



## 7. Securities and Shareholder Information

### • Registered Capital and Paid-up Capital

The Company's registered capital amounted to Baht 1,376,923,157 of which Baht 1,376,923,157 was paid up. An equal number of common shares were issued at a par value of one Baht each.

### • Shareholders

<b>Top 10 Major Shareholders (as of March 6, 2017)</b>		<b>Number of Shares</b>	<b>Shareholding (%)</b>
1.	Vayupak Fund 1	214,866,400	15.60
2.	Social Security Office	197,134,697	14.32
3.	Ministry of Finance	137,442,767	9.98
4.	Thai NVDR Co., Ltd.	102,945,553	7.48
5.	Krungsri Dividend Stock LTF	41,339,400	3.00
6.	STATE STREET BANK EUROPE LIMITED	35,311,538	2.56
7.	AIA Company Limited-EQ4-P	30,000,069	2.18
8.	STATE STREET BANK AND TRUST COMPANY	24,203,598	1.76
9.	Bangkok Life Assurance PLC	21,456,800	1.56
10.	Krungsri Dividend Stock Fund	19,752,300	1.43
<b>Top 10 Total</b>		<b>824,403,122</b>	<b>59.86</b>
<b>Grand Total</b>		<b>1,376,923,157</b>	<b>100.00</b>

**Shareholders through Thai NVDR Co., Ltd.** Who owns more than 0.50% of the paid-up BCP shares

<b>Top Major Shareholders (as of March 6, 2017)</b>		<b>Number of Shares</b>	<b>Shareholding (%)</b>
1.	N.C.B.TRUST LIMITED-NORGES BANK 5	22,879,400	1.66
2.	BNY MELLON NOMINEES LIMITED	11,406,100	0.83
3.	THE BANK OF NEW YORK MELLON	8,964,200	0.65
4.	RBC INVESTOR SERVICES BANK S.A.	7,464,600	0.54
<b>Total</b>		<b>50,714,300</b>	<b>3.68</b>

Source: <http://www.set.or.th/set/companyholder.do?symbol=BCP-R>



## • Issuance of other securities

### Debentures

Bangchak was ranked at A (stable) for credit rating of the company and its debt instruments by TRIS Rating Co., Ltd. Below are the details of its debentures as of December 31, 2016 and 2015:

	Consolidated financial statements		Separate financial statements	
	Year-end 2016 (Baht million)	Year-end 2015 (Baht million)	Year-end 2016 (Baht million)	Year-end 2015 (Baht million)
Debentures	16,000.00	16,000.00	16,000.00	16,000.00
Less issuance expenses before amortization	(12.43)	(15.79)	(12.43)	(15.79)
<b>Total</b>	<b>15,987.57</b>	<b>15,984.21</b>	<b>15,987.57</b>	<b>15,984.21</b>

On March 3, 2015, Bangchak issued debentures which unsubordinated and unsecured without a Debentureholders' Representatives in the Name-Registered Certificate valued at Baht 1,000 each. Interest is paid every June 30 and December 30 through maturity of each tranche, detailed below:

Value (Baht million)	Interest rate (% per year)	Maturity (years)	Maturity date
2,000	4.72	12	March 3, 2027
1,000	5.05	15	March 3, 2030

On April 11, 2014, Bangchak issued debentures which unsubordinated and unsecured without a Debentureholders' Representatives in the Name-Registered Certificate valued at Baht 1,000 each. Interest is paid every June 30 and December 30 through maturity of each tranche, detailed below:

Value (Baht million)	Interest rate (% per year)	Maturity (years)	Maturity date
2,000	3.73	3	April 11, 2017
2,000	4.35	5	April 11, 2019
2,500	4.81	7	April 11, 2021
3,500	5.18	10	April 11, 2024



On April 30, 2012, Bangchak issued debentures which unsubordinated and unsecured without a Debentureholders' Representatives in the Name-Registered Certificate valued at Baht 1,000 each. Interest is paid every June 30 and December 30 through maturity of each tranche, detailed below:

Value (Baht million)	Interest rate (% per year)	Maturity (years)	Maturity date
2,000	4.92	7	April 30, 2019
1,000	5.35	10	April 30, 2022

Under the requirement governing debenture issuers' rights and duties, Bangchak must comply with the stated requirements and conditions, including the maintaining of financial ratios.

#### • Dividend policy

The Bangchak Petroleum Public Company Limited has the policy to pay out dividend to the shareholders at the rate of not less than 30 percent of net profit after deduction of allocation of legal reserve. However, this is subject to the economic situation, the Company's cash flow and investment plans of the Company and its subsidiaries according to the necessary, appropriation and other concerning as the Board of Directors' consideration

#### Dividend Payment History

Year	2011	2012	2013	2014	2015	2016 (first half)
<b>Earnings per share (Baht/share)</b>	4.24	3.10	3.38	0.52	3.01	1.79
<b>Annual dividend (Baht/share)</b>	1.65	1.25	1.35	1	2.00	0.80
<b>Dividend rate (%)</b>	39	40	40	192	66	45

#### Subsidiaries' dividend policies (only dividend-paying ones)

- Bangchak Green Net Co., Ltd.

For a given fiscal year, the holders of preferred shares are entitled to annual dividends equivalent to the average daily interest rates for one-year fix deposits announced by Krungthai Bank Plc plus 3%. Dividends are paid in proportion to each paid-up share value when the dividends are paid out as stated in the resolution of the annual general meeting of



shareholders (AGM). For a given year, if the company's profit is less than the dividends calculated for holders of preferred shares, all dividends are to be paid from such profit to holders of preferred shares only, and none is to be paid to holders of common shares. Any outstanding dividends for holders of preferred shares will be carried forward or accumulated to the following year along with those for the holders of common shares. For a given year, if the company's profit exceeds the dividends calculated for holders of preferred shares, the AGM will approve dividends for holders of common shares, case by case.

- Bangchak Biofuel Co., Ltd.

Dividend payment must have the approval of an AGM and will be made only when the company has allocated at least 5% of its net profit in a given year as provisional capital until the provisional capital reaches 10% of the registered capital. The Board may consider interim dividend payment to shareholders but not as long as it still has cumulative losses.

- BCPG Public Company Limited

This company's dividend payment is no lower than 40% of its net profit according to separate financial statements after deduction of all reserved funds under its regulations and related laws. The Board of Directors' resolution on dividend payment will be raised for the approval of the shareholders at the AGM, except for interim dividend payment, which the Board authorized to approve and make a subsequent report to shareholders' meeting. Dividend payment is subject to each year's economic situation, BCPG's cash flow, and investment plans of BCPG and affiliates. The Board, however, will also take into consideration other factors as seen appropriate.

- Bangchak Solar Energy Co., Ltd., and five other companies under project areas

This company's dividend payment is no lower than 80% of the net profit appearing in its separate financial statements after deducting all provisions under the company's regulations and under the law, subject to the cashflow remaining after deducting the company's annual obligations and annual investment plan requirements, together with other considerations considered suitable and essential by its board of directors.



## 8. Management Structure

The Board of Directors and the management perform in the best interests of Bangchak and its shareholders under a clear, balanced, and accountable management structure. The Board monitors and ensures that the management implements its policies, plans and strategies, and that there is clear distinction of roles and responsibilities between the Board and the management.



Notes: The Audit Committee considers, appoints, transfers, and assesses the performance of the head of Internal Control Office, in addition to reviewing the unit's independence

### 1. Board of Directors : 15 Directors (As of December 31, 2016)

	Name	Position	Appointment date
1.	Mr. Pichai Chunhavajira	- Chairman	April 24, 2012
2.	Prof. Dr. Chai-Anan Samudavanija	- Vice Chairman (Independent Director) - Chairman of the Nomination and Remuneration Committee	April 24, 2003
3.	Mr. Surin Chiravisit	- Vice Chairman (Independent Director) - Chairman of the Corporate Governance Committee	April 8, 2010



Name		Position	Appointment date
		- Member and Secretary of the Nomination and Remuneration Committee	
4.	Mr. Suthep Wongvorazathe	- Independent Director - Chairman of the Audit Committee - Member of the Nomination and Remuneration Committee	October 30, 2012
5.	Pol.Lt.Gen. Chaiwat Chotima	- Independent Director - Member of the Audit Committee - Member of the Nomination and Remuneration Committee	April 9, 2014
6.	Lt.Gen.Apirat Kongsompong	- Independent Director - Member of the Nomination and Remuneration Committee	September 26, 2014
7.	Adm. Sucheep Whoungmaitree	- Independent Director - Member of the Corporate Governance Committee	May 26, 2015
8.	Mr. Krisada Chinavicharana	- Independent Director - Member of Audit Committee	November 23, 2015
9.	General Vitch Devahasdin	- Independent Director - Member of the Corporate Governance Committee	April 5, 2016 (replacing Dr. Vikrom Koompirochana)
10.	Mrs. Prisana Praharnkhasuk	- Independent Director - Member of the Audit Committee	April 5, 2016 (replacing Asst.Prof.Dr. Anusorn Tamajai)
11.	Mr. Prasong Poontaneat	- Director (Representative from Ministry of Finance) - Chairman of the Enterprise-wide Risk Management Committee	April 24, 2012
12.	Mr. Visit Vongruamlarp	- Director (Representative from Ministry of Finance) - Member of the Enterprise-wide Risk Management Committee	April 8, 2015
13.	M.L. Puntrik Smiti	- Director (Representative from Social Security Office) - Member of the Corporate Governance Committee	October 27, 2015
14.	Dr. Prasert Sinsukprasert	- Director - Member of the Enterprise-wide Risk Management Committee	April 5, 2016 (replacing Mrs. Arunporn Limskul)
15.	Mr. Chaiwat Kovavisarach	- President and Chief Executive Officer - Member and Secretary of the Corporate Governance Committee	October 30, 2012





Name		Position	Appointment date
		<ul style="list-style-type: none"> <li>- Member and Secretary of the Enterprise-wide Risk Management Committee</li> <li>- Secretary to the Board of Directors</li> </ul>	
<b>Directors whose terms were completed and resigned in 2016</b>			
1.	Asst.Prof.Dr. Anusorn Tamajai	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Chairman of the Audit Committee</li> </ul>	April 25, 2002 (Completed term on April 5, 2016)
2.	Mrs. Arunporn Limskul	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Member of the Audit Committee</li> </ul>	April 10, 2013 (Completed term on April 5, 2016)
3.	Dr. Vikrom Koompirochana	<ul style="list-style-type: none"> <li>- Independent Director</li> <li>- Chairman of the Corporate Governance Committee</li> </ul>	April 10, 2013 (Being Independent Director on May 22, 2015) (Completed term on April 5, 2016)

**The names and number of the authorized directors who have authority to sign on behalf of the Company are:** Mr. Pichai Chunhavajira jointly with Mr. Chaiwat Kovavisarach with affixation of the Company's seal or any one of these two directors signs jointly with Mr. Surin Chiravisit or Mr. Suthep Wongvorazathe or Pol.Lt.Gen. Chaiwat Chotima or Lt.Gen.Apirat Kongsompong or Mr. Visit Vongruamlarp or Adm. Sucheep Whoungmaitree or Mrs. Prisana Praharnkhasuk, being two persons, with affixation of the Company's seal.

### **Board structure**

- Board Diversity prevails, equipped with a series of skills matching Bangchak's business strategies, which are identified through Board Skill Matrix preparation
- The Board consists of minimum 5 and maximum 15 directors without gender discrimination. Today there are 15 of them, with two female members.
- Independent directors account for more than one-third of the Board. Today there are 9 of them, which exceeds half of the Board, thus conforming to good governance.
- **The Chairman cannot be the same person as the President and Chief Executive Officer and does not belong to any subcommittee in view of clear-cut responsibilities and duties.**

### **Independent Directors**

There is a need to ensure that independent directors are critical to good governance, looking after the interests of Bangchak and its shareholders



by imposing checks and balances on Board decision-making and commanding awareness of their duties with due regard for righteousness and free views from any party's influence. The Board therefore devised definitions and qualifications of independent directors in Section 3 of the corporate governance policy, with stricter shareholding requirements than those of SEC and SET, that is, 0.5% against the legal maximum of 1% of the total eligible voting shares of Bangchak, its parent company, subsidiaries, associates, major shareholder or controller, and independent directors' related parties.

### **Appointment and dismissal of Directors**

1. Shareholder's meetings elect Directors through majority voting with one shareholder holding one vote per share held and can elect Directors individually. The candidates with the most votes are to be appointed Directors up to the number open at the meeting. If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.
2. In every Annual General Meeting (AGM), one-third of the Directors must retire. If this number is not a multiple of three, then the number nearest to one-third. The names of the Directors to retire during the first and second year after the Company was registered are to be drawn by lots if not agreed otherwise. For subsequent years, those with the longest terms must retire. The retired Directors can be re-elected.
3. Other than the completion of term, a Director may retire for to the following reasons:
  - death
  - resignation (effective from the date the Company receives the letter of resignation)
  - lack of qualifications according to the Public Company Limited Act and the Securities and Exchange Act
  - decision of the shareholders' meeting to resign according to the Public Company Limited Act
  - court order
4. In case a Director's position is vacant due to other reason than the completion of term, the Board of Directors is to elect a candidate with qualifications according to the Company's regulations in the next meeting except when the Director's term is to be completed in less than two months. At least, a three-quarter vote of the Directors present at the meeting is required. The elected Director holds the position until the completion of term of the Director they have replaced.





### **Policy on Director Remuneration**

“To provide remuneration for Directors, the Company focuses on people with knowledge, capability, experience, sound career profile, leadership, vision, morality, ethics and good attitude toward the organization, who can dedicate adequate time for the Company’s benefit. Moreover, consideration was also given to Board diversity and Board skill matrix in order to nominate the Directors’ qualifications by **considering skills which have been missing and also appropriate qualifications in compliance with the structure of Directors and in line with the Company’s business strategies. Bangchak will also use Director Pool from the Thai Institute of Directors (IOD) to nominate directors** through transparent procedures to bolster the confidence of shareholders.”

### **Directors’ nomination**

1. Bangchak allows minor shareholders to nominate directors by submitting their names to the company.
2. The Nomination and Remuneration Committee (NRC) reviews Board structure for suitability and Bangchak’s strategic needs
3. NRC defines the competency and experience for directors to be nominated by using Director Qualifications and Skill Matrix so that they may match Bangchak’s goals and strategies
4. NRC proceeds with nomination and tables qualified persons for directors in place of those whose terms expire or for additional directors, using IOD’s Director Pool as part of the nomination process. NRC is also to nominate directors to its secretary.
5. NRC selects those qualified to be directors and tables their names for the Board’s endorsement
6. The Board endorses the list of directors for subsequent approval by the AGM.

### **Terms of Directorship**

The company decided that directors can serve for maximum consecutive terms as follows:

“The appropriate term for directorship is **no more than three consecutive terms (from 2008 onward)** except for when a director is deemed suitable to hold the position for a longer period. The Board will consider the independence and effectiveness of the director who is under consideration and defend their decision to the shareholders.”



Directors do not hold more than three consecutive terms, meaning that they cannot serve for more than nine years (three years in each term) to allow the Company to find other qualified Directors for the maximum benefit of the Company.

### **Roles, duties and responsibilities of the Board of Directors**

1. Carry out duties under laws, objectives and regulations of the Company as well as resolutions of shareholders' meetings with honesty, protect the Company's benefit and have accountability to the shareholders.
2. Lead the Company in business administration by defining and reviewing its vision, objectives, main goals, and business strategies, and by pursuing helpful information, while freely expressing views.
3. **Oversee the management's translation of strategic plans into operational plans, assess the outcomes and steer affiliates by requiring their management to report their performances and other key matters for the Board's acknowledgment every month.**
4. Manage business for sustainable value, which includes sound performance, creating value with long-term perspectives, ethical and responsible business that benefits or eases socio-environment impacts (Good Corporate Citizen), and resilience to changes.
5. Ensure that all Directors and employees are filled with Duties of Care and Duties of Loyalty, and that they are engaged in transactions free of conflicts of interest.
6. Independent and non-executive Directors are prepared to express their opinions freely in formulating strategies, management, use of resources, appointment of Directors and business standard as well as to disagree with other Directors or the administration on conflicts that affect the equality of all shareholders.
7. Establish a Corporate Governance Policy and Code of Conduct to guide Directors and employees, with an annual review and assessment.
8. Exemplify compliance with the Corporate Governance Policy and Code of Conduct, together with the Stock Exchange of Thailand's (SET's) policy on good practices for Directors of listed companies.
9. Establish an effective and reliable accounting system, financial report, internal controls and internal audit.
10. Establish a system for risk management through appropriate and sufficient risk management guidelines and measures, with regular monitoring.
11. Establish a suitable, transparent, and fair executive recruitment system under which Executive Vice Presidents upward must be appointed by the Board.



12. Establish a suitable executive compensation system to inspire them and benchmark them with prevailing industry practices, linking it with Key Performance Indicators (KPIs). Short-term compensation means monthly salaries and bonuses; long-term compensation is individually decided, for instance, Employee Stock Option Program (ESOP) and Employee Joint Investment Program (EJIP).
13. Appoint a Company Secretary under securities and exchange laws to advise the Board on essential laws and regulations, handle document preparation for Board meetings, handle key Board documents and activities, coordinate compliance with Board resolutions, and disclose the Company Secretary's qualifications and experience in the Annual Report and on the Company's website.
14. Regularly and fully report to the shareholders the corporate status and its outlooks (positive and negative) with adequate rationales.
15. Assess and review the performances of itself and the President and Chief Executive Officer each year for improvement.
16. Report on one's own portfolio of securities, as well as those of their spouses and children under legal age, in the Company and affiliated companies to the monthly Board of Directors' meeting and must report to the Company without delay in the following cases:
  - Directors or related person with vested interests in Bangchak's or its affiliates' management
  - Hold shares or debentures in the Company or the subsidiary companies.
17. Maintain the Company's inside information obtained from their job performance and refrain from exploiting such information for personal or other parties' gains. Undertake no securities transactions at least one month prior to announcement of financial statements and at least three days after such announcement
18. **Each Director cannot hold the position of Director in more than other two listed companies in the Stock Exchange of Thailand (SET), excluding Directors' current positions as of August 19, 2016, the policy-amending date.**

#### **Role of the Chairman, leader of the Board**

1. Steer, monitor, and ensure efficient performance of the Board in fulfilling the Company's objectives and main goals.
2. Ensure full participation by the Directors in advocating a corporate culture of ethics and Good Corporate Governance.
3. Set Board meeting agenda in consultation with the President and Chief Executive Officer, with measures to ensure that essential matters are included



4. Allocate adequate time for the management to table matters and for Directors to thoroughly discuss important matters
5. Promote Directors' exercising of full discretion, their attention to all matters brought to the meetings, and corporate governance matters
6. Promote sound relations between the Board and the management. Support the management's management without interfering in day-to-day affairs.

**The Board is authorized to approve various matters, including:**

- Vision, short-term and long-term strategic plans
- Annual plans and budgets
- Investment and operation of key projects for Bangchak and affiliates
- Management restructuring
- Dividend policy
- Performance assessment of itself and the President and Chief Executive Officer
- Decision on the President and Chief Executive Officer's compensation
- Appointment of Directors who resign during the year and that of sub-committees
- Designation of Directors authorized to sign and bind Bangchak
- Appointment of Executive Vice Presidents upward
- Appointment of Directors serving on Bangchak's affiliates and setting of oversight guidelines for such companies.

**Board meetings**

- Scheduled monthly meetings for the year are agreed in advance by the Board
- **Meetings among the non-management directors and the independent directors** at least twice a year, these preceded the Board meetings. The intention is to freely discuss general issues on management or corporate governance, with subsequent notification to President and Chief Executive Officer so that the management may take actions on such issues.
- **Each Board meeting should be attended by no less than three-quarters of the Board. The same applies to the number of Directors in attendance for each voting agenda item.**
- Each year, directors should attend no less than 75% of all Board meetings. (Directors should attend the meeting at least 9 of 12 times a year)



This year **the Board held 12 regular meetings, five extra meetings and two annual seminars on corporate strategies with the management to revise the corporate vision and set goals every five years (2015-2020)** under Bangchak's vision, mission, and values, together with an assessment of business circumstances.

### **Orientation of new directors**

Bangchak stages lectures and company visits and prepares a directors' manual for new directors to be informed of its business nature and approaches, relevant laws and regulations, Corporate Governance Policy, and other essential information that will prove useful to their efficient performance.

### **Directors' development**

Bangchak encourages its Board to undergo additional study and training to enhance their knowledge of Board roles and duties in efficient management under corporate governance. To this end, it applied for IOD memberships on behalf of all directors to benefit from related intelligence and knowledge accrual. This year the following directors took advantage of such training and study visits:

- Organizing a "Vision and Mega-Trend" seminar for the Board and management team
- Organizing a lecture on "Growth Trend of Electrical Vehicles" for the Board
- Organizing a visit to a geothermal power plant in New Zealand for the Board.
- Thai Institute of Directors (IOD) Program:
  - Advanced Audit Committee Program (AACP23/2016): Dr. Vikrom Koompirochana
  - Role of the Chairman Program (RCP38/2016): Dr. Vikrom Koompirochana
  - Boards that Make a Difference (BMD1/2016): Asst.Prof.Dr. Anusorn Tamajai
  - Director Certification Program (DCP221/2016): Adm. Sucheep Whoungmaitree
  - Director Certification Program (DCP229/2016): Dr. Prasert Sinsukprasert

As of today, three directors have attended IOD's Director Accreditation Program (DAP) and nine have attended its Director Certification Program (DCP). Training details appear under "The Board".



## Committees

The Board of Directors elected Sub-committees (or Committees) to facilitate the Company's business, undertaking with four sub-committees. The Committees can serve for three years in each term. Details about subcommittee charters appear in the Corporate Governance Policy, publicized on Bangchak's website.

### 1. Audit Committee (Audit Committee-AC)

Audit Committee must consist of at least three Independent Directors and at least one member must be knowledgeable experiences in accounting and finance or audit, sufficient for ensuring the reliability of the Company's Financial Report.

#### **Name**

#### **Position**

- |   |   |
|---|---|
| 1. Mr. Suthep Wongvorazathe                   | Chairman and Independent Director with expertise in accounting and finance                            |
| 2. Pol.Lt.Gen. Chaiwat Chotima                | Member and Independent Director   |
| 3. Mr. Krisada Chinavicharana                 | Member and Independent Director   |
| 4. Mrs. Prisana Praharnkhasuk                 | Member and Independent Director with expertise in accounting and finance, and graduated in accounting |
| Executive Vice President,<br>Internal Control | Secretary   |

### Scopes, duties and responsibilities

- 1) To ensure accuracy and adequacy of the Company's financial reporting according to the Accounting Principles governed by laws.
- 2) To ensure that the Company has suitable and efficient internal control system and internal audit and to assure the efficiency and adequacy of the risk management system.
- 3) To review the performance of the Company to ensure compliance with the securities and exchange law, regulations of the Stock Exchange of Thailand (SET) or laws relating to business of the Company.
- 4) To review a connected transaction or transaction that may lead to conflict of interest or acquisition and disposition of assets transaction to ensure compliance with the laws and regulations of the Stock Exchange of Thailand (SET), and that it is reasonable and brings the highest benefit to the Company.
- 5) To inspect and consider with the management on the defects that have been found out and on the responses from the management.
- 6) To empower the auditing and investigating of all related party under the authorization of the Audit Committee and also to authorize in





hiring an expert so as to audit and investigate in compliance with the Company's regulations.

- 7) To prepare a report of the Audit Committee and disclose it in the annual report of the Company, and have such report signed by Chairman of the Audit Committee.
- 8) To consider, select, nominate the person who is independent to be the Company's auditor, recommend remuneration of the Company's auditor and, at least once a year, attend the private meeting with an auditor without management.
- 9) To consider auditing scopes and plans of the external auditor and the internal control office so that they are contributory to each other and to reduce double operations as concerns financial auditing.
- 10) To approve the Charter, audit work plans, budget, training plans and manpower of the Internal Control Office
- 11) To appoint, transfer, and undertake annual evaluation of the Chief Audit Executive and review the independence of Internal Control Office.
- 12) To review the efficiency and effectiveness of internal control and risk management focusing on the issue of Information Technology.
- 13) In performing the duty of the Audit Committee, if there is transaction or act which could extremely affect the Company's financial status and the Company's performance, namely
  - (1) transaction which lead to conflict of interest
  - (2) dishonest, extremely unusual or remiss Internal Control system
  - (3) breaking the securities and exchange law, regulations of the exchange or laws relating to business of the Company,The Audit Committee has to report any of those to the Board of Directors so as to modify and revise within prescribed time. If the Board of Directors or executives does not modify and revise within prescribed time, the Audit Committee is able to report this transaction or act to the Securities and Exchange Commission or the Stock Exchange of Thailand.
- 14) To perform any other act assigned by the Board of Directors with approval of the Audit Committee.

**Audit Committee has rights to revoke the external auditor's contract if the external auditor does not perform, neglects its duties, or is engaged in malfeasance.**

## **2. Nomination and Remuneration Committee (NRC)**

The Nomination and Remuneration Committee consists of at least three persons, and more than half must be independent directors. At least one member must be knowledgeable or experienced in personnel



management. The Chairman of the committee must be an independent director.

<b>Name</b>	<b>Position</b>
1. Prof. Dr. Chai-anan Samudavanija (Resigned on January 26, 2017)	Chairman and Independent Director
2. Mr. Suthep Wongvorazathe	Member and Independent Director
3. Pol.Lt.Gen. Chaiwat Chotima	Member and Independent Director
4. Lt.Gen.Apirat Kongsompong	Member and Independent Director
5. Mr. Surin Chiravisit (Appointed as Chairman of NRC on January 26, 2017)	Member and Secretary, Independent Director

### **Scopes, duties and responsibilities**

1. Define required qualifications for potential Directors and President and Chief Executive Officer.
2. Recommend qualified candidates for the positions of Directors and President and Chief Executive Officer to the Board of Directors.
3. Define criteria of remuneration for Directors and the President and Chief Executive Officer.
4. Submit the remuneration for Directors to the Board of Directors and then for the shareholders for approval.
5. Submit the remuneration for the President and Chief Executive Officer to the Board of Directors for approval.
6. Review and summarize the President and Chief Executive Officer's succession plan every year and report it to the Board of Directors.
7. Perform duties assigned by the Board of Directors.

### **3. Enterprise-wide Risk Management Committee (ERMC)**

The Enterprise-wide Risk Management Committee consists of at least three persons and at least one member must be knowledgeable in risk management. External person can be member if qualified by the specified criteria.

<b>Name</b>	<b>Position</b>
1. Mr. Prasong Poontaneat	Chairman and Non-Executive Director
2. Mr. Visit Vongruamlarp	Member and Non-executive Director
3. Mr. Prasert Sinsukprasert	Member and Non-executive Director
4. Mr. Chaiwat Kovavisarach	Member and Secretary, Executive Director



### **Scopes, duties and responsibilities**

1. Set policy, strategies and objectives of the enterprise-wide risk management.
2. Develop enterprise-wide risk management system in view of continuous efficiency.
3. Promote enterprise-wide risk management at all levels of the organization.
4. Ensure that the Company has appropriate and efficient risk management.
5. The Chairman of the Enterprise-wide Risk Management Committee reports the findings to the Board of Directors' next meeting.
6. Perform duties assigned by the Board.

### **4. Corporate Governance Committee (CGC)**

The Corporate Governance Committee consists of at least three persons and at least one member must be knowledgeable in corporate governance principles in line with international standards. The Chairman of the committee must be an Independent Director.

#### **Name**

#### **Position**

- |                               |   |
|-------------------------------|---|
| 1. Mr. Surin Chiravisit       | Chairman and Independent Director           |
| 2. General Vitch Devahasdin   | Member and Independent Director             |
| 3. Adm. Sucheep Whoungmaitree | Member and Independent Director             |
| 4. M.L. Puntrik Smiti         | Member and Non-executive Director           |
| 5. Mr. Chaiwat Kovavisarach   | Member and Secretary,<br>Executive Director |

### **Scopes, duties and responsibilities**

1. Recommend the implementation of corporate governance to the Board of Directors
2. Monitor the work of the Committee and the management in compliance with the principles of corporate governance.
3. Review the implementation of corporate governance by comparing it with international standards and recommend it to the Board of Directors for continual follow-ups.
4. Provide the Corporate Governance Policy to the Company's Corporate Governance Working Team.
5. Perform duties assigned by the Board.



## Summary of Board and Sub-committees meeting attendance

Names			Meeting attendance / total (times)							Remarks
			Board of Directors			Sub-committees				
			Meetings	Seminar	Total	AC	NRC	ERMC	CGC	
1	Mr. Pichai	Chunhavajira <sup>1/</sup>	17/17	2/2	19/19	-	-	-	-	
2	Prof. Dr. Chai- Anan	Samudavanija	5/17	1/2	6/19	-	0/4	-	-	
3	Mr. Surin	Chiravisit <sup>2/</sup>	17/17	2/2	19/19	-	4/4	2/2	3/3	
4	Mr. Suthep	Wongvorazathe <sup>3/</sup>	17/17	2/2	19/19	12/12	4/4	-	-	
5	Pol.Lt. Gen. Chaiwat	Chotima <sup>4/</sup>	17/17	2/2	19/19	7/9	4/4	-	-	
6	Lt.Gen. Apirat	Kongsompong	14/17	2/2	16/19	-	4/4	-	-	
7	Adm. Sucheeep	Whoungmaitree	17/17	1/2	18/19	-	-	-	3/3	
8	Mr. Krisada	Chinavicharana <sup>5/</sup>	14/17	1/2	15/19	7/9	-	2/2	-	
9	Mr. Prasong	Poontaneat <sup>6/</sup>	15/17	1/2	16/19	-	-	5/6	-	
10	Mr. Visit	Vongruamlarp	17/17	2/2	19/19	-	-	6/6	-	
11	M.L. Puntrik	Smiti	16/17	1/2	17/19	-	-	-	2/3	
12	Mrs. Prisana	Praharnkhasuk <sup>4/</sup>	10/13	1/2	11/15	7/9	-	-		Appointed on April 5, 2016
13	Gen. Vitch	Devahasdin <sup>7/</sup>	12/13	1/2	13/15	-	-	-	3/3	Appointed on April 5, 2016
14	Dr. Prasert	Sinsukprasert <sup>8/</sup>	11/13	2/2	13/15	-	-	4/4		Appointed on April 5, 2016
15	Mr. Chaiwat	Kovavisarach	17/17	2/2	19/19	-	-	6/6	2/3	
Directors whose terms were completed and resigned in 2016										
1	Asst.Prof.Dr. Anusorn	Tamajai	4/4	-	4/4	3/3	-	-	-	Completed term on April 5, 2016
2	Mrs. Arunporn	Limskul	4/4	-	4/4	3/3	-	-	-	Completed term on April 5, 2016
3	Dr. Vikrom	Koompirochana	4/4	-	4/4	-	-	-	-	Completed term on April 5, 2016

Note <sup>1/</sup> Chairman did not join any Sub-committee as member.

<sup>2/</sup> Appointed as Chairman of CGC and dismissed from Chairman of ERMC on April 26, 2016

<sup>3/</sup> Appointed as Chairman of AC on April 25, 2016

<sup>4/</sup> Appointed as Member of AC on April 26, 2016

<sup>5/</sup> Appointed as Member of AC and dismissed from Member of ERMC on April 26, 2016

<sup>6/</sup> Appointed as Chairman of ERMC on April 26, 2016

<sup>7/</sup> Appointed as Member of CGC on April 26, 2016

<sup>8/</sup> Appointed as Member of ERMC on April 26, 2016

## Assessment of directors' performances

The Board completes Board Performance Assessment forms at least once a year, which the Company Secretary will arrange for delivery and



collection for making an executive summary or the results for presentation at a Board meeting. Directors jointly consider business performance and suggest improvements. Assessment scores are given in percent, with >85%=excellent, >75%=very good, >65%=good, >50%=fair, ≤50%=improvement needed. The assessment is summarized below:

### 1) Individual directors

- Self-assessment relies on topics, namely responsibility for their roles, training and self-development, and conformance to the Corporate Governance Policy. The overall summary of assessment findings showed an average score of 95.09%, regarded as excellent.
- Cross-assessment by group (3-4 unnamed directors assessing another director) relies on topics, namely responsibility for their roles and directors' independence. The overall summary of assessment findings showed an average of 96.44%, regarded as excellent.

2) **Entire Board** relies on topics, namely Board Policy Structure and Qualifications of Board, Board performances, Board meetings, and self-development of Directors. The overall summary of assessment findings showed an average score of 96.19%, regarded as excellent.

3) **Sub-committees** relies on responsibilities and meetings; the evaluations of all Committees were as follows:

- Audit Committee, the group evaluation had the average score of 95.80%, rated excellent.
- Nomination and Remuneration Committee, the group evaluation had the average score of 91.10%, rated excellent.
- Corporate Governance Committee, the group evaluation had the average score of 95.30%, rated excellent.
- Enterprise-wide Risk Management Committee, the group evaluation had the average score of 99.58%, rated excellent.

## Board Remuneration

- 1) The Board's remuneration comes in three forms: monthly (retainer) remuneration, meeting allowances, and bonus. Such remuneration, made comparable to those of the same industry, is linked to the performance of the Company and individual directors.
- 2) Directors with additional responsibilities, including subcommittee service, shall receive additional remuneration linked to the level of assigned responsibilities.
- 3) In line with good corporate governance, the Board has instituted the reporting of individual directors' remuneration and the management's remuneration – which includes disclosure of the remuneration of



directors or executives, or both, if they are appointed to other positions in subsidiaries – in the Annual Report.

### **Policy on Director Remuneration**

In setting directors' compensation, Bangchak takes into account suitability for duties, assigned responsibility, and parity with SET-listed industry and business peers of comparable sizes. Such compensation must be attractive enough to inspire quality performance to achieve Bangchak's goals and business directions under a transparent process to bolster shareholders' confidence.

**Director Remuneration** approved by the 2016 AGM of April 5, 2016, are as follows:

#### **1) Monthly remuneration and meeting allowance**

<b>The Board of Directors</b>	<b>Monthly Remuneration</b> (Baht/person)	<b>Meeting Allowance</b> (Baht/person/time) (Only for attending directors)
The Board of Directors	30,000	30,000
<b>The Sub-Committees</b>		
1. The Audit Committee	10,000	15,000
2. The Nomination and Remuneration Committee	-	15,000
3. Enterprise-wide Risk Management Committee	-	15,000
4. Corporate Governance Committee	-	15,000
5. Other committees that may be appointed in the future by the Board as seen fit and necessary	-	15,000

The Chairman of the Board of Directors and the Chairman of the Sub-Committees shall receive monthly remuneration and meeting allowances higher than those of members by 25 percent, whilst the Vice Chairman of the Board of Directors shall receive monthly remuneration and meeting allowances higher than those of members by 12.5 percent respectively.

#### **2) Bonuses for Directors**

0.75 percent of the net profit, but not over 3,000,000 Baht/year per director. The calculated amounts are to reflect individual periods of





service. Moreover, the Chairman and Vice Chairman shall receive the bonus higher than those of members by 25 percent and 12.5 percent respectively.

### **Other Expenses**

#### **1) Other Essential Business Expenses**

- Position car for the Chairman's business convenience
- Credit card for the Chairman's business use (up to 500,000 Baht/month)
- Fleet card for each director's business use (up to 400 liters/month/director)

#### **2) Others**

- Annual physical check-ups
- Directors' & officers' liability insurance (limit of liability: 250 million Baht)

In 2016, the individual remuneration of Directors was as follows:

Names			Remuneration in Baht						Total
			BOARD	AC	NRC	ERMC	CGC	Bonus	
1	Mr. Pichai	Chunhavajira	1,162,500	-	-	-	-	2,575,596.06	3,738,096.06
2	Prof. Dr. Chai-Anan	Samudavanija	607,500	-	-	-	-	2,318,036.45	2,925,536.45
3	Mr. Surin	Chiravisit	1,046,250	-	60,000	37,500	56,250	2,249,589.11	3,449,589.11
4	Mr. Suthep	Wongvorazathe	930,000	353,750	60,000	-	-	2,060,476.85	3,404,226.85
5	Pol.Lt. Gen. Chaiwat	Chotima	930,000	185,000	60,000	-	-	2,060,476.85	3,235,476.85
6	Lt.Gen. Apirat	Kongsompong	810,000	-	60,000	-	-	2,060,476.85	2,930,476.85
7	Adm. Sucheep	Whoungmaitree	870,000	-	-	-	45,000	1,236,286.11	2,151,286.11
8	Mr. Krisada	Chinavicharana	780,000	185,000	-	30,000	-	214,515.40	1,209,515.40
9	Mr. Prasong	Poontaneat	840,000	-	-	90,000	-	2,060,476.85	2,990,476.85
10	Mr. Visit	Vongruamlarp	930,000	-	-	90,000	-	1,507,252.93	2,527,252.93
11	M.L. Puntrik Smiti <sup>1/</sup>		840,000	-	-	-	30,000	366,934.23	1,236,934.23
12	Mrs. Prisana	Praharnkhasuk <sup>2/</sup>	630,000	185,000	-	-	-	-	815,000.00
13	Gen. Vitch	Devahasdin <sup>2/</sup>	660,000	-	-	-	45,000	-	705,000.00
14	Dr. Prasert	Sinsukprasert <sup>2/</sup>	660,000	-	-	60,000	-	-	720,000.00
15	Mr. Chaiwat	Kovavisarach	930,000	-	-	90,000	30,000	2,060,476.85	3,110,476.85
<b>TOTAL</b>			<b>12,626,250</b>	<b>908,750</b>	<b>240,000</b>	<b>397,500</b>	<b>206,250</b>	<b>20,770,594.54</b>	<b>35,149,344.54</b>



Names		Remuneration in Baht						
		BOARD	AC	NRC	ERMC	CGC	Bonus	Total
<b>Directors whose terms were completed and resigned directors in 2016</b>								
1	Asst.Prof.Dr. Anusorn Tamajai <sup>3/</sup>	240,000	106,250	-	-	-	2,060,476.85	<b>2,406,726.85</b>
2	Mrs. Arunporn Limskul <sup>3/</sup>	240,000	85,000	-	-	-	2,060,476.85	<b>2,385,476.85</b>
3	Dr. Vikrom Koompirochana <sup>3/</sup>	240,000	-	-	-	-	2,060,476.85	<b>2,300,476.85</b>
<b>TOTAL</b>		<b>720,000</b>	<b>191,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,181,430.55</b>	<b>7,092,680.55</b>

Notes:

- 1) M.L. Puntrik Smiti transferred her bonus to the Social Security Fund in compliance with the regulations of the Office of Social Security Fund.
- 2) Appointed on April 5, 2016
- 3) Completed term on April 5, 2016

### **Bonuses for directors whose terms were completed and who resigned in 2015 (performance in 2015 paid in 2016)**

Names		BONUS (Baht)	Remarks
1.	Mr. Krairit Nilkuha	553,223.92	Completed term on April 8, 2015
2.	Mr. Sarakorn Kulatham	795,965.02	Resigned on May 22, 2015
3.	Mr. Wirat Uanarumit	795,965.02	Resigned on May 22, 2015
4.	Mr. Auttapol Rerkpiboon	513,707.92	Resigned on May 22, 2015
5.	Mr. Nakorn Silpa-archa <sup>1/</sup>	587,094.77	Resigned on October 13, 2015
<b>TOTAL</b>		<b>3,245,956.65</b>	

Notes: <sup>1/</sup> Mr. Nakorn Silpa-archa transferred his bonus to the Social Security Fund in compliance with the regulations of the Office of Social Security Fund.

### **Comparison of Remuneration of Directors in 2015 and 2016**

Remuneration	2015		2016	
	Directors	Baht	Directors	Baht
Meeting allowance	15	15,735,000	15	15,290,000
Bonus	15	3,018,871	15	30,197,982
<b>TOTAL</b>		<b>18,753,871</b>		<b>45,487,982</b>

Note: Bonuses for 2015 performance under the resolution of the 2015 AGM, held on April 8, 2015. (00.75 percent of the net profit, but not over 3,000,000 Baht/year per director. The calculated amounts are to reflect individual periods of service. Moreover, the Chairman and Vice Chairman shall receive the bonus higher than those of members by 25 percent and 12.5 percent respectively.)

**Directors' Remuneration due to directorship of subsidiaries, associates, and other companies in 2016**

Company	Name	Total Remuneration in 2016 (Baht)				
		Monthly Remuneration	Meeting Allowance	Bonus	Subcommittee Remuneration	Net total
BCPG	Mr. Pichai Chunhavajira	381,250	356,250	-	-	<b>737,500</b>
	Mr. Chaiwat Kovavisarach	101,250	101,250	-	93,750 (Executive and Investment Committee)	<b>296,250</b>
NIDO	Mr. Chaiwat Kovavisarach	81,382.98 AUD\$ (per annum)	-	-	-	<b>2,115,957</b>

**Notes:**

- BCPG: BCPG Public Company Limited
- NIDO: Nido Petroleum Limited
- Exchange rate AUD\$ 1 equivalent to approximately Baht 26
- Mr. Chaiwat Kovavisarach's director remuneration paid by BCPG as from October 2016, after BCPG listing on SET, is under the regulation on the appointment of a director with entitlement for compensation in a company with joint-venture partners.

**2. Executive Management**

The Board has set the roles and duties of the management in Bangchak's day-to-day business management in line with the company's policies, plans, goals, regulations, and rules, as well as Board resolutions, within the approved budget. To this end, they are to conform strictly with integrity and care to maintain Bangchak's and its shareholders' interests to the best of their ability under corporate governance. They are to report updates on conformance to such resolutions together with key performance outcomes to the Board at least monthly. Today the management consists of 14 persons, No. 1 through No. 9 of whom are regarded as executives under SEC's definition (As of December 2016):

<b>Name</b>	<b>Position</b>
1. Mr. Chaiwat Kovavisarach	President and Chief Executive Officer
2. Mr. Wattana Opanon-amata	Chief Operation Officer and First Senior Executive Vice President, Refinery Business Group
3. Mr. Yodphot Wongrukmit	Senior Executive Vice President, Corporate Management and Sustainability Development
4. Mr. Bundit Sapianchai	Senior Executive Vice President
5. Mr. Surachai Kositsareewong	Senior Executive Vice President, Accounting and Finance



- |                                  |   |
|----------------------------------|---|
| 6. Mr. Pongchai Chaichirawiwat   | Chief Marketing Officer and Senior Executive Vice President, Marketing Business Group |
| 7. Mr. Somchai Tejavanija        | Senior Executive Vice President, Natural Resource and Business Development            |
| 8. Mr. Kiatchai Maitriwong       | Senior Executive Vice President, Bio Based Products Business Unit                     |
| 9. Mr. Chalermchai Udomranu*     | Senior Executive Vice President, Refinery Business Unit                               |
| 10. Mr. Phichet Emwattana        | Executive Vice President, Planning and Trading Business                               |
| 11. Mr. Pichit Wongrujiravanich  | Executive Vice President, Internal Control  |
| 12. Mr. Dhanajit Makarananda     | Executive Vice President, Refinery Project Development                                |
| 13. Mr. Chokchai Atsawarangsalit | Executive Vice President, Marketing Business and Oil Terminal                         |
| 14. Mr. Viboon Wongsakul         | Executive Vice President, Retail Business and Marketing Support                       |

\* Appointed as senior executive vice president, effective from November 1, 2016.

### **Succession planning and management development**

Under the Board's policy on the President and Chief Executive Officer's nomination, as long as he or she is suitable, an external or internal person may enter the selection process under Bangchak's given circumstances. Suitable persons are selected by NRC, which defines the nomination criteria and method.

To optimize benefit in the selection of the President and Chief Executive Officer, the Board assigns the management to appoint a "Personnel Development and Administration Panel" (PDA) to oversee training and competency development of senior executives. Also, the Board has laid down additional development guidelines for rotation of duties of senior management team members to promote all-round understanding, experience, and preparedness for corporate administration. Any executive from Senior Vice President and Chief Executive Officer upward may apply for nomination as President and Chief Executive Officer if they command the required qualifications.

#### **Procedure**

1. Define management positions requiring succession planning (President and chief executive officer and all senior executive vice presidents)



2. NRC defines the required competency and experience for each position
3. NRC specifies the qualified executives to succeed each position
4. Assign President and Chief Executive Officer to assess the performance and competency of qualified executives matching the required competencies needed so as to develop individual development plans (IDPs) to close the competency gaps
5. Assign PDA to look after the training and competency development of qualified executives
6. President and Chief Executive Officer institutes rotation of duties of qualified executives and lets senior executive Vice Presidents attend Board meetings so that they may understand and gain experience to be prepared for corporate administration as a whole
7. The President and Chief Executive Officer periodically reports to NRC the performances and development outcomes under IDPs of qualified executives
8. Each year, NRC revises and summarizes succession planning outcomes for President and Chief Executive Officer and Senior Executive Vice Presidents for the Board's acknowledgment.

### **Nomination and appointment of the President and Chief Executive Officer**

NRC nominates and reviews the qualifications of senior executives and others under NRC-set guidelines for the Board to appoint as President and Chief Executive Officer. These include the legally required director qualifications and those required by Bangchak's regulations, together with essential skills and experience in Bangchak's best interests and alignment with Bangchak's business directions. The Board appointed Mr. Chaiwat Kovavisarach President and Chief Executive Officer, effective from January 1, 2015, on account of his knowledge of investment in new businesses abroad and his sound financial knowledge, both of which align with Bangchak's business directions.

### **Performance appraisals of President and Chief Executive Officer and Senior Executives**

Bangchak measures performance outcomes as KPIs (Key Performance Indexes), including its own performance, common practices of peer listed companies of comparable sizes, roles and responsibilities, executive development, and overall economic circumstances. President and Chief Executive Officer must present his performance in various aspects, including the management of the refinery and marketing business units, business development, and organizational development,



while discussing current management outcomes covering successes and obstacles, including the ability to expand business opportunities and competition, social and environmental policies, together with responses to public policies. NRC is to decide on President and Chief Executive Officer's compensation, which is then forwarded to the Board for approval. President and Chief Executive Officer earns benefits as the top management executive in addition to the compensation as a director.

### Remuneration of Executives

- 1) Executives shall receive short-term remunerations, i.e. salary and bonus, and long-term ones—including Employee Stock Option Program (ESOP) and Employee Joint Investment Program (EJIP)—which the Board will consider on a case by case basis. These payments serve to motivate executives, are on par with the industry practice, and correlate to each person's Key Performance Index (KPI).
- 2) Executives who serve as a director in a joint venture will be compensated according to the Company's regulations on the appointment of directors of joint ventures. As for President and Chief Executive Officer who is tasked with additional roles and responsibilities, as a subcommittee member for instance, will be paid according to the Board's decision based on merit of that task or responsibility.
- 3) The Board has ordered a report on the remuneration of executives—including the disclosure of payments made to executives who are appointed a role in a subsidiary—to be included in the Company's annual report in compliance with the Good Governance Policy.

### Remuneration for Executives as defined by the SEC (President and Chief Executive Officer & Senior Executive Vice Presidents)

Remuneration	2015		2016	
	Persons	Baht	Persons	Baht
Salary	8	44,541,334.00	9	48,969,437.00
Bonus & Retirement pay	8	28,540,391.00	9	39,037,293.00
Provident fund	8	3,807,850.00	9	4,214,016.00
<b>Total</b>		<b>76,889,575.00</b>		<b>92,220,746.00</b>

### 3. Directors and executives assigned to other companies

The Board appoints representative directors of subsidiaries, associates, and joint ventures under the **guidelines for appointment of**





**representative directors in joint ventures.** To this end, President and Chief Executive Officer selects fully qualified persons under such guidelines for the Board's appointment. Each subsequent change is to be reported by President and Chief Executive Officer for the Board's acknowledgment. Today, the following directors and executives are assigned as directors of subsidiaries, associates, and joint ventures:

Name		Subsidiary																Associated Company						Other Company	
		BGN	BBF	BSE	BSE-PRI	BSE-CPM1	BSE-BRM	BSE-BRM1	BSE-NMA	BSE Energy Holding	BCPG	BCPG Biopower 1,2	BCR	BBE (CCO)	BCPE	BCPI	BCPT	Nido	UBE	UBG	UAE	NPE	Bongkot Marine	Aom Suk	FPT
1.	Mr. Pichai Chunhavajira	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2.	Mr. Chaiwat Kovavisarach	-	-	-	-	-	-	-	-	○	-	●	-	-	-	-	-	/	-	-	-	-	-	-	-
3.	Mr. Wattana Opanon-amata	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	/	/	/
4.	Mr. Yodphol Wongrukmit	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5.	Mr. Bundit Sapienchai	-	/	●	●	●	●	●	●	-	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6.	Mr. Surachai Kositsareewong	-	/	-	-	-	-	-	-	-	-	-	/	/	/	/	-	-	-	-	-	-	-	-	-
7.	Mr. Pongchai Chaichirawiwat	/	●	-	-	-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-	-	-
8.	Mr. Somchai Tejavanija	-	-	-	-	-	-	-	-	-	-	-	-	/	/	-	-	-	-	-	-	-	-	-	-
9.	Mr. Kiatchai Maitiwong	-	●	-	-	-	-	-	-	-	-	-	●	-	-	-	-	○	○	○	○	-	-	-	-
10.	Mr. Phichet Emwattana	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-	-	-	-	/	-	-
11.	Mr. Chokchai Atsawarangsalit	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
12.	Mr. Viboon Wongsakul	-	-	-	-	-	-	-	-	-	-	●	-	-	-	-	-	-	-	-	-	-	-	-	-
13.	Mr. Watcharaporn Saisuk	-	-	-	-	-	-	-	-	-	/	-	-	-	/	-	-	-	-	-	-	-	-	-	-
14.	Ms. Revadee Pornpatkul	-	-	/	/	/	/	/	/	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
15.	Ms. Naree Jiamwattanasuk	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16.	Mr. Yongyut Chetchaowalit	-	-	●	●	●	●	●	●	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17.	Ms. Sasamon Suputhamongkol	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	/	-	-

● = Chairman ○ = Vice Chairman ★ = Managing Director/President / = Director

#### Subsidiaries

Bangchak Green Net Co., Ltd. (BGN)

Bangchak Biofuel Co., Ltd. (BBF)

Bangchak Solar Energy Co., Ltd. (BSE)

Bangchak Solar Energy (Prachinburi) Co., Ltd. (BSE-PRI)

Bangchak Solar Energy (Chaiyaphum 1) Co., Ltd. (BSE-CPM1)

Bangchak Solar Energy (Buriram) Co., Ltd. (BSE-BRM)

Bangchak Solar Energy (Buriram 1) Co., Ltd. (BSE-BRM1)

Bangchak Solar Energy (Nakhonratchasima) Co., Ltd. (BSE-NMA)

BSE Energy Holdings Pte. Ltd. (BSE Energy Holding)

BCPG Public Company Limited (BCPG)

BCPG Biopower 1 Co., Ltd. (BCPG Bio Power 1)

BCPG Biopower 2 Co., Ltd. (BCPG Bio Power 1)

BCPG Investment Holding Pte. Ltd. (BCPG Investment Holding)

Bangchak Retail Co., Ltd. (BCR)

Bangchak Bioethanol (Chachoengsao) Co., Ltd. (BBE-CCO)

BCP Energy International Pte.Ltd. (BCPE)

BCP Innovation Pte.Ltd. (BCPI)

BCP Trading Pte. Ltd. (BCPT)

Nido Petroleum Limited (NIDO)



**Associated Companies**

Ubon Bio Ethanol Co., Ltd. (UBE)

Ubon Bio Gas Co., Ltd. (UBG)

Ubon Agricultural Energy Co., Ltd. (UAE)

NP Bio Energy Co., Ltd. (NPE)

Bongkot Marine Services Co., Ltd. (Bongkot Marine)

Oam Suk Social Enterprise Co., Ltd. (Aom Suk)

**Other Companies**

Fuel Pipeline Transportation Co., Ltd. (FPT)

## **4. Company Secretary**

Under the Securities and Exchange law (Articles 89/15 and 89/16), Board Meeting No. 6/2009 appointed Ms. Pakawadee Janrayapes, Senior Vice President, Corporate Compliance (renamed as “Legal and Corporate Compliance” as from February 1, 2017), as Company Secretary, effective from July 1, 2009. Her profile is as follows:

Ms. Pakawadee Junrayapes

- Age 55
- Education / Training
  - Master of Law, Ramkhamhaeng University
  - Bachelor of Law, Thammasat University
  - Thai Barrister at law, The Institute of Legal Education Thai Bar Association Under The Royal Patronage
  - Certificate in Business Law, Thammasat University
  - Certificate in English for Specific Careers (Law), Sukhothai Thammathirat Open University
  - Executive Development Program (EDP 2012), Ministry of Finance
  - Company Secretary Program (CSP), Thai Institute of Directors (IOD)
  - Director Certification Program (DCP142/2010), Thai Institute of Directors (IOD)
  - Successful Formulation and Execution of Strategy (SFE16/2012), Thai Institute of Directors (IOD)
  - Thailand and the ASEAN Economic Community class 4/2013, King Prajadhipok's Institute
- Experience
  - The Bangchak Petroleum Public Company Limited
    - 2015-present : Senior Vice President, Corporate Compliance, and Company Secretary
    - 2011-2015 : Vice President, the Secretary to The Board of the Directors Office, and Company Secretary



- 2009-2011 : Senior Manager, the Secretary to The Board of the Directors Office, and Company Secretary
- 2007-2009 : Senior Manager, Legal Office
- Others
- 2006-2008 : Personal Specialist of National Legislative Assembly Member and Sub-Committee on Energy
- Other directorship positions / Other positions at present
  - Other listed companies
    - None –
  - Non-listed companies
    - None –
- Shareholding in the Company: 12,000 shares or 0.000872% (As of September 9, 2016)
- Familial relationship between directors and executives: None

### **Scope of duties**

- Prepare and maintain key documents, including the Board roster, meeting notices, minutes of Board meetings and shareholders' meetings, annual reports, and reports of vested interests
- Schedule Board meetings and shareholders' meetings under the law and company regulations. Coordinate conformance to the resolutions of Board and shareholders' meetings
- Advise and support the performance of directors and the management under the law and relevant regulations
- Coordinate between the Chairman and President and Chief Executive Officer together with his management team, which includes coordination between Bangchak and its shareholders
- Encourage the directors, management, and employees to conform to corporate governance
- Perform other lawful tasks and Board-assigned tasks.



## 5. Personnel

On December 31, 2016, the Company had a total headcount of 1,196:

Employee	Persons
President and Chief Executive Officer (Corporate Compliance, Corporate Communication, Corporate Strategy and Business Portfolio, Internal Control, Safety and Health Division)	79
Refinery and Trading Business Group	551
Marketing Business Group	343
Bio Based Products Business Unit	17
Natural Resource and Business Development	22
Accounting and Finance	70
Corporate Management and Sustainability Development	114

### Significant changes in number employee for the past three years

- None (Total employee in year 2016 were 1,196 persons, which increased slightly from 1,052 persons in year 2014)

### Remuneration of employee

Bangchak's policy provides for suitable compensation to employees in line with their performance outcomes. For the short term, this compensation is the bonus, in turn linked to company performance. For the long term, this compensation means the provident fund, a form of welfare that gives employees financial guarantee.

Employee receive remuneration in the form of salary; shift, night shift, overtime, and upcountry pay; operation at the refinery; and discipline remuneration. Employees have the right to apply for membership of "Bangchak Public Company Limited Provident Fund" by choosing the accumulated at a rate of five percent or ten percent of the salary and the Company will pay the same rate to the Fund. In 2016, the Company paid remuneration to the personnel in the form of salary, shift, night shift, overtime, upcountry, refinery stand-by pay, discipline pay, special bonus and other welfare, with a total of 1,628.57 million Baht. The remuneration for President and Chief Executive Officer and Senior Executive Vice Presidents upward is 5.36% of total remuneration of employee.



### **Personnel development**

Bangchak focuses on continuing personnel development for greater operating capability matching corporate goals, policies, and directions—apart from international competitiveness to accommodate the growth of AEC (ASEAN Economic Community). To this end, it appointed a “Personnel Development and Administration Panel” (PDA) to endorse personnel development, define guidelines for personnel administration, define an approach for corporate culture development, and forge a sound employee attitude so that the efficiency of Bangchak’s corporate administration may be on a par with business peers and in keeping with its business status and goals. In 2016, training on various topics was provided for staff, with an average training period of 44.92 hours/person/year. Part of the training involved wastewater treatment techniques and environmental laws and industrial environmental management. (Training details are included in the Sustainability Report under the “Employee Stewardship” and “Water Pollution”)



## 9. Corporate Governance



### 1. Corporate governance and Anti-corruption

- **Policy:** Since 2003, the Board of Directors has required a written corporate governance policy, which is to be revised annually. This year, Bangchak issued Revision 13 of the policy.
- **Training and Publicity:**
  - Arranged for all employees to acknowledge and take the annual test on the Corporate Governance and Anti-Corruption Policy. They are required to pass certain criteria to ensure proper understanding. The test was done on the e-HR system and the online knowledge management system ("We Share") (Oct.26-Nov.11, 2016)
  - A talk on corporate governance as part of the orientation for new directors. (Apr.12, 2016)
  - A talk on corporate governance as part of the orientation for new employees. (Jul.5, 2016)
  - Organized the annual CG Day (12<sup>th</sup> year) under the "In HM the King's Footsteps" theme, with Mr. Banyong Pongpanich as the guest speaker giving a talk on "Combating Corruption – Time to Get Serious". Management and staff jointly pledged to fight corruption, showing their tireless efforts (Nov.11, 2016)
  - For the third year in a row, staged a 2016 business partners' seminar, educating them about the policy formulation and measures against corruption so as to support their roles as allies of the Thai private sector on anti-corruption. (Apr.27, 2016 and Oct.20, 2016)
  - For the third year in a row, issued notifications to stakeholders on Bangchak's "No Gift" policy for the New Year and any other occasion so as to elevate good corporate governance and set a standard for conducting business with all related parties fairly. (Nov.8, 2016)
- **Risk Assessment:** Bangchak instituted internal control, risk management, and internal audit systems for key business functions, such as procurement and accounting. Bangchak also closely monitored the progress of risk management plan on a regular basis.

Bangchak values good corporate governance and anti-corruption alike. To this end, it has enlisted in the league of the UN Global Compact (UNGC), by the United Nations, and become one of the first 22 companies to gain membership





certification for CAC (Thai Private Sector Collective Action Coalition against Corruption). This year Bangchak received first recertification since 2013.

## **2. Committees**

The Board appointed a number of committees, namely the Audit Committee, Nominating and Remuneration Committee, Corporate Governance Committee, and Enterprise-wide Risk Management Committee, to support its oversight of Bangchak. Details of these committees appear under “Management Structure”.

## **3. Nomination and appointment of directors and the President**

Today, Bangchak has 15 directors, 9 of whom are independent ones. Bangchak has nine SEC-defined executives, with President and Chief Executive Officer serving as the top executive. Appointment of directors and President and Chief Executive Officer must be reviewed by the Nomination and Remuneration Committee. Bangchak has made it possible for directors and shareholders to play a part in nominating qualified directors, in addition to using the Director Pool of Thai IOD. Details of the qualifications of independent directors and the nomination and appointment of directors and President and Chief Executive Officer appear under “Management Structure”.

## **4. Oversight of subsidiaries, associates, and joint-venture companies**

Bangchak runs its businesses through subsidiaries, associates, and joint-venture companies, as detailed under “Shareholding Structure”. The Board commands a mechanism for supervising the management and the responsibility of subsidiaries, associates, and joint-venture companies to safeguard the interests of Bangchak’s investment capital, including

- Secondment of executives by the Board to serve as directors and executives in those companies proportionate to its own shareholding. Details appear under “Management Structure”.
- Definition of an oversight approach for joint-venture companies for representative directors to uphold so that the businesses of subsidiaries, associates, and joint-venture companies may be uniform and in line with Bangchak’s policy approach and relevant legislation. Voting or actions on important matters must secure prior approval from President and Chief Executive Officer, Board, or shareholders, depending on the case.
- Institution of a corporate governance policy and a suitable, watertight internal control system in each of the subsidiaries.
- Supervision of disclosure of these companies’ financial status and performance outcomes, as well as engagement in key transactions, must be properly done in line with Bangchak’s criteria.

## **5. Monitoring the Use of Inside Information**

Bangchak has a policy detailing the accepted practices of director, executive and employees and forbidding the disclosure of important secret information to the public for personal or other gains, as well as policies on the buying and selling of Company shares as follows:

1. Directors and executives, as well as spouses and children under legal age, including connected persons, according to Article 59 of the Securities and Exchange Act of 1992 must notify and distribute information about shares held, as well as reporting any changes to SEC every time they buy, sell, transfer, or



receive shares within three days of the change to comply with Article 59 or face punishment according to Clause 275 of the Securities and Exchange Act of 1992.

2. Notify the Directors and executives of the financial information which affects the price of shares to avoid buying or selling Company shares one month prior to the disclosure of information and three days after disclosure, as well as not disclosing information to others before it is made available to the public.

The Company also has penalties against employees who use the Company's inside information for personal gains, ranging from a warning to termination of employment.

## **6. Remuneration for the External Auditor**

### **1) Audit Fee**

The Company and its subsidiaries have paid audit fees as follows:

- The Company's External Auditor (Mr. Charoen Phosamritlert or Mr. Waiyawat Kosamarnchaiyakij or Mr. Natthaphong Tantichattanon) in the last year
  - none -
- The Audit Company (KPMG Phoomchai Audit Ltd.), persons and businesses related to the external auditor and the Audit Company in the last year
  - totaled 2,007,940 Baht -

### **2) Other fees**

- none -

## **7. Compliance with corporate governance for listed companies**

The Stock Exchange of Thailand (SET) has put in place a "Corporate Governance Principles for Listed Companies, 2012", which consists of principles and good guidelines for listed companies. This year, Bangchak maintained its compliance with corporate governance in five aspects.

### **1) Shareholders' rights**

In the corporate governance policy, the Board defined the rights of the shareholders. Bangchak observed all of SET's corporate governance principles this year.

- A Record Date for the AGM was set so that shareholders may have enough time to review meeting notices and various data ahead of the meeting.
- Informed the shareholders about two months ahead of the meeting so that they may schedule meeting attendance, which exceeds what is required by law.
- Included the Board's opinion for each agenda item and attached the annual report and the proxy form, which contains an explanation of proxy-supporting documents together with meeting notices.
- Allowed the shareholders to submit queries needing Bangchak's explanation on certain points of the agenda for the AGM ahead of the meeting since September 1, 2016.
- Facilitated and promoted attendance by institutional investors by assigning Investor Relations staff to contact them about agenda issues and collect advance proxy forms.



- Facilitated shareholders on the meeting date:
  - Reserved adequate parking spaces and arranged shuttle buses for them at the BTS Mo-Chit Station in case they were traveling on their own.
  - Adopted the Barcode system for registration and vote-tallying for efficiency and speed.
  - Applied the shareholders' meeting software to registration and vote-tallying for efficiency and transparency.
  - Supplied duty stamps for proxy assignment free of charge.
  - Prepared stickers for those that had already registered for getting in and out of the meeting room without rechecking.
- Before the meeting, President and Chief Executive Officer clarified the method for voting and vote-tallying for each agenda item, as well as requesting a shareholders' representative to witness vote-tallying.
- During the meeting, allowed the shareholders equal rights for expressing views and posing questions, and recorded key concerns and views in the minutes.
- After the meeting:
  - Publicized the resolutions and vote tallies on each agenda item through SET's channels and Bangchak's website by the evening of the meeting date
  - Publicized the minutes through SET's channels and Bangchak's website, and delivered to the shareholders that expressed views at the meeting.

At the 2016 AGM, Bangchak invited Mr. Visith Uevirojnangkoorn, an independent legal counselor, to serve as an independent inspector to validate the votes and ensure transparency and compliance with the law and company regulations. This included examination of documents of shareholders or their proxies with the right to attend the meeting, quorum, stakeholders whose voting right was not exercised, and whether the voting process followed the company regulation or what was announced by the chair of the meeting, as well as collection of ballots, verification of meeting resolutions, as well as ballot casting. One person representing the shareholders witnessed vote counting at the AGM.

## **2) Equitable Treatment of Shareholders**

In the corporate governance policy, the Board defined a policy for the fair treatment of shareholders beyond what is required by law. Bangchak observed all of SET's corporate governance principles.

- Publicized meeting documents on its website 30 days ahead of the meeting and delivered them to the shareholders 21 days ahead of the meeting.
- Allowed the shareholders to propose additional AGM agenda items and nominate directors from September 1 to December 31. Bangchak disclosed the criteria and methods at its website and informed the shareholders through SET's channels. The Board's policy is against adding agenda items without prior notice, particularly crucial items for which the shareholders need time to study before making a decision.
- Supported the shareholders' use of proxy forms to steer voting at the meeting (Form B) and nominated six independent directors as proxy alternatives at the meeting.



- Used ballots on every agenda item, particularly that dealing with directors' election where individual directors were voted on. To this end, the votes equaled the number of shares held for the election of one director.
- Required that directors with vested interests should have no votes and stay outside the meeting on such agenda item, as mentioned in the corporate governance policy.
- Defined practices for employees on the maintaining of Bangchak's confidential information and avoidance of benefit-seeking for themselves by exploiting such confidential information, as mentioned in the corporate governance policy.

### **3) Roles of stakeholders**

In the Corporate Governance Policy, the Board defined a policy for its roles toward the stakeholders. Bangchak observed all of SET's corporate governance principles. In the corporate governance system, several key groups of stakeholders are found, including customers, employees, business partners, shareholders, investors, creditors, and residents of neighboring areas, society, and the environment. Bangchak values the importance of the rights of all groups, which includes actions violating their rights and intellectual properties. Below are the policy and practices (detailed under "Sustainability Report"):

#### Employees

Bangchak realized that staff is a vital element for business progress. Bangchak, therefore, has in place Individual Development Plans (IDPs) to raise staff knowledge and caliber. Additionally, staff are given competitive and fair compensation, depending on the overall performance of the company, both in the short term and the long term. In this regard, an annual salary survey is carried out with other companies in the same industry. The Balanced Scorecard is used to assess individual staff performance against their respective KPIs established. Bangchak, moreover, provided staff welfare exceeding what was required by law, which included the provident fund, medical welfare, shuttle-bus service, staff relations activities, as well as an employee club with various recreational activities.

#### Customers and Society

The Company is dedicated to improving the quality of products and services for maximum customers' satisfaction. The policy aims to deliver quality goods which meets or exceeds the customer's demands under fair conditions. Bangchak's policy is also to deliver products of desired quality or of quality beyond customers' expectations under fair, responsible treatment of customers, and aims to give adequate, accurate and timely information about the products and services. The Company does not exaggerate or mislead the customer about the quality, quantity or other terms and conditions of the products or services. Company employees protect the customer's secrets and do not use them for personal gains.

#### Business Partners

- Bangchak has a Supplier Code of Conduct and a policy to select and treat business partners with fairness. Company regulations have been drawn up to govern procurement, supply and distribution of petroleum and petroleum products to ensure that business conducted with partners is managed properly and with responsibility for business partners while mutual benefit can be reaped.



Additionally, Bangchak has produced a “Business Contact” manual and drawn up a “Dealer/Station Operator Policy” for distribution to business contacts and dealers/station operators so that they may have proper understanding and strictly comply with Bangchak’s corporate governance and business ethics. They will also firmly adhere to contract provisions. Whenever any condition cannot be complied with, Bangchak urgently informs the business partner(s) in advance to jointly solve problems.

- To select a business partner, Bangchak invites those who are qualified to register with it. Qualified companies are allowed to make offers to compete with others in the same business. The procurement committee then proceeds with the selection, taking into account both price and technical aspects.

#### Lenders

Bangchak treats lenders fairly, responsibly, and transparently and seeks to fulfill all its contractual and financial obligations especially guarantee condition, capital management and payment. It does not engage in dishonest practices and does not conceal information which may cause losses for the lender. If the Company cannot fulfill one or more of its obligations, it seeks to notify the lender so that a resolution can be agreed upon together.

#### Competitors

The Company conducts business with ethics, transparency, and engages in fair competition with its competitors under the guidance of fair competition. It does not seek to find information about Competitors through dishonest or inappropriate means, for example, bribing a competitor’s employees. The Company does not engage in slander or discrediting its competitors.

#### Shareholders

The Company is determined to follow the principles of Corporate Governance and is focused on creating a business which has financial stability and sustainability to maximize the value of shares for the benefit of the shareholders.

#### Communities surrounding the refinery, society, and the environment

Bangchak conducts its business with adherence to environmental management standards, such as ISO 14000. The Company considers health and safety and the environment as integral part of the business, and has a written guideline on health, safety and the environment for the Directors, Executives, and employees to uphold. This includes promotion of efficient resource consumption and employee training on occupational health, safety, environmental, and energy matters under the “Develop sustainable business, while safeguarding the environment and society” corporate culture.

The Company produces “Krob Krua Bai Mai” (Leaf Family) newsletter and “Rob Rua Bangchak” (Bangchak Neighbors) magazine for distribution every other month to allow the community to know the goings-on of the Company as well as receiving interesting information, such as how to save energy, how to ensure safety in daily life, and health tips and how to protect the environment. This is another way for the Company to communicate with and take care of communities around its refinery.





### Resources Usage

Resource Usage, for instance power, water, chemicals, has been used worthwhile as targeted. It is reviewed and improved continuously to enhance usage more efficiently and suitable for business size. Bangchak handles waste disposal efficiently and reuses waste to maximize the benefits.

### Sanctity of intellectual properties

Bangchak declared its policy on intellectual property management this year to define clear guidelines for the prevention and sanctity of intellectual properties. Compliance with this policy is the direct responsibility of the executives, employees, affiliates, and contractors working on behalf of Bangchak.

### Whistleblowing and complaint-filing channels

Bangchak's Board of Directors has laid down measures regarding whistleblowing or concerns about any wrongdoing or misconduct that may lead to fraud involving people in the organization, either their staff or stakeholders. Whistleblowing can also be applied to suspicious financial statements or a lack of internal control system. Bangchak has a mechanism to protect staff or whistleblowers by establishing a confidential database accessible only by authorized persons. This is to encourage cooperation from stakeholders in better protecting its interests. If a concern about wrongdoing is raised, a committee comprising members of units relevant to the issue will be set up to launch an investigation, the result of which is forwarded to the whistleblower through:

E-mails: [ico@bangchak.co.th](mailto:ico@bangchak.co.th)  
Letters: Internal Control  
Bangchak Petroleum PCL  
210 Sukhumvit 64, Bangchak, Phra Khanong  
Bangkok 10260  
Tel. 0-2335-4566.

During 2016, three cases involving scholarship grants and contractual repayment were raised. After investigation by relevant units, no indication of fraud was found.

### Contact channels

The Board of Directors	Tel: +66 2 335 4638 Fax: +66 2 335 8000 E-mail: <a href="mailto:bcpsecretary@bangchak.co.th">bcpsecretary@bangchak.co.th</a>
Company Secretary	Tel: +66 2 335 4050 Fax: +66 2 335 8000 E-mail: <a href="mailto:pakawadee@bangchak.co.th">pakawadee@bangchak.co.th</a>
Investor Relations	Tel: +66 2 335 4583 Fax: +66 2 335 8000 E-mail: <a href="mailto:ir@bangchak.co.th">ir@bangchak.co.th</a>

## **4) Information disclosure and transparency**

In the corporate governance policy, the Board defined a policy for information disclosure and transparency. Bangchak observed all of SET's corporate governance principles.





- Disclosed performance outcomes, company information, and outlooks to analysts and investors (domestic and international) every quarter.
- Distributed key company data and documents, including the memorandum of association, certification, and regulations beyond the Corporate Governance policy on its website.
- Investor Relations coordinated with analysts, investors, and other parties that need financial data, performance outcomes, company status, and transactions affecting Bangchak.
- Publicized Bangchak's key information regularly through SET's channels, annual information disclosure forms, annual report, and its website in Thai and English.

### 5) Board responsibilities

In the corporate governance policy, the Board defined a policy for the roles, duties, and responsibilities of the Board. Details appear under "Management Structure", and below are Bangchak's actions taken this year:

- Held an annual corporate strategy seminar with the management to review the vision and set corporate goals.
- Staged a meeting of the independent directors in May and September and a meeting of the non-management directors in April and August.
- Organized a study visit on geothermal businesses in New Zealand to apply to Bangchak's business development.
- Developed performance assessment forms for the Board: individual (self-assessment and cross-assessment), group, and committee.
- Revise and define Bangchak's annual vision, missions, strategies, business plan goals, and budgets every year to maximize value to businesses and for shareholders' security. In addition, the Board endorses key strategies and policies, particularly financial KPIs (key performance indicators) and work plans. Endorsement of KPIs and metric-setting is done early in the year, with periodic tracking.
- Monitored management performance and ensured strategic implementation. Required that progress updates and company performance should be reported each month to Board meetings.
- Instituted an effective internal control system, internal audit, and risk management measures together with regular tracking at Board meetings.
- Instituted a Compliance Division under Corporate Compliance Department, responsible for all units' full compliance, including all units' legal control self-assessment, supervision of license renewals through an alert system for supervisors and responsible employees. With the Legal unit, educated employees on legal knowledge through assorted channels, for instance, Outlook, intercom, and annual legal training.

The Board of Directors aim to manage all matters by following good Corporate Governance so that the Company's business run efficiently and honestly as well as responsible for every stakeholders. The Company followed good Corporate Governance as other listed companies. However, there are still some no-compliance aspects and the Company would review them and adjust to follow appropriately in the future as follows:



Non-compliance aspect	Justification
<ul style="list-style-type: none"> <li>Board composition of 5-12</li> </ul>	Bangchak values Corporate Governance in parallel with the recruitment of competent people to manage businesses. It recognizes the necessity and benefit of recruiting additional such directors. Today the Board consists of 15 directors.
Non-compliance aspect	Justification
<ul style="list-style-type: none"> <li>Board Chairman is an Independent Director</li> </ul>	The Board appointed Mr. Pichai Chunhavajira, a non-management director, as its Chairman due to his proven expertise in company businesses, his leadership and meeting control ability, which produces smooth meetings. Also, Mr. Chunhavajira supports full participation and show of capability by all directors.
<ul style="list-style-type: none"> <li>Independent directors can serve for no longer than nine consecutive years</li> </ul>	Bangchak limits all directors' terms at no more than nine consecutive years (since 2008), with an exception. By Bangchak's nature of business, it needs people with specialized competencies. Given the freedom and efficiency of directors' performance, these people may be suitable on the Board for longer than that.
<ul style="list-style-type: none"> <li>Directors and the management inform the Board or its assignee about Bangchak share trading at least one day before trading.</li> </ul>	The Board of Directors are obliged to keep confidence of inside information obtained from their directorship and are not allowed to use such inside information for the benefit of their own or that of others. This includes prohibition to trade shares of Bangchak at least one month before the disclosure of financial statements and at least three days after such disclosure.

## 8. Conflicts of Interest

Under the Corporate Governance Policy, the guidelines for directors, management and employees stipulated that they must refrain from any act posing potential conflicts of interest with the Company, i.e. any act potentially depriving the Company of its interests or its fair share of interests, including competing with the Company, incurring personal gains from private business dealing with the Company, abuse of Company information for personal gain and holding shares in the Company's business competitors.

The Company, in order to prevent potential conflicts of interest, has set the following forms:

- CG Commitment and Conflict of Interests Disclosure Form**

To comply with the Policy on Corporate Governance, which forbids directors, management and employees to commit any act which might deprive the Company of its interests, the Company has prepared the above-mentioned form to ensure that all employee acknowledge the CG policy and fill any acts or activities that might be in conflict with the Company's business interests and deliver it to Internal Control through their supervisors through the e-HR system.



- **Report of Directors and Management's Stake Form**

The Securities and Exchange Act stipulates that directors and the management are to report to the Company his/her or connected persons' stakes connected with the business operations of the Company or its subsidiaries. The Company has therefore prepared the above-mentioned form for its directors and management to fill out and report any change to the Company. The Corporate Secretary will forward a copy of the form to the Chairman and the Chairman of the Audit Committee to ensure that the directors and management perform their duties with integrity.

- **Report on connected transactions form**

To ensure that transactions between the Company and any related parties or businesses are transparent and comply with SET's rules and regulations, the Company has defined a policy and guidelines on connected transactions and prepared the above-mentioned form for responsible employees to fill out and forward it to the Secretary to the Board with a copy to Internal Audit for acknowledgment.

## **9. Investor Relations**

The Company realizes that its information, both financial and non-financial, affect the decision-making process for investors and stakeholders. Therefore the management values accurate and full disclosure in a regular and timely manner, in accordance with SEC and SET regulations. The Investor Relations department acts as a center for giving out important information to investors. Bangchak allowed all information to be equally publicized, whether financial reports, performance outcomes and business outlooks, data affecting Bangchak stock prices, or quality-assured data disclosed to investors and stakeholders. Directly and indirectly, Bangchak presented its performance outcomes and company information, summarized below:

- **Direct:** Bangchak staged meetings between its executives and shareholders, stock analysts, investors, and employees via regular activities to present performance outcomes through analyst meetings, roadshows, conference calls, participation in conferences (domestic and abroad), participation in meetings with minor investors at the "Opportunity Day" or at "SET in the City", hosted by SET, or company visits by shareholders to enable them to appreciate company businesses more. In addition, institutional investors (domestic and international) and stock analysts may make appointments with executives to inquire about company data through company visits.
- **Indirect:** Bangchak provided assorted data, performance outcomes, financial statements, and other information given to SET. Other data were presented through meeting documents, video and audio recordings, and E-Newsletters, as well as other reports submitted to SET on the Company's website [www.bangchak.co.th](http://www.bangchak.co.th), where interested parties can read and download this information. The Investor's Relations page contains information in Thai and English which is updated frequently.



## 10. Social Responsibility

Bangchak's business relies on creating value for business, society, and the environment in parallel with its proper, systematic, and tangible responses to stakeholders' expectations. To illustrate its determination to corporate improvement to a Greenovation Group, in the middle of this year Bangchak modified its vision and mission from "Greenenergy Excellence" to "Evolving Greenovation" while adjusting its core values to "I AM BCP" to prepare the company for change and corporate growth.

### **Vision**

To be the Leading Asian Greenovative Group, founded on Good Corporate Governance, through Inclusiveness and Sustainability

### **Mission**

BCP commits in bringing Disruptive and Inclusive Greenovation to Delight our customers, being a trusted partner and Value Creator for all Stakeholders, and promoting Sustainable Development to Society.

We emphasize Inclusive and Sustainable business, pursue Domestic and Overseas expansion, embrace Good Corporate Governance principles, and nurture a High-performance, Learning culture and happy Workplace.

### **Core Value**

**I**nnovation

**A**gility & **M**obility

**B**eyond Expectation

**C**ontinuous Development

**P**ursuit of Sustainability

Not only operating in line with the corporate vision, Bangchak has also applied SDGs (Sustainability Development Goals) and international guidelines on sustainability and other development for excellence, including TQA (Thailand Quality Award), ISO 26000 social responsibility standard, and UNGC (UN Global Compact) to form its own approach for sustainable development. Please see additional information in the Sustainability Report, in accordance with Global Reporting Initiative (GRI), at the [www.bangchak.co.th](http://www.bangchak.co.th) website.



## **11. Internal Control and Risk Management**

Below is a summary of opinions of the Board of Directors (“Board”) of The Bangchak Petroleum Plc on the adequacy and suitability of the Company’s internal control system.

### **1. Control environment**

The Company’s organizational environment and structure favor implementation of the internal control system. Corporate Compliance unit is the centralize unit to monitor compliance with laws, regulations, and rules of assorted agencies in a clear and tangibly measured way to guide employees’ work. Its business goals are deliberated by the Board in a clear and measurable way for use as concrete guidelines for employees. Bangchak had improved Operation Policy, Employee Handbook, Work Handbook, and a proper organizational structure which favor efficient business execution by the management. The management also consistently values business integrity and ethics. Bangchak has stressed to employees the issues of fraud risk and conflicts of interest by improving how information on employees’ conflicts of interest is given through the e-HR system for greater convenience and information timeliness.

Bangchak staged 2016 CG Day activities under the theme of “In HM the King’s Footsteps” by Mr. Banyong Pongpanich, who delivered the “Combating Corruption: Time to Get Serious” lecture. The management and employees together pledged to stay above corruption in a gesture of commitment to relentless resistance to corrupt practices.

Bangchak continued its emphasis on the No-Gift Policy in an effort to step up Corporate Governance and lay down a solid foundation for fair treatment of all. This year Bangchak not only won CAC recertification, but also staged an annual business partner seminar for the third straight year to educate and support business partners to become CAC allies.

The Company has instituted measures for whistle-blowing and complaint-filing against violations of the law and the Code of Conduct, or behavior potentially classified as frauds or malfeasance of those inside the Company or of stakeholders, including inaccurate financial reports or deficient internal controls. The Board has also instituted protective measures for whistle-blowers for stakeholders’ greater stewardship of Company benefits.



## 2. Risk Assessment

The Company has appointed the Enterprise-wide Risk Management Committee (ERMC) to define policies, strategies and enterprise-wide risk management goals; evolve such a management system for continual efficiency; support and actively encourage cooperation in risk management at all levels; and ensure suitable and efficient risk management. The company took into consideration risks associated with new ventures to bolster confidence that such businesses are viable and achieve goals. It also evolved a risk management process by integrating the approaches under ISO 31000 (which accounts for company-wide risk management) to achieve operating objectives and align with international standards. This year Bangchak investigated trends and applied the findings of a Global Risk study by World Economic Forum 2016 to delve into strategic risks against short-term and long-term corporate goal achievement, while staying vigilant for amended public policies potentially harming corporate performance and expanding opportunities for corporate innovation.

Stringent and consistent is the Company's valuing of a sound environmental and safety management system to its neighboring communities. It appointed Risk Management Sub-Committee – RMC, which consisted of top managements from various units, to monitor corporate performance and develop risk management system which followed the policies from RMC. The Company also appointed Price Risk Management Committee – PRMC to manage potential risks from running business which may occur from crude prices and baht values. In addition, the Company appointed Business Continuity Management (BCM) Taskforce, charged with system preparation to handle risks and potential crises; defined strategies to keep the company running even during emergencies; appointed a task force to draft business continuity management procedures to make plans comprehensive, ring-fence crisis and situations, and enable Bangchak's business to proceed uninterrupted in emergencies and mitigate potential. Bangchak is the first domestic refinery to win ISO 22301 certification (business continuity management) and undergo constant surveillance surveys from the accreditor.

## 3. Control activities

The Company's control activities rely on Key Performance Indicators (KPIs) as a planning and control tool, with segregation of responsibilities for checks and balances. This year, for business suitability, Bangchak





revised and redefined the authority and approval authority for various levels. Checks and balances were enforced by units and panels specifically appointed, including the Internal Audit, the Capital Investment Committee, and the Enterprise-wide Risk Management Committee. Authority, responsibility and approval of expenditure are defined in writing, along with preparation of documents that favor segmentation and identification of responsible parties should things go wrong. Custodianship and stewardship of Company properties to prevent losses or abuses have been instituted. The Company transactions with long-term obligations are properly monitored for contractual compliance. Measures are in place to prevent self-gains of Company opportunities or benefits. Procedures are in place to ensure that the Company observes the law and relevant regulations. Now in place is control self-assessment (CSA) at business levels, section levels, and work process levels throughout the company, as is an annual assessment of performance. This year Bangchak assigned its units to add risk assessment processes concerning bribery of public officials in line with the Constitution's complementary act governing the prevention and suppression of corruption of 1999 (third amendment of 2015). Talks were organized on the treatment guidelines for sensitive data affecting stock prices. Audits and recertification of ISO 14001, TIS 18001, and ISO 50001 were successfully undertaken. A session on Kaizen (continuous improvement) was held to share experiences and concepts to promote business efficiency while trimming losses. Bangchak's strict, suitable measures govern engagement in transactions with major shareholders, directors, among others, to prevent unlawful transfers of benefits; for instance, such transactions must first secure approval by disinterested parties, transaction data must be disclosed under SEC rules, and data on related parties or businesses under accounting standards must be disclosed.

In addition, a process monitored subsidiaries' performances and formulated their corporate governance policies along with their security, safety, occupational health, environment, and energy policies. The business processes of Bangchak Biofuel, Bangchak Solar Energy, and Bangchak Green Net—all subsidiaries—were reviewed. Finally, Bangchak also advocated its subsidiaries, namely BCPG Plc., Bangchak Biofuel, and Bangchak Green Net, for becoming CAC allies.



#### 4. Information and communication

Bangchak developed its information system and data system for work readiness and security under a policy for IT system safety and a standard for application of the information system and networks. To this end, Bangchak won ISO 27001 certification (IT system security) and won a standard called DCS (Digital Control System) together with ISO/IEC 20000-1:2011 (service management standard). SAP Enterprise Resource Planning (ERP) SAP ECC 6.0— which is internationally accepted—is in force to enable Bangchak to leverage comprehensive corporate data for efficient analytical and operating purposes. It deployed the Security and Safety Management System and e-Budget System for greater business efficiency. Also, this year Bangchak developed an IT Digital Roadmap for 2017-2021, which encompasses all corporate IT projects (both Marketing IT, Refinery IT) and affiliates. IT Operating Models were structured for efficient IT administration and accommodation of corporate needs. Improvements were made to business processes like the Loyalty Card and CRM (Sales & Marketing) while extending the successes of SAP Enterprise Resource Planning (ERP), SAP ECC 6.0, infrastructure, and penetration test.

In these development efforts, Bangchak adhered to the COBIT Framework under the corporate IT security policy and information system deployment standard while remaining committed to Corporate Governance.

#### 5. Monitoring and assessment

The Company commands a performance tracking system by having a committee regularly compare performance results against goals, so that factors potentially impacting performance can lead to strategic plan adjustment and goal achievement. An internal audit unit, reporting to the Audit Committee, reviews compliance with the company's formulated internal control system.



**Head of Internal Control Office**

At its meeting No. 6/2005 held on Jul. 11, 2005, the Board of Directors deemed it appropriate to appointed Mr. Pichit Wongrujiravanich as Vice President of Internal Control Office. Since Mr. Pichit has over 22 years' experience in auditing with SGV-NA Thalang Office Co.,Ltd. and Yontrakit Group.

The Audit Committee considers, appoints, transfers, and assesses the performance of the head of Internal Control Office. Please see information of the head of Internal Control Office in Attachment 4.

**Head of the Compliance Department**

At its meeting No. 6/2009 held on Jun. 26, 2009, the Board of Directors appointed Ms. Pakawadee Janrayapes as Company Secretary, effective from July 1, 2009. In 2015, due to the Company's management restructuring, the Company instituted a Compliance Division under Corporate Compliance Department, and appointed Ms. Pakawadee Janrayapes as Senior Vice President of Corporate Compliance. Please see information of the head of the Compliance Department in Attachment 4.



## 12. Connected Transactions

### 1.1 Connected transactions between shareholders

For the years ended 31 December 2016 and 2015, connected transactions with the shareholders were as follows:

Company	Relationship	Connected transaction	Jan.-Apr. 2015 Baht (million)	Jan-Dec. 2016* Baht (million)
PTT Plc	Major shareholder until April 30, 2016*	• Value of sale of refined products to PTT	4,965.28	-
		• Other revenues	44.55	-
		• Trade debtors as of the end of the period	-	-
		• Value of purchase of refined products from PTT	26,167.28	-
		• Trade creditors as of the end of the period	-	-
		• Creditor to others	-	-
		• Finance lease liabilities	-	-
		• Service fee for the use of PTT's Si Racha Terminal	102.88	-
		• Expenses on natural gas, steam and electricity	1,006.33	-
		• Interest expenses	18.45	-
		• Other expenses	0.86	-
		• Advance payments for utilities	-	-

\* PTT Public Company Limited was the major shareholder until April 30, 2015, resulting in

- 2016 transactions: No transaction was reported since there was no connection
- 2015 transactions:
  - List of revenue and expenses shown for January 1 – April 30, 2015
  - List of assets and liabilities as of December 31, 2015, no detail is shown since there was no connection.

### 1.2 Connected transactions with subsidiaries, jointly-controlled businesses, associated companies and related companies during 2015 and 2016 consisted of the following:

- #### 1.2.1 Sale of Product and Services:
- These items are sold and services performed by the Company to subsidiaries, jointly-controlled businesses, associated companies and related companies.



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<b><u>Subsidiaries</u></b>				
Bangchak Green Net Co., Ltd.	27,495.08	28,114.99	- BCP holds 49% shares	- BCP delegates its representatives as directors
BCP Trading Pte. Ltd.	-	304.45	- BCP holds 100% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao)	-	2.09	- BCP holds 85% shares	- BCP delegates its representatives as directors
<b><u>Associated companies</u></b>				
Ubon Bio Ethanol Co., Ltd.	14.18	13.94	- BCP holds 21.28% shares	- BCP delegates its representatives as directors
Ubon Agricultural Energy Co., Ltd.	24.57	6.87	- Ubon Bio-Ethanol Co., Ltd. (associated company) holds 100% shares	- BCP delegates its representative as director

Related company	Jan-Apr 2015* Baht (million)	Jan-Dec 2016* Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<b><u>PTT Group conducted related businesses until April 30, 2015</u></b>				
PTT International Trading Co., Ltd.	434.27	-	- PTT Plc holds shares in this company	-
PTTEP Siam Co., Ltd.	1.66	-	- PTT Plc holds shares in this company	-
IRPC Plc	715.76	-	- PTT Plc holds shares in this company	-



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1.2.2 Purchase of product and services: These items have to do with the Company's purchase of products and/or services from subsidiaries, jointly-controlled businesses, associated companies and related companies.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u>				
Bangchak Green Net Co., Ltd.	1.01	0.41	- BCP holds 49% shares	- BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	4,352.62	4,982.10	- BCP holds 70% shares	- BCP delegates its representatives as directors
BCP Trading Pte, Ltd.	-	575.13	- BCP holds 100% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao)	-	263.13	- BCP holds 85% shares	- BCP delegates its representatives as directors
<u>Associated companies</u>				
Ubon Bio Ethanol Co., Ltd.	1,300.68	1,373.74	- BCP holds 21.28% shares	- BCP delegates its representatives as directors
<u>Other related businesses</u>				
Fuel Pipeline Transportation Co., Ltd.	390.16	430.55	- BCP holds 4.95% shares	- BCP delegates its representative as director

Related company	Jan-Apr 2015* Baht (million)	Jan-Dec 2016* Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>PTT Group conducted related businesses until April 30, 2015</u>				
IRPC Plc	721.75	-	- PTT Plc holds shares in this company	-
PTT International Trading Co., Ltd.	0.06	-	- PTT Plc holds shares in this company	-
PTT Global Chemical Plc	152.15	-	- PTT Plc holds shares in this company	-
Thai Oil Plc	878.45	-	- PTT Plc holds shares in this company	-





Related company	Jan-Apr 2015* Baht (million)	Jan-Dec 2016* Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
Thai Lube Base Plc	54.48	-	Connected through PTT Plc	
IRPC Oil Co., Ltd.	27.35	-	Connected through PTT Plc	

1.2.3 Revenue from investment and other revenues from subsidiaries, jointly-controlled businesses, associated companies and related companies.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u>				
Bangchak Green Net Co., Ltd.	34.21	11.41	- BCP holds 49% shares	- BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	202.68	128.43	- BCP holds 70% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy Co., Ltd.	1,413.39	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy (Prachinburi) Co., Ltd.	185.21	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy (Chaiyaphum1) Co., Ltd.	95.06	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy (Buriram) Co., Ltd.	91.41	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy (Buriram 1) Co., Ltd.	90.81	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
Bangchak Solar Energy (Nakhonratchasima) Co., Ltd.	92.13	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
NIDO Petroleum Limited	188.33	226.82	- Indirect Subsidiary through BCP Energy International Pte. Ltd. which BCP holds 100% shares	- BCP delegates its representatives as directors
BCP Innovation Pte, Ltd.	1.65	0.95	- BCP holds 100% shares	- BCP delegates its representatives as directors
BCPG Plc.	197.39	929.58	- BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	-	0.16	- BCP holds 85% shares	- BCP delegates its representatives as directors
<u>Associated companies</u> Ubon Bio Ethanol Co., Ltd.	0.02	-	- BCP holds 21.28% shares	- BCP delegates its representatives as directors

1.2.4 Other expenses paid by the Company to subsidiaries, jointly-controlled businesses, associated companies and related companies

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Other related businesses</u> Fuel Pipeline Transportation Co., Ltd.	7.74	8.45	- BCP holds 4.95% shares	- BCP delegates its representative as director



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1.2.5 Revenue from investment and other revenues from subsidiaries, jointly-controlled businesses, associated companies and related companies

Related company	Jan-Dec 2015* Baht (million)	Jan-Apr 2016* Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>PTT Group conducted related businesses until April 30, 2015</u> PTTEP Siam Co., Ltd.	0.09	-	PTT Plc holds shares in this company	-

1.2.6 Interest expenses paid by the Company to subsidiaries for loan guarantees under grant of operating rights.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> Bangchak Green Net Co., Ltd.	0.39	0.32	- BCP holds 49% shares	- BCP delegates its representatives as directors

1.2.7 Other expenses paid by the Company to subsidiaries, jointly-controlled businesses, associated companies and related companies.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> Bangchak Green Net Co., Ltd.	16.46	26.66	- BCP holds 49% shares	- BCP delegates its representatives as directors
Bangchak Solar Energy Co., Ltd.	4.07	-	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
BCPG Plc.	-	0.38	- BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Retail Co., Ltd.	-	12.25	- BCP holds 100% shares	- BCP delegates its representatives as directors
NIDO Petroleum Limited	-	4.16	- Indirect Subsidiary through BCP Energy International Pte. Ltd. which BCP	- BCP delegates its representatives as directors



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
			holds 100% shares	

1.2.8 Other expenses paid by the Company to subsidiaries, jointly-controlled businesses, associated companies and related companies

Related company	Jan-Dec 2015* Baht (million)	Jan-Apr 2016* Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>PTT Group conducted related businesses until April 30, 2015</u>				
NPC Safety and Environmental Services Co., Ltd.	1.28	-	- Connected through PTT Plc	-
Energy Complex Co., Ltd.	7.21	-	- PTT Plc holds shares in this company	-
PTT ICT Solutions Co., Ltd.	0.03	-	- PTT Plc holds shares in this company	-
PTT Energy Solutions Co., Ltd.	1.79	-	- PTT Plc holds shares in this company	
PTT Global Chemical Plc	0.03	-	- PTT Plc holds shares in this company	

1.2.9 Debtors, advance payments and short-term loans to related businesses

1.2.9.1 Trade debtors

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> Bangchak Green Net Co., Ltd.	842.97	1,094.76	- BCP holds 49% shares	- BCP delegates its representatives as directors



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
Bangchak Biofuel Co., Ltd.	0.99	2.49	- BCP holds 70% shares	- BCP delegates its representatives as directors
Bangchak Retail Co., Ltd.	-	5.08	- BCP holds 100% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	-	0.68	- BCP holds 85% shares	- BCP delegates its representatives as directors
<u>Associated companies</u>				
Ubon Bio Ethanol Co., Ltd.	1.57	1.08	- Ubon Bio-Ethanol Co., Ltd. holds 21.28% shares	- BCP delegates its representatives as directors
Ubon Agricultural Energy Co., Ltd.	0.02	0.92	- Ubon Bio-Ethanol Co., Ltd. (associated company) holds 100% shares	- BCP delegates its representative as director
<u>Other related businesses</u>				
Fuel Pipeline Transportation Co., Ltd.	0.33	0.33	- BCP holds 4.95% shares	- BCP delegates its representative as director

1.2.10 Debtors and loans to related businesses

1.2.10.1 Loans

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> NIDO Petroleum Limited	3,168.44	2,788.52	- Indirect Subsidiary through BCP Energy International Pte. Ltd. which BCP holds 100% shares	- BCP delegates its representatives as directors



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
BCP Innovation Pte, Ltd.	179.62	-	- BCP holds 100% shares	- BCP delegates its representatives as directors
BCPG Plc.	6,288.00	-	- BCP holds 70.35% shares	- BCP delegates its representatives as directors
<u>Other related businesses</u> Fuel Pipeline Transportation Co., Ltd.	20.73	17.32	- BCP holds 4.95% shares	- BCP delegates its representative as director

1.2.10.2 Other debtors

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> Bangchak Solar Energy Co., Ltd.	0.39	0.39	- Indirect Subsidiary through BCPG which BCP holds 70.35% shares	- BCP delegates its representatives as directors
NIDO Petroleum Limited	87.12	-	- Indirect Subsidiary through BCP Energy International Pte. Ltd. which BCP holds 100% shares	- BCP delegates its representatives as directors
BCP Innovation Pte, Ltd.	1.65	-	- BCP holds 100% shares	- BCP delegates its representatives as directors
BCPG Plc.	38.07	213.88	- BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	-	0.03	- BCP holds 85% shares	- BCP delegates its representatives as directors





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1.2.11 Creditors of related businesses

1.2.11.1 Trader creditors

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u>				
Bangchak Green Net Co., Ltd.	2.89	2.41	- BCP holds 49% shares	- BCP delegates its representatives as directors
Bangchak Biofuel Co., Ltd.	241.50	243.12	- BCP holds 70% shares	- BCP delegates its representatives as directors
BCP Trading Pte, Ltd.	-	306.71	- BCP holds 100% shares	- BCP delegates its representatives as directors
Bangchak Bioethanol (Chachoengsao) Co., Ltd.	-	84.69	- BCP holds 85% shares	- BCP delegates its representatives as directors
<u>Associated companies</u>				
Ubon Bio Ethanol Co., Ltd.	113.29	128.06	- Ubon Bio-Ethanol Co., Ltd. holds 21.28% shares	- BCP delegates its representatives as directors

1.2.11.2 Other creditors

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u>				
Bangchak Green Net Co., Ltd.	0.36	0.56	- BCP holds 49% shares	- BCP delegates its representatives as directors
BCPG Plc.	-	0.03	- BCP holds 70.35% shares	- BCP delegates its representatives as directors
Bangchak Retail Co., Ltd.	-	17.32	- BCP holds 100% shares	- BCP delegates its representatives as directors



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Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Other related businesses</u> Fuel Pipeline Transportation Co., Ltd.	30.08	41.02	- BCP holds 4.95% shares	- BCP delegates its representative as director

1.3 Other non- current assets.

Related company	Jan-Dec 2015 Baht (million)	Jan-Apr 2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	
<u>Subsidiaries</u> NIDO Petroleum Limited	-	176.74	- Indirect Subsidiary through BCP Energy International Pte. Ltd. which BCP holds 100% shares	- BCP delegates its representatives as directors

1.4 Other current liabilities: These items are the Company's demanded guarantee payment for operating contracts with subsidiaries companies.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> Bangchak Green Net Co., Ltd.	29.40	29.72	- BCP holds 49% shares	- BCP delegates its representatives as directors
BCPG Plc.	0.23	6.00	- BCP holds 70.35% shares	- BCP delegates its representatives as directors

1.5 Other non-current liabilities: These items are the Company's revenue received in advance for land lease from related companies.

Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Subsidiaries</u> BCPG Plc.	5.45	-	- BCP holds 70.35% shares	- BCP delegates its representatives as directors



Related company	2015 Baht (million)	2016 Baht (million)	Relationship for the year ended 31 December 2016	
			Shareholding	Management
<u>Other related businesses</u> Fuel Pipeline Transportation Co., Ltd.	3.45	2.97	- BCP holds 4.95% shares	- BCP delegates its representative as director

1. Connected transactions with PTT Plc (PTT Plc was the major shareholder until April 30, 2015)

Orders for crude oil supplies between BCP and PTT, which is BCP's crude oil supplier for sale to industrial operators under the terms of feedstock supply agreements, are designed to enhance BCP's capability for sourcing feedstock for its processes. As for the sale of refined products, PTT notifies BCP six months in advance of its orders. A meeting is held each month to confirm orders, for which pricing follows market prices.

BCP entered into a 10-year contract with PTT, starting on August 3, 2009, for natural gas purchase to feed BCP's processes. Pricing was agreed in the contract with the terms and conditions considered normal business practice.

BCP entered into a contract with PTT for the use of PTT's Si Racha petroleum and gas terminal service. The 15-year contract, which started on January 1, 2009, involves receipt, storage and distribution of oil products. The service charge was agreed in the contract with the terms and conditions considered normal business practice.

BCP entered into an agreement with PTT to operate NGV fueling stations. The Company earned income from land use and station operation at the rates agreed in the contract, with the terms and conditions considered normal business practice.

BCP entered into an agreement with PTT on February 25, 2008, for the sale/purchase of electricity and steam. Under the contract, PTT is the investor in the construction of a plant with a capacity to produce 90 tons per hour of steam and 19.7 megawatts of electricity, while BCP is the sole buyer of all products at the prices agreed in the contract with the terms and conditions considered normal business practice. Commercial production started in June 2010.

2. Connected transactions with Bangchak Green Net Co., Ltd.

Bangchak Green Net managed Bangchak service stations and consumer product sales at Lemon Green and Bai Chak outlets. These connected transactions followed normal business practices, relied on market prices and followed the details stated in the operating right agreements.

3. Connected transactions with Bangchak Biofuel Co., Ltd.

A subsidiary company, Bangchak Biofuel was set up to produce and sell biodiesel. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.

4. Connected transactions with Bangchak Solar Energy Co., Ltd.

Bangchak Solar Energy Co., Ltd. (an indirect subsidiary through BCPG Plc.) was formed to run the solar-farm business known as "Sunny Bangchak" Phase 1 with a 38-MW capacity located at Amphoe Bang Pa-In, Phra Nakhon Si Ayutthaya. The service fees were at arm's length and market prices, detailed as stated in the operating agreement.



5. Connected transactions with Bangchak Solar Energy (Prachinburi) Co., Ltd.  
A subsidiary company of BCPG Plc., operated a solar power plant to produce electricity from solar cell, at Amphoe Kabin Buri, Prachin Buri. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
6. Connected transactions with Bangchak Solar Energy (Chaiyaphum1) Co., Ltd.  
A subsidiary company of BCPG Plc., operated a power plant to produce electricity from solar cell, at Amphoe Bamnet Narong, Chaiyaphum. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
7. Connected transactions with Bangchak Solar Energy (Buriram) Co., Ltd.  
A subsidiary company of BCPG Plc., operated a power plant to produce electricity from solar cell, at Amphoe Prakhon Chai, Buri Ram. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
8. Connected transactions with Bangchak Solar Energy (Buriram 1) Co., Ltd.  
A subsidiary company of BCPG Plc., operated a power plant to produce electricity from solar cell, at Amphoe Nong Ki, Buri Ram. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
9. Connected transactions with Bangchak Solar Energy (Nakhonratchasima) Co., Ltd.  
A subsidiary company of BCPG Plc., operated a power plant to produce electricity from solar cell, at Amphoe Dan Khun Thot, Nakhon Ratchasima. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
10. Connected transactions with BCP Energy International Pte, Ltd.  
A subsidiary company in Singapore, BCP Energy International Pte, Ltd. was set up to engage in businesses concerning energy, petrochemical, and natural resource abroad. These connected transactions followed normal business practices, relied on market prices.
11. Connected transactions with BCP Innovation Pte., Ltd.  
A subsidiary company in Singapore, BCP Innovation Pte., Ltd. was set up to engage in businesses concerning innovation. These connected transactions followed normal business practices, relied on market prices.
12. Connected transactions with BCP Trading Pte., Ltd.  
A subsidiary company in Singapore, BCP Trading Pte., Ltd. was set up to trade commodities which include crude oil, petroleum products, petrochemicals and other related chemicals and to conduct other businesses that would benefit the company including but not limited to hedging, chartering, storage and distribution. These connected transactions followed normal business practices, relied on market prices.
13. Connected transactions with Nido Petroleum Limited  
Nido Petroleum Limited (an indirect subsidiary in Australia) was formed to run the petroleum exploration and production business. These connected transactions followed normal business practices, relied on market prices.
14. Connected transactions with BCPG Plc.  
A subsidiary company of BCPG Plc. was set up to operate a power plant to produce electricity from solar cell. These connected transactions followed normal business practices, relied on market prices and followed details stated in the operation contracts.
15. Connected transactions with Bangchak Retail Co., Ltd  
The Company's associated company, is engaged in franchise businesses and intellectual property. The transaction with this company followed normal business practices, relied on market prices and followed details stated in the operation contracts.



- 16.** Connected transactions with Bangchak Bioethanol (Chachoengsao) Co., Ltd.  
The Company's associated company, is engaged in cassava-based ethanol production. The plant can run on fresh cassava and cassava chips. The ethanol was used in the production of gasohol. The transaction with this company followed normal business practices, relied on market prices and followed details stated in the operation contracts.
- 17.** Connected transactions with Ubon Bio Ethanol Co., Ltd.  
The Company's associated company, is engaged in cassava-based ethanol production. The plant can run on fresh cassava and cassava chips. The ethanol was used in the production of BCP's gasohol and most was exported to China. The transaction with this company followed normal business practices, relied on market prices and followed details stated in the operation contracts.
- 18.** Connected transactions with Ubon Agricultural Energy Co., Ltd.  
Transactions with Ubon Agricultural Energy Co., Ltd, a connected company as a result of Ubon Bio-Ethanol Co., Ltd. (BCP's associated company), holding shares in this company, followed normal business practices and market prices.
- 19.** Connected transactions with Fuel Pipeline Transportation Co., Ltd.  
BCP entered into contracts with this company to take its oil products from Bangchak Depot to its Bang Pa-in Depot and sell them to its customers in the Central, North and Northeast under normal business conditions and market prices.
- 20.** Connected transactions with Thai Oil Plc (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices
- 21.** Connected transactions with Thai Lube Base Plc (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company through PTT, followed normal business practices and market prices.
- 22.** Connected transactions with PTT Global Chemical Plc (Connected transactions until April 30, 2016)  
(a company founded through the amalgamation of PTT Aromatics and Refining Plc and PTT Chemical Plc)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 23.** Connected transactions with IRPC Plc (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 24.** Connected transactions with NPC Safety and Environmental Services Co., Ltd. (Connected transactions until April 30, 2016)  
Service fees with this company, a connected company through PTT, followed normal business practices and market prices.
- 25.** Connected transactions with PTT International Trading Co., Ltd. (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices
- 26.** Connected transactions with PTT ICT Solutions Co., Ltd. (Connected transactions until April 30, 2016)  
Payment for the rights to use Microsoft software from this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 27.** Connected transactions with PTTEP Siam Co., Ltd. (Connected transactions until April 30, 2016)  
Other services fees with this company, a connected company through PTT, followed normal business practices and market prices.



- 28.** Connected transactions with Energy Complex Co., Ltd. (Connected transactions until April 30, 2016)  
The deposit payments, office rents and office service fees with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 29.** Connected transactions with PTT International Trading DMCC Co., Ltd. (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 30.** Connected transactions with IRPC Oil Co., Ltd. (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company through PTT, followed normal business practices and market prices.
- 31.** Connected transactions with Star Petroleum Refining Co., Ltd. (Connected transactions until April 30, 2016)  
Transactions with this company, a connected company as a result of shared relationship through PTT, followed normal business practices and market prices.
- 32.** Connected transactions with ThaiOil Energy Service Co., Ltd. (Connected transactions until April 30, 2016)  
The services fees with this company, a connected company through PTT, followed normal business practices and market prices.
- 33.** Connected transactions with PTT Energy Solutions Co., Ltd. (Connected transactions until April 30, 2016)  
Other services fees with this company, a connected company through PTT, followed normal business practices and market prices.
- 34.** Connected transactions with PTT Exploration and Production Plc (Connected transactions until April 30, 2016)  
Other services fees with this company, a connected company through PTT, followed normal business practices and market prices.

These transactions were undertaken in the normal course of business, with none taken as extraordinary transactions. No siphoning of interests occurred among BCP, subsidiary companies, connected companies and shareholders. Approvals were scrutinized by the President, who duly approved them as authorized by Company regulations.

Disclosure of connected transactions follow the rules of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), as well as the accounting standards concerning the disclosure of information concerning connected parties and businesses, as defined by the Federation of Accounting Profession of Thailand.

#### Policy for future connected transactions

In undertaking future connected transactions, BCP will continue its product and oil pipeline transport service transactions with connected companies, since these represent normal business practices in the same industry. The pricing of products and services follow market practices and/or the details stipulated in commercial contracts. However, in such cooperation, BCP takes into consideration its best interests. The Audit Committee and the Internal Audit Office are to supervise and review BCP's business to ensure its conformance to securities and SET laws, as well as the requirements, announcements, or regulations of SET. In addition, for whichever transactions involving BCP executives, they are not allowed to cast their votes in meetings. Major connected transactions must be reviewed and approved by the Board.