities as set out in the Public Limited Company Act, Securities and Exchange Act, rules and guidelines of the SET, the Company's Articles of Association, and the Charter of the Board of Directors.

It is the primary responsibility of the Board of Directors to manage the Company's business within the scope of the law, the Company's objectives, Articles of Association, and resolutions of the shareholders meeting. The Board of Directors shall perform its duty using its best efforts to add value to the business in the long run, and manage the business carefully and prudently with transparency, and prevent any occurrence of conflict of interest. The Board of Directors shall determine the standard practice for the operation of the Company's business and ensure the adequacy of the Company's internal control and risk management systems.

The Charter of the Board of Directors sets out the authority and duties of the Board of Directors, and clearly separates the authority and duties of the directors, independent directors, and Management. The key responsibilities of the Board include:

- Reviewing, evaluating, approving and modeling vision, mission, culture, core values and commitment to maximize financial, operational, health, safety and environmental performance;
- Reviewing, evaluating and approving the business plan and budget each year;
- Reviewing, evaluating and approving strategies with guidance to implement objectives and goals of the Company;
- Monitoring business performance and reviewing the implementation of strategies;
- Enhancing and protecting the Company's reputation and corporate integrity;
- Reviewing, evaluating, and approving the policies, standards of corporate governance and legal and regulatory compliance; such as the Business Conduct Policy, Corporate Governance Policy, Anti-Corruption Policy, Insider Trading Policy, Risk Management Policy and Dividend Policy; as well as follow up and monitor the internal control and practice to be compliance with such policies;
- Reviewing, evaluating and approving overall direction and financial, operational, health, safety and environmental objectives and goals each year;
- Reviewing and approving full year and interim financial reports;
- Reviewing and approving the payment of any interim dividends;
- Reviewing, evaluating and approving the charters of the Board's committees;

- Reviewing and approving the appointment of a new director to replace a vacancy due to resignation;
- Reviewing and approving terms of appointment, including the remuneration package of the CEO, based on the recommendation of the Human Resources Committee;
- Reviewing, evaluating and approving the termination of the CEO's appointment;
- Providing input to the CEO's annual performance review with the Chairman;
- Monitoring the progress of major capital projects and business acquisitions or divestitures, and reviewing returns from these investments;
- The Board of Directors has authorization on capital expenditure up to Baht 1.5 billion. Any capital expenditure that exceeds Baht 1.5 billion shall be proposed for shareholders' approval.
- Reviewing and approving such authority to execute transactions or obligations which do not fall within the scope of authorities delegated to the CEO;
  - The CEO has the authority to execute transactions in the name of the Company, with a limit of not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.
  - However, due to the nature of Company's business and normal Company's business transaction, the CEO has the authority to execute transactions and obligations with a term not exceeding 12 months (regardless of the amount of these transactions) that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.
  - For related party transactions, the CEO has the authority to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million. Related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the CEO has the authority to execute such related party transactions with a term not exceeding 12 months (regardless the amount of those transactions).

#### **8.1.5 Roles of Chairman of the Board of Directors**

Mr. Andrew Benjamin Walz was elected by the Board of Directors to be a Chairman of the Board. The Charter of the Board of Directors provides the roles of the Chairman of the Board as follows;

- Facilitate and ensure the Board of Directors perform and carry out its activities efficiently and effectively in compliance with the good corporate governance and the Company's Business Conduct;
- Oversee and ensure the Board of Directors completely perform and carry out its activities as set out in the Company's Charter of the Board of Directors;
- Oversee and ensure the Board of Directors receive correct and appropriate information for consideration at the Board of Director's meeting;
- Approve the agenda for each Board of Director's meeting in consultation with the CEO and the Company Secretary;
- Approve the minutes for each Board of Director's meeting, recorded by the Company Secretary;
- Allocate sufficient time for each agenda item, support the directors to exercise prudent discretion, allows directors to ask questions and express opinions freely, and conclude to resolve the meetings' resolutions;

- Act as chairman of shareholders' meetings and ensure each shareholders' meeting will be effectively proceeded and compliance with all related laws and regulations;

In addition, the Board of Directors elected Mr. Pliu Mangkornkanok to be a Vice Chairman of the Board of directors. The Vice Chairman has responsibility to support the Board Chairman and fulfill the Chairman's responsibilities in case of the absence of the Chairman or the Chairman is unable to play the chairman role during a meeting of the Board or a meeting of shareholders.

#### **8.1.6 Attendance of the Board of Directors Meetings in 2018**

The Company's Articles of Association require that the Board of Directors holds at least one meeting every three months, and may hold additional meetings to consider urgent matters.

The directors shall regularly attend Board of Directors meetings to acknowledge and take part in the decisions regarding the operation of the Company's business. The Company Secretary has the duty to determine in advance the meeting schedule every year. In Q3, the Company Secretary will notify each director of the meeting schedule for the following year, so that each director is aware of the meeting schedule in advance, and is able to attend the meeting. Each quarterly meeting will be held during a period of after 30 – 40 days after the end of quarter, except for the year-end, the meeting will be held during a period of after 40 – 60 days after the end of calendar year. Each meeting takes approximately 4 hours. Each director shall participate the meeting in person. The quorum for the Board meeting requires the presence in person of at least one-half of all directors on the Board. A director who unable to be present at the meeting can participate the Board meeting via teleconference on video conference, but he/she will not be counted towards the quorum nor vote on resolutions.

The Chairman, the Chief Executive Officer, and the Company Secretary together consider and approve the meeting agenda. At each meeting, a clear agenda is set, and sufficient supporting documents sent to the directors, both in hard copy and electronic form, approximately 8 - 10 days in advance, to allow sufficient time for the Board of Directors to study the matters before the meeting.

To consider each matter, the Chairman of the Board of Directors, who acts as the chairman of the meeting, allocates sufficient time for each agenda item, and allows directors to ask questions and express opinions freely. Resolutions of the Board of Directors require a majority vote of the directors. Each director has one vote. In the event of equal votes, the Chairman of the meeting has the casting vote.

If any director has a conflict of interest in the matter being considered, the interested person shall not take part in the consideration and decision on that matter, for transparency and the best interest of the Company.

The Company's executives attend the Board of Directors meeting in order to directly provide beneficial information and acknowledge policies from the Board of Directors, to ensure efficient implementation. The executives report implementation results in the following Board of Directors meeting.

Upon conclusion of the meeting, the Company Secretary prepares the minutes of the meeting, containing important matters considered, resolution, as well as the opinions expressed in the meeting, proposes the draft minutes to the directors for their preliminary review, proposes the minutes in the next Board of Directors meeting for Board's approval, and certification by the Chairman of the Board of Directors. Minutes approved by the meeting and certified by the Chairman of the Board of Directors are systematically kept, with the documents supporting each agenda item in the meeting, both in hard copy and electronic form, for convenience of retrieval and reference.



**Attendance of the Board of Directors Meetings and Committee Meetings in 2018**

Director's Name		Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance	Human Resources Committee
		Total Meetings in 2018			
		5 Meeting	4 Meetings	4 Meetings	5 Meetings
1	Mr. Andrew Benjamin Walz	5/5	-	-	-
2	Mr. Pliu Mangkornkanok	5/5	4/4	-	5/5
3	Mr. Manoon Siriwan	5/5	4/4	4/4	-
4	Mr. Robert Stair Guthrie	5/5	4/4	4/4	-
5	Mr. Nicolas Michel Bossut	5/5	-	4/4	-
6	Ms. Kheng Ling Lok	5/5	-	-	5/5
7	Mr. Timothy Alan Potter <sup>1</sup>	3/3	-	3/3	3/3
<b>Director who resigned in 2018</b>					
	Mr. William Lewis Stone <sup>2</sup>	2/2	-	1/1	2/2

<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, effect on 6 April 2018.

The Company Secretary is responsible to develop meeting schedule and inform the directors of the meeting schedule for the whole year in advance.

In 2018, meetings of the Board of Directors were held 5 times, including 4 regular quarterly meetings, and 1 special meeting. All directors fully attended all Board of directors meetings.

**Attendance of the Board of Directors Meetings in 2018**

Name of Directors		No.1 (13 Feb)	No.2 (5 Apr)	No.3 (10 May)	No.4 (14-15 Aug)	No.5 (2 Nov)	Total	Percentage
1	Mr. Andrew Benjamin Walz	✓	✓	✓	✓	✓	5/5	100%
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	✓	5/5	100%
3	Mr. Manoon Siriwan	✓	✓	✓	✓	✓	5/5	100%
4	Mr. Robert Stair Guthrie	✓	✓	✓	✓	✓	5/5	100%
5	Mr. Nicolas Michel Bossut	✓	✓	✓	✓	✓	5/5	100%
6	Ms. Kheng Ling Lok	✓	✓	✓	✓	✓	5/5	100%
7	Mr. Timothy Alan Potter <sup>1</sup>	n/a	n/a	✓	✓	✓	3/3	100%
<b>Director who resigned in 2018</b>								
1	Mr. William Lewis Stone <sup>2</sup>	✓	✓	n/a	n/a	n/a	2/2	100%
<b>The attendance of all directors</b>								<b>100%</b>

<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, effect on 6 April 2018.

## 8.2 Leadership Team

There are 14 executives on the SPRC Leadership Team. The Leadership Team is responsible for executing the strategies, objectives and business plans approved by the Board of Directors, and managing the day to day activities at SPRC. Members of the Leadership Team all bring significant industry and company specific experience and knowledge to SPRC providing the required skills and competencies to lead SPRC to “Set the Standard” in the refining industry.

### 8.2.1 Leadership Team members as of 31 December 2018 are:

Name	Position
1. Mr. Timothy Alan Potter	Director and Chief Executive Officer
2. Mr. Steven Lewis Gibson	Deputy Chief Executive Officer - Operations
3. Mr. Wichai Chunhasomboon	Chief Financial Officer
4. Mr. Sakchai Thamsuruk	Manager of Supply & Planning
5. Mr. Chirasak Mhasuconda	Manager of Human Resources
6. Mr. Pongkorn Chochuwong	Manager of Asset Management
7. Mr. Narong Triyotee	Manager of Production Unit-Processes & Utilities
8. Mr. Paul Andrew Rushworth	Manager of Production Unit-Movement & Dispatches
9. Mr. Roger Albert Frederick Bartlett	Manager of Integrity & Reliability
10. Mr. Akasit Rumpagaporn	Manager of Technology & Engineering
11. Ms. Nattawan Khumwiwat	Corporate Legal Counsel, Company Secretary and Corporate Compliance Officer
12. Mrs. Pornthip Viraphand	Manager of Public & Government Affairs
13. Mr. Krisda Chaikul	Manager of Process Safety
14. Mrs. Angkana Panyaopart	Manager of OEHS & Laboratory

Remarks: Leadership Team No.1-14 is according to the definition of management as defined by the Capital Market Supervisory Board

### 8.2.2 Scope of authority, duties, and responsibilities of Chief Executive Officer

The Board of Directors has authorization and is responsible for appointment or removal of the Company's Chief Executive Officer. The Chief Executive Officer is responsible for managing the Company's business as assigned by the Board of Directors.

The Chief Executive Officer is authorized to oversee the Company's day-to-day business and operation, take any actions and make any decisions under the scope of his or her authority, including execution of agreements and obligations that are necessary or beneficial to the Company.

The Chief Executive Officer has the authority to execute transactions in the name of the Company, with a limit not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.

However, due to the nature of Company's business and normal Company's business transaction, the Chief Executive Officer has the authority to execute transactions and obligations exceeding Baht 200 million with a term not exceeding 12 months that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.

For related party transactions, the Chief Executive Officer has the authority to execute related party transactions in the name of the Company, with a limit not exceeding Baht 10 million. The related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For the related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the Chief Executive Officer has the authority to execute such related party transactions if the term does not exceed 12 months. Additionally, the Chief Executive Officer has the authority to approve overruns of approved

Company's operating expense and capital expenditure budgets, which the overrun shall not exceed 10 percent of the Board approved budget.

The Board of Directors Meeting No. 4A/2017 on 11 December 2017 acknowledged the resignation from the Chief Executive Officer, effect on 6 April 2018, made by Mr. William Lewis Stone. The appointment of new Chief Executive Officer had been reviewed and considered by the Human Resources Committee. The Human Resources Committee reviewed Mr. Timothy Alan Potter's qualifications, knowledges, skills and experiences, and made recommendation to the Board of Directors that he has good qualifications served as the Company's CEO as he has extensive knowledges, skills and experiences in refinery business and operations in management level for many years. The Board of Directors Meeting No. 4A/2017 on 11 December 2017 approved Mr. Timothy Alan Potter to be the Chief Executive Officer in replacement of Mr. William Lewis Stone, effect on 6 April 2018.

### **8.3 Company Secretary**

The Board of Directors has authorization and is responsible for appointment of the Company Secretary. At the Board of Directors meeting No. 4/2013, on 27 November 2013, the Board of Directors reviewed the qualifications of, and appointed, Ms. Nattawan Khumwiwat, who has skills, knowledge, experiences, and graduated in law, to act in the position of Company Secretary.

The Company Secretary has roles and responsibilities to ensure compliance with, and advise the Board of Directors and management on, relevant laws and regulations, and guidelines to practice for good corporate governance. The Company Secretary is responsible for organizing meetings of the Board of Directors and meetings of the shareholders, as well as following and monitoring the Company's actions and implementation in compliance with resolutions made at the meetings. The Company Secretary shall be responsible and manage the registration and record of Company's directors, notice of the Board and shareholders meetings, minutes of the Board and shareholders meetings, safely store the company's material documents, and retain the conflict of interest declaration forms made by directors and management. The Company Secretary shall also perform other general company secretary's works and have other roles and responsibilities as provided by the Capital Market Supervisory Board.

The Company Secretary additionally takes responsibilities on the secretarial tasks of the Audit Committee and the Nomination, Remuneration and Corporate Governance Committee.

### **Corporate Compliance Officer**

The Board of Directors established the Business Conduct Policy in 2010 and appoints the Corporate Compliance Officer to have primary oversight responsibility to ensure the Company operates the business in accordance with guidelines and policies provided in the Business Conduct Policy. Ms. Nattawan Khumwiwat has been appointed to take the role of the Corporate Compliance Officer since 1 July 2015.

The Corporate Compliance Officer is responsible for implementation and monitoring the compliance program consistent with the Business Conduct Policy, communication policies and practices, reporting to the Board of Directors and Audit Committee on related matters, handling investigations on reports of suspected conduct violating the policy, and recommend disciplinary action(s) against personnel whose conduct is not in line with the principles provided in the Business Conduct Policy. All reports of suspected violations of policy, and sources of those reports, are treated confidentially.

The Corporate Compliance Officer reports quarterly to the Audit Committee on the implementation program and compliance to the Anti-Corruption Policy and Business Conduct Policy.

**Ms. Nattawan Khumwiwat****Age** 38 years**Current Position** Corporate Legal Counsel, Company Secretary and Corporate Compliance Officer**Education**

Master Degree: LL.M., International Business Law  
American University, Washington College of Law, USA

Master Degree: LL.M., Business Law (English Program)  
Chulalongkorn University

Bachelor Degree: Laws  
Thammasat University

Barrister at Law: The Thai Bar Association

**Working experience in past 5 years**

2015 - Present Corporate Compliance Officer  
2013 - Present Corporate Legal Counsel and Company Secretary  
2009 - 2013 Legal Counsel

**Training Courses related to Company Secretary and Compliance organized by the Thai Institutes of Directors**

- Company Secretary Program (CSP 39/2011)
- Board Reporting Program (BRP 5/2011)
- Effective Minute Taking (EMT 22/2012)
- Anti-Corruption: The Practice Guide (ACPG 28/2016)
- Enhancing Good Corporate Governance based on CGR Scorecard in 2018
- Corporate Governance for Executives (CGE 12/2018)

**8.4 Director and Leadership team's Remuneration****8.4.1 Director's Remuneration**

Under the Company's Articles of Association, the director's remuneration will be considered and approved by the Shareholders at the Annual General Meeting of Shareholders. The directors are entitled to remuneration from the Company in form of monthly fees, meeting allowances, rewards, bonuses or any other benefits in accordance with the Articles of Association, or as approved by a meeting of shareholders, which may be a fixed sum or subject to any conditions applicable from time to time.

In 2018, the NRCG considered the directors' remuneration package for year 2018 thoroughly, taking into account the appropriateness, work performance, company performance, and comparing with other Thai refineries and other listed companies that are in the same industry. The majority of Thai refineries provide a bonus to their directors based on companies' performances. The NRCG Committee viewed that the directors' remuneration package should not include a bonus, however, it should be competitive and attractive to future qualified candidates in making a decision on joining the Board of Directors of the Company. In addition, as the Company has applied the same directors' remuneration package for the last 6 years (from 2012 - 2017), the NRCG Committee proposed to increase the monthly fee of approximately 20% for Chairman, Vice Chairman and directors in 2018, and maintain the same rate for board meeting and committee meeting allowances.

The 2018 director remuneration package, which was proposed to increase the monthly fee of approximately 20%, was described as below.

Position	Monthly Fee in 2017 (Baht/Month)	Monthly Fee in 2018 (Baht/Month)	Increased Amount (Baht/Month)
Chairman	150,000	180,000	30,000
Vice Chairman	140,000	170,000	30,000
Director	120,000	145,000	25,000

The Annual General Meeting of Shareholders in 2018 approved the director's remuneration for monthly fees and meeting allowances for Board of Directors meetings and committee meetings, without bonus as follow;

#### Compensation for the Board of Directors for 2018

Position	Monthly Fee (Baht/Month)	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the Board of Directors	180,000	25,000
Vice-Chairman of the Board of Directors	170,000	20,000
Director	145,000	20,000

#### Compensation for the Audit Committee for 2018

Position	Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

#### Compensation for the Nomination, Remuneration and Corporate Governance Committee for 2018

Position	Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

**Compensation for the Human Resources Committee for 2018**

<b>Position</b>	<b>Meeting Allowance of Committee Meeting (Only attending members) (Baht/Meeting)</b>
Chairman of the committee	40,000
Member of the committee	30,000

This total compensation was paid to the 8 directors which include the directors who held the directorship position for 12 months ending on 31 December 2018, the directors who completed their directorship term or resigned during the year, and the director who started their directorship during the year. The director compensation was made in accordance with the resolution of the 2018 Annual General Meeting of Shareholders. Total director compensation in 2018 was 15,045,000 baht, comprising of monthly fees in total of 12,900,000 baht and the meeting allowances for the Board of Directors meetings and sub-committee meetings in total of 2,145,000 baht. There were no bonuses, rewards, nor other benefits such as position cars or club memberships provided to directors. However, the directors can be reimbursed from the Company on the actual expenses for attending of the Company's meetings with original receipt incurred and in accordance with the reimbursement scheme as applied for all Company's staff.

**The compensation that each director received in 2018**

<b>Name</b>	<b>Monthly fee for total 12 months</b>	<b>Total Meeting Allowances received in 2018</b>				<b>Grand total compensation each director received in 2018</b>
		<b>Board of Directors Meetings</b>	<b>Audit Committee Meetings</b>	<b>Nomination, Remuneration and Corporate Governance Committee Meetings</b>	<b>Human Resources Committee Meetings</b>	
1. Mr. Andrew Benjamin Walz	2,160,000	125,000	-	-	-	2,285,000
2. Mr. Pliu Mangkornkanok	2,040,000	100,000	160,000	-	150,000	2,450,000
3. Mr. Manoon Siriwan	1,740,000	100,000	120,000	120,000	-	2,080,000
4. Mr. Robert Stair Guthrie	1,740,000	100,000	120,000	160,000	-	2,120,000
5. Mr. Nicolas Michel Bossut	1,740,000	100,000	-	120,000	-	1,960,000
6. Ms. Kheng Ling Lok	1,740,000	100,000	-	-	150,000	1,990,000
7. Mr. Timothy Alan Potter <sup>1</sup>	1,280,833	60,000	-	90,000	120,000	1,550,833
<b>Director who resigned in 2018</b>						
Mr. William Lewis Stone <sup>2</sup>	459,167	40,000	-	30,000	80,000	609,167

<sup>1</sup> Mr. Timothy Alan Potter was appointed to be a Company's director with effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned with effect on 6 April 2018

Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut, Ms. Kheng Ling Lok, Mr. Timothy Alan Potter and Mr. William Lewis Stone are directors nominated by Chevron. They have declined to receive director compensation, both monthly fees and meeting allowance fees. Total declined fees were 8,395,000 baht, comprising of the monthly fee of 7,380,000 baht and the meeting allowance fee of 1,015,000 baht. This director compensation is not covered under the Personnel Secondment Agreement made between the Company and Chevron.

#### 8.4.2 Leadership Team's Remuneration 2018

Total remuneration for Leadership Team includes basic salary, bonus, provident fund, welfare and benefit expense. In 2018, total remuneration for executives was Baht 179.2 million. These totals include management manpower costs paid to Chevron under the Personnel Secondment Agreement. Leadership Team also receive other benefits and compensation as described below for all employees.

**The total compensation for 14 leadership team according to the definition of management as defined by the Capital Market Supervisory Board in 2018**

Compensation	Number of executives	Amount (Baht)
Salary	14	166,999,625
Bonus	13	4,830,802
Provident Fund	9	4,359,281
Retirement Benefit	12	3,056,197
Total		179,245,905

#### 8.4.3 Report of the Company's securities held by directors in 2017 (including spouse and minor children) as of 31 December 2018

Name		Number of Shares		Changing Number of Shares Increase (Decrease)
		As of 31 December 2017	As of 31 December 2018	
1	Mr. Andrew Benjamin Walz Spouse and minor children	- -	- -	- -
2	Mr. Pliu Mangkornkanok Spouse and minor children	- -	- -	- -
3	Mr. Manoon Siriwan Spouse and minor children	- -	- -	- -
4	Mr. Robert Stair Guthrie Spouse and minor children	- -	- -	- -
5	Mr. Nicolas Michel Bossut Spouse and minor children	- -	- -	- -
6	Ms. Kheng Ling Lok Spouse and minor children	- -	- -	- -
7	Mr. Timothy Alan Potter <sup>1</sup> Spouse and minor children	- -	- -	- -
Director who resigned in 2018				
8	Mr. William Lewis Stone Spouse and minor children	80,000 -	80,000 <sup>2</sup> -	- -

<sup>1</sup> Mr. Timothy Alan Potter was appointed to be a Company's director with effect on 6 April 2018.

<sup>2</sup> Information as of 5 April 2018 as Mr. William Lewis Stone resigned with effect on 6 April 2018.

**8.4.4 Report of the Company's securities held by Leadership Team according to the definition of management as defined by the Capital Market Supervisory Board (including spouse and minor children) as of 31 December 2018**

Name	Number of Shares		Changing Number of Shares Increase (Decrease)
	As of 31 December 2017	As of 31 December 2018	
<b>1.</b> Mr. Timothy Alan Potter Spouse and minor children	- -	- -	- -
<b>2.</b> Mr. William Lewis Stone Spouse and minor children (Data as of 5 April 2018)	80,000 -	80,000 -	- -
<b>3.</b> Mr. Steven Lewis Gibson Spouse and minor children	35,000 -	35,000 -	- -
<b>4.</b> Mr. Wichai Chunhasomboon Spouse and minor children	- -	- -	- -
<b>5.</b> Mr. Sakchai Thamsuruk Spouse and minor children	267,100 78,500	267,100 78,500	- -
<b>6.</b> Mr. Chirasak Mhasuconda Spouse and minor children	267,100 -	267,100 -	- -
<b>7.</b> Mr. Pongkorn Chochuwong Spouse and minor children	347,300 -	347,300 -	- -
<b>8.</b> Mr. Narong Triyotee Spouse and minor children	347,300 167,600	347,300 167,600	- -
<b>9.</b> Mr. Paul Andrew Rushworth Spouse and minor children	267,100 -	267,100 -	- -
<b>10.</b> Mr. Roger Albert Frederick Bartlett Spouse and minor children	267,100 -	267,100 -	- -
<b>11.</b> Mr. Akasit Rumpagaporn Spouse and minor children	205,500 -	205,500 -	- -
<b>12.</b> Ms. Nattawan Khumwiwat Spouse and minor children	205,500 -	205,500 -	- -
<b>13.</b> Mrs. Pornthip Viraphand Spouse and minor children	167,600 -	167,600 -	- -
<b>14.</b> Mr. Krisda Chaikul Spouse and minor children	205,500 -	205,500 -	- -
<b>15.</b> Mrs. Angkana Panyaopart Spouse and minor children	225,500 -	225,500 -	- -



## 8.5 Employees

### 8.5.1 Number of Employees

The company has 496 total employees as of 31 December 2018. The number of employees includes direct hires and secondees from Chevron.

Department	Number of Employees
Production Unit - Processes and Utilities	129
Production Unit - Movement and Dispatches	95
Asset Management	55
Technology and Engineering	41
QEHS & Laboratory	36
Corporate Service	25
Integrity & Reliability	26
Others	89
<b>Total</b>	<b>496</b>

### 8.5.2 Employee Compensation

#### Employee compensation for 2018

SPRC recognizes that our employees and management are the most important resource for achieving the strategic goals of the company. Our Company's One Family culture cares for and respects all of our employees and management. It is the Company's policy to attract and retain high performance employees and encourage them to excel in the organization through attractive remuneration and benefits that fairly and equitably reward our employees for their contributions to SPRC's success, and that are competitive with other companies in Thailand's petrochemical industry.

In 2018, total compensation, including salary, bonus, overtime pay, provident fund, welfare and benefit paid to the employees and executives was Baht 1,261.7 million. Annual merit increase for each employee is determined based on the individual's annual performance result and market competitiveness.

#### Other Compensation and Benefits

The Company provides benefits to the employees including Housing Allowance, Housing and Automobile Interest Subsidy, Annual Holidays, Maternity Leave, Paternity Leave and Compassionate Leave, Life Insurance and Disability, Medical Coverage. We also provide the Flexible Benefit program that allows individual employees to make selections of benefits to fit with their life style and family's needs.

The Company also provides employees' retirement package which complies with Thai Labor Law. We recognize employees with "Top Up with Gold" at their retirement. The Company has recorded retirement benefits of Baht 32.7 million in the year 2018.

#### Provident Fund

The Company provides a provident fund, registered as a juristic person under the Provident Fund Act, B.E. 2530 (1987) for the Company's employees. Participating employees pay a contribution of 3 to 15 percent of the monthly wage to the fund, and the Company contributes 3 to 15 percent of the employee's wage, depending on the employee's years of service. Provident Fund contributions by the Company were Baht 60.1 million in the year 2018.

### **Employee Stock Ownership Plan**

As the Company executed an Employee Stock Ownership Plan (ESOP) with the approval by the Board of Director for the management (not including certain management secondees) and employee to purchase ordinary shares totally of 35,728,800 shares through the ESOP program. This is to promote management and employee's ownership and encourage employee pride as well as engagement in SPRC.

After the first day of trading the Company's share on the Stock Exchange of Thailand, the management and employee are allowed to sell up to 100% of their shares after 3 years which is on the 8<sup>th</sup> December 2018.

### **8.5.3 Training & Development**

Our people development is to develop and improve the quality and efficiency of people by ensuring that our employee has right skill, values, roles and behavior. We encourage our employee to contribute to the achievement of superior business results.

Our employee's skill and competencies are developed through training and various work experience in a wide range of assignment. We provide education and skills development through training need analysis, customized to our business environment, our employee is provided:

1. Leadership Development Programs in 2018 we set up "Be Better Leader" to develop leadership tool fit to SPRC
2. Knowledge Management to encourage employee to keep their own experienced in KM system from various area both functional and general knowledge
3. Special assignments both in local and overseas
4. Mentoring and regular appraisals with line managers.
5. Joint Venture Chevron Technical University (JVCTU): A set of engineering and technical courses provided to young engineers of joint venture Chevron refineries by experienced Chevron engineers from around the world.
6. Mandatory training in QEHS including Business Conduct
7. On-the-job learning provided by different assignments over a career.

All training activities are evaluated, and feedback is continually reviewed to ensure that our development is fit for purpose. This helps us develop competent and committed employees who are fully prepared to meet future business needs.

### **8.5.4 Labor disputes**

The Company does not have labor union and has no material labor disputes in the past 3 years.

## 9. Corporate Governance

### 9.1 Policy of Corporate Governance

The Board of Directors has established the Company's Business Conduct Policy as the guideline on how to conduct our business. The Business Conduct Policy provides guidelines for the operation of SPRC's business, recognizing the importance of honest, fair, and transparent business operations, as well as ensuring operations are in compliance with all applicable laws, rules, and regulations.

The Business Conduct Policy is regularly reviewed by Management and the Board of Directors. The Board of Directors, Management, and all staff are required to comply with the Business Conduct Policy at all times. All new staff are trained on the Business Conduct Policy when they start working at the Company.

The Company conducted 10 sessions throughout the year to introduce the Business Conduct Policy to all 39 new staffs who joined the Company in 2018. (See detail of Business Conduct Policy at [www.sprc.co.th](http://www.sprc.co.th))

The Board of Directors has also established the Corporate Governance Policy, which sets out policies and guidelines that are consistent with the corporate governance principles prescribed by the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Corporate Governance Policy is set out to ensure the Company conducts business ethically and treats all stakeholders responsibly, equitably, and with transparency for the goal of long term sustainability. The Corporate Governance Policy applies to the Board of Directors, Management, and all staff.

The Corporate Governance Policy is composed of:

- The rights of the shareholders
- Equitable treatment for shareholders
- Roles of stakeholders
- Disclosure and transparency
- Responsibilities of the Board of Directors

#### 9.1.1 The Rights of the Shareholders

The Company recognizes the rights of all shareholders, which include the right to independently buy, sell, or transfer shares, and the right to attend and vote in shareholders meetings. All shareholders meetings of the Company are conducted in consideration for the rights of shareholders. In 2018, the Company had one shareholders meeting. The Company held the 2018 Annual General Meeting of Shareholders (AGM) on 5 April 2018, during which the shareholders voted on the appointment of directors, remuneration of directors, appointment and remuneration for auditors, and declaration of dividend payment.

The Company arranged the Annual General Meeting of Shareholders in accordance with the requirements in the Company's Articles of Association, the applicable laws concerning shareholder meetings, and the best practices according to the corporate governance guidelines.

To allow shareholders to vote knowledgeably and effectively, the Company sent the notices of shareholders meetings and supporting information to the shareholders a reasonable time in advance. With the notice, the Company additionally provided proxy form, proxy's required document, Proxy's process and meeting venue's location and map. The Company prepared the notice of shareholders meetings in both Thai and English languages.

The Company posted the notice of shareholders meetings and all information on Company's website since 3 March 2018 and sent to all shareholders via registered mail on 15 March 2018. Additionally, the Company published the notice of shareholders meetings in both Thai and English language newspapers for 3 consecutive days at least 3 days prior to the meeting.

The Company also provided a channel for shareholders to send questions regarding agenda items at the meetings to the Company via e-mail ([CompanySecretary@sprc.co.th](mailto:CompanySecretary@sprc.co.th)) prior to the meetings.

The notice of shareholders meetings contains details on;

- Date, time, venue and map of the meeting
  - To encourage the shareholders to attend the shareholders meetings, the Company selected appropriate dates, time and convenient venues for the meetings. It is the Company's policy to organize the shareholders meeting at a venue which meets our high safety standards, has multiple transportation options, e.g. close to BTS or MRT station and available parking areas, and a proper sized meeting room.
- the meeting procedure specifying details on required documents to verify the shareholders and proxies, independent directors who the shareholder can proxy to, vote requirements and counting procedures:
  - If a shareholder cannot attend the meeting, the Company allows the shareholder to appoint an independent director or any person as a proxy to attend the meeting on their behalf, by submitting a proxy Form B sent with the notice to the shareholders meeting by the Company.
  - To ensure the shareholders are able to prepare all required documents for the proxy, the Company explains the process and required document for the proxy in the notice. The Company does not require unnecessary documents nor provide complicated process for the proxy., There is no requirement for government officials to certify documents.
  - The shareholders can register to attend the meeting 2 hours before the meeting. The Company uses a barcode system for convenience and to speed up the registration process.
- agenda items to be considered by the shareholders, with an explanation and reason for each agenda item or each resolution sought, as well as the opinion of the Board of Directors, including:
  - with respect to the appointment of directors, nomination procedure, type of proposed director, background and suitability of the nominated persons, including education, experience, other titles held, attendance record for Board meetings (in case of reappointment of an existing director) and conflict of interests, if any;
  - with respect to the consideration of remuneration for directors, components and amount of remuneration proposed to be approved by the shareholders;
  - with respect to appointment of the auditor and determination of their remuneration, name and auditing office of the proposed auditor, the proposed remuneration, the years for which the auditor has performed their duty for the Company in the event of reappointment of an existing auditor, and independency of the auditor; and
  - with respect to the payment of dividend, the Company's dividend policy, Company's performance, proposed dividend amount, and an explanation to support the decision regarding the proposed dividend.

At the shareholder meetings, the Company had a legal advisor from Baker & McKenzie Ltd. to monitor the registration and the vote counting. The Chairman asked two volunteers from shareholders to witness the vote counting. The Chairman assigned the Company Secretary to inform the voting and counting procedure to the shareholders prior to considering each item. The Company used a ballot system for the voting. For election of directors, the Company requires a ballot for each individual on an individual basis. The voting result was announced for each individual director.

The Chairman provided opportunities for all shareholders to ask questions, and give opinions and suggestions. The Board of Directors, the CEO and senior leadership attended the meetings to answer questions and listen to the opinions and suggestions of shareholders. When the meetings ended, the Company prepared accurate and complete minutes of the meetings, including questions and responses during the meetings.

The Company published the voting results with scores of approve, disapprove and abstain of all resolutions on the Company's website on the same day, after finish the meeting, and published the meeting minutes within 14 days from the date of the meeting.

For preparation of the 2019 AGM, the Company has provided the opportunity to the shareholders to propose qualified candidates for election as directors and suggest items for consideration at the shareholder meeting. The Company has notified and posted the details on timeline and criteria on its corporate website since 24 September 2018.

#### **9.1.2 Equitable Treatment for Shareholders**

The Board of Directors has set a policy that the Company must conduct business with transparency. The Company shall treat all shareholders fairly and equally. The Company respects minority shareholders' rights and provides equal opportunity to all shareholders, such as equal rights on voting, the opportunity to propose agenda items for consideration at shareholders meeting, opportunity to propose qualified candidates for director election, and the opportunity to access company information or receive communication from the company.

Since 24 September 2018, the Board has announced criteria for shareholders to propose agenda items for discussion and to nominate qualified director candidates for election at the annual general meeting of shareholders in 2019.

Shareholders who wish to propose an agenda item and/or nominate director candidates must possess qualifications according to the criteria as follows:

- Be a shareholder or a group of shareholders of the Company;
- Hold minimum shares of not less than 1 percent of the total paid up shares of the Company (or not less than 43,359,022 shares); and
- Hold those shares continuously for at least one year prior to the date of proposing agenda items or nominating director candidates.

The shareholders must submit documents to the Company with required information according to the details posted on the Company's website.

To ensure equal access to Company's information, the Board of Director has established a Public Disclosure Policy to ensure communications to all shareholders are accurate, adequate, timely and equally accessible in accordance with the principles of good corporate governance as well as regulations of the SET and SEC.

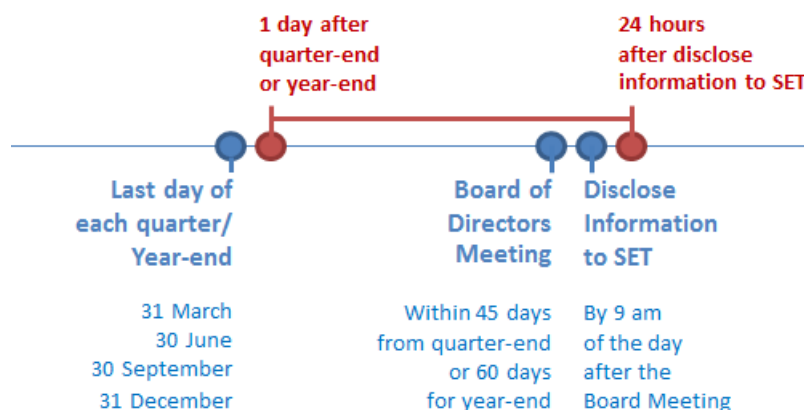
- The Board of Directors appointed the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) as authorized persons to disclose SPRC's material information to the SET and to

the public, and be authorized spokespersons to provide SPRC's information to the media, analysts and investors.

- The CEO may delegate other management to disclose or speak on his/her behalf, but any comments must be limited to that delegate's area of expertise.
- The Company should not publicly disclose material information until it has notified the SET and received an acknowledgment that the information has been released to the SET.
- After disclosure to the SET, the information disclosed should be promptly posted on the Company's website ([www.sprc.co.th](http://www.sprc.co.th)) as a public forum for presenting information in compliance with this policy.

The Board of Directors has established an Insider Trading Policy to prevent improper use of material non-public information by directors, executives, and employees who have access to such material non-public information through their duties and roles within the Company. Improper use includes insider trading whether for their own or others' benefit. The practice regarding material non-public information is as follows:

- Directors, executives, employees, auditors, contractors or consultants of the Company who are aware of SPRC's material and non-public information, directly or indirectly shall not:
  - engage in transactions of any kind of SPRC's securities whether for their own account or for the account of another;
  - recommend that another person engage in transaction of SPRC's securities (known as "tipping");
  - assist anyone in engaging in transactions of SPRC's securities; or
  - disclose material and non-public information to anyone who does not have a legitimate business reason for receiving such information.
- All directors, executives, and employees who have access and are involved with financial reporting, as well as spouses and minor children of such persons, are prohibited from trading the Company's securities for a period starting one day after the quarter-end or year-end and ending one day (24 hours) after disclosure or publication of the quarterly or annual financial statements to the SET.



- If any director, executive or employee, or their spouse or minor children gain access to any undisclosed information that may affect the price of securities of the Company, those persons shall not trade the securities until a period of 24 hours following disclosure of such information to the public.
- Directors and executives shall notify the Chairman of the Board of Directors, or the Company

Secretary, at least one day in advance before trading the Company's securities.

- If the company's directors and executives elect to trade in the Company's securities, the Company encourages them to make long-term investments. Directors and executives shall not engage in speculative or short-term trading of the Company's securities.
- Upon first being appointed as directors or executives of the Company, the directors and top-level executives shall report the holding of the Company's securities by them to the Office of the SEC (form 59-1) within 30 days from the date they first take office, and report any changes upon buying, selling, transferring, or accepting the Company's securities (form 59-2) within three business days from the date of any such change.
- The Audit Committee shall monitor the compliance with such measures, ensuring that any changes in securities holding are reported at the meeting of the Audit Committee each time any such changes occur.
- The number of shares held directly or indirectly at the beginning of the year (1 January), at the end of the year (31 December), and any trading during the year by the directors and executives shall be disclosed in the annual report.

In addition, the Business Conduct Policy requires that the Company's directors, executives, and employees refrain from having any conflict, potential conflict or perceived conflict, between personal interest and the interest of the Company, or the duties of the directors, executives, and employees toward the Company. Conflicts of interest may arise when such persons take any action or have any personal interest that adversely affects the Company's interest, reputation, good relations with others, as well as actions that affect their decisions when performing their respective duties. The practice regarding conflicts of interest is as follows:

- Directors, executives, and employees of the Company have duties in reporting their interests upon being appointed or joining the Company, and shall report on any changes to those interests.
- The Company discloses a clear shareholding structure to ensure confidence of the shareholders in the Company's shareholding structure.
- In meetings of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best interests of all shareholders.
- For consideration on related party transactions (RPT), the Audit Committee will review the transaction to ensure that it is executed on the arm's length basis and for the best benefits of the Company. Additionally, the Internal Auditor and the External Auditor will review the RPT executed in each quarter and report to the Audit Committee at the Audit Committee meeting on the quarterly basis.



### 9.1.3 Roles of stakeholders

The Company takes into account the benefits of all stakeholders. The Company's Corporate Governance Policy provides that the Company shall value the rights of stakeholders, build relationships and promote cooperation between the Company and all stakeholders in order to balance benefits and create sustainability of our business.

#### Our Stakeholders

The Company's stakeholders include shareholders, investors, analysts, employees, customers, business partners, contractors, creditors, business competitors, communities and government agencies. The Company has put in place policies and practice guidelines with respect to the treatment of stakeholders, as follows:

- **Shareholders, Investors and Analysts**

The Company regards shareholders as the owners of the Company. Directors, executives, and employees, therefore, have the duty to operate its business in accordance with good corporate governance principles for the best and sustainable interest of all shareholders.

The Company respects the rights of shareholders and treats shareholders on the basis of fairness and equality, e.g. right to attend the shareholders meeting, right to propose agenda items and director candidates, right to ask questions regarding agenda items both prior to the meeting and during the meeting, arranging the meeting at a place convenient for transportation, encourage shareholders to attend the shareholders meeting, facilitate the shareholders who cannot attend the shareholders meeting by enclosing a proxy into the notice of meeting, disclosure of the Company's information with equal opportunity to access, and establish the Insider Trading Policy to prevent the improper use of non-disclosure information for personal benefit.

In addition, the Company arranged various activities to build good relationships with shareholders, investors and analysts, e.g. company visits, roadshows, analyst meetings, Opportunity Days and Thailand Focus

In 2018, the Company organized 3 groups for shareholders to visit the Company's refinery at Rayong Province, on 4, 11 and 18 June, approximate 90-100 persons for each group.

- **Employees**

The Company believes that its employees are its most important resource and key for the Company's success. The Company commits to take care, develop and create the best quality of life for our employees.

**Human Rights:** The Company respects human rights and values diversity. The Company treats all employees equally according to international standards of the United Nations Universal Declaration of Human Rights, and does not discriminate based on race, religion, color, origin, age, gender, disability, soldier status or political beliefs.

The Company has policy on no discrimination to employee with HIV infection/AIDS (AIDS Policy). The Company is not discriminate against employees on ground of health as long as medical fit for available and be able to perform appropriate work. For new recruitment, HIV/AIDS screening as part of the assessment of fitness to work is not required. HIV infection is not a cause of termination of employment. The Company arranged a communication session on this Company's policy and invited the guest speaker to share knowledge and understanding on HIV/AIDS to employees.

**Corporate Culture:** The Company cultivates "One Family" to continuously improve our working environment. All staff work together, and support and care for each other like family members.

We have a Recognition Program to encourage appreciation of employees' contributions to the Company's business and culture, which improves employees' and contractors' pride, improves



morale, and encourages continued good contributions and performance. In 2018, we had 249 recognitions under this Program.

In addition, the Company organized various activities to fasten relationship among Management, staff and contractors.

- New Year Staff Party
- Family Day
- Day 1 Celebration
- Merit for Event Project
- Valentine's Day
- Internal Football Match
- Sport Charity

**Safety:** The safety of all employees, contractors, business partners, and other stakeholders is always Company's top value. The Company expects everyone to "Go Home Safely Every Day". New employees and contractors receive full day safety training, scheduled on every Monday and Thursday, on their first day starting work at the Company. In 2018, we conducted 74 classes with approximate 4,000 participants.

We have "Safety Moments" that we share and discuss on safety awareness before starting all meetings. Everyone working at the Company, including contractors has "Stop Work Authority", where they can stop doing any activity that they are involved with, or request that others stop any activity if it looks unsafe. The Company has set up working teams with responsibility to implement various programs and activities to encourage safety awareness of all stakeholders both during work and at home.

The new employee and contractors who work with the Company less than 6 months (Short Service Employee program) can be recognized by the red hard hat, which ensures that other, more experienced workers will take good care of them to ensure they work safely. The Company organized IIF Week to promote and raise awareness on safety, occupational health, and environmental care. Staff, Contractors, local government, media and communities joined this event.

The Company realized that incidents or injuries more likely occur outside the office and during off-working hours. Therefore, we set Off the Job Safety team to promote and raise awareness on safety 24 hours through a variety of activities, especially on safety driving.

**Remuneration and Benefits:** The Company has put in place appropriate remuneration policies for employees at all levels.

- For the short term, the remuneration package, including bonuses are made in according to the Company's financial and non-financial performance, as set out in Key Performance Indicator (KPI); i.e. recordable injury case, process utilization and availability, Energy efficiency, operating expenses. In order to engage, encourage and cooperate for KPI achievement, the staff will be communicated and updated on the KPI status on quarterly basis.

The Company has developed a Flexible Benefits program that allows the employees to match their benefits package with their individual needs, such as medical and dental expense for himself/herself and for his/her family members, child's tuition fee, insurance premiums, etc.

The Company considers a special bonus in each year by taking into account the Company's performance and benchmarking with remuneration packages of other Thai companies in the same business.

- For the Long term, the Company has a target to ensure competitive total remuneration. In each year, the Company evaluate and assess remuneration surveys and benchmarking with other lead petrochemical and refinery companies in Thailand who participate in the survey in order to consider the adjustment of salary ratio increase.

Performance charters are developed and actual performance reviewed with all employees on a continuing basis. Training plans, career goals, and potential career opportunities are developed as well to ensure continued career growth for all employees.

ESOP program for Management and staff was implemented for 3 years (8 December 2015 to 8 December 2018)

Furthermore, the Company provides a provident fund, registered as a juristic person under the Provident Fund Act, B.E. 2530 (1987) for the Company's employees. Participating employees pay a contribution of 3 to 15 percent of the monthly wage to the fund, and the Company contributes 3 to 15 percent of the employee's wage, depending on the employee's years of service.

**Knowledge and Competency Development:** The Company fully encourages and supports employees to improve their skill, knowledge and competency. The Company supports internal and external training, including overseas, in both functional skills and general soft skills, together with on the job training and coaching program by the supervisor or experienced colleague.

The Company promotes development of personnel through training, first-hand experience and on the job training that matches each of the employee's needs in order to improve work efficiency and the opportunity to progress in one's career. The Company additionally supports various programs and activities that support employees to have happier lives both at home and at the workplace.

**Health:** The Company has a medical clinic with a doctor and nurses on duty every day. The Company provides an annual Health check program to all employees

The Company has Mindful Club, Star Volunteer Club, Music Club and 16 sport clubs that management, employees and contractors can join, supporting a healthy life style, and building relationships through club activities that meet their interests. The Company supports the Company's sportsmen joining Refinery Games and Complex Games annually.

Additionally, the Company provides Employee Assistance Program that employees can consult any issue with a psychologist from outsource. .

The Company promotes happiness in life and work through Happy Workplace Program. The working team is comprised of staff from every department. They had initiated activities to meet employee's expectation, to boost up the employees' happiness and to create happy working environment. In 2018, we organized "Happy Money and Happy Body" and invited speakers to share the knowledge on "Happy Money Happy Retirement" to encourage the employee to have saving plan for their retirements.

**Environment and Employee's CSR participation:** The Company is committed to operate its business in compliance with the environmental standard ISO 14001. All employees were communicated to, and understand the Company's Environment, Health and Safety Policy. The Company engages employees to participate voluntarily in the various Corporate Social Responsibility (CSR) activities. CSR activities related to the environment include tree planting, coral planting, aquatic release, building check dams, beach cleaning, waste bank, etc. (See detail in "Sustainability Report")

**Energy:** The Company established the Energy Policy as follows;

- To promote the compliance with regard to the applicable laws and regulations as well as state policies in connection with energy conservation and management
- To determine an appropriate guideline for energy conservation and management in considering the view of technology, economics and practices

- To provide guideline for effective resource allocation to support the execution of energy conservation and management program
- To encourage a continual and sustainable development and improvement of program and/or campaign in relation with energy conservation and management
- To establish objectives and plans to support the Energy Conservation Policy and communicate to staff. Conduct energy monitoring and report the Energy Management working team.
- To routinely review energy conservation policy, objectives and management plans, making corrective actions where required
- To implement continual improvement and sustainable development in energy management.

The Company set up the Energy Management Team to be responsible for implementation of energy management according to the Energy Conservation Policy, develop and coordinate energy efficiency improvements, monitor performance of energy management systems and report to top management. The Energy Management Working group is comprised of staff from every department to coordinate and conduct the proper energy conservation activities and training for each department. Management routinely reviews the action and implementation plan to ensure achievement of the Energy roadmap. The Company develops an annual energy report, which is inspected and certified by the authorized person and submits the report to the Director-General according the criteria and procedures announced in the Government Gazette by the Minister of the Ministry of Energy.

- Energy saving project contest “One department, at least one ENERGY SAVING ACTIVITY” by engage all staff to join.
- Campaign for reduce using of one-time plastic bag / plastic cup

- **Customers**

It is the Company's policy to build and maintain our customer base by developing, producing, and selling quality products through a safe, efficient and reliable production and distribution process, and to meet or exceed customers' expectations. The Company continuously improves its safety and reliability practices in operations and all business processes to ensure the Company always has available quality products for customers as commitment.

Crude to Customer Project is the cross functional working team jointly sets the target and manages the whole supply chain, starting from crude selection and ending with products distribution and sale to our customers, to ensure the products meet supply commitments of product quality and on-time delivery.

The Company has qualified laboratory with ISO/IEC17025 standard of quality laboratory system for testing the products to ensure quality products for customers as commitment

The Company has a Customer Index as one of the Company's KPI's. The Company conducts customer satisfaction surveys on a quarterly basis. The Crude to Customer committee and working team is responsible to evaluate survey results and customers' feedback, set up the action plans and monitor plan execution to ensure customer satisfaction by meeting or exceeding their expectations. The Company reports the customer satisfaction survey results, customers' feedback and action plans to the Board of Directors on a quarterly basis.

- **Business Partners and Contractors**

It is the Company's policy to treat all our business partners fairly and transparently. The Company conducts business by entering into contracts and agreements that are fair to all parties, complies to

the terms and conditions of the agreements, refrains from demanding from or accepting improper benefits, and maintains confidentiality of our business partners' confidential information.

The Company does not do business with any company that violates labor laws, environmental laws, human rights, intellectual property laws, or trade restriction laws.

The Company has put in place a fair and transparent procurement process with clear segregation of duty and authorization to prevent conflict of interests. Our business partners must be qualified to be on our Approved Vendor List (AVL) to ensure reliable and high quality provision of services and supplies. To qualify for the AVL, the vendors and suppliers must meet the following criteria;

- To ensure they have good safety management, they must demonstrate a successful safety performance, and have policies on safety, safety training, and safe workplace environment.
- To ensure they can supply materials and provide services that meet the Company's requirements, they must have skill, capability, knowledge, resources, experience, and a good reputation.
- To ensure they can be our sustained business partner, they must demonstrate a good financial status, such as good cash flow, reasonable debt, etc.

The Company builds relationships with our business partners that benefit all involved which we believe creates the best performance for both the Company and its partners. The Company extends our safety culture and encourages our business partner to have safety awareness and apply best practices, e.g.

- Organizing the Safety 24 Hours workshops to exchange knowledge and experiences about safety both at working and at home.
- Organizing Tool Box Talks every Tuesday morning for the Company's Management and supervisors to meet and discuss with the contractors about a safe workplace.
- Organizing the Ship Owners Workshop to build relationships and communicate the Company's policy on safety.

The Company communicated the Company's Anti-Corruption Policy to all business partners which also available on Company's website. The Company established the whistle blowing channel (See detail in item "Whistle Blowing Channel") for business partners and contractors who suspect violations of the law and Company Policies, non-transparent behaviors, or unfair treatment at or by the Company. Additionally, we had Business Conduct Re-enforcement sessions with business partner to sharing policy and best practices on good corporate governance.

- **Creditors**

The Company strictly adheres and complies with the contractual and financial obligations as provided in credit agreements. The Company maintains good financial discipline and management to ensure repayment will be made on time. In the event that one of the terms cannot be fulfilled, the Company works with integrity and transparently with its creditors to resolve any issues that may come up.

- **Business Competitors**

The Company has a policy to treat business competitors ethically and fairly, not violate competition law, not fraudulently infringe on their business, or improperly seek confidential information of any business competitors, and not discredit business competitors' image and reputation.

The Company cooperates with other refineries and industry groups and exchanges information appropriately, such as sharing best practice on safety operation and technology, building safety culture, cooperation on emergency response, and liaise with the government sectors to ensure compliance with related regulations.

- **Communities**

The Company has in place safety standards and production process controls, as well as operational best practices and advanced technologies to ensure the safety of all our stakeholders, that we meet or exceed all safety and environmental regulations, and to ensure reliable and safe operations to have minimal impact on the environment and community around us.

As part of our commitment to Sustainable Development, the Company supports the communities' better quality of life. To show our responsibility and caring to the communities, the Company's management and staff jointly organize various activities in 4 key areas;

- education and youth,
- quality of life,
- environment, and
- community relationship.

The Company additionally engages communities to provide recommendation and feedback with regard to the impact from the Company's operation in order for the Company to improve for sustainable development. (See detail in "Sustainability Report")

- **Government Agencies**

The Company conducts business with strict compliance with all related laws and regulations. The Company regularly assesses compliance, including monitoring and updating changes in related laws and regulations. All staff have the responsibility to understand governing law related to their duties. During the execution of their work activities, all staff must comply with all related laws and regulations.

The Company maintains transparent relations with government agencies. To build relationships, the Company cooperates and supports government activities and projects, as long as such support is appropriate and does not conflict with the Company's Anti-Corruption Policy. (See detail in item "Anti-Corruption Policy")

In 2018, the Company organized a workshop for Management and staff who routinely and occasionally dealing with government officers for Company's business. The workshop's objective is to get alignment across the company on cooperation and building relationship with officers under the ground of accuracy and transparency.

#### 9.1.4 Disclosure and transparency

The Board of Directors oversees disclosure of information and its transparency to ensure that both financial and non-financial information relating to the Company's business and performance is disclosed in an accurate, complete, adequate and timely manner. In addition, the information must reflect the Company's operational performance and its true financial status while strictly complying with the laws, rules and regulations relating to information disclosure of both the SEC and the SET.

Aside from disclosing information as required by the SET and the SEC, the Company also communicates with shareholders, investors, analysts, fund managers and bankers both domestically and abroad through various channels. The Investor Relations Division has developed and established yearly investor relations plan and ensures efficient communication process and channels to communicate information including the Company's vision, mission statements, strategies, financial and operational performance by ensuring that those information complying with SEC and SET regulations while the Public Affairs Department disseminates corporate information to media through local and international press releases when there were an important business activities.

In 2018, the Company disclosed the Company's information through various channels including quarterly presentations, local and international roadshows, news releases, conference calls, IR website, annual reports and other channels including announcements through the SET and the SEC.

The Company ensures shareholders, investors, analysts, fund managers, bankers and employees received information through analyst meetings and opportunity day on quarterly basis, roadshows and conference calls. The Company also participated in activities organized by SET such as Thailand Focus and opportunity day. Furthermore those mentioned, interested investors can arrange company visits to meet with Company's management to obtain the Company's information and understand the Company's operations.

In 2018, the Company organized various activities to disclose information to international and local investors, institutional investors, retail investors, analysts, fund manager and press as followed:

Activity	Number (times)
International Roadshow	4
Local Roadshow	1
Analyst Meetings	4
Opportunity Day (organized by the SET)	4
Company Visit	3
Conference Call	8
Answering Inquiries by E-mail/telephone	Approx. 2-5 times/day
Shareholders' Company Site Visit	3
Presentation of information to investors	9
Press Release on the Company's performance	4
Joint Activities with SET	1

The Company's information and news are also made available and equally accessible to all stakeholders on the Company's website at [www.sprc.co.th](http://www.sprc.co.th). Investors and interested parties may contact or make inquiries to the Company's Investor relations division at Tel. +66 (0) 38 699 887 or Fax. +66 (0) 38 699 999 ext. 7887 or send email to [ir@sprc.co.th](mailto:ir@sprc.co.th).

In addition, the Company provides a central point of investor contact as follow:-

- Mr. Wichai Chunhasomboon, Chief Financial Officer
- Mrs. Suttanuch Kittipong Kittipongvises, Investor Relations Manager

### 9.1.5 Responsibilities of the Board of Directors

The Company's Board of Directors consists of directors who possess knowledge, ability, and experience in a variety of fields; can leverage their experience, knowledge, and ability to effectively develop and determine the direction, policy, and strategy of the Company with honesty, transparency, and care for the best interests of the Company and its shareholders; and monitor to ensure the Management operates business in accordance with the strategic plan and budget determined, and rules and regulations of the relevant authority and government agencies, as well as the resolutions of the shareholders meeting. The Board of Directors has also put in place an internal control process that is appropriate and consistent with good corporate governance principles.

### 9.1.6 Composition of the Board of Directors

Pursuant to the Company's Articles of Association, the Board of Directors shall consist of at least five directors. The Board of Directors shall elect one director as the chairman, and may elect another director as the vice chairman or other positions as deemed appropriate. No less than one-half of the number of directors shall reside in Thailand.

The Charter of the Board of Directors, approved by the shareholders, requires that the Board of Directors consist of seven to nine directors who possess knowledge and experience in a variety of fields. At least three of the Company's Board of Directors shall be independent directors. The directors shall possess qualifications, and shall not possess any prohibited characteristics, as specified by law.

The Board of Directors shall evaluate the composition of the board every year to determine whether the board consists of directors with knowledge and experience in different fields, to ensure that the board members can suitably work together to determine the Company's vision, mission, strategy and policies as well as monitor the Company's business and operations.

As of 31 December 2018, the Board of director comprises 7 directors.

		Executive Director	Non-Executive Director	Independent Director
1	Mr. Andrew Benjamin Walz	-	✓	-
2	Mr. Pliu Mangkornkanok	-	✓	✓
3	Mr. Manoon Siriwan	-	✓	✓
4	Mr. Robert Stair Guthrie	-	✓	✓
5	Mr. Nicolas Michel Bossut	-	✓	-
6	Ms. Kheng Ling Lok	-	✓	-
7	Mr. Timothy Alan Potter <sup>1</sup>	✓	-	-

<sup>1</sup> Mr. Timothy Alan Potter was elected to be a Company's director and Chief Executive Officer in replacement of Mr. William Lewis Stone, effect 6 April 2018

### 9.1.7 Appointment and removal of directors

Appointment, removal, or termination from office of the directors shall be in accordance with the Company's Articles of Association, as follows:

- The shareholders meeting shall elect the Company's directors in accordance with the following rules and methods:
  - a shareholder shall be entitled to one vote per share held by them;
  - each shareholder may cast votes to elect one or more directors, but the votes are indivisible; and
  - the person who receives the highest vote, and other persons with the next highest number of votes, shall be elected as directors in accordance with the number of directors required, and if



more than one person receives equal votes, the chairman of the shareholders meeting shall have the casting vote.

2. At each annual general meeting, one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been in office the longest shall retire. A retiring director is eligible for re-election.
3. A director may resign from office by submitting a letter of resignation to the Company, effective from the date on which the Company receives the letter or any date specified in the resignation letter. The Board of Directors may appoint a new director to replace a resigning director, but any person so appointed shall retain office only for as long as the resigning director was entitled to retain the same.
4. A shareholders meeting may remove any director before the expiration of his or her period of office, upon a resolution of the meeting passed by not less than three-fourths of the shareholders attending the meeting and eligible to vote, holding not less than 50 percent of the total shares held by the shareholders attending the meeting and eligible to vote.

Directors who retired at the 2018 Annual General Meeting, held on 5 April 2018 were Mr. Manoon Siriwan, Ms. Kheng Ling Lok and Mr. Robert Stair Guthrie. They were re-elected by the the 2018 Annual General Meeting of Shareholders to hold a directorship for another term.

The Board of Directors Meeting No. 4A/2018, held on 11 December 2018, elected Mr. Timothy Alan Potter to be the Company's director and Chief Executive Officer in replacement of Mr. William Lewis Stone who resigned, effect 6 April 2018. Mr. Timothy takes the remaining directorship term of Mr. William.

The Directors who will retire at the 2019 Annual General Meeting of Shareholders are Mr. Pliu Mangkornkanok and Mr. Timothy Alan Potter.

#### **9.1.8 Nomination of directors**

The Board of Directors has established procedures for nomination of directors by the Nomination, Remuneration and Corporate Governance Committee to ensure compliance with good corporate governance guidelines of the SET for listed companies. The Nomination, Remuneration and Corporate Governance Committee has the duty to review policies and the process for nominating new directors, and determine necessary and desirable qualifications of new directors. Additionally, the Company looks for qualified candidates from the list of Chartered Directors of the Thai Institute of Directors (IOD).

Persons nominated as directors shall possess the following qualifications:

- (1) Be fully qualified and not be prohibited from being a director according to:
  - The Public Limited Company Act
  - The Securities and Exchange Act
  - Regulations of the Securities and Exchange Commission
  - Regulations of the Capital Market Supervisory Board
  - The Company's Articles of Association
- (2) Have knowledge, skills, and expertise in fields related to the Company's business or have experiences that are beneficial to the Company's business operations.
- (3) Be trustworthy, have leadership skills, vision, ethics, integrity and be able to perform director's duties with care and diligence.
- (4) Not serve as a director of more than 3 listed companies in the Stock Exchange of Thailand.



### 9.1.9 Scope of authority, duties, and responsibilities of the Company's Board of Directors

The Company's Board of Directors has a number of duties and responsibilities as set out in the Public Limited Company Act, Securities and Exchange Act, rules and guidelines of the SET, the Company's Articles of Association, and the Charter of the Board of Directors.

It is the primary responsibility of the Board of Directors to manage the Company's business within the scope of the law, the Company's objectives, Articles of Association, and resolutions of the shareholders meeting. The Board of Directors shall perform its duty using its best efforts to add value to the business in the long run, and manage the business carefully and prudently with transparency, and prevent any occurrence of conflict of interest. The Board of Directors shall determine the standard practice for the operation of the Company's business and ensure the adequacy of the Company's internal control and risk management systems.

The Charter of the Board of Directors sets out the authority and duties of the Board of Directors, and clearly separates the authority and duties of the directors, independent directors, and Management. The key responsibilities of the Board include:

- Reviewing, evaluating, approving and modeling vision, mission, culture, core values and commitment to maximize financial, operational, health, safety and environmental performance;
- Reviewing, evaluating and approving the business plan and budget each year;
- Reviewing, evaluating and approving strategies with guidance to implement objectives and goals of the Company;
- Monitoring business performance and reviewing the implementation of strategies;
- Enhancing and protecting the Company's reputation and corporate integrity;
- Reviewing, evaluating, and approving the policies, standards of corporate governance and legal and regulatory compliance; such as the Business Conduct Policy, Corporate Governance Policy, Anti-Corruption Policy, Insider Trading Policy, Risk Management Policy and Dividend Policy; as well as follow up and monitor the internal control and practice to be compliance with such policies;
- Reviewing, evaluating and approving overall direction and financial, operational, health, safety and environmental objectives and goals each year;
- Reviewing and approving full year and interim financial reports;
- Reviewing and approving the payment of any interim dividends;
- Reviewing, evaluating and approving the charters of the Board's committees;
- Reviewing and approving the appointment of a new director to replace a vacancy due to resignation;
- Reviewing and approving terms of appointment, including the remuneration package of the CEO, based on the recommendation of the Human Resources Committee;
- Reviewing, evaluating and approving the termination of the CEO's appointment;
- Providing input to the CEO's annual performance review with the Chairman;
- Monitoring the progress of major capital projects and business acquisitions or divestitures, and reviewing returns from these investments;
- The Board of Directors has authorization on capital expenditure up to Baht 1.5 billion. Any capital expenditure that exceeds Baht 1.5 billion shall be proposed for shareholders' approval.
- Reviewing and approving such authority to execute transactions or obligations which do not fall within the scope of authorities delegated to the CEO;
  - The CEO has the authority to execute transactions in the name of the Company, with a limit of not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.

- However, due to the nature of Company's business and normal Company's business transaction, the CEO has the authority to execute transactions and obligations with a term not exceeding 12 months (regardless of the amount of these transactions) that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.
- For related party transactions, the CEO has the authority to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million. Related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the CEO has the authority to execute such related party transactions with a term not exceeding 12 months (regardless the amount of those transactions).

### **Authorized Directors**

The authorized directors of the Company are any two of Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut, Mr. Timothy Alan Potter, and Ms. Kheng Ling Lok, to jointly sign and affix the Company's seal.

### **Board of Directors meetings**

The Company's Articles of Association require that the Board of Directors holds at least one meeting every three months, and may hold additional meetings to consider urgent matters.

The directors shall regularly attend Board of Directors meetings to acknowledge and take part in the decisions regarding the operation of the Company's business. The Company Secretary has the duty to determine in advance the meeting schedule every year. In Q3, the Company Secretary will notify each director of the meeting schedule for the following year, so that each director is aware of the meeting schedule in advance, and is able to attend the meeting. Each quarterly meeting will be held during a period of after 30 – 40 days after the end of quarter, except for the year-end, the meeting will be held during a period of after 40 – 60 days after the end of calendar year. Each meeting takes approximately 4 hours. Each director shall participate the meeting in person. The quorum for the Board meeting requires the presence in person of at least one-half of all directors on the Board. A director who unable to be present at the meeting can participate the Board meeting via teleconference or video conference, but he/she will not be counted towards the quorum nor vote on resolutions.

The Chairman, the Chief Executive Officer, and the Company Secretary together consider and approve the meeting agenda. At each meeting, a clear agenda is set, and sufficient supporting documents sent to the directors, both in hard copy and electronic form, approximately 8 - 10 days in advance, to allow sufficient time for the Board of Directors to study the matters before the meeting.

To consider each matter, the Chairman of the Board of Directors, who acts as the chairman of the meeting, allocates sufficient time for each agenda item, and allows directors to ask questions and express opinions freely. Resolutions of the Board of Directors require a majority vote of the directors. Each director has one vote. In the event of equal votes, the Chairman of the meeting has the casting vote.

If any director has a conflict of interest in the matter being considered, the interested person shall not take part in the consideration and decision on that matter, for transparency and the best interest of the Company.

The Company's executives attend the Board of Directors meeting in order to directly provide beneficial information and acknowledge policies from the Board of Directors, to ensure efficient implementation. The executives report implementation results in the following Board of Directors meeting.

Upon conclusion of the meeting, the Company Secretary prepares the minutes of the meeting, containing

important matters considered, resolution, as well as the opinions expressed in the meeting, proposes the draft minutes to the directors for their preliminary review, proposes the minutes in the next Board of Directors meeting for Board's approval, and certification by the Chairman of the Board of Directors. Minutes approved by the meeting and certified by the Chairman of the Board of Directors are systematically kept, with the documents supporting each agenda item in the meeting, both in hard copy and electronic form, for convenience of retrieval and reference.

#### Attendance of the Board of Directors Meetings and Committee Meetings in 2018

Director's Name		Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Human Resources Committee
		Total Meetings in 2018			
		5 Meeting	4 Meetings	4 Meetings	5 Meetings
1	Mr. Andrew Benjamin Walz	5/5	-	-	-
2	Mr. Pliu Mangkornkanok	5/5	4/4	-	5/5
3	Mr. Manoon Siriwan	5/5	4/4	4/4	-
4	Mr. Robert Stair Guthrie	5/5	4/4	4/4	-
5	Mr. Nicolas Michel Bossut	5/5	-	4/4	-
6	Ms. Kheng Ling Lok	5/5	-	-	5/5
7	Mr. Timothy Alan Potter <sup>1</sup>	3/3	-	3/3	3/3
<b>Director who resigned in 2018</b>					
	Mr. William Lewis Stone <sup>2</sup>	2/2	-	1/1	2/2

<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, effect on 6 April 2018.

The Company Secretary is responsible to develop meeting schedule and inform the directors of the meeting schedule for the whole year in advance. In 2018, meetings of the Board of Directors were held 5 times, including 4 regular quarterly meetings, and 1 special meeting. All directors fully attended all Board of directors meetings.

#### Attendance of the Board of Directors Meetings in 2018

Name of Directors	No.1 (13 Feb)	No.2 (5 Apr)	No.3 (10 May)	No.4 (14-15 Aug)	No.5 (2 Nov)	Total	Percentage
1 Mr. Andrew Benjamin Walz	✓	✓	✓	✓	✓	5/5	100%
2 Mr. Pliu Mangkornkanok	✓	✓	✓	✓	✓	5/5	100%
3 Mr. Manoon Siriwan	✓	✓	✓	✓	✓	5/5	100%
4 Mr. Robert Stair Guthrie	✓	✓	✓	✓	✓	5/5	100%
5 Mr. Nicolas Michel Bossut	✓	✓	✓	✓	✓	5/5	100%
6 Ms. Kheng Ling Lok	✓	✓	✓	✓	✓	5/5	100%
7 Mr. Timothy Alan Potter <sup>1</sup>	n/a	n/a	✓	✓	✓	3/3	100%

Director who resigned in 2018								
1	Mr. William Lewis Stone <sup>2</sup>	✓	✓	n/a	n/a	n/a	2/2	100%
The attendance of all directors								100%

<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, effect on 6 April 2018.

## 9.2 Sub-Committee

The Board of Directors has established 3 committees; Audit Committee; Nomination, Remuneration and Corporate Governance Committee; and Human Resources Committee in order to support and provide recommendations to the Board of Directors in each aspect for effective operations of the Company's business.

### Member of each committee as of 31 December 2018

Name	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Human Resources Committee
	(3 persons)	(4 persons)	(3 persons)
1. Mr. Andrew Benjamin Walz	-	-	-
2. Mr. Pliu Mangkornkanok <sup>1</sup>	Chairman	-	Member
3. Mr. Manoon Siriwan <sup>1</sup>	Member	Member	-
4. Mr. Robert Stair Guthrie <sup>1</sup>	Member	Chairman	-
5. Mr. Nicolas Michel Bossut	-	Member	-
6. Ms. Kheng Ling Lok	-	-	Member
7. Mr. Timothy Alan Potter <sup>2</sup>	-	Member	Chairman

<sup>1</sup> Mr. Pliu Mangkornkanok, Mr. Manoon Siriwan and Mr. Robert Stair Guthrie are independent directors who are qualified and have qualifications in accordance to the requirements of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Board of Directors' charter.

<sup>2</sup> Mr. Timothy Alan Potter was appointed to be a Company's director, a member of the Nomination, Remuneration and Corporate Governance Committee, and a member of the Human Resources Committee with effect on 6 April 2018 to replace Mr. William Lewis Stone, who resigned with effect on 6 April 2018.

### 9.2.1 Audit Committee

#### Scope of authority, duties, and responsibilities of the Audit Committee

- To ensure that the Company's financial statements are accurate and adequately disclosed.
- To ensure that the Company implements internal controls and internal audit systems that are appropriate and effective, and to consider the independence of the internal audit unit and give consent regarding the appointment, transfer, and termination of employment of the internal auditor.
- To ensure that the Company complies with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business.
- To consider selecting, nominating, and appointing an independent person to act as an auditor of the Company, and propose the remuneration of the auditor, and attend meetings with the auditor

and internal auditor without the management's presence at least once a quarter.

- To consider related-party transactions or transactions with likely conflict of interest, and ensure that they are in accordance with the laws and regulations of the SET, in order to ensure that such transactions are reasonable and in the best interest of the Company. The opinions of the Audit Committee will be proposed to the Board of Directors or the shareholders, as the case may be, to ensure that the proposed transactions are executed on a commercial arm's length basis and always take into consideration, on balance, the best interest of Company.
- To prepare the report of the Audit Committee and disclose the same in the Company's annual report. The report is certified by the Chairman of the Audit Committee, and contains at least the following:
  - opinion regarding the accuracy, completeness, and reliability of the Company's financial report;
  - opinion regarding the adequacy of the Company's internal control system;
  - opinion regarding compliance with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business;
  - opinion regarding the suitability of the auditor;
  - opinion regarding transactions with likely conflict of interest;
  - number of Audit Committee meetings held and attended by each audit committee member;
  - overall opinion or observation of the Audit Committee from compliance with the charter; and
  - other details to be noted by shareholders and general investors as deemed appropriate by the Audit Committee in accordance with the scope of duty and responsibility assigned by the Board of Directors.
- To take any other actions as assigned by the Board of Directors, subject to the consent of the Audit Committee.

#### **Nomination of the Audit Committee**

The Audit Committee members must be the Company's independent directors, with all qualifications required under the law governing securities and exchange, the notifications of the Capital Market Supervisory Board, and the notifications, regulations, and rules of the SET. The rules under the notifications of the Capital Market Supervisory Board and the SET require that the Audit Committee consist of at least three members, who possess sufficient knowledge and experience to act as audit committee members. At least one audit committee member possesses sufficient knowledge and experience in accounting to be able to inspect the credibility of the Company's financial statements. Each member of the Audit Committee maintains his or her qualifications as an audit committee member and title as director, which can be summarized as follows:

1. The member must be an independent director of the Company.
2. The member must be nominated by the Board of Directors.
3. The member must possess the qualifications specified in the notification of the Stock Exchange of Thailand concerning qualifications and scope of work of audit committees.
4. The member must not be a director assigned by the Board of Directors to make decisions on the operation of the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company.

5. The member is not a director of the parent company, the subsidiaries, and the same-level subsidiaries that are listed companies.

#### Attendance of the Audit Committee Meetings in 2018

Name of Directors		No.1 (12 Feb)	No.2 (9 May)	No.3 (14 Aug)	No.4 (1 Nov)	Total
1	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	4/4
2	Mr. Manoon Siriwan	✓	✓	✓	✓	4/4
3	Mr. Robert Stair Guthrie	✓	✓	✓	✓	4/4

#### 9.2.2 Nomination, Remuneration and Corporate Governance Committee

Scope of authority, duties, and responsibilities of the Nomination, Remuneration and Corporate Governance Committee

- Assisting the Board of Directors with respect to the structure of the Board of Directors; the nomination, election, and re-election of directors; consideration for performance of the Board of Directors and each director; as well as the succession plan for the Board of Directors.
- Assisting the Board of Directors with respect to the nomination process for directors, determining the terms of appointment.
- Providing consultancy service to assist the Board of Directors in evaluating the performance and nomination of directors.
- The Nomination, Remuneration and Corporate Governance Committee shall ensure that the Board of Directors possesses the appropriate mix of skills, experience, expertise, and variety, and shall implement an appropriate process with respect to succession, appointment, performance, and other matters related to the Board of Directors.
- Reviewing and overseeing the process for evaluation of the performance of the Board, its standing committees and individual directors.
- Assisting the Board of Directors to consider a fair and reasonable remuneration structure for the Board of Directors and other committees.
- Reviewing the adequacy of the Company's practices with respect to corporate governance, and provide advice and recommendations to the Board to ensure the Company's policies, practices, and standards of corporate governance are consistent with SET's best practice guidelines for listed companies, international best practices and recommendations made by related institutions.
- Monitoring and overseeing the performance of the Board and Management to ensure their compliance with the Company's Corporate Governance policy.

### Attendance of the Nomination, Remuneration and Corporate Governance Committee Meetings in 2018

	Name of Directors	No.1 (13 Feb)	No.2 (9 May)	No.3 (14 Aug)	No. 4 (2 Nov)	Total
1	Mr. Robert Stair Guthrie	✓	✓	✓	✓	4/4
2	Mr. Manoon Siriwan	✓	✓	✓	✓	4/4
3	Mr. Nicolas Michel Bossut	✓	✓	✓	✓	4/4
4	Mr. Timothy Alan Potter <sup>1</sup>	n/a	✓	✓	✓	3/3
<b>Director who resigned in 2018</b>						
1	Mr. William Lewis Stone <sup>2</sup>	✓	n/a	n/a	n/a	1/1

<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, member of the Nomination, Remuneration and Corporate Governance Committee, member of the Human Resources Committee and Chief Executive Officer, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, member of the Nomination, Remuneration and Corporate Governance Committee, member of the Human Resources Committee and Chief Executive Officer, effect on 6 April 2018.

### 9.2.3 Human Resources Committee

#### Scope of authority, duties, and responsibilities of the Human Resources Committee

- The primary role of the Human Resources Committee is to provide the Board of Directors with assistance regarding the strategic plan for management and development of the Company's human resources, and the Company's remuneration system for staff.
- The Human Resources Committee has the duties assigned by the Board of Directors, including approving the plan on payment of annual remuneration and incentives.
- The Human Resources Committee considers ways to develop human resources management and personnel development strategies, in order to enhance the operation of the Company's business, and improve operations, as well as to increase shareholder value in the long run.
- The Human Resources Committee ensures that the remuneration system is appropriately managed, and a clear and reasonable process is in place, in order to enhance the Company's human resources management strategy.
- The Human Resources Committee is responsible for provide the advice on the appointment of senior leaders, and review a succession planning of the CEO and senior leadership team.

### Attendance of the Human Resources Committee Meetings in 2018

	Name of Directors	No.1 (13 Feb)	No.2 (12 Mar)	No.3 (10 May)	No.4 (15 Aug)	No.5 (1 Nov)	Total
1	Mr. Timothy Alan Potter <sup>1</sup>	n/a	n/a	✓	✓	✓	3/3
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	✓	5/5
3	Ms. Kheng Ling Lok	✓	✓	✓	✓	✓	5/5
<b>Director who resigned in 2018</b>							
1	Mr. William Lewis Stone <sup>2</sup>	✓	✓	n/a	n/a	n/a	2/2



<sup>1</sup> Mr. Timothy Alan Potter was elected to be the Company's Director, member of the Nomination, Remuneration and Corporate Governance Committee, member of the Human Resources Committee and Chief Executive Officer, effect on 6 April 2018.

<sup>2</sup> Mr. William Lewis Stone resigned from the Company's Director, member of the Nomination, Remuneration and Corporate Governance Committee, member of the Human Resources Committee and Chief Executive Officer, effect on 6 April 2018

### Training for directors

In 2018, the Company had 1 new director, Mr. Timothy Alan Potter. He received an introduction and overview of the Company's structure and business, the Company's performance in operation, supply and financial including performance benchmarking with the peers in Thailand and international industry, Company's culture, Business Conduct Policy, and policies regarding to the good governance. He also attended the Director Certificate Program organized by the Thai Institution of Directors (IOD).

Additionally, the Company encourages the directors to improve themselves in the area of director roles and corporate governance by attending a training or seminar regarding to the roles and responsibilities of directors organized by the IOD. The Nomination, Remuneration and Corporate Governance Committee is responsible to monitor and ensure the directors attend the training.

## 9.3 Nomination of independent directors and Chief Executive Officer

### 9.3.1 Nomination of independent directors

Persons nominated as independent directors shall possess the following qualifications:

1. The independent director should not hold more than 3 consecutive terms directorship. (3 years for each term)
2. An independent director must not hold shares exceeding 1 percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company. That percentage shall include shares held by related persons of the independent director.
3. An independent director shall not be, or have been, an executive director, employee, staff member, or consultant who receives a regular salary, or a controlling person of the Company, the parent company, the subsidiaries, the associate companies, the same-level subsidiaries, major shareholders, or controlling persons of the Company, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC. Such a prohibition does not include cases of an independent director holding a position as a government officer or consultant of a government agency that is a major shareholder or controlling person of the Company.
4. An independent director shall not be related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child of another director, executive, major shareholder, controlling person to be nominated as an executive director, or controlling person of the Company or the subsidiaries.
5. An independent director shall not have, or have had, a business relationship with the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company in a manner that may prevent free judgment, and shall not be, or have been, a significant shareholder or controlling person of a person related to the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, unless that relationship ended at least two years before the date of submission of the application to the Office of the SEC.

The above business relationship includes execution of trade transactions in the ordinary course of the business; leasing or letting immovable property; transactions related to assets or service, or provision or acceptance of financial assistance by way of borrowing or lending, guarantee, charges,



and security assets, and other similar circumstances causing indebtedness of the Company or a party to the other party of 3 percent of the net tangible assets of the Company, or Baht 20 million and above, whichever is lower. Calculation of such indebtedness shall be in accordance with the method for calculating related-party transactions under the notification of the Capital Market Supervisory Board concerning rules for related-party transactions, mutatis mutandis. However, such indebtedness shall include the indebtedness arising during the period of one year before the relationship with that person was established.

6. An independent director shall not be, or have been, an auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person of, or a partner in, the auditing office in which the auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company works, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC.
7. An independent director shall not be, or have been, a provider of any professional service, including legal advisory or financial advisory service, receiving more than Baht 2 million of service charges per year from the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person, or a partner of the service provider, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC.
8. An independent director shall not be a director appointed as the agent of the directors of the Company, major shareholders, or shareholders related to a major shareholder.
9. An independent director shall not operate a business of the same nature, with and in competition with the business of the Company, or the subsidiaries, and shall not be a significant partner in a partnership, or be an executive director, employee, staff member, or consultant who receives a regular salary, or hold shares exceeding 1 percent of the total shares with voting rights, of another company operating a business of the same nature, with and in competition with the business of the Company or the subsidiaries.
10. An independent director shall not possess any other characteristics that prevents him or her from freely giving an opinion regarding the Company's operation.

The Board of Directors and the NRCG Committee discussed the succession plan of the independent directors and consider having one additional independent director. The Board of Directors provided preferred qualification that the qualified candidate should be female with the background and experiences in finance or accounting.

In Q3-Q4/2018, the NRCG Committee searched for qualified candidates for consider and review. The NRCG Committee plan to propose the qualified candidates to the Board of Director for consideration and endorsement at the Board of Directors Meeting No. 1/2019 for further election by the shareholder Annual General Meeting of Shareholders.

### 9.3.2 Nomination of Chief Executive Officer

The Chief Executive Officer is the highest executive position. In order to appoint the Company's Chief Executive Officer, Human Resources committee is responsible to look for qualified candidates who have knowledge, skills, experiences and expertise in the Company's business to nominate to the Board of Directors.

The Board of Directors has authorization and is responsible for appointment or removal of the Company's Chief Executive Officer as mentioned in the Charter of the Board of Directors.

## 9.4 Corporate Governance Concerning Subsidiaries and Associated Companies

Currently, the company does not have Subsidiary and Associated Company.

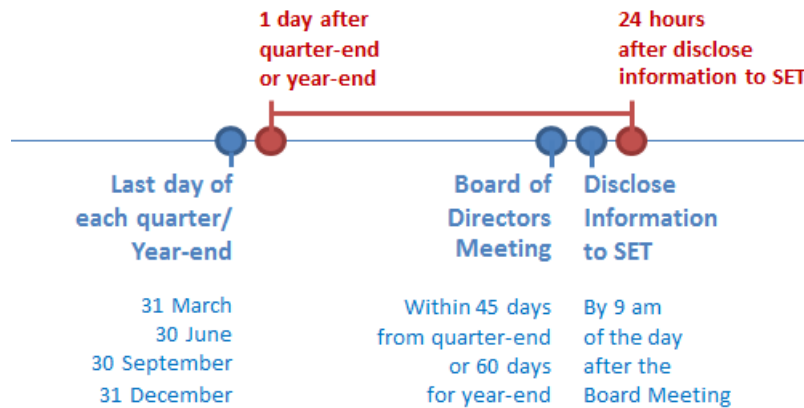
### 9.5 Corporate Governance Concerning Insider Trading

To ensure equal access to Company's information, the Board of Director has established a Public Disclosure Policy to ensure communications to all shareholders are accurate, adequate, timely and equally accessible in accordance with the principles of good corporate governance as well as regulations of the SET and SEC.

- The Board of Directors appointed the Chief Executive Officer (CEO) and the Chief Financial Officer (CFO) as authorized persons to disclose SPRC's material information to the SET and to the public, and be authorized spokespersons to provide SPRC's information to the media, analysts and investors.
- The CEO may delegate other management to disclose or speak on his/her behalf, but any comments must be limited to that delegate's area of expertise.
- The Company should not publicly disclose material information until it has notified the SET and received an acknowledgment that the information has been released to the SET.
- After disclosure to the SET, the information disclosed should be promptly posted on the Company's website ([www.sprc.co.th](http://www.sprc.co.th)) as a public forum for presenting information in compliance with this policy.

The Board of Directors has established an Insider Trading Policy to prevent improper use of material non-public information by directors, executives, and employees who have access to such material non-public information through their duties and roles within the Company. Improper use includes insider trading whether for their own or others' benefit. The practice regarding material non-public information is as follows:

- Directors, executives, employees, auditors, contractors or consultants of the Company who are aware of SPRC's material and non-public information, directly or indirectly shall not:
  - engage in transactions of any kind of SPRC's securities whether for their own account or for the account of another;
  - recommend that another person engage in transaction of SPRC's securities (known as "tipping");
  - assist anyone in engaging in transactions of SPRC's securities; or
  - disclose material and non-public information to anyone who does not have a legitimate business reason for receiving such information.
- All directors, executives, and employees who have access and are involved with financial reporting, as well as spouses and minor children of such persons, are prohibited from trading the Company's securities for a period starting one day after the quarter-end or year-end and ending one day (24 hours) after disclosure or publication of the quarterly or annual financial statements to the SET.



- If any director, executive or employee, or their spouse or minor children gain access to any undisclosed information that may affect the price of securities of the Company, those persons shall not trade the securities until a period of 24 hours following disclosure of such information to the public.
- Directors and executives shall notify the Chairman of the Board of Directors, or the Company Secretary, at least one day in advance before trading the Company's securities.
- If the company's directors and executives elect to trade in the Company's securities, the Company encourages them to make long-term investments. Directors and executives shall not engage in speculative or short-term trading of the Company's securities.
- Upon first being appointed as directors or executives of the Company, the directors and top-level executives shall report the holding of the Company's securities by them to the Office of the SEC (form 59-1) within 30 days from the date they first take office, and report any changes upon buying, selling, transferring, or accepting the Company's securities (form 59-2) within three business days from the date of any such change.
- The Audit Committee shall monitor the compliance with such measures, ensuring that any changes in securities holding are reported at the meeting of the Audit Committee each time any such changes occur.
- The number of shares held directly or indirectly at the beginning of the year (1 January), at the end of the year (31 December), and any trading during the year by the directors and executives shall be disclosed in the annual report.

In addition, the Business Conduct Policy requires that the Company's directors, executives, and employees refrain from having any conflict, potential conflict or perceived conflict, between personal interest and the interest of the Company, or the duties of the directors, executives, and employees toward the Company. Conflicts of interest may arise when such persons take any action or have any personal interest that adversely affects the Company's interest, reputation, good relations with others, as well as actions that affect their decisions when performing their respective duties. The practice regarding conflicts of interest is as follows:

- Directors, executives, and employees of the Company have duties in reporting their interests upon being appointed or joining the Company, and shall report on any changes to those interests.
- The Company discloses a clear shareholding structure to ensure confidence of the shareholders in the Company's shareholding structure.
- In meetings of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best

interests of all shareholders.

- For consideration on related party transactions (RPT), the Audit Committee will review the transaction to ensure that it is executed on the arm's length basis and for the best benefits of the Company. Additionally, the Internal Auditor and the External Auditor will review the RPT executed in each quarter and report to the Audit Committee at the Audit Committee meeting on the quarterly basis.

## 9.6 Auditor Fee

In 2018, the shareholders approved the appointment of PricewaterhouseCoopers ABAS Ltd. to serve as auditor for the Company.

The company made total audit payments of Baht 3,201,310, including out of pocket expenses as follows:

Description	Amount (Baht)
Audit fee	2,955,000
Out of pocket expenses	246,310
<b>Total</b>	<b>3,201,310</b>

## 9.7 Code of best Practices

### Board of Directors Self-Assessment

#### ○ **Criteria**

The Board of Directors assessed its 2018 performance. The self-assessment form consists of 50 questions covering 6 areas:

- **Board structure and qualifications:** to evaluate the appropriate composition of the board on diversity of skills and experiences as well as diversity to effectively support the Board's activities and Company's business
- **Roles, duties and responsibilities of the board:** to evaluate the effectiveness and contribution of the Board of Directors to achieve the goals of the Company
- **Duties of directors:** to evaluate the neutrality and independence of directors performing their roles
- **The board meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for board consideration at the meetings
- **Relationship with management:** to evaluate the trust relationship between directors and management, including working to support each other on their roles
- **Director's self-improvement and training:** to evaluate the Directors' understanding of their roles, and responsibilities, and the company's nature of business.

#### ○ **Process**

- The Company Secretary is responsible to review the self-assessment form and apply it to

be consistent with the roles and responsibilities of the Board of Directors as provided in the Charter of the Board of Directors.

- All directors shall complete the self-assessment and send to the Company Secretary to consolidate the result.
- The Company Secretary shares the Board of Directors' assessment result with the Nomination, Remuneration and Corporate Governance Committee to review and discuss.
- The Chairman of the Nomination, Remuneration and Corporate Governance Committee shares the Board of Directors' assessment result with the Board of Directors and provides recommendations for effective performance and compliance with corporate governance.

○ ***Assessment Result***

All 7 directors completed the self-assessment for the Board of Directors. The overall result of the 2018 Board of Directors' self-assessment indicates 98.57%.

## Audit Committee Self-Assessment

### ○ **Criteria**

The Audit Committee assessed its 2018 performance. The self-assessment form consists of 30 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles, as well as the demonstration on integrity, credibility and trustworthiness
- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings
- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities as outlined in the Audit Committee Charter in the following areas;
  - Financial Reports
  - Internal Control and legal compliance
  - Risk Management
  - External Audit
  - Internal Audit

### ○ **Process**

- The Committee Secretary is responsible to review the self-assessment form and apply it to be consistent with the roles and responsibilities of the Audit Committee as provided in the Charter of the Audit Committee.
- All committee members shall complete the self-assessment and send to the Committee Secretary to consolidate the result.
- The Committee Secretary shares the Audit Committee's assessment result with the Audit Committee to review and discuss for effectiveness improvement.
- The Chairman of the Audit Committee shares the Audit Committee assessment result with the Board of Directors for the Board to discuss and provide recommendation (if any) to the Audit Committee.

### ○ **Assessment Result**

All 3 members of the Audit Committee completed the self-assessment for the Audit Committee. The overall result of the 2018 Audit Committee self-assessment indicates 99.17%.

***Nomination, Remuneration and Corporate Governance, Committee Self-Assessment******○ Criteria***

The Nomination, Remuneration and Corporate Governance (NRCG) Committee has assessed its 2018 performance. The self-assessment form consists of 20 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles
- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings
- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities as outlined in the NRCG Charter in the following areas;
  - Review the Board's composition and Board's performance
  - Review the director candidate's qualification
  - Review the director remuneration
  - Monitor and ensure the company's practices are compliance with the good corporate governance

***○ Process***

- The Committee Secretary is responsible to review the self-assessment form and apply it to be consistent with the roles and responsibilities of the NRCG Committee as provided in the Charter of the NRCG Committee.
- All committee members shall complete the self-assessment and send to the Committee Secretary to consolidate the result.
- The Committee Secretary shares the NRCG Committee's assessment result with the NRCG Committee to review and discuss for effectiveness improvement.
- The Chairman of the NRCG Committee shares the NRCG Committee assessment result with the Board of Directors for the Board to discuss and provide recommendation (if any) to the NRCG Committee.

***○ Assessment Result***

All 4 members of the NRCG Committee completed the self-assessment for the NRCG Committee. The overall result of the 2018 NRCG Committee self-assessment indicates 99.69%.

## Human Resources Committee Self Assessment

### ○ **Criteria**

The Human Resources Committee assessed its 2018 performance. The self-assessment form consists of 13 questions covering 3 areas:

- **Committee structure and qualifications:** to evaluate the appropriate composition of the committee on diversity of skills and experiences to support committee to perform its roles
- **Committee meeting:** to evaluate the effectiveness and environment of the meetings, and the quality of information provided for committee consideration at the meetings
- **Roles, duties and responsibilities of the Committee:** to evaluate the effectiveness and contribution of the committee members to carry out all responsibilities as outlined in the Human Resources Committee Charter in the following areas;
  - Review the qualifications and appointments of senior executives
  - Review the human resources plan
  - Review the remuneration system for employees

### ○ **Process**

- The Committee Secretary is responsible to review the self-assessment form and apply it to be consistent with the roles and responsibilities of the Human Resources Committee as provided in the Charter of the Human Resources Committee.
- All committee members shall complete the self-assessment and send to the Committee Secretary to consolidate the result.
- The Committee Secretary shares the Human Resources Committee's assessment result with the Human Resources Committee to review and discuss for effectiveness improvement.
- The Chairman of the Human Resources Committee shares the Human Resources Committee assessment result with the Board of Directors for the Board to discuss and provide recommendation (if any) to the Human Resources Committee.

### ○ **Assessment Result**

All 3 members of the Human Resources Committee completed the self-assessment for the Human Resources Committee. The overall result of the 2018 Human Resources Committee self-assessment indicates 95.51%.



**Individual Director Self-Assessment****○ Criteria**

Each director assessed himself/herself as a director for his/her 2018 performance. The individual director self-assessment form consists of 30 questions on 3 areas:

- understanding on the Board's role and constructively performing his director role
- understanding on the Company's business, strategy and policy
- independence and relationship with other directors and management

**○ Process**

- The Company Secretary is responsible to review the self-assessment form and apply it to be consistent with the roles and responsibilities of the Board of Directors as provided in the Charter of the Board of Directors.
- All directors shall complete the self-assessment and send to the Company Secretary to consolidate the result.
- The Company Secretary shares the individual director assessment result with the Nomination, Remuneration and Corporate Governance Committee to review and discuss.
- The Chairman of the Nomination, Remuneration and Corporate Governance Committee shares the individual director assessment result with the Board of Directors and provides recommendation for effective performance and compliance with corporate governance.

**○ Assessment Result**

All 7 directors completed the individual director self-assessment. The overall result of the 2018 individual director self-assessment indicates 96.79%.

**CEO Assessment****○ Criteria**

The Chairman of the Board of Director and the directors assessed and discussed the CEO's achievement of business results and strategies, as well as evaluated the CEO's performance through the assessment, consisting of 50 questions in 8 areas:

- Leadership
- Strategy and Execution
- Financial Planning and Performance
- Relationship with the Board
- External Relations
- Human Resources and Management relationship
- Succession
- Skills and Attitudes

**○ Process**

- The Company Secretary is responsible to review the assessment form and apply it to be consistent with the roles and responsibilities of the CEO as delegated by the Board of Directors.
- All directors (except the director who holds the CEO position) shall complete the assessment and send back to the Company Secretary to consolidate the result.
- The Company Secretary shares the CEO assessment result with the Chairman of the Board of Directors for consideration.
- The Chairman of the Board of Directors discuss the evaluation and assessment with the Board of Directors.

**○ Assessment Result**

6 directors completed the CEO assessment. The results of the assessment were shared with the CEO and are confidential.

In summary, in 2018 the Company performed all practices in compliance with the good corporate governance as recommended by the Security Exchange of Thailand, except;

- Arrange the Board of Directors meeting more than 6 times a year
  - With the type and size of Company's business, the Board considers Board meetings once a quarter as appropriate. However, if there is an urgent matter, the Board can be called for a special meeting.
  - In 2018, meetings of the Board of Directors were held 5 times, including 4 regular quarterly meetings, and 1 special meeting.
- The quorum of the Board of Directors for the voting at the Board of Directors meeting shall be the presence in person of at least two-thirds of all directors on the board.
  - The Company's Article of Association provides that the quorum of the Board meeting requires the presence in person of at least one-half of all directors on the board. With the Board's size, the Board of Directors considered the current practice is appropriate.
  - The Company's Board of Directors comprises 7 directors. All 7 directors fully attended all Board of Directors meetings in 2018.

- Chairman of the Board is an independent director.
  - The Chairman of the Board is elected by the Board of Directors. The Board of Directors elected Mr. Andrew Benjamin Walz, a non-executive director, to be a Chairman of the Board and elected Mr. Pliu Mangkornkanok, an independent director, to be a Vice Chairman of the Board.
- The Nomination and Remuneration Committee shall comprise of independent directors more than 50%.
  - There are 4 members in the Company's Nomination, Remuneration and Corporate Governance Committee and 2 out of 4 directors are independent directors.
- The Board of Directors shall comprise of independent directors more than 50%.
  - There are 7 directors in the Board and 3 out of 7 directors are independent directors.

## AUDIT COMMITTEE REPORT

To Our Shareholders,

I am pleased to present our annual Audit Committee Report for the year ended 31 December 2018. This report provides a summary of how the Audit Committee has met its responsibilities under the Audit Committee Charter.

### Committee Membership

The Audit Committee is comprised of 3 independent directors, Mr. Pliu Mangkornkanok as the chairman of the committee, Mr. Manoon Siriwan and Mr. Robert Stair Guthrie are committee members. The committee members have varied experiences and expertise in financial, business and industry to enable them to fulfil their duties. Mr. Pliu Mangkornkanok qualifies as a person with appropriate financial background and experience which meets the requirement of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).

### Committee Responsibilities

The key responsibilities of the Audit Committee are to monitor the integrity of SPRC's financial statements; the effectiveness of risk management; the adequacy and efficiency of internal control systems; the compliance with good corporate governance, applicable laws and regulations; monitoring the qualifications, expertise, and independence of both the internal and external auditors; and assessing the internal and external auditors' performance.

The committee's role and responsibilities are set out in the Audit Committee Charter. It is reviewed annually by the Board of Directors. In 2018, the Audit Committee had 4 meetings. The participants of each meeting were three Audit Committee members, Chief Executive Officer, SPRC Management, internal auditor and external auditor. In each meeting, the Audit Committee reviewed and discussed a variety of topics as summarized below as well as had private sessions with the internal auditor and external auditor without members of management to ensure that they are getting proper co-operation on the audited activities.

- 1. Review the Company's Financial Reports:** The Audit Committee is responsible for monitoring the accuracy and integrity of the financial reports. For 2018, the Audit Committee reviewed the interim financial statements and financial statement of the year ended 31 December. Having reviewed and discussed, the Audit Committee recommended to the Board of Directors to approve the audited financial statements for further approval at the Annual General Meeting of Shareholders.

The Audit Committee also monitored the changes of accounting standards to ensure the Company's compliance with applicable accounting standards. The Company's financial reports were prepared in compliance with Thai Financial Reporting Standards (TFRS) and the requirements of the SEC.

- 2. Review the Company's Risk Management:** The Audit Committee oversaw and reviewed the efficiency of the risk management. The Company established the Risk Management Committee at management level to oversee and monitor the risk mitigation plan. The Risk Management Committee assessed and identified key risk areas, developed and monitored the execution plan to mitigate the risks. The risk assessments focus on strategic risk, business risk, operational risk, financial risk, trading risk and project risk. The Management updated the mitigation plan and reported the progress of risk management to the Audit Committee on quarterly basis.
- 3. Review the Company's Internal Control:** The Audit Committee regularly reviewed and monitored the Company's internal control systems. The Audit Committee assessed the sufficiency of internal control systems based on the COSO's (The Committee of Sponsoring Organization of the Treadway Commission) framework, which is described in detail in the Internal Control Section of this Annual Report. In addition, the Company complied with the Sarbanes-Oxley Act, the US law

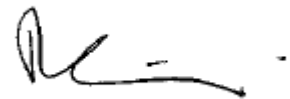
regarding internal controls over financial reporting. The Audit Committee is satisfied with the control mechanisms that have been adopted by the Company to monitor and apply to its business. The Audit Committee viewed that the Company's internal control systems were appropriate and effective.

4. **Review the Company's Corporate Governance:** The Audit Committee monitored the Company's practice in compliance with the Company's Business Conduct, which the Corporate Compliance Officer (CCO) is responsible to develop, promote and ensure the Company's practices are compliance with the laws, regulations and best practices. The CCO reported to the Audit Committee on the quarterly basis on the compliance of the Anti-Corruption Policy and the Foreign Corrupt Practice Act (FCPA), the US law relating to the anti-corruption.
5. **Review the Company's Related Party Transactions:** The Audit Committee reviewed related party transactions for endorsement to the Board, to ensure they are in accordance with the requirements. That is, within usual course of business, the terms are fair and no more favorable than non-related parties, and in the interests of the Company, including to ensure the related party transactions were executed in compliance with contract terms and conditions. In 2018, the Company participated in related party transactions as disclosed in the Related Party Transactions section in this Annual Report.
6. **Review of Internal Auditing:** The Audit Committee annually reviews the Internal Audit Charter which describes roles and responsibilities of the internal audit function. The internal audit function is independent and provides assurance on governance, risk and internal control systems.  
  
The Audit Committee reviewed and approved the risk-based internal audit's plan and Key Performance Indicators (KPI). In 2018, the Internal Auditor conducted the audits of 9 business processes and achieved all KPIs as planned. The Audit Committee regularly reviewed the audit reports and monitored the audit findings and audit recommendation made to Management. The Audit Committee reviewed the performance of the Internal Auditor with the Chief Executive Officer on a yearly basis and are satisfied that the internal audit function was performed independently, effectively and met objectives.
7. **Review of External Auditor performance:** PricewaterhouseCoopers ABAS Ltd (PwC) is the independent external auditor, as approved at 2018 Annual General Meeting of Shareholders. PwC reported to the Audit Committee on the scope and result of the interim quarterly financial reports and year ended 31 December 2018 financial statements. PwC performed their tasks professionally, within regulatory requirements and best practices designed to ensure their independence. The Audit Committee held private meetings with PwC quarterly to discuss any areas of concern regarding Management's interaction with them. The Audit Committee is satisfied with the independence of the external auditor. In 2018, PwC did not provide any non-audit services to SPRC.
8. **Appointment of 2018 External Auditor:** The Audit Committee is responsible for ensuring that the external auditor is suitably qualified and independent. The Audit Committee reviewed their performance and was satisfied with Pricewaterhouse Coopers ABAS Ltd.'s work, expertise, experience and its independence. Therefore, the Audit Committee recommended the re-appointment of Pricewaterhouse Coopers ABAS Ltd. as external auditor for year 2018 with its audit fees for the Board's endorsement and the further approval by the Shareholders at the 2018 Annual General Meeting of Shareholders.
9. **Audit Committee Self-Assessment:** The Audit Committee annually assesses its own effectiveness on the topics of a) committee structure and qualifications, b) committee meeting, c) roles and responsibilities on financial reports, internal control, risk management, governance, internal audits and external audits. The self-assessment result was 99.17%. This excellent result of the self-assessment confirmed that the Audit Committee members perform their duties adequately in regard to the quality of governance, risk management and internal control systems. The Audit

Committee continues to operate effectively according to the charter of Audit Committee, and in line with good practices identified and as delegated by the Board of Directors.

In 2018, the Audit Committee performed its duties and responsibilities according to the Audit Committee's Charter as approved by the Board with competence, experience, and independence for the equitable benefit of shareholders and in compliance with the Securities and Exchange Act and rules and regulations of the Stock Exchange of Thailand. As a result of its work, the Audit Committee are able to provide assurance on the effectiveness of SPRC's governance, risk management and internal control management. We are satisfied with the continuous monitoring and follow up of recommendations of management agreed actions. The Audit Committee opinion is that the SPRC financial report of year 2018 is accurate, reliable and complies with the generally accepted accounting principles.

For and on behalf of the Audit Committee



**Mr. Pliu Mangkornkanok**

Chairman of the Audit Committee

## NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE REPORT

### To the Shareholders

The Nomination, Remuneration and Corporate Governance (NRCG) Committee comprises four directors: Mr. Robert Stair Guthrie (independent director) as the Chairman, Mr. Manoon Siriwan (independent director), Mr. Nicolas Michel Bossut (non-executive director) and Mr. Timothy Alan Potter (executive director and CEO). The Committee has performed its duties as assigned by the Board of Directors with prudence and independence.

In 2018, the NRCG Committee held 4 meetings on various matters in accordance with the duties mandated by the Board of Directors specified in the NRCG Committee Charter. Below is a summary of key activities undertaken in 2018:

1. The NRCG Committee reviewed the criteria for shareholders to propose qualified candidate(s) for a directorship and to propose agenda items for consideration at the 2019 Annual General Meeting of Shareholders. The criteria have been published on the Company's website.
2. The NRCG Committee reviewed director candidates' qualifications and nominated candidates for director positions to fill vacancies resulting from those that had completed their terms or had resigned. Such nominations were proposed to the Board of Directors for consideration and the Board proposed them to the shareholder's meeting for approval. The NRCG Committee (excluding members with conflict of interests) diligently reviewed the candidates by considering their qualifications, expertise and experience that would make them suitable for the Company's business.

Mr. Manoon Siriwan, Mr. Robert Stair Guthrie and Ms. Kheng Ling Lok completed their directorship term in 2018. The NRCG Committee reviewed and considered that Mr. Manoon Siriwan, Mr. Robert Stair Guthrie and Ms. Kheng Ling Lok have knowledge, expertise and experience in relation to and that will benefit the Company's business, and they are capable of developing Company strategy and driving the Company to achieve the Company's goals. The NRCG Committee, therefore, recommended re-election of Mr. Manoon Siriwan, Mr. Robert Stair Guthrie and Ms. Kheng Ling Lok. They were re-elected to be the Company's directors at the 2018 Annual General Meeting of Shareholders.

3. In December 2017, Mr. William Lewis Stone submitted a resignation letter resigning as the Company's director and as Chief Executive Officer with effect on 6 April 2018. The NRCG Committee reviewed and recommended to elect Mr. Timothy Alan Potter to be the Company's director filling the vacant position. Respectively, the Board of Directors Meeting No. 4A/2017 held on 11 December 2017 passed the resolution to elect Mr. Timothy Alan Potter to be the Company's director with effect from 6 April 2018.
4. The NRCG Committee considered the Board composition and opined that the Board has an appropriate mix of skills, experience, and expertise such as the knowledge and understanding of refinery business and operations, petroleum business, related technology and engineering, strategy, marketing, finance, corporate governance, etc.
5. The NRCG Committee discussed the succession plan of the independent directors and made recommendation to the Board for consideration of having one additional independent director. After the Board's endorsement, the NRCG Committee set the qualifications, searched for qualified candidates, considered and proposed the qualified candidates to the Board of Director for further processes.
6. The NRCG Committee reviewed and recommended remuneration packages and compensation structures for the Board of Directors and its committees by reviewing the responsibilities and liabilities of the directors of a listed company; reviewing the director remuneration survey results of Thai listed companies; and considering the Company's director remuneration package by benchmarking with other Thai listed companies and companies in the same industry. The NRCG Committee proposed to increase the monthly fee by approximately 20% for Chairman, Vice



Chairman and directors in 2018, maintain the same rate for board meeting and committee meeting allowances, and no bonuses. The 2018 Annual General Meeting of Shareholders approved the remuneration packages for the Board of Directors and its committees as the NRCG Committee's proposal.

Although many companies set out bonus for the directors, the NRCG Committee considered that the directors should not get the bonus relative to the company's performance. The NRCG Committee has disclosed the compensation that each director received in 2018 in this annual report for transparency

7. The NRCG Committee monitored and encouraged directors to participate in training and seminars related to director's roles and good corporate governance, to develop knowledge and ability in performing their duties as directors and to support the Company to conduct the business with good corporate governance.
8. The NRCG Committee reviewed the performance of the Board of Directors, individual directors and NRCG Committee through self-assessments.
9. The NRCG Committee reviewed the Corporate Governance assessment result which ranked the Company Excellent (5 stars) for the 2<sup>nd</sup> consecutive year. The NRCG Committee reviewed and identified opportunities for improvement to meet the best practices.

In the discharge of duties and responsibilities specified in the NRCG Committee Charter, the NRCG Committee is confident that it has performed duties with prudence, transparency, and in the best interests of the Company and shareholders.

On behalf of the Nomination, Remuneration and Corporate Governance Committee



**Mr. Robert Stair Guthrie**

Chairman of the Nomination, Remuneration and Corporate Governance Committee

## HUMAN RESOURCES COMMITTEE REPORT

### To the Shareholders,

The Board of Directors of Star Petroleum Refining Public Company Limited (SPRC) has appointed the Human Resources Committee, which is comprised of 2 non-executive Directors, who are appointed by the Board of Director, and the CEO. The SPRC Human Resources Manager has been appointed to be the Committee Secretary.

At the start of 2018, the committee members were: Mr. William Lewis Stone, CEO, as the Chairman, Ms. Kheng Ling Lok (non-executive director), and Mr. Pliu Mangkornkanok (independent director). Mr. William Lewis Stone, who resigned as a director, was replaced by Mr. Timothy Alan Potter new CEO and Director at the 5 April 2018 Board of Director meeting. The Committee will meet as required but will typically meet at least 4 times a year.

The committee assists the Board in relation to SPRC's human resources strategy, workforce development, and salary & bonus program including approving SPRC's annual remuneration program and aspects of its incentive programs to support SPRC's business objectives of superior performance and long-term growth in shareholder value. Also, the committee reviews the appointment of SPRC's senior leadership positions, succession planning for the senior leadership team, and the SPRC Human Resources Master Plan.

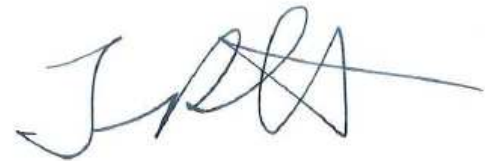
In 2018, the Committee held 5 meetings on various matters in accordance with their duties. Below is a summary of key activities undertaken in 2018:

- 1. Remuneration program:** The committee reviewed the management and performance of the Total Remuneration program and annual merit increase. The program is benchmarked against leading Oil & Gas companies in Thailand and other selected markets to ensure that we maintain a competitive remuneration package, to be seen as a leader in Map Ta Phut, and that will attract, retain and motivate a talented workforce. The committee approved a special bonus for our staff to recognize the significant achievements and excellent business performance of SPRC, which were made possible by SPRC family members in 2017.
- 2. Human Resources Strategy:** The Committee reviewed the 2017 lookback on People Strategy and action plans and endorsed the Master Plan of 2018 People Strategy to Set the standard in Thailand as the Employer of Choice by 2020 to drive and enhance SPRC pride, Highly-Engaged family, and to be the best place to work. The committee also reviewed SPRC's diversity policy and diversity strategies to ensure that SPRC complied with Human Right direction. The 2018 specific strategic objective were:
  - Achieve the Best Employer Award among Thai companies by 2020
  - Strengthen learning organization throughout knowledge management
  - Develop World-Class leaders to be a Better Leaders
  - Strengthen SPRC pride and image through sustain CSR & Sports events
- 3. Succession Planning and talent management program:**

The Committee has reviewed the succession planning for senior leadership team members. The Committee also reviewed and endorsed the appointment of a Senior Leadership Position to enhance leadership capabilities and to support continual business growth.
- 4. Effective Organization:** The committee reviewed and endorsed the action plan that was set to continue to enhance the high engagement of the SPRC family and endorse to participation of the employee engagement survey 2018 that to utilize the result to combine with the best employer survey result for further improvement plan. The committee also reviewed the Event Project Organization that appointed high talent people to enhance their capabilities and further develop for future growth.

For the year 2018, the Human Resources Committee is confident that SPRC's strong Culture and Core Values and Human Resources management program will continue to support SPRC's pursuit of Operational Excellence and future growth of SPRC. Our goal is to be the Best Place to work and the Employer of Choice, all of which provides the best benefits for our shareholders.

On behalf of the Human Resources Committee

A handwritten signature in blue ink, appearing to read 'T. Potter', with a long horizontal line extending to the right.

**Mr. Timothy Alan Potter**

Chairman of the Human Resources Committee

## 10. Sustainable Development and Corporate Social Responsibility (CSR)

SPRC recognizes the importance of honest, fair, and transparent business operates, as well as ensuring operations are in compliance with all applicable laws, rules and regulations. We operate according to sustainable development principles by balancing the 3 corrective dimensions; economic, social, and environmental. By striking the 3-dimension balance, we are able to foster organizational growth, fulfill stakeholders' expectations and face up to our social and environmental responsibility under the framework of good corporate governance.

### 10.1 Overview

Star Petroleum Refining Public Company Limited (SPRC) was established in 1992 as a joint venture refinery between Chevron South Asia Holdings Pte., Ltd and PTT Public Company Limited. SPRC is one of the leading petroleum producers in Thailand and among the most efficient refineries in the Asia Pacific region. We offer customers a reliable source of high quality petroleum products both for domestic consumption and for export. The Company supplies a wide range of high quality petroleum products such as Propylene, LPG, Gasoline, Jet Fuel, Diesel, Fuel Oil, and Asphalt. SPRC is located in Map Ta Phut Industrial Estate, Rayong province, Thailand, and has a refining capacity of 165,000 barrels of crude oil per day (equivalent to 13.2% of Thailand's total oil refining capacity).

SPRC is a different kind of refining company. We have a strong "One Family Culture" that underlines everything we do. Our Family includes all of our stakeholders, including our employees, vendors, contractors, customers, community, government, shareholders, financial institution, media, and industry associations. We care for the safety, well-being, and success of our entire Family, just as we care for our own children, spouses, and parents at home. Our safety objective is simple: everyone goes home safely every day.

Corporate governance is embedded in our Family culture and our approach to engage with all stakeholders. A main part of our success as an organization is dependent on our reputation for transparency, honesty and fair dealing and is firmly rooted in the integrity of our management and employees.

**The principles and guidelines of "Corporate Social Responsibility (CSR)" consisting of 8 aspects as follows:**

#### 1. Operating with Fairness

SPRC operates the business and makes investments in accordance with the principles of ethics, transparency, and the honoring of mutual commitments and sharing benefits fairly. We avoid conflicts of interest in all of our business operations and decisions. Entering into any related party transaction is on a commercial arm's length basis and always takes into consideration, on balance, the best interest of Company.

SPRC follows anti-corruption practices in accordance with Thai laws and US regulations, e.g. the Foreign Corrupt Practice Act. An example is the prohibition of promising to pay or give or actually paying or giving money or anything of value to officials for the purpose of gaining influence over the official's acts or decisions.

In addition, the Board of Directors appointed the Corporate Compliance Officer with responsibility to implement and monitor the compliance program, consistent with Business Conduct policy and ensuring enforcement with disciplinary action(s) against personnel whose conduct is not in line with the principles provided in the Business Conduct. The Corporate Compliance Officer shall establish a whistle blowing channel with encouragement of open and confidential lines of communication with employees so that they will feel free to report suspected conduct violating the policy or other suspected criminal conduct involving the Company or its personnel.

## 2. Anti-Corruption

As provided in the Company's Business Conduct Policy, the Company is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that prohibit corruption to obtain an improper business advantage.

The Board of Directors has established an Anti-Corruption Policy to ensure that the directors, management and all staff will conduct business transparently to prevent and act against corruption. The Anti-Corruption Policy applies to all Company personnel, including directors, management, employees, as well as the Company's representatives, agents, contractors and other intermediaries or associates, who act on behalf of the Company. They are prohibited from engaging in acts of corruption such as paying bribes, accepting bribes, or other forms of undue or improper influence from all sectors, both government and private, where the Company does business. (Please find details in [www.sprc.co.th](http://www.sprc.co.th))

Furthermore, the Company encourages all of our business partners, vendors, suppliers and contractors to implement anti-corruption policies and practices in line with our Anti-Corruption Policy and conduct the business ethically and in a manner that counters corruption.

The Board of Directors has delegated responsibility to the Audit Committee for overseeing and monitoring SPRC's internal controls and practices to ensure the effectiveness of this Anti-Corruption Policy. All management are responsible for assessing corruption risk exposure in their responsible areas, reviewing mitigation measures and ensuring adequacy of internal control processes to prevent and against corruption.

The Company's Business Conduct Policy and Anti-Corruption Policy are introduced to all new employees at orientation sessions. The Company always communicates its policies to all staff to ensure they realize the Company has zero tolerance for corruption. The Company is committed to implementing and enforcing effective systems to counter corruption as well as to cultivate and promote ethical and responsible business values in our organizational culture.

Furthermore, to maintain the highest ethical integrity, the Company's personnel are prohibited to request, and not allowed to accept, gifts and entertainment from our business partners, vendors, suppliers, contractors, and agents which may interfere or appear to interfere with personnel's ability to perform their duties and responsibilities in an ethical manner. However, only for special occasions and through approval of the supervisor, the Company's personnel may accept gifts and entertainment of modest value. Cash or any other monetary gifts are strictly prohibited.

## 3. Respect for Human Rights

The Company operates the business with respect for human rights, as supported by the policy on promotion and protection of human rights, freedom, and equitable treatment, which is the foundation of human resource management and development. The Company's business operation is in line with the United Nations Universal Declaration of Human Rights. The Company does not discriminate against races, religions, women, children, or people with disability.

1. Employees: The Company respects human rights and promotes equitable treatment in the workplace. In addition, the Company promotes equality for persons with disability and complies with the law concerning employment of persons with disabilities by remitting money to the Fund for the Empowerment of Persons with Disabilities.
2. Safety: The Company protects personnel and assets as the policy of safety and human rights
3. Community: The Company makes understanding with the communities about important issues related to human rights
4. Manufacturers and distributors: The Company encourages manufacturers and distributors to treat their employees and communities as Human Rights Principles

#### **4. Fair Labor Practices**

SPRC's management approach for our employees includes a Human Resources System that includes performance management, training and development, career path development, compensation and benefits, Knowledge Management (KM), employee engagement, employee pride & SPRC image program, employer of choice or the best employer and fostering a happy workplace. Employees have the opportunity of vertical growth (promotion) as well as horizontal growth (capability for multiple roles). We have a succession and rising star program for key functions to ensure continuity at SPRC. Our strategy is to continually improve the capacity of our people and organization by special internal and overseas assignment. In formulating this strategy, we take into account the latest technologies in the refinery sector and developments in human resources management to ensure that our employees are prepared for future challenges for SPRC. We are developing a Career Path Development program for all levels of employees.

#### **5. Responsibility to Consumers**

SPRC supplies about 85% of our total production, primarily transportation fuels, to PTT and Chevron. The remaining 15% of our products are sold to a variety of customers, mostly petrochemical producers in the Map Ta Phut Industrial Estate. SPRC uses its Crude to Customer (C to C) committee to develop and implement initiatives to strengthen our supply chain to deliver high quality products, to ensure reliable supply, and to make products that meet or exceed our customer's needs and manage customer interface and build customer satisfaction.

SPRC makes the products according to Thailand Fuel Specification issued by Department of Energy Business (DOEB) where those properties in each product's specification are developed to meet the requirements to use as fuel for transportation. Other product specifications that we sell to other customers i.e. Petrochemical are developed and mutually agreed under the sale agreement to make it safe for handling, fit for use.

#### **6. Environmental Stewardship**

SPRC is committed to reducing its impact on the environment in terms of releases to the air, water, groundwater and land. Our Environment, Health and Safety Management System has been certified according to ISO 14001 and OHSAS 18001 by SGS International Certification Service Co., Ltd. since 1998. We have an Environment, Health and Safety Policy that encompasses all relevant environmental issues to aim the sustainability development i.e. Climate Change - to drive GHG reduction through energy conservation, Air Quality - to monitor and control air emissions and to produce an emission reduction roadmap backed by initiatives to reduce emissions, Waste Management - to focus on ways to reduce waste generation and minimize the impact of waste generated on the environment, Water Management as well as Spill Prevention and Response. We also set a standard and direction for reducing impact on the environment and our neighboring communities and biodiversity in the areas surrounding our refinery and marine terminal.

#### **7. Social and Community Development**

The Company has in place safety standards and production process controls, as well as operational best practices and advanced technologies to ensure the safety of all our stakeholders, that we meet or exceed all safety and environmental regulations, and to ensure reliable and safe operations to have minimal impact on the environment and community around us.

As part of our commitment to Sustainable Development, the Company supports the communities' better quality of life. To show our responsibility and caring to the communities, the Company's management and staff jointly organize various activities in 4 key areas; education and youth, quality of life, environment, and community relationship. The Company additionally engages communities to provide

recommendation and feedback with regard to the impact from the Company's operation in order for the Company to improve for sustainable development.

## 10.2 Operating and Reporting

### (1) Reporting

SPRC's Sustainability Report 2017 represents SPRC's commitment to transparency on its Environmental, Social and Governance performance to shareholders, surrounding communities, employees and other stakeholders. This report not only discloses our operational performance, but it also shows the progress of the company's sustainability material performances, current targets and our future plans. This report was constructed in compliance with the updated Global Reporting Initiative (GRI) Standards at the 'Core Level', replacing the previous GRI G4 Guidelines.

Current company risks and opportunities are assessed using a materiality assessment tool based from the framework of GRI Standards; the assessment consists of inputs from internal and external stakeholders across our entire operational footprint. The result of these assessments is a materiality matrix that prioritized our material issues. Material issues are issues that are relevant to both our internal and external stakeholders. The Sustainability Report can be assessed at [www.sprc.co.th](http://www.sprc.co.th)

Our Sustainability Report also highlights key performances and achievements throughout our operations over the course of the year. We highlight and illustrate areas of exceptional performance as well as areas where we believe that action is needed in order to combat sustainability challenges and capture business opportunities these challenges bring.

### (2) Operating according to the policies that have been disclosed

Sustainability is integrated in our operational policies, procedures and work instructions through these various management systems. This includes our policies and procedures on corporate governance, disclosure, business conduct, personal and process safety, environmental compliance, risk and crisis management, energy management and human resources, among many others.

To provide sustainable performance in operational excellence, it is essential that SPRC has an effective supply chain management system. This will ultimately contribute to our customers' satisfaction and service delivery. Our overall value chain is further illustrated below from feedstock sourcing to product distribution.

### (3) Awards and Achievements

- **Environment and Safety**

**CSR-DIW Continuous Award 2018**, granted by the Department of Industrial Works (DIW), Ministry of Industry, in recognition of SPRC who has shown continuous commitment to corporate social responsibility (CSR) continuous development.



**Green Industry Level 3: Green System Awards from 2016 – 2019** granted by Ministry of Industry for systematic environmental management including follow-up, assessment and revision aimed to continuous development





**ESG 100 (Environment, Social and Government)**, SPRC was selected listed companies that are most outstanding in terms of environmental, social and governance performance by Thaipat Institute.

- **Good Governance**

**CG Award “Excellent” scoring**, granted by Thai Institute of Directors Association (IOD), in collaboration with the Stock Exchange of Thailand (SET), to evaluate the good governance of Thai Listed Companies on: Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and The Board Responsibilities.



**The Company was approved by the Thailand Private Sector Collective Action Coalition Against Corruption (CAC) to be the Certified Company.**

- **Global Standards**

ISO 9001: 2015 (Quality Management)

ISO 14001: 2015 (Environmental Management)

ISO/IEC 17025: 2005 (Competence of Testing and Calibration Laboratory)

ISO 45001:2018 (Occupational Health and Safety)



Bank of Thailand (BOT) has granted the "Qualified Company" status, in recognition of SPRC meet BOT's requirements on having a clear foreign exchange risk management policy, as well as appropriate governance and internal control framework.



"Outstanding Company Performance Awards" at the SET Awards 2018 category of SET market capitalization of over Baht 30 billion – Baht 100 billion, by the Stock Exchange of Thailand and money & Banking magazine.



### 10.3 Corporate Social Responsibility (CSR)

Realizing that business is part of society and SPRC has always striven to drive sustainable business growth in parallel with environmental care and concern for community and society impact. SPRC is committed to participating in the development of society and sustainably elevating people's quality of life. We also embed the Sufficiency Economy in our business aspect as well as in encouraging self-sustaining communities and societies. SPRC therefore implements its corporate social responsibility under four key areas; education and youth, quality of life, environment, and relationships. Our staff also initiates and participates in CSR theme "Do Good Look Great with Nong Star". In 2018, SPRC continued to carry out a wide variety of socially-responsible activities dedicated to improve the quality of life of community and society.

#### Education and Youth

SPRC aims to extend our safety knowledge and culture to surrounding communities in the Rayong area so that they know how to identify potential risks and appropriate mitigations and responses in their daily lives ensuring their own safety as well as other members of their family and community.

SPRC has provided support for The Chemical Engineering Development Course for students from the Vocational Chemical Engineering Practice College (V-ChEPC) Project, Map Ta Phut Technical College for

the 11th consecutive year. This program is also supported by other major corporations and governmental institutions. In 2018, SPRC provided Baht 1 million to support the start of the project's phase 4 from 2017-2019. This has provided an opportunity for students at Map Ta Phut Technical College to continue their academic career to become petrochemical experts and professionals. SPRC also offered 4 students from Map Ta Phut Technical College internships at SPRC to create petrochemical experts for the future, networking between the community, academic institutions and reinforcing local educational institution qualities in the Map Ta Phut area. A student who was interns became full time employees at SPRC in 2018 and part of the SPRC Family.

SPRC provided scholarships with a value of Baht 10,000 each to students in 38 surrounding communities and a value of Baht 50,000 of 10 fishery groups that totaled Baht 430,000. This contribution from SPRC provides an opportunity for younger generations to pursue their academic passion and to develop a strong academic background for the next generation of employees, as well as building stronger relationships with communities.



### SPRC Academy

The SPRC Academy has been undertaken for the fourth consecutive year. In 2018, SPRC provided a course of "Excellent Safety Internship Program (ESIP)" for sharing safety knowledge and culture to 33 students to make them more aware of safety concepts and able to apply safety knowledge to themselves, family members and community.



We have also developed a Rayong Youth Program (RYP) with initiating a workshop of the safety engagement to school teachers. We engaged the teachers from Map Ta Phut Pan Pittayakhan school, Rayong Wittayakom Nikom-Uttasahakarm school, and Rayong Technical school, totaling 32 teachers to make them more aware of safety working and daily lives including sharing ideas and suggestions together. The workshop aimed to enhance safety and quality of life of teachers and students, and to develop the Rayong Youth Program (RYP) for next class of students.



### Quality of Life

SPRC organized the Mini-Marathon “Run For You” for 2nd consecutive year. The event was to promote the importance of good health, develop corporate unity, advocate for the company’s strong health and safety culture to the publics, as well as make contribution to the public good. The money used in purchase of medical equipment was gained through the organization of SPRC Mini-Marathon 2018. A complete set of advanced fetal monitor, two sets of Thawing and Warming of Plasma and Blood, and two of CPR manikins, which amounting Baht 1,130,000 to Rayong Hospital in Honor of Her Royal Highness Princess Maha and Chakri Sirindhorn. Moreover, SPRC donated Baht 1 million to support the purchase of medical and surgical equipment of H.M. Queen Sirikit Hospital, Naval Medical Department, Tambol Phlutaung, Amphur Sattahip, Chonburi province.





## Environment

SPRC promotes and supports environmental conservation and stewardship amongst communities as part of our Sustainability Strategy, focusing on the quality of watersheds, coastal management, and healthy ecosystems for fisheries.

For the sixteenth consecutive year, SPRC hosted this year's event alongside major corporations and governmental institutions in releasing aquatic animals into the sea. This project aims to restore and reinforce ecosystems along coastal areas of Map Ta Phut and areas of Rayong and to create an awareness of sustainable development of marine ecology amongst communities. A total of 7,671,036 marine animals were released ranging from juvenile Blue Crabs, Tiger Prawns, Spotted Babylon sea snails, White Perches and Female Crabs.



Approximately 80 SPRC volunteers, contractors, the Ban Huay Mahad community and the Fuen Pa Rak Nam Khao Huay Mahad Environmental Conservation group participated in building 2 check dams and planting 320 trees on Huay Mahad mountain, Ban Chang, Rayong province. This project has been carried out for the sixth year, with a total of 85 check dams constructed. The check dams are constructed to slow the flow, reinforcing soil fertility and maintain healthy ecosystems.



## Community Relationships

SPRC maintains good relationships with surrounding communities through our commitment to improve their quality of lives. We support and participate in traditional festivals and public holidays such as Children's Day, Father's Day, Mother's Day and sport competitions. We also support communities in local religious and cultural activities such as making merit with roasted sticky rice in bamboos, Songkran festival, Kathin ceremony, Loykrathong festival, and many activities.

SPRC continued the Community Dialogue to further improve and strengthen relationships between SPRC and surrounding communities and fishery groups in the Map Ta Phut areas. Meetings were organized with community members for feedback and comments, informing them of future activities at SPRC and most importantly to understand their views and expectations from SPRC. SPRC held four Community Dialogues for the Soi Prapa community members, the Soi Ruam Pattana Community members, the Ta Lad Map Ta Phut community members, and the Ban Plong community members.



Please see the details in the Sustainability Report 2018, in accordance with Global Reporting Initiative (GRI).

#### 10.4 Anti-Corruption Policy

As provided in the Company's Business Conduct Policy, the Company is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practices Act (FCPA) and other laws that prohibit corruption to obtain an improper business advantage.

##### ○ Anti-Corruption Policy

The Board of Directors has established an Anti-Corruption Policy to ensure that the directors, management and all staff will conduct business transparently to prevent and act against corruption. The Anti-Corruption Policy applies to all Company personnel, including directors, management, employees, as well as the Company's representatives, agents, contractors and other intermediates or associates, who act on behalf of the Company. They are prohibited from engaging in acts of corruption such as paying bribes, accepting bribes, or other forms of undue or improper influence from all sectors, both government and private, where the Company does business. (Please find details in [www.sprc.co.th](http://www.sprc.co.th))

Furthermore, the Company encourages all of our business partners, vendors, suppliers and contractors to implement anti-corruption policies and practices in line with our Anti-Corruption Policy and conduct the business ethically and in a manner that counters corruption.

##### ○ Roles and Responsibilities

- The Board of Directors has delegated responsibility to the Audit Committee for overseeing and monitoring SPRC's internal controls and practices to ensure the effectiveness of this Anti-Corruption Policy.
- All management are responsible for assessing corruption risk exposure in their responsible areas, reviewing mitigation measures and ensuring adequacy of internal control processes to prevent corruption.
- All supervisors are responsible for monitoring and ensuring their staff are aware of and understand this policy, and follow the policies, procedures and internal controls to ensure SPRC maintains a corruption free business.
- The Corporate Compliance Officer (CCO) is responsible to implement adequate training and compliance programs for anti-corruption, handling any queries regarding this Policy and maintaining the records of sensitive transactions as required by applicable law and the US Foreign Corrupt Practice Act (FCPA).
- The Internal Auditor is responsible to review internal controls to ensure they are effective in countering corruption.

##### ○ Procedure

The Company's Business Conduct Policy and Anti-Corruption Policy are introduced to all new employees at orientation sessions. The Company always communicates its policies to all staff to

ensure they realize the Company has zero tolerance for corruption. The Company is committed to implementing and enforcing effective systems to counter corruption as well as to cultivate and promote ethical and responsible business values in our organizational culture.

All expenditures related to all Government Officials are considered as “sensitive transactions”. All sensitive transactions must obtain advance approval from the CCO and must be supported by appropriate documents and receipts. No accounts may be recorded or not recorded to conceal improper payments. False, misleading, incomplete, inaccurate, or artificial entries in the Company’s books, records or accounts are prohibited.

The Company provides guideline on expenditures regarding to gifts, meals, travel, lodging or entertainment for any government official as follows;

1. No expenditure of gifts, meals, travel, lodging or entertainment for any Government Official may be made for the purpose of improperly influencing any official action or to procure any improper advantage.
2. Upon advance approval from the CCO, SPRC may make payments on gifts, meals, travel, lodging or entertainment for any Government Official to secure performance of routine government actions by a Government Official (e.g. documents or administrative process), provided that such payment
  - a) is confirmed to be legal under all applicable laws,
  - b) is not made to a Government Official who holds decision making capability for approval, and
  - c) neither influences nor impacts the decision making that will be made by the Government Official.
3. Payments on gifts, meals, travel, lodging or entertainment for any Government Official may be made based on following justification;
  - a) Meals & Entertainment that
    - Conform to normal amenities
    - Are not Extravagant
    - Conform to customary practices, and
    - Are not improper or inappropriate entertainment e.g. adult entertainment at massage parlor, karaoke with hostess
  - b) Gifts or anything of value that
    - Conforms to normal amenities
    - No cash or other monetary instruments
    - Modest value
    - Be given publicly whenever possible
  - c) Transportation & travelling expenses, that are
    - Actual and reasonable travel expenses
    - No per-diem allowance
    - No unusual travel related activities e.g. recreational side trip
    - Not extended to relatives, friends or associates of officer
  - d) Hotel & Accommodations that are

- Limited to reasonable business necessity
- Not extended to relatives, friends or associates of officer

4. The following types of payments shall NOT be made:

- a) Expenditures for family members or guests accompanying the Government Official.
- b) Expenditures for additional days of travel to tourist destinations or visits to family or friends.

Furthermore, to maintain the highest ethical integrity, the Company's personnel are prohibited to request, and not allowed to accept, gifts and entertainment from our business partners, vendors, suppliers, contractors, and agents which may interfere or appear to interfere with personnel's ability to perform their duties and responsibilities in an ethical manner. However, only for special occasions and through approval of the supervisor, the Company's personnel may accept gifts and entertainment of modest value. Cash or any other monetary gifts are strictly prohibited.

In addition to internal communications, the Company has communicated its Anti-Corruption Policy to the Company's business partners, not only to declare the Company's commitment to conduct the business transparency without corruption, but also to encourage and support our business partners to do business without corruption. The Company uses this collaboration to build a corruption free business community.

- Communication on the Company's Anti-Corruption Policy to 10 companies at the Eastern Procurement Network workshop.
- The Company arranged "Cheer for Corruption Free" on the International Anti-Corruption Day, 9 December 2018, to promote anti-corruption. The Cheer for Corruption Free is a contest for spirit show in concept of anti-corruption. The objective of this activity is to engage and encourage people in all ages, genders, students and all kind of careers to participate and enjoy with the anti-corruption performances, i.e. sign, dance, comedy show, pantomime, traditional show, etc. which the participates for this contest are age 9 years old to 70 years old.
- The Company communicated Anti-Corruption Policy to all business partners. For 2019 New Year greeting season, the Company communicated to all vendors, contractors, and customers on a No Gift Policy with practice guidelines as follows:
  - SPRC expressed a desire not to request and accept gifts or any favors of any value from our Business Partners;
  - Business Entertainment is considered inappropriate unless SPRC shares in the cost of these events;
  - Any form of cash or cash equivalence is strictly prohibited;
  - In case any gifts cannot be refused or are unable to be returned, the gifts will be donated.

In 2018, the Company donated all received New Year gifts to Camillian Social Center, Rayong Province, the organization where provides assistance for people living with HIV/AIDS.

### **Protection of Employees who act in good faith**

The Company undertakes that the Company will protect our employees who refuse to pay bribes or other forms of undue or improper influence in good faith. The Company will ensure they are not liable to any penalty or other adverse consequence, even if such refusal may result in the Company losing business.

#### **○ Whistle-Blowing**

The Company has set up multiple whistle-blowing communication channels for anyone to report if they discover or suspect bribes or violation of the Anti-Corruption Policy or Business Conduct Policy by others. They can report to the Board of Directors, the Audit Committee or the Corporate



Compliance Officer:

a) By E-Mail

- To the Board of Directors at: [CompanySecretary@sprc.co.th](mailto:CompanySecretary@sprc.co.th) ,
- To the Audit Committee at: [AuditCommittee@sprc.co.th](mailto:AuditCommittee@sprc.co.th) , or
- To the CCO at: [CorporateCompliance@sprc.co.th](mailto:CorporateCompliance@sprc.co.th)

b) By sending the letter to the following address:

Attention to: Corporate Compliance Officer  
Star Petroleum Refining Public Company Limited  
No. 1 I-3B Road, Map Ta Phut,  
Amphur Muang Rayong, Rayong Province, 21150

The whistleblower is not required to disclose their name. If the whistleblower provides their name, SPRC undertakes that SPRC shall not disclose the whistleblower's name or any information that can be used to identify the whistleblower and shall keep such information as confidential. All reports will be taken seriously and no one will be discriminated against in any form as a result of reporting a violation or potential violation in good faith.

The Corporate Compliance Officer is responsible to ensure a proper investigation is held on any complaints and report any findings, and report results and corrective actions to the Audit Committee and the Board of Directors. If the whistleblower discloses his or her name, the Company will also respond on the investigation result to the whistleblower.

In 2018, the Company did not receive any complaints of corruption related to the Company's business.

○ **Certified company by the Thailand Private Sector Collective Action Coalition Against Corruption (CAC)**

To reinforce the Company's commitment to conduct business with transparency, the Company has joined the CAC since April 2016. In order to comply with the CAC's self-assessment, the Company has set up a team to be responsible on implementation and report the progress to the Audit Committee on quarterly basis. After completion of the self-assessment, the Internal Auditor reviews to ensure the Company's policy and implementation are in compliance with CAC's requirements and reviewed with the Audit Committee for their approval. The CAC Council reviewed and approved the Company as a certified member in November 2017. This certification recognizes that the Company has policies and practices against corruption conforming with the CAC's principles.

## 11. Internal Controls and Risk Management

The internal control framework is intended to ensure correct, reliable, comply with regulation and timely of reporting and management information. The aim of SPRC' internal control framework is to assure that operations are effective and endorses good corporate governance and risk management practices.

Each year, management and internal auditor undertake a formal evaluation of the adequacy and effectiveness of the control system by using the Evaluation Form for Adequacy of Internal Control System developed by the Securities and Exchange Commission ("SEC") as guidance. At the Board of Directors Meeting no. 4/2018, held on November 1st, 2018, the directors including the independent members reviewed the Assessment form and acknowledged that the internal control system is appropriately designed and operating effectively.

SPRC's internal control system aligns with the conceptual framework of COSO (The Committee of Sponsoring Organizations of the Treadway Commission), which is based on five key components that jointly facilitate good internal control. The COSO framework provides for three categories of objectives which are Operations objectives, Reporting objectives and Compliance objectives. The five components are described as follows:

- 1. Control Environment:** SPRC by the Board of Directors and management establish the tone at the top regarding the importance of internal control on the following:
  - The Board of Directors has approved the Business Conduct Policy, Corporate Governance Policy and Anti-Corruption Policy to support the functioning of the system of internal control. The Chief Compliance Officer (CCO) is responsible to conduct the communication program of those policy to be understood at all levels of the organization.
  - The Board of Directors has established a written Board's charter that clarifies the Board's Responsibilities. The board of directors defines, maintains and periodically evaluates the skills and expertise of the members. The Board of directors consists of independent directors who are knowledgeable, capable, and independent from management in evaluating and decision making.
  - The Board of Directors delegated the power of attorney to the Chief Executive Officer (CEO) to perform day to day operations. Management by CEO delegated his authority through the Manual Delegated of Authorities (MODA) to assign responsibilities and segregation of duties at the various levels of organization.
  - SPRC has established Human Resources Management system, strategy and action plans to attract, motivate, engage and retain employees in a happy working environment. SPRC has also established the people management system to ensure that competency and training needs is properly carried out and reviewed for all classes of employees.
  - SPRC has policy to attract, retain high performance employees and encourage them to excel in the organization through attractive remuneration and benefits that fairly and equitably reward employees. Performance appraisals and evaluation of performance indicators are used to evaluate employee performance.

- 2. Risk Assessment:** The Board of Directors approved the Risk Management policy and SPRC has established Risk Management Committee at the management level to overseeing the risk management system and program on the following:
- SPRC established risk management system which included the identification and assessment of risks relating to objectives.
  - SPRC identifies and analyzes key risk areas to the achievement of its objectives and determine how the risk are managed. The key risk areas are strategic risk, business risk, operational risk, financial risk, project risk, trading risk and compliance risk. SPRC conducted the strategic risk workshop to identify the key risk and develop a set of actions to be aligned with the risk tolerances and risk appetite.
  - SPRC considers the possibility of fraud occurrences such as fraudulent financial reporting, loss of assets, corruption, management override of internal controls, material misstatements of financial statements, and misappropriation of assets.
  - SPRC also assesses the changes in external factors that may affect its business operations, internal controls and financial reporting and identifies and assesses changes that could significantly impact the system of internal control.
- 3. Control Activities:** SPRC applies control activities through policies and procedures to ensure the achievement of objectives. Control activities are performed at all level of SPRC, at various stages within business processes and over the technology environment. The Control activities include:
- SPRC sets internal control procedures covers all processes such as financial transactions, purchasing and supplier selection process and approval process of investing project and disbursement process. The Manual of Delegation Authority was set up to identify the authority level of management. The segregation of duties is built into the selection and development of the control activities.
  - SPRC establishes control activities over relevant Technology Infrastructure, Security management process, Development and Maintenance process to support the achievement of objectives. The user access review is reviewed twice yearly for control monitoring and ensure that effective control was performed.
  - SPRC has in place the mechanism to review and monitor related party transactions and report to audit committee quarterly.
  - SPRC required to comply with US laws – Sarbanes Oxley Act (SOX) section 404. The SOX testing continues to be performed in two rounds of testing each year to ensure processes and subprocesses are performed in accordance with SPRC's policies and procedures and achieved the objectives
- 4. Information and Communication:** Information is necessary to carry out internal control responsibilities to support the achievement of its objectives. Communication is the process of providing, sharing, and obtaining necessary information. SPRC obtains the quality of information and communication to support the functioning of the internal control as detailed below:
- SPRC develops the communication policy as a guideline framework to ensure the quality information is communicated clearly and effectively.
  - SPRC provide sufficient material information to support the consideration of the Board of Directors. The notice of meeting and the sufficient materials documents of meeting are be supplied to the Board of Directors not less than 7 days prior to the meeting.
  - Internal communication is disseminated throughout the organization with clear message from management. The internal communication channel such as quarterly staff presentation, e-mail

communication, bulletin board. New employees received the relevant information through on-boarding program which include SPRC vision and mission, acceptable work behaviors, employment regulations, learn about key company policies.

- Information to external parties is communicated regular on SPRC's website ([www.sprc.co.th](http://www.sprc.co.th)), which contains news and yearly financial statement. Quarterly interim financial reports are published externally on opportunity day and analysis meeting attended by the investor. The Annual Report is made available to shareholders and the general public, both as printed version and on SPRC's website.
- The board and management establish a whistle-blower program for employees to communicate concerns, instances of perceived misconduct, matters relating to financial reporting, or other significant matters that may impact internal control.
- SPRC provide special communication channel or secure channels to individuals in the company and external stakeholders for safely reporting information via e-mail to [CompanySecretary@sprc.co.th](mailto:CompanySecretary@sprc.co.th), and/or [AuditCommittee@sprc.co.th](mailto:AuditCommittee@sprc.co.th), and/or [CorporateCompliance@sprc.co.th](mailto:CorporateCompliance@sprc.co.th)

**5. Monitoring Activities:** SPRC establish ongoing evaluations to ascertain whether each of the five components of internal control is present and functions effectively by the following:

- SPRC has internal auditor to provide an objective perspective on key elements of the internal control to ascertain the internal control are present and functioning. Internal audit reports are distributed to management and the Audit Committee.
- Management and internal auditor establishes a practice to review the status of corrective actions taken to verify that reported deficiencies are remediated in a timely manner. Internal auditor report the status of the actions to Audit Committee on quarterly basis.
- The external auditors continuously examine the level of internal control over financial reporting. They review the quarter interim report and more detailed examination of the yearend financial reporting.

In year 2018, Internal audit assess the adequacy of internal controls for process-level of nine business processes include financial report and reconciliation process, payroll/benefit & Employee management, maintenance process, Project management, and Information Technology- SAP application. The outputs of the audits include action plans and programs for improvement. Findings are report to the Management and to the Audit Committee. There were no significant deficiencies and material weaknesses findings in the internal controls or any issues related to conflict of interest or fraudulent activities.

#### Assessment Form of Sufficiency of Internal Control System

##### **Concept and Objective**

Having an effective internal control system is extremely important for listed companies or companies that have members of the Public as shareholders as an effective system enables a company to protect, manage, and deal with risks or losses that may occur within a company and its stakeholders. Therefore, it is the responsibility of the Board of Directors to ensure that a company has an adequate internal control system that is sufficient to oversee that business operations are carried out efficiently according to targets, objectives, and relevant regulations, able to protect assets from corruption and losses, as well as organize accounts so that they are correct and reliable.

The Securities and Exchange Commission ("SEC") has coordinated with Price Waterhouse Coopers Thailand ("PwC Thailand") in developing this Evaluation Form for Adequacy of Internal Control System ("Evaluation Form") for the purpose of acting as a tool to assist companies to use in assessing the adequacy of their internal control systems.

This Evaluation Form has been put together in accordance with COSO<sup>1</sup> (The Committee of Sponsoring Organization of the Treadway Commission) and adjusted based on the new framework as of May 2013, simplified for ease of understanding, and adapted for listed companies in Thailand. The main questions can be separated into 5 categories in accordance with the original COSO, but have segmented the categories further into a total of 17 principles in order to understand and comprehend each question clearly.

### **Application Method**

A company should use this Evaluation Form as a guide in assessing or reviewing the adequacy of its internal control system at least once a year and may review additionally if an event occurs that may materially affect the company's operations. The assessment should be carried out by the Audit Committee and the Board of Directors in order to exchange views, align understanding, and determine a path for suitable application for the company.

Responses to the Evaluation Form for each section should be based on real practice. If the assessment finds that the company is still missing adequate internal control (whether it be a lack of systems in place or an inadequacy of systems in place), the company should explain the reasons and guidelines for correction.

## **Control Environment**

### **1. The organization demonstrates a commitment to integrity and ethical values**

<b>Question</b>	<b>Yes</b>	<b>No</b>
<p>1.1 Board of Directors and management set business direction which are based on principle of good ethics in carrying out operations, which cover:</p> <p>1.1.1 Execution of day-to-day responsibilities and decision-making of various tasks</p> <p>1.1.2 Interaction with partners, customers, and external parties</p> <p><i>Board of Directors Charter of SPRC clearly sets out the framework of responsibilities and accountabilities of the Board of Directors, which recognizes that SPRC's Chief Executive Officer (CEO) is authorized to oversee SPRC's day-to-day operations, while important strategic, business, operational and governance policy matters are reserved to the Board.</i></p> <p><i>In addition, SPRC's Business Conduct adopted since 2010 sets forth, amongst other things, its business objectives, as well as the responsibilities of SPRC to its shareholders, customers, employees, trading partners, and the community.</i></p>	<p>✓</p> <p>✓</p>	
<p>1.2 Statements that are clearly written out for management and employees to carry out and comply with ethics that cover:</p> <p>1.2.1 A suitable code of conduct for management and employees</p> <p><i>SPRC's Business Conduct clearly set forth SPRC's expectations of its management, employees, agents, and representatives in the manner in which it conducts its business.</i></p>	<p>✓</p>	

<sup>1</sup> Joint committee consisting of five major professional associations headquartered in the United States: the American Institute of Certified Public Accountants (AICPA), Institute of Internal Auditors (IIA), Financial Executives International (FEI), American Accounting Association (AAA), and Institute of Management Accountants (IMA)

Question	Yes	No
<p>1.2.2 Prohibiting management and employees to act in a way which may lead to conflict of interests with the company, including prohibiting corruption which may lead to damages to the organization<sup>2</sup></p> <p><i>SPRC's Business Conduct has an entire section dedicated to Conflicts of Interest. This includes (1) avoiding accepting or giving gifts, fees, favors or other advantages, (2) setting framework for entering into related party transactions, and (3) prohibiting insider trading.</i></p>	✓	
<p>1.2.3 Suitable penalties in place if violate above procedures</p> <p><i>SPRC's Business Conduct requires all personnel, both management and employees, to comply with Business Conduct. Failure to comply could result in disciplinary action as further described in the Staff Manual.</i></p>	✓	
<p>1.2.4 Penalties for non-compliance are communicated to management and employees, for example through orientations for new employees, having employees sign documents acknowledging requirements and penalties at least once a year, and distributing code of conduct to employees and 3<sup>rd</sup> parties for awareness</p> <p><i>Business Conduct is provided to all personnel, both management and employees, at the initial orientation as well as every set intervals. All personnel are required to read and acknowledge the Business Conduct Policy. In year 2018, all new employees signed the acknowledgement and declared conflict of Interest.</i></p>	✓	
<p>1.3 Processes in place to monitor and assess compliance with Code of Conduct:</p> <p>1.3.1 Monitoring and assessment by internal audit unit or compliance unit</p> <p><i>Business Conduct designates Chief Compliance Officer (CCO) to have the responsibility for activities related to the proper implementation of SPRC's corporate compliance program CCO will report to the Audit Committee on a quarterly basis.</i></p> <p>1.3.2 Self-assessment of management and employees</p> <p><i>Each management and employee has to perform Compliance Health Check, a test of understanding of SPRC Business Conduct, which is done every 3 years. Such test is considered self-assessment. Additionally, each management and employees must declare in Conflicts of Interest Declaration Form if they have any conflict of interest with the Company.</i></p> <p>1.3.3 Assessment by independent external experts</p>	✓	✓
<p>1.4 Timely response if non-compliance in relation to honesty and ethics is observed</p> <p>1.4.1 Processes in place detect violations within a suitable time period</p> <p><i>SPRC has various audit process such as business control audit, refinery management system audit, and ISO certification audit to detect non-compliance in a timely manner. A dedicated confidential line of communication is also in place for reporting non-compliance.</i></p>	✓	

<sup>2</sup> The company should determine internal control to align with anti-corruption policies and company's risks

Question	Yes	No
<p>1.4.2 Processes in place that create ability to penalize or deal with violations in a suitable manner and on a timely basis</p> <p><i>SPRC has Guidelines Employee Accountability Assessment applies to an incident when the initial investigation indicates a degree of human involvement in an incident that needs the further analysis. If it happens that there will be an incident error from People difficulty from their work reliability or safety whether intended or unintended, where the result is led to cause of incident or violate to company reputation, the result of this action will lead to disciplinary action.</i></p> <p>1.4.3 Corrective response in place for actions that conflict with honesty and ethics</p>	<p>✓</p> <p>✓</p>	

**2. The Board of Directors demonstrates independence from management and exercises oversight and the development of internal control**

Question	Yes	No
<p>2.1 Clearly distinguish roles and responsibilities of Board of Directors versus management by clearly specifying reserved matters for Board of Directors</p> <p><i>Charter of Board of Directors provides the clearly role and responsibilities.</i></p>	✓	
<p>2.2 Board of Directors sets targets for carrying out business that is clear and measurable as a guide for carrying out work for management and employees</p> <p>Board of Directors has to approve business plan and company KPI on yearly basis.</p>	✓	
<p>2.3 Board of Directors ensures the company determines roles and responsibilities of Board of Directors and management to be in compliant with the law and the charter, which includes the important roles of the Audit Committee, Auditor, Internal Auditor, and persons responsible for financial reporting</p> <p>Audit Committee was approved by the Board. The internal auditor and external auditor were approved by the Audit Committee.</p>	✓	
<p>2.4 Board of Directors are knowledgeable of the business and have expertise that can benefit the company or are able to ask for recommendations from experts in the related field</p> <p>Board of Directors Charter sets out qualifications of directors and states that the directors may obtain independent professional advice at SPRC's expense. SPRC has the Nomination and Remuneration Committee to review directors' qualifications annually.</p>	✓	
<p>2.5 Board of Directors consists of independent directors that are knowledgeable, capable, trustworthy, and are independent with regards to carrying out their duties. For example, not having business relationships with the company or other relationships which would affect the ability to use discretion and execute in an independent manner and in an amount that is adequate</p>	✓	



Question	Yes	No
The Board of Directors Charter requires the Board to comprise at least 3 independent directors, all of whom should be able to read and understand financial statements. Moreover, at least 1 independent director should have accounting and financial management qualification and at least 1 independent director should have detailed knowledge and understanding of the industry in which SPRC operates. SPRC has Board Charter which specifies the qualification and roles and responsibilities of independent directors.		
<p>2.6 Board of Directors oversee development and matters related to internal control for the organization, which includes building a control environment, risk assessment, control activities, information and communication, and monitoring</p> <p>The assessment of internal control was done annually. The Audit Committee regularly reports to the Board of Directors such matters as financial statements, internal control, risk management, compliance reports, related party transactions, etc.</p>	✓	

**3. Management establishes, with board oversight, structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives**

Question	Yes	No
<p>3.1 Senior management determines organization structure that supports attaining objectives of the company by analyzing the suitability of both the business and regulations as well as creating control efficiently. For example, separate responsibilities for important tasks which create checks and balances, create internal inspection work that reports to Audit Committee, and create a line for reporting that is transparent</p> <p><i>The segregation of duties (SOD) and user access review (UAR) were reviewed semi-annually. Internal auditor directly report to Audit Committee</i></p>	✓	
3.2 Senior management determines lines for reporting for the company by taking into account suitability of authority, duties, responsibilities, and communicating information	✓	
<p>3.3 Ability to suitability determine, assign, and limit authority and responsibility between Board of Directors of the company, senior management, management, and employees</p> <p><i>The Manual Delegated of Authorities (MODA) was developed to control over delegations of authority, a separation of expenditure and payment authorization. It was reviewed semi-annually.</i></p>	✓	

**4. The organization demonstrates a commitment to attract, develop, and retain competent individuals in alignment with objectives**

Question	Yes	No
4.1 The company has appropriate policies and practices for recruiting, developing and retaining competent employees as well as procedures for consistently reviewing such policies and practices	✓	



Question	Yes	No
<p><i>SPRC has a One Family culture, treating all its employees as family members.</i></p> <p><i>SPRC is committed to developing the functional and leadership capabilities of its staff on every level through our Individual Competency Development Plan along with our Career Path, Career Development and Knowledge Management initiatives. Additionally, the Talent Management Program has been implemented to reduce risk in terms of manpower planning, by producing a group of successors who can serve as middle and top management in the future.</i></p>		
<p>4.2 The company has in place performance evaluation mechanisms. Employees that meet expectations obtain rewards whereas those that do not meet expectation are treated accordingly. Such performance evaluation, rewarding and penalizing system are clearly communicated to employees</p> <p><i>SPRC sets procedures regarding staff short-term and long-term development plan called "Individual Competency Development Plan" which involves Line Manager/Supervisor assessing staff's individual competency against required level of the job to specify development needs. SPRC has in place performance evaluation mechanism and development plan for employees as it helps improve work quality which leads to fulfilling SPRC's and employees' objectives. In the staff performance appraisal, Performance Charter and Performance Appraisal, an appraisal form, is used by staff for demonstrating personal commitments to achieve the SPRC Core Values (such as safe behavior, IIF leadership role, personal development plan etc), personal contributions to achieving Company's key result areas and SPRC, department/section action plans, and year-end self-appraisal. This performance appraisal takes into account personal development plan, set and agreed between staff and Line Manager/Supervisor, well in advance before the appraisal time.</i></p>	✓	
<p>4.3 The company has procedures for timely preparation of and timely reaction to a shortage of competent employees</p> <p><i>Company Manpower requirements are approved annually as part of business planning process.</i></p>	✓	
<p>4.4 The company has procedures for recruiting, developing and retaining all management and employees alike, such as mentoring programs, training and seminars</p> <p><i>SPRC sets procedures regarding recruitment new employees (both internal and external recruitments) which begin with recruitment request from Department Manager until hiring or selecting internal staff for job movement.</i></p> <p><i>SPRC sets procedures to identify successors for key positions at middle and senior management levels to ensure a back-up resource in case of vacancy. Successors are identified from a pool of potential staff based on past performance, staff competencies and staff own wishes. Once the suitable staff is selected and a talent development plan for successors is finalized, the plan will be incorporated into Individual Competency Development Plan to provide job rotation opportunity or job assignment that relates and supports to staff career plan. Individual Competency Development Plan will be regularly monitored and followed up.</i></p>	✓	

Question	Yes	No
<p>4.5 The company sets material succession plans and procedures</p> <p><i>SPRC sets procedures to identify successors for key positions at middle and senior management levels to ensure a back-up resource in case of vacancy. Successors are identified from a pool of potential staff based on past performance, staff competencies and staff own wishes. Once the suitable staff is selected and a talent development plan for successors is finalized, the plan will be incorporated into Individual Competency Development Plan to provide job rotation opportunity or job assignment that relates and supports to staff career plan. Individual Competency Development Plan will be regularly monitored and followed up.</i></p>	✓	

**5. The organization holds individuals accountable for their internal control responsibilities in the pursuit of objectives:**

Question	Yes	No
<p>5.1 Board of Directors and management have procedures and communication in place which force all staff to hold responsibility for internal control and provide for improvement of execution process (if necessary)</p> <p><i>Refinery Management System was developed to ensure that all staff are responsible for the internal control and process improvement.</i></p>	✓	
<p>5.2 Board of Directors and management set measurable indicators to suitably evaluate the results of work, and set compensation and rewards appropriately by considering both implementation according to Code of Conduct and short-term and long-term objectives of the company</p> <p><i>SPRC believes in meritocracy and has in place a "pay-for-performance" philosophy. This allows SPRC to attract and retain top-notch personnel, to provide incentive and to reward excellence. Performance appraisals and evaluation of performance indicators are used to evaluate performance. SPRC also sets compensation measurement in the form of team reward for the firm as a whole. Team reward measures various aspects of performance which are process safety indicator (loss of containment), a number of environment incidents, operational availability, process utilization, margin improvement, waste elimination and efficiency improvement, and milestone achievement, each of which is given score to translate into additional bonus.</i></p>	✓	
<p>5.3 Board of Directors and management assess compensation and rewards continually by focusing on links with success of duties for adhering to internal control</p> <p><i>Employee performance evaluation include the success of duties based on the internal control on own area of responsibilities.</i></p>	✓	
<p>5.4 Board of Directors and management consider not creating too much pressure in implementing duties on staff</p> <p><i>Under One Family culture, SPRC encourages a work-life balance and provides training courses for its employees and has a corporate culture that emphasizes Incident and Injury Free.</i></p>	✓	

### Risk Assessment

**6. The organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to the objective.**

Question	Yes	No
<p>6.1 The company complies with applicable accounting standards appropriate to the business by demonstrating that items in financial reports have credible sources, complete and accurate display of rights or obligations of the company, suitable values, and complete and accurate disclosure.</p> <p><i>SPRC financial statement followed the Thai Financial Reporting Standard. External auditor performed for assurance of the financial statement on quarterly basis.</i></p>	✓	
<p>6.2 The company defines material financial reporting by considering important factors such as users of financial report, transaction size and trends of business</p>	✓	
<p>6.3 The company's financial reports truly reflect the operational activities of the company.</p>	✓	
<p>6.4 The Board of Directors or Risk Committee approve and communicate risk management policy to management and all employees to acknowledge and comply with the policy as a part of the culture of the organization.</p> <p><i>The Risk Management Committee reviews and approves risk matrix (comprising strategic risks, business risks, operational risks, financial risks, project risk, trading risk and compliance risk) which is then presented to Audit Committee on a quarterly basis. Information on the risks identified is then communicated to mid management to assign risk owner for monitoring and mitigation purposes.</i></p>	✓	

**7. The organization identifies risk to the achievement of its objectives across the entity and analyzes risk as basis for determining how the risks should be managed.**

Question	Yes	No
<p>7.1 The company identifies all types of risks which may affect the business entity, subsidiaries, divisions, operating units and functional levels.</p> <p><i>Risk identification process consists of members of Risk Management Committee, Company's leadership team, and representatives from Board of Directors and Audit Committee. Risk identification is part of annual risk management exercise, which involves each department to identify its risk, including strategic risk, business risk, operational risk, financial risk, project risk, trading risk, and compliance risk. The list is combined to form an overall organization risk picture for further assessment.</i></p>	✓	
<p>7.2 The company analyzes all types of risks which may occur from internal and external factors which include strategic risk, operational risk, reporting, compliance and information technology.</p>	✓	

Question	Yes	No
<i>SPRC conducted the strategic workshop on yearly basis to identify strategic risk, business risk, operational risk, financial risk, project risk, trading risk, project risk and compliance risk.</i>		
7.3 Management of all levels are involved in risk management.  <i>SPRC has in place system procedure for risk management that involves Leadership and middle managements who are responsible for preparing and validating their departmental risks and assurance plans.</i>	✓	
7.4 The company has assessed the importance of risks by considering the possibility of an event occurring and the resulting impact which may occur  <i>Risk assessment process will prioritize risks by profiling its potential and likelihood of impact and occurrence and mapping those risks profile onto a matrix.</i>	✓	
7.5 The company has measures and action plans to manage risks by acceptance, reduction, avoidance or sharing.  <i>SPRC system procedure for risk management involves management to select risk responses (avoiding, accepting, reducing, or sharing risk) – and develop a set of actions to be aligned with the entity's risk tolerances and risk appetite.</i>	✓	

**8. The organization considers the potential for fraud in assessing risks to the achievement of objectives**

Question	Yes	No
8.1 The company considers the possibility of fraud occurrences, covering various types of fraud such as fraudulent financial reporting, loss of assets, corruption, management override of internal controls, material misstatements of financial statements, and misappropriation of assets  <i>SPRC takes all reasonable steps necessary to ensure adherence to the compliance program requirements which include the continued use of internal and external auditors to monitor compliance with SPRC's accounting and related policies and standards, the detection of fraudulent financial practices and oversight concerning the adequacy of internal control procedures and controls.</i>	✓	

Question	Yes	No
<p>8.2 The company carefully reviews its objectives by considering the potential of achieving current target including considering reasonableness of employee incentives or compensations in a sense that they do not induce employees to act inappropriately. For example, setting unrealistic sales budget may induce employee to make false sales numbers</p> <p><i>SPRC has Refinery Management System in place to provide a management structure which SPRC business processes are integrally specified to achieve superior performance and ensure SPRC business processes are fit-for-purpose, sustained and continuously improved. Refinery Management System covers all of SPRC activities required to efficiently operate refining process which can be grouped into 4 areas: Quality, Environment, Health and Safety Management, Hydrocarbon Management, Asset Management and Administration Management. Refinery Management System also involves setting overall vision, mission, strategy and role and responsibilities as well as accountabilities of managements.</i></p>	✓	
<p>8.3 The audit committee considers and inquires management of the possibility of fraud occurrences and relevant preventive and corrective measures</p> <p><i>The possibility of fraud occurrence was reviewed and identify on the risk assessment process and also in the audit assessment process. The fraud risk assessment was performed when conducting an audit.</i></p>	✓	
<p>8.4 The company communicates policies and procedures to all employees</p> <p>All policy and procedures were kept in EDMS (Electronic Document Management System) which allow all employees access to those policy and procedures.</p>	✓	

**9. The organization identifies and assesses changes that could significantly impact the system of internal control**

Question	Yes	No
<p>9.1 The company assesses changes in external factors that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes</p> <p><i>SPRC Refinery Management System (RMS) covers all SPRC activities required to efficiently operate of crude oil refining process, including planning, receiving, processing blending, storage, transferring and quality controlling of crude oils, intermediates and petroleum. Maintenance of the facilities and utilities and financial controlling in support of SPRC. The semi-annual Management System (MS) reviews to ensure the SPRC RMS and other integrated MS are functioning toward desired performance and seeking for the continual improvement. In addition, SPRC has risk management system to identify, assess, profile, communicate, monitor and mitigate risks which quarterly reported to the Audit Committee.</i></p>	✓	
<p>9.2 The company assesses changes of business models that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes</p>	✓	
<p>9.3 The company assesses changes of organizational leaders that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes</p> <p><i>There is an assessment and preparation plan in place to avoid impact from change in leadership. Specifically, SPRC maintains system procedures for succession plan which will potentially reduce the effect of changes of organizational leaders on business operations, internal controls and financial reporting.</i></p>	✓	

**Control Activities**

**10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels**

Question	Yes	No
<p>10.1 The company's control measures are appropriate for risks and type of organization. For example, general environment, complexity of tasks, job characteristics, scope of work and other specific characteristics</p> <p><i>The company has in place a risk management policy, and Risk Management Committee to identify, monitor and manage risks in its organization.</i></p>	✓	

Question	Yes	No
<p>10.2 The company sets internal control procedures in writing and covers any processes appropriately such as policies and procedures for financial transactions, purchasing and general management as well as setting scope, power and delegation of authorities securely in order to prevent fraud. For example, setting up the authority level of management, approval process of investment projects, purchasing and supplier selection process, details of purchasing decision database, material of tool processes disbursement. The company also provides processes for the following cases:</p> <p><i>SPRC has MODA which describes delegation of authorities, There is a Contracting Procurement and Procedure (CPP) in place which describes authority for contracting procurements</i></p> <p>10.2.1 Collecting any information relating to major shareholders, directors, management and related persons as well as connected persons for follow up and review of related party transactions or conflicting transactions. The company also updates information regularly.</p> <p><i>SPRC keeps records of RPTs in its SAP system. Accounting department and Legal department determine whether transaction is considered RPT. SPRC updates RPT through sampling contracts and checks for consistency with existing contract terms.</i></p> <p>10.2.2 In situation where the company approved or entered into related party transactions which binds the company for a long term period such as sale/purchase agreement, loan agreement, and guarantee, the company has consistently monitored such agreements to ensure compliance with agreed terms and conditions during the period in which the company is bound (e.g. monitoring of debt servicing, and review of suitability of agreements)</p> <p><i>Mechanism is in place to review related party transactions incurred, even if they are part of normal course of business, which are part of a long-term agreement and these are reported to Audit Committee on a quarterly basis.</i></p>	<p>✓</p> <p>✓</p> <p>✓</p>	
<p>10.3 The company sets the internal control system to be appropriately flexible such as having a variety of manual and automated control, or having both prevention and monitoring control</p> <p><i>SPRC develops system procedures and Manual Delegated of Authorities (MODA) to control over the manual and automated transactions.</i></p>	<p>✓</p>	
<p>10.4 The company sets internal control systems in all levels of the organization such as group company, business unit, business section, department or process</p> <p><i>All employees must understand the internal controls relevant to their position and follow the policies and procedures related to those controls as stated in SPRC Business Conduct. In addition, the company has Refinery Management System which all levels such as leadership team, line manager, supervisor and etc. are involve in internal audit for management system which will be arranged according to the requirements of the international standard i.e. ISO 9001, ISO 14001, OHSAS 18001 and ISO/IEC 17025.</i></p>	<p>✓</p>	

Question	Yes	No
<p>10.5 The company completely separates responsibility of the following three duties in order to monitor each appropriately:</p> <p>(1) duty of approval;</p> <p>(2) duty of recording accounting transactions and information; and</p> <p>(3) duty of managing property</p> <p><i>The Company realizes the importance of segregation of duties and clearly segregates the following responsibilities: (1) duty of approval; (2) duty of recording accounting transaction and information; (3) duty of asset custody</i></p>	✓	



**11. The organization selects and develops general control activities over technology to support the achievement of objectives**

Question	Yes	No
<p>11.1 The company should govern the relationship between information technology for process implementation and methods for control of information technology systems</p> <p><i>SPRC Business Conduct has requirement on use of IT. The company also governs the relationship between information technology (IT) for implementation and methods for control IT system through IT security management.</i></p>	✓	
<p>11.2 The company should set methods for controlling infrastructure information technology appropriately</p> <p><i>The company has IT security and user policy and guidelines and IT security manage to control IT to control all employees and IT department to use IT system appropriately.</i></p>	✓	
<p>11.3 The company should set methods for controlling security information technology appropriately.</p> <p><i>IT security management process was developed.</i></p>	✓	
<p>11.4 The company should establish information technology control activities over the procurement process, the development process and technology system maintenance process appropriately</p> <p><i>IT security and user policy and guidelines cover user program development and change management for development IT system appropriately. For Procurement process, we set the segregation of duty and authority matrix in the SAP system We noted that SAP access rights were appropriate for the job responsibilities. The segregation of Duties (SOD) and Users Access Review (UAR) was reviewed semi-annually.</i></p>	✓	

**12. The organization deploys control activities through policies that establish what is expected and procedures that put policies into action**

Question	Yes	No
<p>12.1 The company has a secure policy for monitoring related party transactions of major shareholders, directors, management and related persons. The transaction must be approved in accordance with stated approval procedures such as Articles of Association, the Stock Exchange of Thailand regulations, Securities Exchange Commission, etc. in order to prevent opportunities for exploiting the company for personal benefit</p> <p><i>The Company has stated in the Business Conduct for entering into transactions with major shareholders, directors, management, and other related parties that may have conflicts of interests. The Company's Manual of Delegated Authorities (MODA) also sets the scope and approval limit for such transactions.</i></p>	✓	
<p>12.2 The company has a policy for considering approval of transactions by persons without interests in the transactions</p> <p><i>The Company has stated in the Business Conduct that business decisions should be made free from any conflict of interest.</i></p>	✓	
<p>12.3 The company has a policy for considering approval of transactions that yield the highest benefit to the company and are similar to conducting transactions on an arm's length basis</p> <p><i>The Company has stated in the Business Conduct that the related party transactions are to be conducted strictly on a commercial arm's length basis and the best interest of SPRC.</i></p>	✓	
<p>12.4 The company has procedures for monitoring the operation of subsidiaries or associate companies as well as guidelines for the company's representatives, which include directors or management of subsidiaries or associate companies</p>	N/A	
<p>12.5 The company sets roles and responsibilities for implementing policies and procedures by management and employees</p> <p><i>All employees have clear role and responsibilities to develop policies and procedures.</i></p>	✓	
<p>12.6 The policies and processes of the company are put into practice in a timely manner by competent staff as well as cover corrective procedures</p> <p><i>The company regularly reviews of SPRC business conduct and the MODA.</i></p> <p><i>Refinery Management System (RMS) was audited on annual basis to ensure the policies and procedures are up-to-date and put into practice.</i></p>	✓	
<p>12.7 The company regularly reviews policies and procedures to ensure they are suitable</p> <p><i>The company regularly reviews of SPRC business conduct and the MODA. RMS was audited on annual basis to ensure the policies and procedures are put into practice</i></p>	✓	

## Information &amp; Communication

**13. The organization obtains or generates and uses relevant, quality information to support the function of other components of internal control.**

Question	Yes	No
<p>13.1 The company determines information requirements for carrying out businesses from both internal and external sources that are qualified and are related to the business process</p> <p><i>SPRC develops system procedures and work instruction on the business process.</i></p>	✓	
<p>13.2 The company considers costs and benefits the company will receive including the amount and accuracy of the information.</p>	✓	
<p>13.3 The company provides sufficient material information to support the consideration of the Board of Directors. Material information includes details of the matters to be considered, reasons, impact on the Company, other options, etc.</p> <p><i>In proposing any matter to the Board of Directors for consideration, the management always provides sufficient detailed information to support the Board of Directors' consideration. At every meeting that the Board of Directors considers the matter, the management is present in the meeting to provide any explanation that the Board of Directors may need.</i></p>	✓	
<p>13.4 The company provides notice of meetings or documents of meetings which are sufficient, and necessary information for consideration to the Board of Directors before the meeting for at least the minimum period stipulated by laws.</p> <p><i>The Article of Association prescribes that invitation letters, meeting agendas and meeting documents are to be supplied to the Board of Directors not less than 7 days prior to the meeting, except in emergency case, in order to protect the rights and benefits of the Company. The Company sent invitation letters, the meeting agendas, and meeting documents to the Board of Directors not less than 7 days prior to the meeting.</i></p>	✓	
<p>13.5 The company provides minutes of the meeting which contain sufficient detail enabling shareholders to inspect the suitability of performance of the directors e.g. recording enquiries, opinions or observations of the directors on the considered matter, opinions of the directors who disagree with the proposed matter along with reasons, etc.</p> <p><i>The minutes of Board of Directors' meeting have recorded summarized information relevant to questions, opinions, and remarks in meeting, together with, if any, the differing opinions from other director and the reasons for those opinions. This information represents evidence that can be traced for the properness of the directors' performance.</i></p>	✓	

Question	Yes	No
13.6 The company has procedures as follows:		
13.6.1 Keeping records of important documents in a group	✓	
13.6.2 In situations where the company has been informed by the auditor or internal auditors that there are deficiencies in internal control, the company has completely corrected all deficiencies.	✓	
<i>The accounting department is responsible for keeping all accounting documents in an orderly manner within the legal timeframe. The Company has never been informed by the external auditor of any material deficiency in keeping accounting documents.</i>		

**14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of internal control.**

Question	Yes	No
14.1 The company has an effective process for communicating information internally and has appropriate communication channels for supporting the internal control.	✓	
<i>Company provides the internal communication via e-mail, quarterly staff presentation.</i>		
14.2 The Company provides important information to the Board of Directors on a regular basis and the Board of Directors can easily access the information or review various items as required. In addition, the Board can designate a person to be able to request additional information above that given by management, inquire the external auditors and internal auditors, organize the meeting of the Board of Directors and Executive Committee as requested and organizing meetings between the Board of Directors and the management.	✓	
<i>Board of Directors Charter has stated that directors shall have access to senior management and to any information of SPRC, as required. In addition, Directors may obtain independent profession advice if necessary.</i>		
14.3 The company provides special communication channels or secure channels to individuals in the company for safely reporting information or clues about fraud or corruption (whistle-blower hotline) to the company.	✓	
<i>The company provides special communication channels to report the potential violation to Corporate Compliance Officer. Moreover, reports may be made anonymously.</i>		

**15. The organization communicates with external parties regarding matters affecting the functioning of other component of internal control.**

Question	Yes	No
<p>15.1 The company has effective processes for communicating with external stakeholders and appropriate communications channel to support internal control e.g. providing officer or investment relation or complaint center, etc.</p> <p><i>Supply and Planning department has maintained a complaint center to receive comments related to products from external stakeholders. SPRC has an extensive community outreach program where SPRC works with the community to understand concerns from the community, support the community, and look for opportunities to engage the community in its work. Investor Relation developed yearly IR program to communicate our performance to shareholders.</i></p>	✓	
<p>15.2 The company provides special communication channels or secure channels to individuals in the company for safely reporting information or clues about fraud or corruption (whistle-blower hotline) to the company.</p> <p><i>SPRC communicates with external stakeholders through its website. The communication channel via e-mail to <a href="mailto:CompanySecretary@sprc.co.th">CompanySecretary@sprc.co.th</a>, <a href="mailto:AuditCommittee@sprc.co.th">AuditCommittee@sprc.co.th</a> and <a href="mailto:CorporateCompliance@sprc.co.th">CorporateCompliance@sprc.co.th</a>,</i></p>	✓	

## Monitoring Activities

**16. The organization selects, develops and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.**

Question	Yes	No
<p>16.1 The company sets procedures for monitoring compliance of business conduct and restriction on management and employees regarding conflict of interest such as designating each department to monitor and report to its superior or designating the internal control unit to monitor and report to audit committee</p> <p><i>SPRC Business Conduct deals with FCPA (US Foreign Corrupt Practices Act)</i></p>	✓	
<p>16.2 The company organizes the internal control system audit by self-audit and/or independent internal auditor</p> <p><i>The company has the internal auditor to monitor internal control system. In addition, The company has an internal audit for management system which will be arranged according to the requirements of the international standard i.e. ISO 9001, ISO 14001, OHSAS 18001 and ISO/IEC 17025.</i></p>	✓	
<p>16.3 The frequency of monitoring and evaluation is appropriate to the change of the Company.</p> <p><i>The annual audit plan, covering financial business process, operational business process, and business process on management concern areas, has been set in advance and presented to the Audit Committee. The audit results have also been reported to the Audit Committee quarterly.</i></p>	✓	
<p>16.4 Monitoring and evaluating the internal control system by knowledgeable and capable persons</p> <p><i>The internal control system has been monitored by the internal auditor who has an experience on internal audit</i></p>	✓	
<p>16.5 The company has set the internal control unit to report directly to the audit committee.</p> <p><i>The internal auditor direct report to Audit Committee</i></p>	✓	
<p>16.6 The company encourages internal audits to be performed in accordance with International standards for the professional practice of Internal Auditing (IIA)</p> <p><i>SPRC encourages Internal Auditor to acquire the Certified Internal Auditor license (CIA). The Internal Auditor adopts International standards for the professional practice of Internal Auditing (IIA.)</i></p>	✓	

**17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate**

Question	Yes	No
<p>17.1 The Company evaluates and communicates the weakness of internal control and rectifies it on time in the case that the operation occurred is significantly different from the target.</p> <p><i>The Company evaluates and reports internal audit reports to audit committee in order to monitor and rectifies it</i></p>	✓	
<p>17.2 The Company has reporting policies as follows:</p> <p>17.2.1 The management must report to the board of directors immediately in the case that there is any suspicion of severe fraud, breach of laws, or unusual actions that may materially affect the image and financial position of the Company.</p> <p>17.2.2 Report weakness that is material in nature together with rectification (even if the rectification process has already commenced) to the board of directors/audit committee to consider within a reasonable timeframe</p> <p><i>The company reports internal audit findings to Audit Committee quarterly</i></p> <p>17.2.3 Report the progress of the improvement on material weakness to the board of directors/audit committee.</p> <p><i>The company reports internal audit findings to Audit Committee quarterly</i></p>	<p>✓</p> <p>✓</p> <p>✓</p>	

**12. Related Party Transactions**

SPRC has entered into related party transactions with its major shareholder, Chevron and affiliates. Related party transactions include purchases of crude and feedstock, sales of products, and for services for technological and operational expertise.

**Justification for Related Party Transactions**

All related party transactions are carefully considered to ensure that the terms are appropriate, and payments made in accordance with the policies and procedures. Internal Auditor performs a review and obtains appropriate evidence of related party transactions and reports to the Audit Committee on quarterly basis. The Audit Committee reviewed the terms of all relevant related party transactions and is satisfied that the transactions have been entered into in the ordinary and usual course of business, on normal commercial terms, and on the arm's length basis, or on terms that would have been similar to the transactions entered into with other non-related party transactions and is for the best benefits of SPRC.

**Approval for Future Related Party Transactions**

The Board of Directors delegated the authority to the Chief Executive Officer (CEO) to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million, and/or for related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, with a term not exceeding 12 months (regardless of the amount of those transactions). All RPT transactions are reported to the Audit Committee on quarterly basis.

The Board of Directors is responsible for taking the decision to approve Related Party Transactions that are above the authority delegated to the Chief Executive Officer (CEO). The Audit Committee reviews the future RPT to ensure the transactions are fair and reasonable, on normal commercial terms and usual course of business. The Audit Committee endorses the future RPT to the Board of Directors for approval.

In a meeting of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best interests of all shareholders.



A list of all transactions types which are carried out between SPRC and Chevron and its affiliates for year end December 31, 2018 as follows:

**1. Revenue - sale of products**

Connected Party/Relationship	Natural of Transactions	Amount of Y2018 (US\$ Million)
<b>Chevron Thailand Limited (CTL):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares  (Mr. Andrew Benjamin Walz is an executive of CTL. As the President of International Products, Asia Pacific, Chevron International Pte., Ltd., he has management oversight of CTL).  Mr. Timothy A Potter (Director and CEO), His spouse is a Chevron employee and employed by CTL. She holds the position of Project Manager – Customer Value Proposition focused on enhancing the customer and retailer experience as a working member of the project team and not as a manager or decision maker of CTL.	Sales of Products (Purchase and Sale Agreement)	3,284.7
	Purchase, Sale and Storage Products Agreement (Fixed Reserved)	<0.1
	Account Receivable	141.8
<b>Chevron U.S.A. Inc. (Singapore Branch):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares  (Ms. Kheng Ling Lok is an executive of Chevron U.S.A.Inc. (Singapore Branch) As the General Manager, Crude Supply and Trading, Asia Pacific, Chevron U.S.A. Inc. (Singapore Branch), she has management oversight of Chevron U.S.A. Inc. (Singapore Branch)	Sales of Product (Purchase and Sale Agreement)	85.1
	Account Receivable	4.8
<b>Chevron Singapore Pte Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Sales of Products (Purchase and Sale Agreement)	2.1

**2. Payment – Purchase of crude and feedstock**

Connected Party/Relationship	Natural of Transactions	Amount of Y2018 (US\$ Million)
<b>Chevron U.S.A. Inc. (Singapore Branch):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares (Ms. Kheng Ling Lok is an executive of Chevron U.S.A.Inc. (Singapore Branch) As the General Manager, Crude Supply and Trading, Asia Pacific, Chevron U.S.A. Inc. (Singapore Branch), she has management oversight of Chevron U.S.A. Inc. (Singapore Branch)	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	2,623.5  148.5
<b>Chevron Singapore Pte Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of LSWR (Feedstock Supply Agreement)	127.7
<b>Chevron Block B8/32 (Thailand) Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	10.6  1.5
<b>Chevron Offshore (Thailand) Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	82.6  10.4
<b>Chevron (Thailand) Exploration and Production Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	244.6  19.6
<b>Chevron Asia Pacific Shipping Pte:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	10.9  0.75
<b>Chevron Pattani Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)  Account Payable	16.9  2.3
<b>Chevron Thailand Limited (CTL):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares (Mr. Andrew Benjamin Walz is an executive of CTL. As the President of International Products, Asia Pacific, Chevron International Pte., Ltd., he has management oversight of CTL.) Mr. Timothy A Potter (Director and CEO), His spouse is a Chevron employee and is employed by CTL. She holds the position of Project Manager – Customer Value Proposition focused on enhancing the customer and retailer experience as a working member of the project team and not as a manager or decision maker of CTL.	Purchase of Lube Oil (Purchase Order)	0.1

**3. Payment – Technical Services and Other Services**

Connected Party/Relationship	Nature of Transactions	Amount of Y2018 (US\$ Million)
<b>Chevron Asia Pacific Shipping Pte:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Marine Services Transportation Agreement	0.7
<b>Chevron Oversea Services Corporation (COSC):</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Technical Service Agreement	1.2
	Technical Service License Agreement	1.6
	Secondment Agreement Personnel	1.5
	Account Payable	0.2

**4. Non- Payment Services**

Connected Party/Relationship	Nature of Transactions	Amount of Y2018 (US\$ Million)
<b>Chevron Research and Technology Company:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	HVGO License Agreement	-
<b>Chevron Lummus Global LLC:</b> Affiliate of Chevron which directly or indirectly hold 50% of shares	DHTU License Agreement	-
<b>Caltex Service Corporation:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	VDU License Agreement	-
<b>Chevron South Asia Holding Pte Ltd.:</b> Affiliate of Chevron which directly or indirectly hold 100% of shares	Support Agreement	-