



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

| Top 10 Major Shareholders (as of September 15, 2017) | | Number of Shares | Shareholding (%) |
|---|---|---------------------|---------------------|
| 1. | Vayupak Fund 1 | 204,333,600 | 14.84 |
| 2. | Social Security Office | 187,148,897 | 13.59 |
| 3. | Thai NVDR Co., Ltd. | 138,066,757 | 10.03 |
| 4. | Ministry of Finance | 137,442,767 | 9.98 |
| 5. | Krungsri Dividend Stock LTF | 37,598,000 | 2.73 |
| 6. | AIA TH-EQ4-P | 30,000,069 | 2.18 |
| 7. | STATE STREET BANK EUROPE LIMITED | 25,767,176 | 1.87 |
| 8. | Bangkok Life Assurance PLC | 23,056,200 | 1.67 |
| 9. | HSBC (SINGAPORE) NOMINEES PTE LTD | 18,767,700 | 1.36 |
| 10. | NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC | 18,757,954 | 1.36 |
| Top 10 Total | | 820,939,120 | 59.61 |
| Grand Total | | 1,376,923,157 | 100.00 |

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

| Top Major Shareholders (as of September 15, 2017) | | Number of Shares | Shareholding (%) |
|--|-------------------------------------|---------------------|---------------------|
| 1. | N.C.B.TRUST LIMITED-NORGES BANK 5 | 26,842,600 | 1.95 |
| 2. | BNY MELLON NOMINEES LIMITED | 14,494,155 | 1.05 |
| 3. | STATE STREET BANK EUROPE LIMITED | 10,827,955 | 0.79 |
| 4. | RBC INVESTOR SERVICES BANK S.A. | 8,403,400 | 0.61 |
| 5. | STATE STREET BANK AND TRUST COMPANY | 7,963,100 | 0.58 |
| 6. | UBS AG LONDON BRANCH | 7,749,000 | 0.56 |
| Total | | 76,280,210 | 5.54 |

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

Note: Investors can examine updated shareholders' information at Bangchak's website before the AGM



• Issuance of other securities

Debentures

Tris Ratings Co., Ltd., recommended for Bangchak's corporate and debt instrument credit 'A' ranking with a 'Stable' credit outlook.

This year Bangchak issued no debentures, whether domestic or abroad. As of the year-end, Bangchak's posted Baht 14 billion in all outstanding debentures, as detailed below.

| Debenture | Value (Baht million) | Interest rate (%/year) | Maturity (years) | Redemption Date |
|-----------|----------------------|------------------------|------------------|-----------------|
| BCP194A | 2,000 | 4.35 | 5 | April 11, 2019 |
| BCP194B | 2,000 | 4.92 | 7 | April 30, 2019 |
| BCP214A | 2,500 | 4.81 | 7 | April 11, 2021 |
| BCP224A | 1,000 | 5.35 | 10 | April 30, 2022 |
| BCP244A | 3,500 | 5.18 | 10 | April 11, 2024 |
| BCP273A | 2,000 | 4.72 | 12 | March 3, 2027 |
| BCP303A | 1,000 | 5.05 | 15 | March 3, 2030 |

Dividend Policy

The Company 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 BCP

| ฿ | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 (first half) |
|--|------|------|------|------|------|----------------------|
| Earnings per share (Baht/share) | 3.10 | 3.38 | 0.52 | 3.01 | 3.47 | 2.23 |
| Annual dividend (Baht/share) | 1.25 | 1.35 | 1.00 | 2.00 | 1.80 | 1.05 |
| Dividend rate (%) | 40 | 40 | 192 | 66 | 52 | 47 |

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 Plc.

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, the company's cash flow, and investment plans of Bangchak and affiliates. The Board, however, will also take into consideration other factors as seen appropriate.

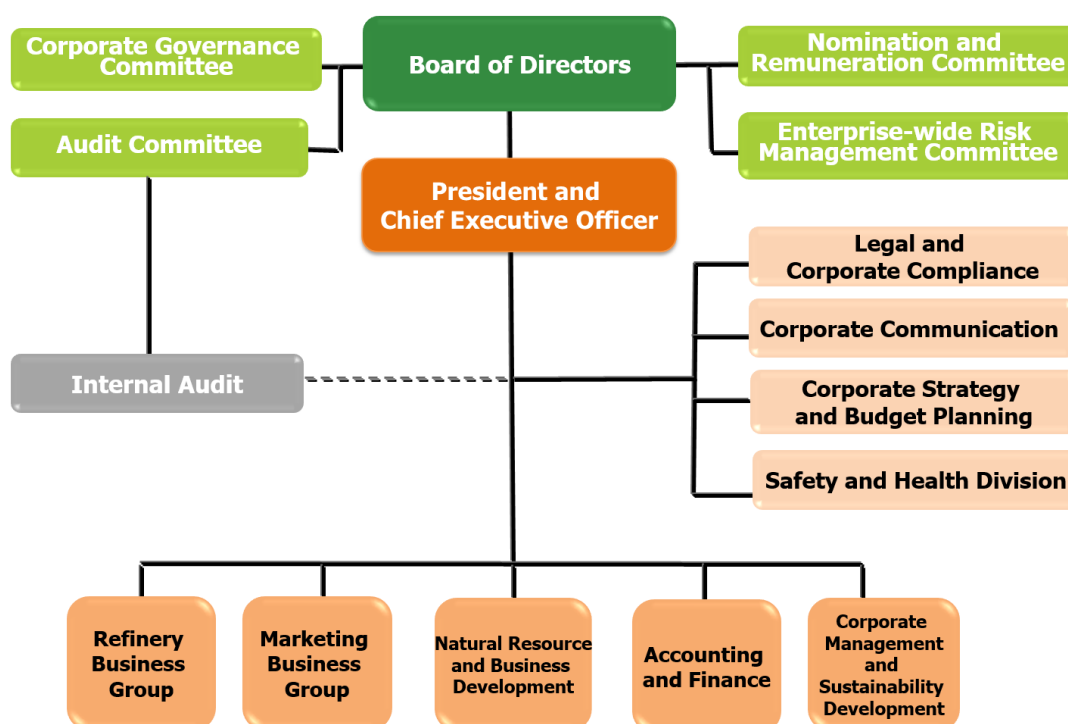
☐ Bangchak Solar Energy Co., Ltd., and five other companies under project areas.

This company's dividend payment is no lower than 80% of the net profit appearing in its particular financial statements after deducting all provisions under the company's regulations and under the law, subject to the cash flow 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, dismisses, and undertakes the annual evaluation of the Chief Audit Executive and review the independence of Internal Audit.

1. Board of Directors There were 15 Directors (As of December 31, 2017) as follows:

| | Name | Position | Appointment date |
|----|-------------------------|-----------------------------------|--|
| 1. | Mr. Pichai Chunhavajira | - Chairman (Independent director) | April 24, 2012 (Independent director since 1 June 2017) |



| Name | | Position | Appointment date |
|------|-----------------------------|--|---|
| 2. | Mr. Surin Chiravisit | <ul style="list-style-type: none"> - Vice Chairman (Independent Director) - Chairman of the Nomination and Remuneration Committee - Member of the Enterprise-wide Risk Management Committee | April 8, 2010 |
| 3. | Mr. Suthep Wongvorazathe | <ul style="list-style-type: none"> - Independent Director - Chairman of the Audit Committee - Member and Secretary of the Nomination and Remuneration Committee | October 30, 2012 |
| 4. | Pol.Lt.Gen. Chaiwat Chotima | <ul style="list-style-type: none"> - Independent Director - Member of the Audit Committee - Member of the Nomination and Remuneration Committee | April 9, 2014 |
| 5. | Gen.Apirat Kongsompong | <ul style="list-style-type: none"> - Independent Director - Member of the Nomination and Remuneration Committee | September 26, 2014 |
| 6. | Adm. Sucheep Whoungmaitree | <ul style="list-style-type: none"> - Independent Director - Member of the Nomination and Remuneration Committee | May 26, 2015 |
| 7. | Mr. Krisada Chinavicharana | <ul style="list-style-type: none"> - Independent Director - Member of the Audit Committee | November 23, 2015 |
| 8. | Gen. Vitch Devahasdin | <ul style="list-style-type: none"> - Independent Director - Chairman of the Corporate Governance Committee | April 5, 2016 |
| 9. | Mrs. Prisana Praharnkhasuk | <ul style="list-style-type: none"> - Independent Director - Member of the Audit Committee | April 5, 2016 |
| 10. | Mr. Teerapong Wongsiwawilas | <ul style="list-style-type: none"> - Independent Director - Member of the Corporate Governance Committee | January 26, 2017 (replacing Prof.Dr. Chai-anan Samudavanija) |
| 11. | Mr. Prasong Poontaneat | <ul style="list-style-type: none"> - Director (Representative from Ministry of Finance) - Chairman of the Enterprise-wide Risk Management Committee | April 24, 2012 |
| 12. | Mr. Visit Vongruamlarp | <ul style="list-style-type: none"> - Director (Representative from Ministry of Finance) - Member of the Enterprise-wide Risk Management Committee | April 8, 2015 |
| 13. | Mr. Jarin Chakkaphark | <ul style="list-style-type: none"> - Director (Representative from Social Security Office) - Member of the Corporate Governance Committee | October 12, 2017 (replacing M.L. Puntrik Smiti) |



| Name | | Position | Appointment date |
|--|---------------------------------|---|--|
| 14. | Dr. Prasert Sinsukprasert | - Director - Member of the Enterprise-wide Risk Management Committee | April 5, 2016 |
| 15. | Mr. Chaiwat Kovavisarach | - President and Chief Executive Officer - Member and Secretary of the Corporate Governance Committee - Member and Secretary of the Enterprise-wide Risk Management Committee - Secretary to the Board of Directors | October 30, 2012 |
| Directors whose terms were completed and resigned in 2017 | | | |
| 1. | Prof.Dr. Chai-anan Samudavanija | - Vice Chairman (Independent director) - Chairman of the Nomination and Remuneration Committee | April 24, 2003 (Resigned on January 26, 2017) |
| 2. | M.L. Puntrik Smiti | - Director (Representative of Social Security Office) - Member of the Corporate Governance Committee | October 27, 2015 (Resigned on October 10, 2017) |

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 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 5-15 directors without gender discrimination. Today there are 15 of them, with one female member.
- Independent directors account for more than one-third of the Board. Today there are 10 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.**

Board Skills Matrix

| Name/Specific Expertise | | Oil business | Retail business | Energy business | International business | Accounting and finance | Internal control | Compliance | Organizational development and innovation | Society, environment, and safety | Risk and crisis management |
|-------------------------|-----------------------------|--------------|-----------------|-----------------|------------------------|------------------------|------------------|------------|---|----------------------------------|----------------------------|
| 1. | Mr. Pichai Chunhavajira | x | x | x | x | x | x | | x | x | x |
| 2. | Mr. Surin Chiravisit | x | x | x | | | | x | x | x | x |
| 3. | Mr. Suthep Wongvorazathe | x | x | x | x | x | x | | | | |
| 4. | Pol.Lt.Gen. Chaiwat Chotima | x | x | x | | | x | | | x | x |
| 5. | Gen. Apirat Kongsompong | | | | | x | x | | x | x | x |
| 6. | Adm. Sucheep Whoungmaitree | | | | | | x | | x | x | x |
| 7. | Mr. Krisada Chinavicharana | | | | | x | x | x | | | x |
| 8. | Gen. Vitch Devahasdin | | | | | | x | | x | x | x |
| 9. | Mrs. Prisana Praharnkhasuk | x | | x | | x | | | x | | |
| 10. | Mr. Teerapong Wongsiwawilas | | | | | | x | x | x | | x |
| 11. | Mr. Prasong Poontaneat | x | x | x | | x | | x | x | | x |
| 12. | Mr. Visit Vongruamlarp | | x | x | | x | x | | | | x |
| 13. | Mr. Jarin Chakkaphark | | | | | | x | | x | x | |
| 14. | Dr. Prasert Sinsukprasert | x | x | x | | | | | | | x |
| 15. | Mr. Chaiwat Kovavisarach | x | x | x | x | x | x | | x | | x |
| Total | | 8 | 8 | 9 | 3 | 8 | 11 | 4 | 10 | 7 | 12 |

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 3.1 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 Nomination

“To nominate 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's 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.”

Board Diversity

Nomination of directors takes into account diversity in several aspects, including educational background, career experience, skills, and expertise without any regard for gender, age, nationality, origin, religious belief, or other differences.

Directors' Nomination

1. Bangchak allows minor shareholders to nominate directors by submitting their names to it.
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

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.

“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.”

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 those 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 (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, including 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 not yet of 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.**

Roles and Responsibilities 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 the President and Chief Executive Officer so that the management may take actions on such issues.
- ☐ Each Board meeting should be attended by at least three-quarters of all directors. Additionally, **at least three- fourths of all board members are needed to vote on an issue.**



- ☐ 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)

In 2017, **the Board held 18 meetings (six extra meetings) and one annual seminar on corporate strategies with the management to revise the corporate vision and set goals every five years** under Bangchak's vision, mission, and values, together with an assessment of business circumstances.

New Directors' Orientation

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. This year the following directors attended new directors' orientations:

- ☐ Mr. Teerapong Wongsiwawilas on February 10, 2017
- ☐ Mr. Jarin Chakkaphark on October 19, 2017

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:

- Lecture on Environmental Scanning and Implication to BCP and Oil Price Outlook during the seminar on the annual organizational strategies between 14-15 July 2017 to the Board.
- Visit to lithium mine project, development of Startup business, including electric vehicle and battery business between 4-12 November 2017 in the US for the Board.
- Training of Director Certification Program (246/2017) organized by IOD between 1 August – 2 October 2017 to Mr. Teerapong Wongsiwawilas.

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

Sub-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 (AC)

The Audit Committee must be made up of independent directors. At least three independent directors form the Audit Committee, and at least one of



them must be adequately knowledgeable or experienced in accounting, finance, or audit to review the credibility of financial statements.

| Name | Position |
|--|---|
| 1. Mr. Suthep Wongvorazathe | Chairman and Independent Director with expertise in accounting and finance |
| 2. Mrs. Prisana Praharnkhasuk | Member and Independent Director with expertise in accounting and finance, and graduate accounting |
| 3. Pol.Lt.Gen. Chaiwat Chotima | Member and Independent Director |
| 4. Mr. Krisada Chinavicharana | Member and Independent Director |
| 5. Executive Vice President, Internal Audit | Secretary |

Roles 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 ensure 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, recommend the removal 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 Audit 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 Audit Office
- 11) To appoint, transfer, dismiss, and undertake annual evaluation of the Chief Audit Executive and review the independence of Internal Audit.
- 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
 - ☐ Transaction which lead to conflict of interest
 - ☐ Dishonest, extremely unusual or remiss Internal Control system



- 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.

The external auditor's employment contract may be revoked if it 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.

| Name | Position |
|-------------------------------|-----------------------------------|
| 1. Mr. Surin Chiravisit | Chairman and Independent Director |
| 2. Adm. Sucheep Whoungmaitree | Member and Independent Director |
| 3. Gen. Apirat Kongsompong | Member and Independent Director |



| | |
|--------------------------------|--|
| 4. Pol.Lt.Gen. Chaiwat Chotima | Member and Independent Director |
| 5. Mr. Suthep Wongvorazathe | Member and Secretary, Independent Director |

Roles 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 other tasks as 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. Qualified external parties can serve as members.

| Name | Position |
|---------------------------|-------------------------------------|
| 1. Mr. Prasong Poontaneat | Chairman and Non-Executive Director |
| 2. Mr. Surin Chiravisit | Member and Independent Director |



| | |
|------------------------------|--|
| 3. Mr. Visit Vongruamlarp | Member and Non-executive Director |
| 4. Dr. Prasert Sinsukprasert | Member and Non-executive Director |
| 5. Mr. Chaiwat Kovavisarach | Member and Secretary, Executive Director |

Roles 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 other tasks as assigned by the Board of Directors.

4. Corporate Governance Committee (CGC)

The Corporate Governance Committee consists of at least three directors 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. Gen. Vitch Devahasdin | Chairman and Independent Director |
| 2. Mr. Teerapong Wongsiwawilas | Member and Independent Director |
| 3. Mr. Jarin Chakkaphark | Member and Independent Director |



4. Mr. Chaiwat Kovavisarach

Member and Secretary, Executive Director

Roles 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 other tasks as assigned by the Board of Directors.

Summary of Board and Sub-committees meeting attendance

| Name | | | Meeting attendance / total (times) | | | | | | | Remarks |
|------|--|-------|------------------------------------|----------|-------|----------------|-----|------|---------------------------|---------|
| | | | Board of Directors | | | Sub-Committees | | | | |
| | | | Meetings | Seminars | Total | AC | NRC | ERMC | CGC | |
| 1 | Mr. Pichai Chunhavajira ¹ | 18/18 | 1/1 | 19/19 | - | - | - | - | | |
| 2 | Mr. Surin Chiravisit ² | 18/18 | 1/1 | 19/19 | - | 5/5 | 5/5 | - | | |
| 3 | Mr. Suthep Wongvorazathe | 18/18 | 1/1 | 19/19 | 13/13 | 5/5 | - | - | | |
| 4 | Gen. Vitch Devahasdin ³ | 16/18 | 0/1 | 16/19 | - | 2/2 | - | 3/3 | | |
| 5 | Adm.Sucheep Whouangmaitree ⁴ | 16/18 | 1/1 | 17/19 | - | 5/5 | - | - | | |
| 6 | Gen. Apirat Kongsompong | 12/18 | 0/1 | 12/19 | - | 4/5 | - | - | | |
| 7 | Pol.Lt.Gen. Chotima Chaiwat | 18/18 | 1/1 | 19/19 | 12/13 | 5/5 | - | - | | |
| 8 | Mr. Krisada Chinavicharana | 16/18 | 1/1 | 17/19 | 12/13 | - | - | - | | |
| 9 | Mrs. Prisana Praharnkhasuk | 17/18 | 1/1 | 18/19 | 13/13 | - | - | - | | |
| 10 | Mr. Teerapong Wongsiwawilas ⁵ | 15/16 | 1/1 | 16/17 | - | - | - | 3/3 | Appointed on 26 Jan. 2017 | |
| 11 | Mr. Jarin Chakkaphark ⁶ | 2/3 | 0/0 | 2/3 | - | - | - | 0/1 | Appointed on 12 Oct. 2017 | |
| 12 | Mr. Prasong Poontaneat | 18/18 | 1/1 | 19/19 | - | - | 7/8 | - | | |
| 13 | Mr. Visit Vongruamlarp | 17/18 | 1/1 | 18/19 | - | - | 7/8 | - | | |
| 14 | Dr. Prasert Sinsukprasert | 15/18 | 1/1 | 16/19 | - | - | 7/8 | - | | |
| 15 | Mr. Chaiwat Kovavisarach | 18/18 | 1/1 | 19/19 | - | - | 8/8 | 3/3 | | |



| Directors who completed their terms and resigned in 2017 | | | | | | | | | | |
|--|---------------------|--------------|-------|-----|-------|---|---|---|-----|--------------------------|
| 1 | Prof. Dr. Chai-anan | Samudavanija | 0/2 | 0/0 | 0/2 | - | - | - | - | Resigned on 26 Jan. 2017 |
| 2 | M.L. Puntrik | Smiti | 12/14 | 1/1 | 13/15 | - | - | - | 2/2 | Resigned 10 Oct. 2017 |

- Note
- 1/ Chairman did not join any Sub-committee as member.
 - 2/ Appointed as Chairman of NRC on 26 January 2017, and as Member of ERM and dismissed from Chairman of CGC on 27 April 2017
 - 3/ Appointed as Chairman of CGC and dismissed as Member of NRC on 27 April 2017
 - 4/ Appointed as Member of NRC on 26 January 2017 and dismissed as Member of CGC on 27 April 2017
 - 5/ Appointed as Member of CGC on 27 April 2017
 - 6/ Appointed as Member of CGC on 31 October 2017

Assessment of directors' performances

The Board completes business 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 95.4%, 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 96.7%, 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 96.7%, regarded as excellent.

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

- ☐ Audit Committee, the group evaluation had the average score of 97.0%, rated excellent.
- ☐ Nomination and Remuneration Committee, the group evaluation had the average score of 94.3%, rated excellent.
- ☐ Corporate Governance Committee, the group evaluation had the average score of 97.2%, rated excellent.
- ☐ Enterprise-wide Risk Management Committee, the group evaluation had the average score of 96.0%, 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 2017 AGM of April 5, 2017, are as follows:

1) Monthly remuneration and meeting allowance

| The Board of Directors | Monthly Remuneration (Baht/person) | Meeting Allowance (Baht/person/time) (Only for attending directors) |
|---|--|--|
| The Board of Directors | 30,000 | 30,000 |
| The Sub-Committees | | |
| 1. The Audit Committee | 10,000 | 15,000 |
| 2. The Nomination and Remuneration Committee | - | 15,000 |
| 3. Enterprise-wide Risk Management Committee | - | 15,000 |



| The Board of Directors | Monthly Remuneration (Baht/person) | Meeting Allowance (Baht/person/time) (Only for attending directors) |
|--|--|--|
| 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.

3) Other Remuneration

Group health insurance

IPD+OPD treatment with annual health insurance not exceeding 50,000

Baht (excluding VAT) per one director



Directors' Other Expenses

1) Other Essential Business Expenses

- ☐ Position car for the Chairman's business convenience
- ☐ Driver for the Vice 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 2017, the individual remuneration of Directors was as follows:

| Name | | | Remuneration in Baht | | | | | | |
|--------------|-----------------------|-----------------------------|----------------------|------------------|----------------|----------------|----------------|----------------------|----------------------|
| | | | BOARD | AC | NRC | ERMC | CGC | Bonus | Total |
| 1 | Mr. Pichai | Chunhavajira | 1,125,000 | - | - | - | - | 2,970,647.96 | 4,095,647.96 |
| 2 | Mr. Surin | Chiravisit | 1,046,250 | - | 93,750 | 75,000 | - | 2,673,583.18 | 3,888,583.18 |
| 3 | Mr. Suthep | Wongvorazathe | 930,000 | 393,750 | 75,000 | - | - | 2,376,518.37 | 3,775,268.37 |
| 4 | Gen. Vitch | Devahasdin | 870,000 | - | 30,000 | - | 56,250 | 1,753,169.29 | 2,709,419.29 |
| 5 | Adm. Sucheep | Whoungmaitree | 870,000 | - | 75,000 | - | - | 2,376,518.37 | 3,321,518.37 |
| 6 | Gen. Apirat | Kongsompong | 690,000 | - | 60,000 | - | - | 2,376,518.37 | 3,126,518.37 |
| 7 | Pol. Lt. Gen. Chaiwat | Chotima | 930,000 | 300,000 | 75,000 | - | - | 2,376,518.37 | 3,681,518.37 |
| 8 | Mr. Krisada | Chinavicharana | 870,000 | 300,000 | - | - | - | 2,376,518.37 | 3,546,518.37 |
| 9 | Mrs. Prisana | Praharnkhasuk | 900,000 | 315,000 | - | - | - | 1,753,169.29 | 2,968,169.29 |
| 10 | Mr. Teerapong | Wongsiwawilas ^{1/} | 785,806 | - | - | - | 45,000 | - | 830,806.00 |
| 11 | Mr. Jarin | Chakkaphark ^{2/} | 139,355 | - | - | - | - | - | 139,355.00 |
| 12 | Mr. Prasong | Poontaneat | 930,000 | - | - | 131,250 | - | 2,376,518.37 | 3,437,768.37 |
| 13 | Mr. Visit | Vongruamlarp | 900,000 | - | - | 105,000 | - | 2,376,518.37 | 3,381,518.37 |
| 14 | Dr. Prasert | Sinsukprasert | 840,000 | - | - | 105,000 | - | 1,753,169.29 | 2,698,169.29 |
| 15 | Mr. Chaiwat | Kovavisarach | 930,000 | - | - | 120,000 | 45,000 | 2,376,518.37 | 3,471,518.37 |
| TOTAL | | | 12,756,411 | 1,308,750 | 408,750 | 536,250 | 146,250 | 29,915,885.97 | 45,072,296.97 |



| Name | Remuneration in Baht | | | | | | |
|--|----------------------|----------|----------|----------|---------------|---------------------|---------------------|
| | BOARD | AC | NRC | ERMC | CGC | Bonus | Total |
| Directors whose terms were completed and resigned directors in 2017 | | | | | | | |
| 1 Prof. Dr Chai- Samudavanija ^{3/} anan | 27,218 | - | - | - | - | 2,673,583.18 | 2,700,801.18 |
| 2 M.L. Puntrik Smiti ^{4/} | 638,710 | - | - | - | 30,000 | 2,376,518.37 | 3,045,228.37 |
| TOTAL | 665,928 | - | - | - | 30,000 | 5,050,101.55 | 5,746,029.55 |

Notes:

- 1) Appointed as Director on January 26, 2017
- 2) Appointed as Director on October 12, 2017
- 3) Resigned on January 26, 2017
- 4) Resigned on October 10, 2017 and transferred bonus to the Social Security Fund in compliance with the regulations of the Office of the Social Security Fund

Bonuses for directors whose terms were completed and who resigned in 2016 (performance in 2016 paid in 2017)

| Names | | Bonus (Baht) | Remarks |
|--------------|---------------------------------|---------------------|---------|
| 1. | Asst. Prof. Dr. Tamajai Anusorn | 623,349.07 | |
| 2. | Mr. Arunporn Limskul | 623,349.07 | |
| 3. | Dr. Vikrom Koompirochana | 623,349.07 | |
| TOTAL | | 1,870,047.21 | |

Comparison of Remuneration of Directors in 2016 and 2017

| Remuneration | 2016 | | 2017 | |
|--|-----------|-------------------|-----------|----------------------|
| | Directors | Baht | Directors | Baht |
| Monthly remuneration and meeting allowance | 15 | 15,290,000 | 15 | 15,852,339.00 |
| Bonus | 15 | 30,197,982 | 15 | 36,836,034.73 |
| TOTAL | | 45,487,982 | | 52,688,373.73 |

Note: Bonus for 2016 performance under the resolution of the 2016 AGM, held on 5 April 2016 (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.)



Directors' Remuneration due to Directorship of subsidiaries, associates, and other companies in 2017

| Company | Name | Total remuneration in 2017 (Baht) | | | | | |
|---------|--------------------------|-----------------------------------|-------------------|--------------|----------------------------|---------------------|--------------|
| | | Monthly remuneration | Meeting allowance | Bonus | Sub-Committee remuneration | ESOP (Capital Gain) | Net total |
| BCPG | Mr. Pichai Chunhavajira | 450,000.00 | 450,000.00 | 1,419,778.00 | - | 264,375.00 | 2,584,153.00 |
| | Mr. Chaiwat Kovavisarach | 405,000.00 | 438,750.00 | 405,000.00* | 243,750.00 | 171,279.22 | 1,663,779.22 |
| BBGI | Mr. Pichai Chunhavajira | 75,000.00 | 50,000.00 | - | - | - | 125,000.00 |
| | Mr. Surin Chiravisit | 60,000.00 | 40,000.00 | - | - | - | 100,000.00 |
| | Mr. Chaiwat Kovavisarach | 60,000.00 | 40,000.00 | - | - | - | 100,000.00 |
| NIDO | Mr. Chaiwat Kovavisarach | 81,382.98 AUD (per annum) | - | - | - | - | 2,115,957.48 |

Notes:

- ☐ BCPG: BCPG Public Company Limited
- ☐ BBGI: BBGI 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 who is the Company's representative.

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 13 persons, No. 1 through No. 8 of whom are regarded as executives under SEC's definition (As of December 2017):



| Name | Position |
|----------------------------------|--|
| 1. Mr. Chaiwat Kovavisarach | President and Chief Executive Officer |
| 2. Mr. Pongchai Chaichirawiwat | Chief Operation Officer & Senior Executive Vice President, Refinery Business Group |
| 3. Mr. Somchai Tejavanija | Chief Marketing Officer & Senior Executive Vice President, Marketing Business Group |
| 4. Mr. Yodphot Wongrukmit | Senior Executive Vice President, Corporate Management and Sustainability Development |
| 5. Mr. Bundit Sapianchai | Senior Executive Vice President |
| 6. Mr. Surachai Kositsareewong | Senior Executive Vice President, Accounting and Finance |
| 7. Mr. Kiatchai Maitriwong | Senior Executive Vice President |
| 8. Mr. Chalermchai Udomranu | Senior Executive Vice President, Refinery Business Unit |
| 9. Mr. Pichit Wongrujiravanich | Executive Vice President, Internal Audit |
| 10. Mr. Dhanajit Makarananda | Executive Vice President |
| 11. Mr. Chokchai Atsawarangsalit | Executive Vice President, Marketing Business and Oil Terminal |
| 12. Mr. Viboon Wongsakul | Executive Vice President, appointed to Bangchak Retail Company Limited |
| 13. Mr. Pativat Tivasasit * | Executive Vice President, Refinery Manufacturing Business |

* Appointed as senior executive vice president, effective from June 1, 2017.

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 the 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. The 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 the 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 the 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. The



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 the President and Chief Executive Officer's compensation, which is then forwarded to the Board for approval. The 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 Indicators (KPIs).
- 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 the 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 | 2016 | | 2017 | |
|------------------------|----------|----------------------|----------|-----------------------|
| | Persons | Baht | Persons | Baht |
| Salary | 9 | 48,969,437.00 | 8 | 54,032,508.00 |
| Bonus & Retirement pay | 9 | 39,037,293.00 | 8 | 41,185,847.00 |
| Provident fund | 9 | 4,214,016.00 | 8 | 4,983,264.00 |
| Total | 9 | 92,220,746.00 | 8 | 100,201,619.00 |

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, the 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 the 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:

● = Chairman ○ = Vice Chairman ★ = Managing Director/President/Chief Executive Officer
/ = Director (As of December 31, 2017)



| <u>Subsidiary Companies</u> | |
|---|---|
| 1. BCPG Plc (BCPG) | 21. Nido Petroleum Limited (NIDO) |
| 2. BBGI Co., Ltd. (BBGI) | 22. BCPG Wind Cooperatief U.A (BCPG Wind Cooperatief) |
| 3. Bangchak Retail Co., Ltd. (BCR) | |
| 4. Bangchak Green Net Co., Ltd. (BGN) | <u>Associated Companies</u> |
| 5. Bangchak Solar Energy Co., Ltd. (BSE) | 1. Bongkot Marine Services Co., Ltd. |
| 6. Bangchak Solar Energy (Prachinburi) Co., Ltd. (BSE-PRI) | 2. AomSuk Social Enterprise Co., Ltd. (AomSuk) |
| 7. Bangchak Solar Energy (Chaiyaphum 1) Co., Ltd. (BSE-CPM1) | 3. Ubon Bio Ethanol Co., Ltd. (UBE) |
| 8. Bangchak Solar Energy (Buriram) Co., Ltd. (BSE-BRM) | 4. Ubon Bio Gas Co., Ltd. (UBG) |
| 9. Bangchak Solar Energy (Buriram 1) Co., Ltd. (BSE-BRM1) | 5. Ubon Agricultural Energy Co., Ltd. (UAE) |
| 10. Bangchak Solar Energy (Nakhon Ratchasima) Co., Ltd. (BSE-NMA) | 6. NP Bio Energy Co., Ltd. (NPE) |
| 11. BCPG Biopower 1 Co., Ltd. (BBP1) | 7. Star Energy Group Holdings Pte. Ltd. (Star Energy Group) |
| 12. BCPG Biopower 2 Co., Ltd. (BBP2) | 8. PetroWind Energy Inc. (PetroWind Energy) |
| 13. Bangchak Biofuel Co., Ltd. (BBF) | |
| 14. Bangchak Bioethanol (Chachoengsao) Co., Ltd. (BBE-CCO) | <u>Joint Ventures</u> |
| 15. BCP Trading Pte. Ltd. (BCPT) | 1. Fuel Pipeline Transportation Co., Ltd. (FPT) |
| 16. BCP Innovation Pte.Ltd. (BCPI) | 2. Lithium Americas Corp. (LAC) |
| 17. BSE Energy Holdings Pte. Ltd. (BSE Energy Holdings) | |
| 18. Huang Ming Japan Company Limited (Huang Ming Japan) | <u>Others</u> |
| 19. BCPG Japan Corporation (BCPG Japan) | 1. Happiness Sharing Foundation (Foundation) |
| 20. BCPG Engineering Company (BCPG Engineering) | |

4. Company Secretary

Under the Securities and Exchange law (Articles 89/15 and 89/16), Board Meeting No. 6/2009 appointed Ms. Pakawadee Junrayapes, Senior Vice President, Corporate Compliance (appointed as Executive Vice President of Sustainability Development and Corporate Compliance, effective from January 1, 2018, as Company Secretary, effective from July 1, 2009. Her profile is as follows:

Ms. Pakawadee Junrayapes

- ☐ Age 56
- ☐ 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 (CSP34/2010), 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)
- Anti-Corruption: The Practical Guide (ACPG2/2013) Thai Institute of Directors (IOD)
- Thailand and the ASEAN Economic Community class 4/2013, King Prajadhipok's Institute
- Advances for Corporate Secretaries, Class 2/2017, Thai Listed Companies Association (TLCA)
- Certificate of Top Management (2017), Company cooperate with Thailand Management Association (TMA) and Duke Corporate Education (DUKE)

□ Experience

Bangchak Corporation Public Company Limited

- 2015-2017 : Senior Vice President, Legal and 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
- 2004-2007 : Manager, Legal Office
- 2002-2004 : Manager, Litigation Division
- 2002-2002 : 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: 13,000 shares or 0.000944% (As of September 15, 2017)

☐ Familial relationship between directors and executives: None

☐ Criminal records on violation of securities and futures contract laws: None

**Roles and Responsibilities**

- ☐ 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 the 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, 2017, the Company had a total headcount of 1,240:

| Employee | Persons |
|---|---------|
| The President and Chief Executive Officer (Legal and Corporate Compliance, Corporate Communication, Corporate Strategy and Budget Planning, Internal Audit, Safety and Health Division) | 78 |
| Refinery and Trading Business Group | 567 |
| Marketing Business Group | 358 |
| Natural Resource and Business Development | 18 |
| Accounting and Finance | 78 |
| Corporate Management and Sustainability Development | 141 |

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

- None (Total employee in year 2015 were 1,129 persons, which increased slightly from 1,240 persons in year 2017)

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 Corporation Public Company Limited Provident Fund" by choosing the accumulated at a rate of five percent or ten percent or fifteen percent of the salary and the Company will pay the same rate but not over ten percent to the Fund. In 2017 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 1,808.79 million Baht. The remuneration for President&CEO and Senior executive vice presidents upward is 5.54% 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. **This year a variety of training courses were staged, averaging 45.1 hours/person/year.** These include staff’s environmental capability development in courses dealing with **environmental management, a workshop on eco- efficiency assessment of the Refinery Business Group products through the application of the life-cycle assessment approach, preparation of water footprints, environmental expense accounting, and training on chemicals and chemical refilling instruments at the chemical system and chemical- refilling instruments at the physical & chemical treatment system for operators attached to the water pollutant treatment system.** (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 14 of the policy by adding directors' roles, including the application of innovation and technology to resource allocation, matters for joint execution with the management and for sole execution, and board diversity.
- **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") (Nov.1-17, 2017)
 - A talk on corporate governance as part of the orientation for new directors. (Feb.10, 2017 and Oct.19, 2017)
 - A talk on corporate governance as part of the orientation for new employees. (Mar.23, 2017)
 - Staged the 2017 CG Day activities under the "In H.M. the Late King's Footsteps: Following Dharma Principles" theme. Discussing H.M., the late King Bhumibol's adopted 10 Dharma principles for day-to-day work was Dr.

Sumet Tantivejkul, Chaipattana Foundation Secretary-General (Dec.1, 2017)

- For the Fourth year in a row, staged a 2017 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. (Feb.28, 2017, May.26, 2017 and Jun.9, 2017)
- Notified 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.

- **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 top executive

Today, Bangchak has 15 directors, 10 of whom are independent ones. Eight are 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 the 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 the 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 Tantichattanont) 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) established “The Principles of Good Corporate Governance for Listed Companies 2012”. The Securities and Exchange Commission (SEC) issued its “Corporate Governance for listed companies 2017”, with effect from March 2017, which contains eight major practical guidelines. This year Bangchak continued its compliance with these principles by following these five aspects.

1) Shareholders' rights

The Board of Directors has defined a policy on shareholders' rights in Section 3.3 of the corporate governance policy, as implemented below.

- ☐ 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, 2017.
- ☐ 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 Bangna 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, the company secretary 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 2017 AGM, **Bangchak invited Mr. Visith Uevirojnangkoon, 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

The Board of Directors has defined a policy on equitable treatment of shareholders in the corporate governance policy, as implemented below.



- ☐ Publicized meeting documents on its website 33 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 nine 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. 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
Letters: Internal Audit
Bangchak Corporation PCL
2098 M Tower Building, 8th Floor, Sukhumvit Rd.,
Phra Khanong Tai, Phra Khanong
Bangkok 10260
Tel. 0-2335-4566.

During 2017, one case dealing with tanker transport. Bangchak strictly prevented and examined this fraud case.

Contact channels

| | |
|------------------------|--|
| The Board of Directors | Tel: +66 2 335 4638 Fax: +66 2 016 3982 E-mail: bcpsecretary@bangchak.co.th |
| Company Secretary | Tel: +66 2 335 4050 Fax: +66 2 016 3982 E-mail: pakawadee@bangchak.co.th |
| Investor Relations | Tel: +66 2 335 4583 Fax: +66 2 335 8000 E-mail: ir@bangchak.co.th |

4) Information disclosure and transparency

The Board of Directors has defined a policy on information disclosure and transparency in the corporate governance policy, as implemented below.

- ☐ 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 March and August and a meeting of the non-management directors in April and November.
- ☐ Organized a study visit on lithium mining, development of startup businesses, electric vehicles and batteries in USA 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 the Compliance unit to monitor all functions to ensure complete compliance, including preparation of legal assessment for Bangchak units' oversight of license renewals with an alert system for responsible superiors and subordinates, and legal education through channels, for instance, Outlook, intercom, and annual legal training.

The Board of Directors is determined to manage all matters in compliance with good Corporate Governance so that the Company's business run efficiently and honestly as well as responsible for all stakeholders. **The Board recognizes its duties under the new CG Code's guidelines, to apply each Principle and Sub-Principle by means that are suitable for the Company's business. Such application review takes place at least annually.** Below are the aspects not yet applied, which will in time be adapted as seen fit.

| CG Code Principle | Justification or Alternative Measure |
|---|--|
| The board should comprise at least 5 directors and should not be more than 12 directors. (Guideline 3.1.2) | 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. |
| Each director should attend not less than 75 percent of all board meetings in any whole Financial reporting year. (Guideline 3.5.5) | Bangchak instituted an electronic meeting system to facilitate directors that cannot attend meetings in person. |

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 Audit 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, 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 operates strictly under its founding mission to co-develop for a good quality of life with the communities where it operates and the public at the national level, with the solutions and practices in response to the needs and expectations of the communities and society. In 2017, it supported and promoted activities at the community and society levels in parallel with details as follows:

Community development surrounding Bangchak's sites

To ensure appropriate responses to the needs and expectations of the communities surrounding its sites, Bangchak classifies target communities into four groups. Most of their expectations involve safe operation, timely communication in case of emergencies, and knowledge sharing of practices during emergency, as well as their joint participation in public service activities. More than 221 activities were organized during 2017, benefiting more than 24,774 persons.

Social development at the national level

Bangchak's business growth at the national level is pursued under a scheme of social enterprise, driven with a scope of work that truly reflects the needs and expectations of farmer groups, who are stakeholders, customers and a majority of the population. With deep, thorough and caring business operations through support of education and economic development at the community level, Bangchak has opted to expand its businesses from existing operations to improve the quality of life and increase environmental awareness of the Thai society. During the previous year, Bangchak added activities with initiatives in line with the



United Nations Sustainable Development Goals (UNSDGs) with a focus on youths and farmers, and activities to raise the awareness and importance of the environment, society and economic development at the grassroots.

All these activities not only are in line with the corporate vision, but also correspond to the SDGs (Sustainability Development Goals), the corporate social responsibility standard of ISO 26000, and UN Global Compact (UNGC); hence, they can be advanced toward sustainability. Those who are interested can read and access more information in the Company's report on business development in conjunction with the environment and society under the framework of Global Reporting Initiative (GRI), posted at the corporate website at www.bangchak.co.th.



11. Internal Control and Risk Management

Relentlessly Bangchak Corporation Plc. values an effective internal control system under the internal control scope of The Committee of Sponsoring Organizations of the Treadway Commission (COSO). This year, it commissioned EY Corporate Services Ltd., to assess its internal control system before presenting its recommendations to the Board of Directors and the management for improvement of effectiveness.

Reviewing the recommendations, the Board provided its views on the adequacy and suitability of the internal control system. Below is a summary of assessment findings.

1. Control environment

The Company's organizational environment and structure favor implementation of the internal control system. This year, Bangchak made a change to the organizational structure, adding Legal and Corporate Compliance to centralize 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. Employee incentives or compensation has undergone a critical analysis for sensibility. A proper organizational structure favors 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 CG Day 2017 activities under the “In H.M. the Late King's Footsteps: Following Dharma Principles” theme to stimulate awareness of a sustainable corporate governance culture and organized the 2017 business partner seminar (in its fourth consecutive year) to educate and encourage business partners to join CAC in combating corruption, underscoring Bangchak's unwavering commitment to anti-corruption.

Bangchak underwent assessment before earning awards from external agencies, including Best Sustainability Awards 2017, which represented further recognition of corporate governance reports and social responsibility. Its award on the sustainability report, termed Excellence, reflected efforts to integrate business sustainability and conformance to good governance.

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. In addition, this year Bangchak applied the Key Risk Indicators (KRIs) to its monitoring and surveillance processes concerning risk occurrence to modify and develop into additional risk management plans, mitigate impacts on corporate goals, and pay attention to risk management by Bangchak Group companies so that they may proceed suitably with manageable key risk control so as to jointly achieve goals.

Stringent and consistent is the Company's valuing of a sound environmental and safety management system to its neighboring communities. It appointed an Organizational Development Committee and 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 crises and situations, and enable Bangchak's business to proceed uninterrupted



in emergencies and mitigate potential. Bangchak is the first domestic refinery to win ISO 22301:2012 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. This year, through seminars, Bangchak educated its executives, staff, and affiliates on the "SEC's Do's and Don'ts for Using Inside Information and Responsibility under Thai Laws" topic to ensure common understanding of inside information, including cautionary measures and legal responsibility.



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.

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.

Bangchak reviewed and modified its policy and requirements of IT system security under the ISO 27001 information security management standard and constantly informed its staff about pertinent risks and prevention of threats to the IT system and information system application standard.

In addition, the Company regularly monitored subsidiaries' performances and formulated their corporate governance policies along with their security, safety, occupational health, environment, and energy policies.

4. Information and communication

Bangchak developed its information system to accommodate businesses covering refinery administration, marketing, finance and accounting administration, and HR administration in line with the IT Digital Roadmap. Specifically, it relentlessly applied digital technology in business support,



including formulation of a Preventive Maintenance on Mobile Devices and Warehouse Optimization System for refinery engineers that need essential data to efficiently and safely provide equipment maintenance under the policy on the security of IT systems and standard on the use of information systems and networks. Evidence of its successes consisted of the certification of ISO/IEC 27001 and ISO/IEC 27031 concerning IT system security and certification of ISO/IEC 20000-1:2001. In place is the SAP Enterprise Resource Planning (ERP) SAP ECC 6.0, which is state-of-the-art on a par with other countries, systems. What is more, Bangchak commands plans to develop data management, data analysis, and Big Data management systems to more efficiently leverage assorted data across the corporation, whether for analytical purposes or for business applications.

Bangchak employs several communication channels within the company, including the Intranet, e-mails, and intercom, depending on the contents. In its external communication, its website is readily accessible, its menu can be viewed on mobile devices, and it can provide more efficient data. In fact, this website has won a Distinction Winner Award 2017 (Silver Trophy), presented to entities originating creative online communication.

Bangchak puts in place channels for whistleblowing or complaint-making about fraud involving people in the organization, either staff or stakeholders through telephone and e-mail. 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.



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. In addition, the Legal and Corporate Compliance is assigned to coordinate the assessment, the execution of the internal control system, and coordination and encouragement of various units to conform to the internal control system in an efficient and continual manner.

**Head of Internal Audit**

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 Audit. 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 Audit. Please see information of the head of Internal Audit 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 Junrayapes as Company Secretary, effective from July 1, 2009. In 2017, due to the Company's management restructuring, the Company appointed Ms. Pakawadee Junrayapes as Executive Vice President, effective from January 1, 2018. Please see information of the head of Legal and Corporate Compliance in Attachment 4.



12. Connected Transactions

1.1 **Connected transactions with subsidiaries, jointly-controlled businesses, associated companies and related companies during 2016 and 2017 consisted of the following:**

1.1.1 Sale of products and services to subsidiaries, jointly-controlled businesses, associated companies and related companies

| Related company | 2016 | 2017 | Relationship for the year ended 31 December 2017 | |
|--|------------------|------------------|--|---|
| | THB (million) | THB (million) | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd. | 28,114.99 | 31,443.56 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Biofuel Co., Ltd. | - | 0.03 | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | 304.45 | 2,715.36 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd. | 2.09 | 8.64 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| <u>Associated companies</u> | | | | |
| Ubon Bio Ethanol Co., Ltd. | 13.94 | 12.64 | - BBGI (Bangchak's subsidiary) holds 21.28% of the shares | - Bangchak delegates its representatives as directors |
| Ubon Agricultural Energy Co., Ltd. | 6.87 | 14.98 | - Ubon Bio-Ethanol Co., Ltd. (associated company) holds 100% of the shares | - Bangchak delegates its representatives as directors |



1.1.2 Purchase of products and services from subsidiaries, jointly-controlled businesses, associated companies and related companies

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd | 0.41 | 0.16 | - BCP holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Biofuel Co., Ltd. | 4,982.10 | 4,533.86 | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | 575.13 | 7,434.83 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd | 263.13 | 1,057.36 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| <u>Associated company</u> | | | | |
| Ubon Bio Ethanol Co., Ltd. | 1,373.74 | 1,487.59 | - BBGI (Bangchak's subsidiary) holds 21.28% of the shares | - Bangchak delegates its representatives as directors |
| <u>Related business</u> | | | | |
| Fuel Pipeline Transportation Co., Ltd | 430.55 | 441.69 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |



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

| Related company | 2016 | 2017 | Relationship for the year ended 31 December 2017 | |
|--|------------------|------------------|---|---|
| | THB (million) | THB (million) | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd | 11.41 | 68.43 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Biofuel Co., Ltd. | 128.43 | 115.53 | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| NIDO Petroleum Limited | 226.82 | 143.89 | - BCP Energy International Pte. Ltd. (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCP Innovation Pte. Ltd. | 0.95 | - | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCPG Plc. | 929.58 | 884.97 | - Bangchak holds 70.27% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd. | 0.16 | 9.61 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd. | - | 12.81 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| <u>Associated company</u> | | | | |
| Ubon Bio Ethanol Co., Ltd. | - | 21.27 | - BBGI (Bangchak's subsidiary) holds 21.28% of the shares | - Bangchak delegates its representatives as directors |
| <u>Related business</u> | | | | |
| Fuel Pipeline Transportation Co., Ltd | 8.45 | 5.80 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |



1.2.1 Interest expenses paid to subsidiaries for loan guarantees under grant of operating rights

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|--|---|
| | | | Shareholding | Management |
| <u>Subsidiary</u> Bangchak Green Net Co., Ltd | 0.32 | - | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |

1.2.2 Other expenses paid to subsidiaries, jointly-controlled businesses, associated companies and related companies

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|--|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> Bangchak Green Net Co., Ltd. | 26.66 | 26.83 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| BCPG Plc. | 0.38 | 0.29 | - Bangchak holds 70.27% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd. | 12.25 | 8.58 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| NIDO Petroleum Limited | 4.16 | 17.03 | - BCP Energy International Pte. Ltd. (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | - | 9.06 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| <u>Joint venture</u> Bongkot Marine Services Co., Ltd. | - | 261.30 | - Bangchak holds 30% of the shares | - Bangchak delegates its representatives as directors |



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

1.2.3.1 Trade debtors

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|--|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd | 1,094.76 | 1,142.19 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Biofuel Co., Ltd. | 2.49 | - | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd | 5.08 | 1.71 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | - | 558.37 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd | 0.68 | 1.04 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| <u>Associated companies</u> | | | | |
| Ubon Bio Ethanol Co., Ltd. | 1.08 | 1.13 | - BBGI (Bangchak's subsidiary) holds 21.28% of the shares | - Bangchak delegates its representatives as directors |
| Ubon Agricultural Energy Co., Ltd. | 0.92 | 0.90 | - Ubon Bio-Ethanol Co., Ltd. (associated company) holds 100% of the shares | - Bangchak delegates its representatives as directors |
| <u>Related business</u> | | | | |
| Fuel Pipeline Transportation Co., Ltd | 0.33 | 0.33 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |



1.2.4 Debtors and loans to related businesses

1.2.4.1 Loans

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---------------------------------------|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Nido Petroleum Limited | 2,788.52 | 2,113.45 | - BCP Energy International Pte. Ltd. (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd | - | 90.00 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| <u>Related business</u> | | | | |
| Fuel Pipeline Transportation Co., Ltd | 17.32 | 13.91 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |



1.2.4.2 Other debtors

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Biofuel Co., Ltd. | - | 0.43 | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Solar Energy Co.,Ltd. | 0.39 | 0.39 | - BCPG (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd | - | 2.46 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCPG Plc. | 213.88 | 2.35 | - Bangchak holds 70.27% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd | 0.03 | 1.48 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| Nido Petroleum Limited | - | 8.05 | - BCP Energy International Pte. Ltd. (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |



1.2.5 Creditors of related businesses

1.2.5.1 Trader creditors

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd | 2.41 | 0.02 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Biofuel Co., Ltd. | 243.12 | 158.47 | - BBGI (Bangchak's subsidiary) holds 70% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | 306.71 | 384.74 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Bioethanol (Chachoengsao) Co., Ltd | 84.69 | 102.22 | - BBGI (Bangchak's subsidiary) holds 85% of the shares | - Bangchak delegates its representatives as directors |
| <u>Associated company</u> | | | | |
| Ubon Bio Ethanol Co., Ltd. | 128.06 | 128.98 | - BBGI (Bangchak's subsidiary) holds 21.28% of the shares | - Bangchak delegates its representatives as directors |



1.2.5.2 Other creditors

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---------------------------------------|--------------------------|--------------------------|--|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> | | | | |
| Bangchak Green Net Co., Ltd | 0.56 | 3.92 | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| Bangchak Retail Co., Ltd | 17.32 | 1.01 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCP Trading Pte. Ltd. | - | 7.93 | - Bangchak holds 100% of the shares | - Bangchak delegates its representatives as directors |
| BCPG Plc. | 0.03 | 0.02 | - Bangchak holds 70.27% of the shares | - Bangchak delegates its representatives as directors |
| <u>Joint venture</u> | | | | |
| Bongkot Marine Services Co., Ltd. | - | 12.42 | - Bangchak holds 30% of the shares | - Bangchak delegates its representatives as directors |
| <u>Related business</u> | | | | |
| Fuel Pipeline Transportation Co., Ltd | 41.02 | 43.38 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |



1.3 Other non-current assets

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|--|--------------------------|--------------------------|---|---|
| | | | Shareholding | Management |
| <u>Subsidiary</u> Nido Petroleum Limited | 176.74 | 312.70 | - BCP Energy International Pte. Ltd. (Bangchak's subsidiary) holds 100% of the shares | - Bangchak delegates its representatives as directors |

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

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|--|--------------------------|--------------------------|--|---|
| | | | Shareholding | Management |
| <u>Subsidiaries</u> Bangchak Green Net Co., Ltd. | 29.72 | - | - Bangchak holds 49% of the shares | - Bangchak delegates its representatives as directors |
| BCPG Plc. | 6.00 | 6.00 | - Bangchak holds 70.27% of the shares | - Bangchak delegates its representatives as directors |

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

| Related company | 2016 THB (million) | 2017 THB (million) | Relationship for the year ended 31 December 2017 | |
|---|--------------------------|--------------------------|--|---|
| | | | Shareholding | Management |
| <u>Related business</u> Fuel Pipeline Transportation Co., Ltd | 2.97 | 2.50 | - Bangchak holds 4.95% of the shares | - Bangchak delegates its representatives as directors |

**1. 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 general business conditions, were based on market prices and followed the details stated in the operating right agreements.

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

Bangchak Biofuel Co., Ltd., an indirect subsidiary through BBGI Company Limited (BBGI), which holds 70% of its shares, was set up to produce and sell biodiesel. These connected transactions followed general business conditions, were based on market prices and followed details stated in the operation contracts.

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

Bangchak Solar Energy Co., Ltd., an indirect subsidiary through BCPG Plc., was formed to run a 38-MW capacity solar farm, “Sunny Bangchak” Phase 1 at Amphoe Bang Pa-In, Phra Nakhon Si Ayutthaya. The service fees followed general business conditions, and followed details stated in the operating agreement.

4. Connected transactions with Bangchak Solar Energy (Prachinburi) Co., Ltd.

An indirect subsidiary company through BCPG Plc., Bangchak Solar Energy (Prachinburi) operated a power plant to produce electricity from solar cells at Amphoe Kabin Buri, Prachin Buri. The service fees followed general business conditions, and followed details stated in the operation contracts.

5. Connected transactions with Bangchak Solar Energy (Chaiyaphum 1) Co., Ltd.

An indirect subsidiary company of BCPG Plc., Bangchak Solar Energy (Chaiyaphum 1) operated a power plant to produce electricity from solar cells at Amphoe Bamnet Narong, Chaiyaphum. The service fees followed general business conditions, and followed details stated in the operation contracts.

6. Connected transactions with Bangchak Solar Energy (Buriram) Co., Ltd.

An indirect subsidiary company through BCPG Plc., Bangchak Solar Energy (Buriram) operated a power plant to produce electricity from solar cells at Amphoe Prakhon Chai, Buri Ram. The service fees followed general business conditions, and followed details stated in the operation contracts.

**7. Connected transactions with Bangchak Solar Energy (Buriram 1) Co., Ltd.**

An indirect subsidiary company through BCPG Plc., Bangchak Solar Energy (Buriram 1) operated a power plant to produce electricity from solar cells at Amphoe Nong Ki, Buri Ram. These connected transactions and service fees followed general business conditions, and followed details stated in the operation contracts.

8. Connected transactions with Bangchak Solar Energy (Nakhonratchasima) Co., Ltd.

An indirect subsidiary company through BCPG Plc., Bangchak Solar Energy (Nakhonratchasima) operated a power plant to produce electricity from solar cells at Amphoe Dan Khun Thot, Nakhon Ratchasima. The service fees followed general business conditions, and followed details stated in the operation contracts.

9. 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 relating to energy, petrochemicals, and natural resources abroad. The service fees followed general business conditions and were based on market prices.

10. Connected transactions with BCP Innovation Pte. Ltd.

A subsidiary company in Singapore, BCP Innovation Pte. Ltd. was set up to engage in innovation-related businesses. The service fees followed general business conditions and were based on market prices.

11. Connected transactions with BCP Trading Pte. Ltd.

A subsidiary company in Singapore, BCP Trading Pte. Ltd. was set up to trade commodities including crude oil, petroleum products, petrochemicals and related chemicals and to conduct other businesses that would benefit the company, including but not limited to oil hedging, chartering, storage and distribution. These connected transactions followed general business conditions and were based on market prices.

12. Connected transactions with Nido Petroleum Limited

Nido Petroleum Limited (an indirect subsidiary in Australia) was formed to run the upstream petroleum business. These connected transactions followed general business conditions and were based on market prices.

**13. Connected transactions with BCPG Plc.**

A subsidiary company, BCPG Plc. was established to engage in power generation from solar cells. The service fees followed general business conditions, were based on market prices and followed details stated in the operation contracts.

14. Connected transactions with Bangchak Retail Co., Ltd.

A subsidiary company, Bangchak Retail is engaged in franchise businesses and intellectual property acquisition. The transaction and service fees followed general business conditions, were based on market prices and followed details stated in the operation contracts.

15. Connected transactions with Bangchak Bioethanol (Chachoengsao) Co., Ltd.

An indirect subsidiary company through BBGI, which holds 85% of its shares, Bangchak Bioethanol (Chachoengsao) is engaged in cassava-based ethanol production. The ethanol was used in gasohol production. The prices and service fees followed general business conditions, were based on market prices and followed details stated in the operation contracts.

16. Connected transactions with Ubon Bio Ethanol Co., Ltd.

An indirect associated company through BBGI which holds 21.28% of its shares, Ubon Bio Ethanol is engaged in cassava-based ethanol production. A portion of the ethanol was used in the production of its gasohol and the remaining was exported, mainly to China. The prices and service fees followed general business conditions, were based on market prices and followed details stated in the operation contracts.

17. Connected transactions with Ubon Agricultural Energy Co., Ltd.

Transactions with Ubon Agricultural Energy Co., Ltd., a related company through Bangchak's associated company, Ubon Bio-Ethanol Co., Ltd., which holds its shares, followed general business conditions and were based on market prices.

18. Connected transactions with Bongkot Marine Services Co., Ltd.

The Company entered into a contract for the use of Bongkot oil depot service with Bongkot Marine Services Co., Ltd., a joint venture which provides floating storage unit services. The transaction followed general business conditions, were based on market prices and followed details stated in the operation contracts.

**19. Connected transactions with Fuel Pipeline Transportation Co., Ltd.**

Bangchak entered into contracts with FPT to take its oil products from Bangchak Depot to its Bang Pa-in Depot and sell them to its customers in the Central, Northern and Northeastern regions under general business conditions and market prices.

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

Disclosure of connected transactions follows 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 for the disclosure of information on connected parties and businesses, as defined by the Federation of Accounting Professions.

Policy for future connected transactions

In undertaking future connected transactions, Bangchak 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 follows market practices or the details stipulated in commercial contracts, or both. However, in such cooperation, Bangchak takes into consideration its best interests. The Audit Committee and the Internal Audit Office supervise and review Bangchak's businesses to ensure its conformance to Securities and Exchange Act and SET's rules and regulations, notifications, orders and requirements. In addition, for whichever transactions involving Bangchak executives, they are not allowed to cast their votes in meetings. Major connected transactions must be reviewed and approved by the Board.