

Part 2

Management Structure and Corporate Governance

7. Information on securities and shareholders

7.1 Our registered capital and paid-up capital

As of 31 December 2016, our registered and paid-up capital totaled Baht 30,004,442,705.00 consists of 4,335,902,125 ordinary shares with a par value of Baht 6.92 each

At the Extraordinary General Meeting of Shareholder held on 16 December 2016, the shareholders approved the reduction of the company's registered capital from 4,774,343,003 ordinary shares to 4,335,902,125 ordinary shares with a par value of Baht 6.92 per share by cancelling 438,440,878 existing registered shares. The company registered the declared share capital with the Ministry of Commerce on 27 December 2016.

At the Extraordinary General Meeting of Shareholder held on 7 July 2015, the shareholders approved a reduction in the registered and paid-up capital of the Company from Baht 41,029,510,250 to Baht 28,392,421,093 by reducing the par value of each share from Baht 10.00 to Baht 6.92. The Company registered the decreased share capital with the Ministry of Commerce on 15 September 2015.

At the Extraordinary General Meeting of Shareholder held on 7 July 2015, the shareholders approved an increase in the authorised share capital from 4,102,951,025 ordinary shares with a par value of Baht 6.92 per share to 4,774,343,003 ordinary shares with a par value of Baht 6.92 per share by issuing 671,391,978 additional shares at par value of Baht 6.92 per share. The Company registered the increased share capital with the Ministry of Commerce on 16 September 2015.

7.2 Shareholders

(1) List of the top 10 major shareholders

List of the top 10 major shareholders as of 28 November 2016

No.	List of the top 10 major shareholders	Number of shares	Shareholding percentage
1	CHEVRON SOUTH ASIA HOLDINGS PTE. LIMITED ⁽¹⁾	2,625,888,652	60.56%
2	THAI NVDR CO., LTD.	554,376,572	12.79%
3	PTT PUBLIC COMPANY LIMITED	234,562,369	5.41%
4	CHASE NOMINEES LIMITED	105,867,495	2.44%
5	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	81,788,700	1.89%
6	HSBC BANK PLC - CITIBANK EUROPE PLC AS TRUSTEE FOR PUTM BOTHWELL EMERGING MARKETS EQUITY FUND	34,129,774	0.79%
7	JPMORGAN THAILAND FUND	29,877,300	0.69%
8	KRUNGSRI DIVIDEND STOCK LTF	29,199,100	0.67%
9	NORBAX, INC.	25,553,200	0.59%
10	HSBC (SINGAPORE) NOMINEES PTE LTD	21,635,900	0.50%

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

(2) Share transfer restrictions

Our shares can be transferred without any restriction.

(3) Employee Stock Ownership Plan (ESOP)

A total of 35,728,800 newly issued ordinary shares were purchased by members of management (but excluding certain management secondees) and employees under the Employee Stock Ownership Plan (ESOP), at the initial offering price at Baht 9.00 per share. The offering of all shares under ESOP took place once, concurrently with the combined offering. No directors were allotted any shares in this offering or under ESOP. The shares sold to our management and employees are subject to a lock-up period for up to three years from 8 December 2015, the date on which our shares commenced trading on the SET. Members of management and employees may sell up to one-fourth of such shares after each of the 12th month and 24th month from the commencement date of trading, and the remainder of such shares after the 36th month from the commencement date of trading. On 8 December 2016, the Company had unlocked of 8,910,550 shares to managements and employees.

7.3 Dividend policy

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

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

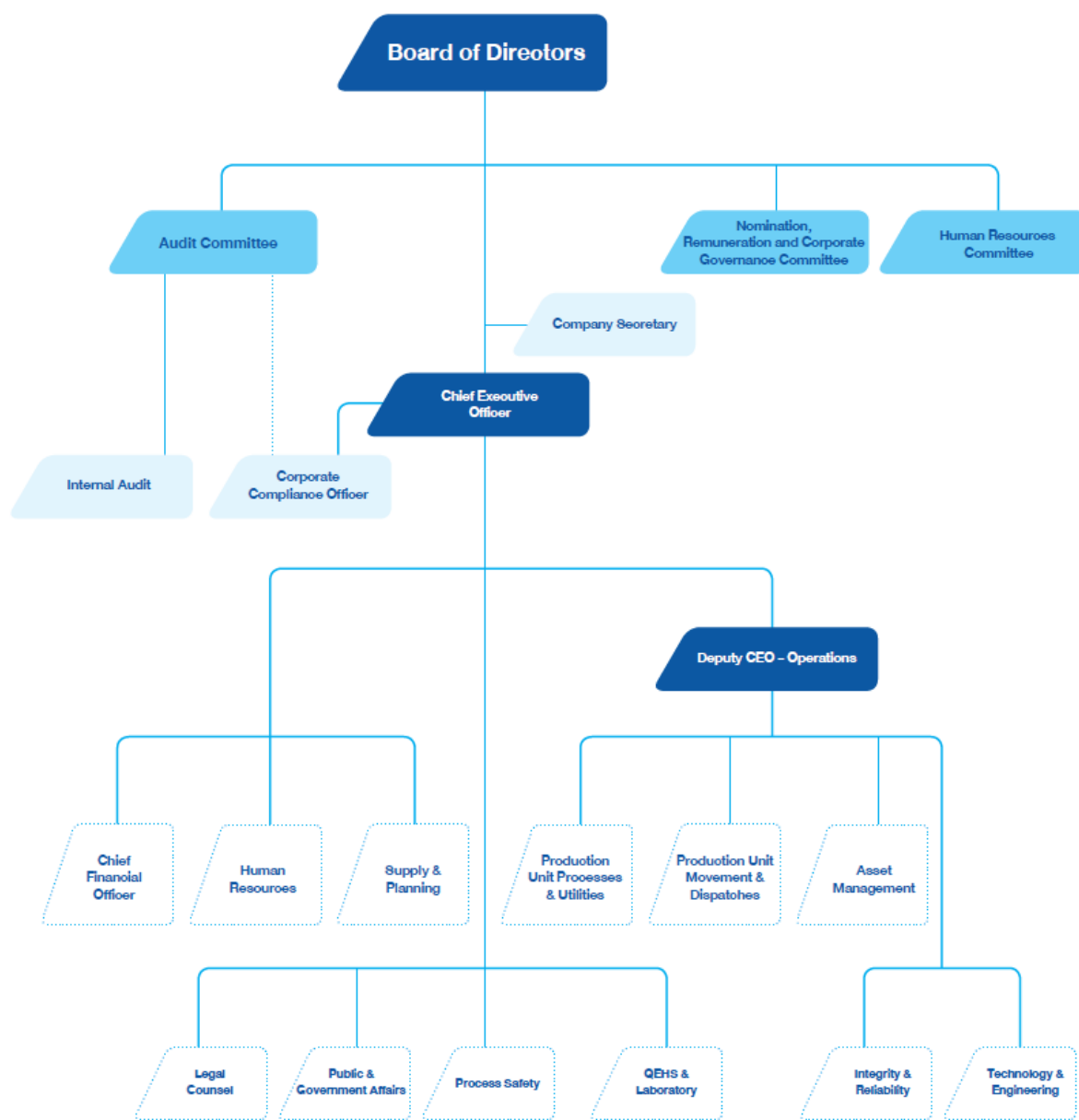
Our board of directors may recommend an annual dividend payment, subject to the approval of our shareholders at the shareholders' meeting. Our board of directors may also, by its resolution, decide to pay an interim dividend to our shareholders if the directors determine that it is justified by our profits.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

Historical dividend payment information

Year	2013	2014	2015	First six months of 2016
Net earnings per share (US\$)	0.03	(0.05)	0.06	0.03
Dividend per share (US\$)	0.03	-	0.05735268	0.0153
Dividend payout ratio (%)	95.00	-	95.00	50.00

Year	2013	2014	2015	First six months of 2016
Net earnings per share (Baht)	0.97	(1.55)	1.99	1.09
Dividend per share (Baht)	0.92	-	1.97376772	0.5378
Dividend payout ratio (%)	95.00	-	99.18	49.34

8. Management Structure



SPRC's organizational structure is composed of:

- **The Board of Directors**

The Charter of the Board of Directors provides that the Board shall have at least 7 and up to 9 directors, at least 3 of whom shall possess the qualifications of an independent director. The independent director should not hold more than 3 consecutive terms directorship. Each director has 3 years for each directorship term and the director must not serve as a director of more than 3 listed companies.

- **Board Committees**

Three committees have been established and delegated to by the Board of Directors for considering and supporting the Board on specific matters.

- Audit Committee
- Nomination, Remuneration and Corporate Governance Committee
- Human Resources Committee

- **Management**

There are a total of 14 executives in the SPRC Leadership Team. The Chief Executive Officer (CEO) is the highest executive. The CEO must not hold this position in any other company and is elected by the Board of Directors.

As of 31 December 2016, the Board of Directors comprises of 7 directors;

- **6 Non-executive directors**
3 out of 6 Non-executive directors are independent directors
- **1 Executive director, who is the CEO**

8.1 Board of Directors**8.1.1 Board of Directors as of 31 December 2016**

Name	Position
1. Mr. Andrew Benjamin Walz	Chairman of the Board of Directors
2. Ms. Kheng Ling Lok	Director Human Resources Committee
3. Mr. Manoon Siriwan	Independent Director Audit Committee Nomination, Remuneration and Corporate Governance Committee
4. Mr. Nicolas Michel Bossut	Director Nomination, Remuneration and Corporate Governance Committee
5. Mr. Pliu Mangkornkanok	Independent Director Vice-Chairman of the Board of Directors Chairman of Audit Committee Human Resources Committee
6. Mr. Robert Stair Guthrie	Independent Director Chairman of Nomination, Remuneration and Corporate Governance Committee Audit Committee
7. Mr. William Lewis Stone	Director Chairman of Human Resources Committee Nomination, Remuneration and Corporate Governance Committee Chief Executive Officer

Directors who resigned or completed their term in 2016

Name	Position	Effective Date
1. Mr. Amit Rajindrasingh Ghai	Director Member of the Nomination, Remuneration and Corporate Governance Committee	Resignation with effect on 10 August 2016
2. Mr. Ranga Rama Kumar Sreeramagiri	Director Member of the Human Resources Committee	Resignation with effect on 10 August 2016

8.1.2 The authorized directors of the Company

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

8.1.3 Composition of the Board of Directors

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

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

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

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

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

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

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

- Establishing, approving and modeling vision, mission, culture, core values and commitment to maximize financial, operational, health, safety and environmental performance;
- Reviewing, evaluating and approving the business plan and budget each year;
- Reviewing, evaluating and approving strategies with guidance to implement objectives and goals of the Company;
- Monitoring business performance and reviewing the implementation of strategies;
- Enhancing and protecting the Company's reputation and corporate integrity;
- Reviewing, evaluating, and approving the policies, standards of corporate governance and legal and regulatory compliance; such as the Business Conduct Policy, Corporate Governance Policy, Anti-

Corruption Policy, Insider Trading Policy, Risk Management Policy and Dividend Policy; as well as follow up and monitor the internal control and practice to be compliance with such policies;

- Reviewing, evaluating and approving overall direction and financial, operational, health, safety and environmental objectives and goals each year;
- Reviewing and approving full year and interim financial reports;
- Reviewing and approving the payment of any interim dividends;
- Reviewing, evaluating and approving the charters of the Board's committees;
- Reviewing, evaluating and approving terms of appointment, including the remuneration package of the CEO, based on the recommendation of the Human Resources Committee;
- Reviewing, evaluating and approving the termination of the CEO's appointment;
- Providing input to the CEO's annual performance review with the Chairman;
- Monitoring the progress of major capital projects and business acquisitions or divestitures, and reviewing returns from these investments;

The Board of Directors has authorization on capital expenditure up to Baht 1.5 billion. Any capital expenditure that exceeds Baht 1.5 billion shall be proposed for shareholders' approval.

Reviewing and approving such authority to execute transactions or obligations which do not fall within the scope of authorities delegated to the CEO;

- The CEO has the authority to execute transactions in the name of the Company, with a limit of not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.
- However, due to the nature of Company's business and normal Company's business transaction, the CEO has the authority to execute transactions and obligations with a term not exceeding 12 months (regardless of the amount of these transactions) that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.
- For related party transactions, the CEO has the authority to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million. Related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the CEO has the authority to execute such related party transactions with a term not exceeding 12 months (regardless the amount of those transactions).

The Board encourages directors to participate in seminars related to directors held by the Thai Institute of Directors, to develop knowledge and ability in performing their duties as directors. The Nomination, Remuneration and Corporate Governance Committee is responsible to review and monitor the director training.

8.1.5 Appointment and removal of directors

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

1. The shareholders meeting shall elect the Company's directors in accordance with the following rules and methods:
 - a shareholder shall be entitled to one vote per share held by them;
 - each shareholder may cast votes to elect one or more directors, but the votes are indivisible; and
 - the person who receives the highest vote, and other persons with the next highest number of votes, shall be elected as directors in accordance with the number of directors required, and if more than one person receives equal votes, the chairman of the shareholders meeting shall have the casting vote.
2. At each annual general meeting, one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been in office the longest shall retire. A retiring director is eligible for re-election.

- Directors who retired at the annual general meeting 2016 are:
 - Mr. Pliu Mangkornkanok; and
 - Mr. William Lewis Stone;
- Both were re-elected at the annual general meeting 2016.
- Directors who will retire at the annual general meeting 2017 are:
 - Mr. Andrew Benjamin Walz; and
 - Mr. Nicolas Michel Bossut;
 - Directors who will retire at the annual general meeting 2018 are:
 - Mr. Manoon Siriwan;
 - Ms. Kheng Ling Lok; and
 - Mr. Robert Stair Guthrie

3. A director may resign from office by submitting a letter of resignation to the Company, effective from the date on which the Company receives the letter or any date specified in the resignation letter. The Board of Directors may appoint a new director to replace a resigning director, but any person so appointed shall retain office only for as long as the resigning director was entitled to retain the same.
4. A shareholders meeting may remove any director before the expiration of his or her period of office, upon a resolution of the meeting passed by not less than three-fourths of the shareholders attending the meeting and eligible to vote, holding not less than 50 percent of the total shares held by the shareholders attending the meeting and eligible to vote.

8.1.6 Attendance of the Board of Directors Meetings in 2016

Director's Name	Board of Directors	Audit Committee	Audit Committee	Audit Committee
	Total Meetings in 2016			
	5 Meetings	4 Meetings	3 Meetings	4 Meetings
1 Mr. Andrew Benjamin Walz	5/5	-	-	-
2 Mr. Pliu Mangkornkanok	5/5	4/4	-	4/4
3 Mr. Manoon Siriwan	5/5	4/4	3/3	-
4 Mr. Robert Stair Guthrie	5/5	4/4	3/3	-
5 Mr. Nicolas Michel Bossut ¹	1/1	-	1/1	-
6 Ms. Kheng Ling Lok ²	0/0	-	-	0/0
7 Mr. William Lewis Stone	5/5	-	3/3	4/4
The list of directors who resigned during the year 2016				
1 Mr. Amit Rajindrasingh Ghai ³	3/3	-	1/1	-
2 Mr. Ranga Rama Kumar Sreeramagiri ⁴	3/3	-	-	4/4

1 Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

2 Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings and Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

3 Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

4 Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

The Company Secretary normally informs the directors of the meeting schedule for the whole year in advance. In 2016, meetings of the Board of Directors were held five times, including four regular quarterly meetings, and one special meeting. All directors fully attended the Board of directors meetings during his/her directorship term. No director was absent for any meeting while he/she served in the director position.

8.2 Leadership Team

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

8.2.1 Leadership Team members as of 31 December 2016 are:

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

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

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

The Board of Directors has authorization and is responsible for appointment or removal of the Company's chief executive officer. The chief executive officer is responsible for managing the Company's business as assigned by the Board of Directors. Mr. William Lewis Stone was first appointed by the Board of Directors to be the Company's chief executive officer in 2008.

With the Company's conversion to be a public company in 2012, he was re-appointed to be the Company's chief executive officer by the Board of Directors Meeting No. 2A/2012 held on 20 June 2012. The chief executive officer is authorized to oversee the Company's day-to-day business and operation, take any action and make any decision under the scope of his or her authority, including execution of agreements and obligations that are necessary or beneficial to the Company.

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

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

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

8.3 Company Secretary

The Board of Directors has authorization and is responsible for appointment of the company secretary. At the Board of Directors meeting No. 4/2013, on 27 November 2013, the Board of Directors reviewed the qualification and appointed Ms. Nattawan Khumwiwat to act in the position of Company Secretary.

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

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

Name: Ms. Nattawan Khumwiwat
Age: 36 years
Current Position: Corporate Legal Counsel, Company Secretary and Corporate Compliance Officer
Education:
Master Degree: LL.M., International Business Law, American University, Washington College of Law, USA
Master Degree: LL.M., Business Law (English Program), Chulalongkorn University
Bachelor Degree: Laws, Thammasart University
Barrister at Law: The Thai Bar Association
Working experience in past 5 years

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

Training Course on Company Secretary and Compliance :

- Company Secretary Program (CSP 39/2011)
- Board Reporting Program (BRP 5/2011)
- Effective Minute Taking (EMT 22/2012)
- Anti-Corruption: The Practice Guide (ACPG 28/2016)

8.4 Director and Leadership team's Remuneration

8.4.1 Director's Remuneration

Under the Company's Article of Association, the director's remuneration will be considered and approved by the Shareholders at the Shareholders' meeting. The directors are entitled to remuneration from the Company in form of monthly fee, meeting allowance, reward, bonus or any other benefits in accordance with the Article of Association or as approved by a meeting of shareholders which may be a fixed sum or subject to any conditions applicable from time to time.

The Annual General Meeting of Shareholders in 2016 approved the director's remuneration for monthly fee and meeting allowance fee for Board of Directors meeting and committee meeting, without bonus.

Director's Remuneration 2016

Position	Monthly Fee (Baht/Month)	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the Board of Directors	150,000	25,000
Vice-Chairman of the Board of Directors	140,000	20,000
Director	120,000	20,000

Compensation for the Audit Committee for 2016

Position	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

Compensation for the Nomination, Remuneration and Corporate Governance Committee for 2016

Position	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

Compensation for the Human Resources Committee for 2016

Position	Meeting Allowance of Board of Directors Meeting (Only attending directors) (Baht/Meeting)
Chairman of the committee	40,000
Member of the committee	30,000

In summary, total director compensation in 2016 was 12,059,839 baht, comprising of monthly fees in total of 10,234,839 baht and the meeting allowance fees for the Board of Directors meetings and sub-committee meetings in total of 1,825,000 baht. There were no bonuses, rewards nor other benefits such as position car nor club membership provided to directors. However, the directors can be reimbursed from the Company on the actual expenses for attending of the Company's meetings with original receipt incurred and in accordance with the reimbursement scheme as applied for all Company's staff.

This total fee was paid to 9 directors which include the directors who held the directorship position for 12 months, ending on 31 December 2016, the directors who completed their directorship term or resigned during the year, and the director who started their directorship during the year. Such director compensation was made in accordance with the resolution of the 2016 Annual General Meeting of Shareholders. The compensation was appropriately determined by considering roles and responsibilities, economic environment, and benchmarking with peers in the same industries and size of the company.

The compensation that each director received in 2016

Name	Monthly fee for total 12 months	Total fee for Meeting Allowances				Grand total compensation received in 2016
		Board of Directors Meetings	Audit Committee Meetings	Nomination, Remuneration and Corporate Governance Committee Meetings	Human Resources Committee Meetings	
1 Mr. Andrew Benjamin Walz	1,800,000	125,000	-	-	-	1,925,000
2 Mr. Pliu Mangkornkanok	1,600,000	100,000	160,000	-	120,000	1,980,000
3 Mr. Manoon Siriwan	1,440,000	100,000	120,000	90,000	-	1,750,000
4 Mr. Robert Stair Guthrie	1,440,000	100,000	120,000	120,000	-	1,780,000
5 Mr. Nicolas Michel Bossut ¹	557,419	20,000	-	30,000	-	607,419
6 Ms. Kheng Ling Lok ²	200,000	0	-	-	0	200,000
7 Mr. William Lewis Stone	1,440,000	100,000	-	90,000	160,000	1,790,000
The list of directors who resigned during the year 2016						
8 Mr. Amit Rajindrasingh Ghai ³	878,710	60,000	-	30,000	-	968,710
9 Mr. Ranga Rama Kumar Sreeramagiri ⁴	878,710	60,000	-	-	120,000	1,058,710

¹ Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

² Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings and Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

³ Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

⁴ Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

Mr. Andrew Benjamin Walz, Mr. Nicolas Michel Bossut (appointed in 2016), Ms. Kheng Ling Lok (appointed in 2016), Mr. William Lewis Stone, Mr. Amit Rajindrasingh Ghai (resigned in 2016) and Mr. Ranga Rama Kumar Sreeramagiri (resigned in 2016) are directors nominated by Chevron. They have declined to receive director compensation, both monthly fees and meeting allowance fees. Total declined fees were 6,549,839 baht, comprising of the monthly fee of 5,754,839 baht and the meeting allowance fee of 795,000 baht. This director compensation is not covered under the Personnel Secondment Agreement made between the Company and Chevron.

8.4.2 Leadership Team's Remuneration 2016

Total remuneration for Leadership Team includes basic salary, bonus, provident fund, welfare and benefit expense. In 2016, total remuneration for executives was Baht 165.5 million. These totals include management manpower costs paid to Chevron under the Personnel Secondment Agreement. Leadership Team also receive other benefits and compensation as described below for all employees.

The total compensation for 14 leadership team according to the definition of management as defined by the Capital Market Supervisory Board in 2016

Compensation	Number of executives	Amount (Baht)
Salary	14	129,097,867.0
Bonus	11	30,684,859.7
Provident Fund	9	3,627,398.6
Retirement Benefit	11	2,098,414.0
Total		165,508,539

8.4.3 Report of the Company's securities held by directors (including spouse and minor children)**As of 31 December 2016**

	Name	Number of Shares		Changing Number of Shares Increase (Decrease)
		As of 31 December 2015	As of 31 December 2016	
1	Mr. Andrew Benjamin Walz Spouse and minor children	3 -	3 -	- -
2	Mr. Pliu Mangkornkanok Spouse and minor children	- -	- -	- -
3	Mr. Manoon Siriwan Spouse and minor children	- -	- -	- -
4	Mr. Robert Stair Guthrie Spouse and minor children	- -	- -	- -
5	Mr. Nicolas Michel Bossut 1 Spouse and minor children	- -	- -	- -
6	Ms. Kheng Ling Lok 2 Spouse and minor children	- -	- -	- -
7	Mr. William Lewis Stone Spouse and minor children	40,000 -	80,000 -	40,000 -

¹ Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

² Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016.

8.4.4 Report of the Company's securities held by directors who resigned in 2016 (including spouse and minor children) As of 31 December 2016

	Name	Number of Shares		Changing Number of Shares Increase (Decrease)
		As of 31 December 2015	As of 31 December 2016	
1	Mr. Amit Rajindrasingh Ghai ³ Spouse and minor children	- -	- -	- -
2	Mr. Ranga Rama Kumar Sreeramagiri ⁴ Spouse and minor children	- -	- -	- -

³ Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

⁴ Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

8.4.5 Report of the Company's securities held by Leadership Team according to the definition of management as defined by the Capital Market Supervisory Board (including spouse and minor children) As of 31 December 2016

Name	Number of Shares		Changing Number of Shares Increase (Decrease)
	As of 31 December 2015	As of 31 December 2016	
1. Mr. William Lewis Stone Spouse and minor children	40,000 -	80,000 -	40,000 -
2. Mr. Steven Lewis Gibson Spouse and minor children	- -	- -	- -
3. Mr. Wichai Chunhasomboon Spouse and minor children	- -	- -	- -
4. Mr. Sakchai Thamsuruk Spouse and minor children	267,100 78,500	267,100 78,500	- -
5. Mr. Chirasak Mhasuconda Spouse and minor children	267,100 -	267,100 -	- -
6. Mr. Pongkorn Chochuwong Spouse and minor children	347,300 -	347,300 -	- -
7. Mr. Narong Triyotee Spouse and minor children	347,300 167,600	347,300 167,600	- -
8. Mr. Paul Andrew Rushworth Spouse and minor children	267,100 -	267,100 -	- -
9. Mr. Roger Albert Frederick Bartlett Spouse and minor children	267,100 -	267,100 -	- -
10. Mr. Akasit Rumpagaporn Spouse and minor children	205,500 -	205,500 -	- -
11. Ms. Nattawan Khumwiwat Spouse and minor children	205,500 -	205,500 -	- -
12. Mrs. Pornthip Viraphand Spouse and minor children	167,600 -	167,600 -	- -
13. Mr. Krisda Chaikul Spouse and minor children	205,500 -	205,500 -	- -
14. Mrs. Angkana Panyaopart Spouse and minor children	248,400 -	225,500 -	(22,900) -

8.5 Employees

8.5.1 Number of Employees

The company has 455 total employees as of 31 December 2016. The number of employees includes direct hires and secondees from Chevron.

Department	Number of Employees
Production Unit - Processes and Utilities	125
Production Unit - Movement and Dispatches	85
Asset Management	60
Technology and Engineering	49
QEHS & Laboratory	40
Corporate Service	22
Integrity & Reliability	25
Others	49
Total	455

8.5.2 Employee Compensation

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

In 2016, total compensation, including salary, bonus, overtime pay, provident fund, welfare and benefit paid to the employees and executives was Baht 1,160.6 million. Annual merit increase for each employee is determined based on the individual's annual performance result and market competitiveness.

Other Compensation and Benefits

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

The Company also provides employees' retirement package which complies with Thai Labor Law. We recognize employees with "Top Up with Gold" at their retirement. The Company has recorded retirement benefits of Baht 67.9 million in the year 2016.

Provident Fund

The Company provides a provident fund, registered as a juristic person under the Provident Fund Act, B.E. 2530 (1987) for the Company's employees. Participating employees pay a contribution of 3 to 15 percent of the monthly wage to the fund, and the Company contributes 3 to 15 percent of the employee's wage, depending on the employee's years of service. Provident Fund contributions by the Company were Baht 47.8 million in the year 2016.

Employee Stock Ownership Plan

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

After the first day of trading the Company's share on the Stock Exchange of Thailand, the management and employee are allowed to sell up to 25% of their shares after 12 months which is on the 8th December 2016.

8.5.3 Training & Development

At SPRC, we believe that the efficiency, effectiveness and success of our organization depends largely on the skills, abilities and commitment of our people. We, therefore, place a lot of emphasis on the training and development of our people.

Training at SPRC is carried out with both short term and long term objectives in mind, and that's why we offer a range of training and development activities. Depending on roles and responsibilities, employees are provided:

- On-the-job learning including overseas assignment.
- Training for recognized professional qualifications – either through external organizations or through SPRC's own training services and facilities.
- Leadership Development Programs.
- Individual Competency Development Programs.
- Knowledge Sharing e.g. anti-corruption.
- Business Conduct Training.
- Mentoring and regular appraisals with line managers.
- Special project assignments.
- Joint Venture Chevron Technical University (JV CTU): A set of engineering and technical courses provided to young engineers of joint venture Chevron refineries by experienced Chevron engineers from around the world.

8.5.4 Labor disputes

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

9. Corporate Governance

9.1 Policy of Corporate Governance

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

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

The Company conducted 8 sessions throughout the year to introduce the Business Conduct Policy to all new staff (13 new staffs in 2016) and 12 refreshment sessions to all staff in August 2016 to reinforce the Business Conduct Policy.

In addition, the Company conducted the communication sessions for focus groups on following topics;

- Business Conduct for supervisor level
- Insider Trading Policy
- Public Disclosure Policy
- Information classification - Handling of Confidential information and Data Privacy
- Anti-Corruption program and Declaration on joining with the Thailand's Private Sector Collective Action Against Corruption (CAC)
- FCPA – Prohibited expenses to government officers
- Bidding processes to ensure fair and transparency

The Business Conduct Policy contains guidelines on how to conduct our business properly, including:

- To operate the business strictly in accordance with applicable laws, regulations, and rules, and to cooperate with government officials.
- To instill awareness among the employees regarding the importance of compliance with the law and fair business competition.
- To operate the business and make investments in accordance with the principles of ethics, transparency, and the honoring of mutual commitments and sharing benefits fairly.
- To respect human rights, as supported by the policy on promotion and protection of human rights, freedom, and equitable treatment, which is the foundation of human resource management and development. The Company's business operation is in line with the United Nations Universal Declaration of Human Rights. The Company does not discriminate against races, religions, genders, age, or people with disability.
- To avoid conflicts of interest in all of our business operations and decisions.
- To enter into any related party transaction on a commercial arm's length basis and always take into consideration, on balance, the best interest of Company.
- To follow anti-corruption practices in accordance with Thai laws and US regulations, e.g. the Foreign Corrupt Practice Act. An example is the prohibition of promising to pay or give or actually paying or giving money or anything of value to officials for the purpose of gaining influence over the official's acts or decisions

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

The Corporate Governance Policy is composed of:

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

9.1.1 The Rights of the Shareholders

The Company recognizes the rights of all shareholders, which include the right to independently buy, sell, or transfer shares, and the right to attend and vote in shareholders meetings. All shareholders meetings of the Company are conducted in consideration for the rights of shareholders. In 2016, the Company had 2 shareholders meetings. The Company held the 2016 Annual General Meeting of Shareholders (AGM) on 26 April 2016, during which the shareholders voted on the appointment of directors, remuneration of directors, appointment and remuneration for auditors, and declaration of dividend payment. Additionally, the Company held the Extraordinary General Meeting of Shareholders (EGM) No.1/2016 on 16 December 2016, during which the shareholders voted on determination or amendment of the Articles of Association and the memorandum of association, and reduction of capital.

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

To allow shareholders to vote knowledgeably and effectively, the Company sent the notices of shareholders meetings and supporting information to the shareholders at a reasonable time in advance, as well as posted it on Company's website. The Company also provided a channel for shareholders to send questions regarding agenda items at the meetings to the Company via e-mail (CompanySecretary@sprc.co.th) prior to the meetings.

The notice contains details on;

- Date, time, venue and map of the meeting
 - To encourage the shareholders to attend the shareholders meetings, the Company selected appropriate dates, time and convenient venues for the meetings. It is the Company's policy to organize the shareholders meeting at a venue which meets our high safety standards, has multiple transportation options e.g. close to BTS or MRT station and available parking areas, and a proper sized meeting room.
 - the meeting procedure specifying details on required documents to verify the shareholders and proxies, independent directors who the shareholder can proxy to, vote requirements and counting procedures:
 - If a shareholder cannot attend the meeting, the Company allows the shareholder to appoint an independent director or any person as a proxy to attend the meeting on their behalf, by submitting a proxy form sent with the notice to the shareholders meeting by the Company.
- agenda items to be considered by the shareholders, with an explanation and reason for each agenda item or each resolution sought, as well as the opinion of the Board of Directors, including:
 - with respect to the appointment of directors, background and suitability of the nominated persons, including education, experience, and other titles held;
 - with respect to the consideration of remuneration for directors, components and amount of remuneration proposed to be approved by the shareholders;
 - with respect to appointment of the auditor and determination of their remuneration, name and auditing office of the proposed auditor, the proposed remuneration, and the years for which the auditor has performed their duty for the Company in the event of reappointment of an existing auditor;
 - with respect to the payment of dividend, an explanation to support the decision regarding the proposed dividend;
 - with respect to the amendment of the Articles of Association, the reason and explanation to support the decision; and
 - with respect to the reduction of Company's capital and amendment of Company's memorandum of association related to the capital reduction, the reason and explanation to support the decision, sufficient information regarding the objectives of the matters proposed, and the potential impact on the Company and the shareholders.

At the meetings, the Company had a legal advisor from Baker & McKenzie Ltd. to monitor the registration and the vote counting. The Chairman asked two volunteers from shareholders to witness the vote counting and provided opportunities for all shareholders to ask questions, and give opinions and suggestions. The Board of Directors, the CEO and senior leadership attended the meetings to answer questions and listen to the opinions and suggestions of shareholders. When the meetings ended, the Company prepared accurate and complete minutes of the meetings, including questions and responses during the meetings. The Company published the voting results of all resolutions and the meeting minutes by posting on the Company's website within the next day and within 14 days from the date of the meeting, respectively. For preparation of the 2017 AGM, the Company has provided the opportunity the shareholders to propose qualified candidates for director election and suggest items for consideration at the shareholder meeting. The Company has notified and posted the details on timeline and criteria on its corporate website since 30 September 2016.

9.1.2 Equitable Treatment for Shareholders

The Board of Directors has set a policy that the Company must conduct business with transparency. The Company shall treat all shareholders fairly and equally. The Company respects minority shareholders' rights and provides equal opportunity to all shareholders, such as equal rights on voting, the opportunity to propose agenda items for consideration at shareholders meeting, opportunity to propose qualified candidates for director election, and the opportunity to access company information or receive communication from the company. At the Board meeting in August, the Board reviewed and set criteria for shareholders to propose agenda items for discussion and to nominate qualified director candidates for election at the annual general meeting of shareholders in 2017.

The Board decided that shareholders who wish to propose an agenda item and/or nominate director candidates must possess qualifications according to the criteria as follows:

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

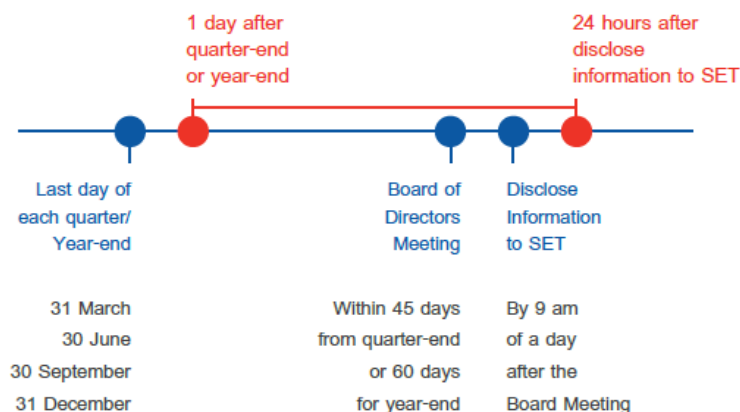
On 30 September 2016, the Company disclosed this criteria and the shareholders must submit documents to the Company by 31 December 2016 with required information according to the details posted on corporate website.

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

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

Preventive measures have been put into place to prevent improper use of material non-public information by directors, executives, and employees who have access to such material non-public information through their duties and roles within the Company. Improper use includes insider trading whether for their own or others' benefit. The practice regarding material non-public information is as follows:

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



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

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

- Directors, executives, and employees of the Company have duties in reporting their interests upon being appointed or joining the Company, and shall report on any changes to those interests.

- The Company discloses a clear shareholding structure to ensure confidence of the shareholders in the Company's shareholding structure.
- In a meeting of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best interests of all shareholders.
- For consideration on related party transactions, the Audit Committee will review the transaction to ensure that it is executed on the arm's length basis and for the benefits of the Company.

9.1.3 Roles of stakeholders

The Company takes into account the benefits of all stakeholders. The policy to stakeholders is part of its Corporate Governance Policy to preserve the rights of stakeholders, who are referred to as Shareholders, Customers, Employees, Community, Consumers and Partners who the Company deals with in general. The principle has been stated in the Company's Business Conduct handbook (downloadable at www.sprc.co.th) as a guideline for directors, executives and staffs to ensure that stakeholders are treated on the basis of fairness and equitability for the mutual interest of all parties involved. All employees are to strictly adhere to the Company's Business Conduct to add value to the stakeholders.

Our Stakeholders

The Company has put in place policies and measures with respect to the treatment of stakeholders, as follows:

- **Shareholders, Investors and Analysts**

The Company regards shareholders as the owners of the Company. Directors, executives, and employees, therefore, have the duty to comply with the good corporate governance policy and code of ethics of the Company, in order to assure the shareholders that the Company operates its business in accordance with good corporate governance principles for the best and sustainable interest of all shareholders.

The Company regularly communicated its performance outcomes and organized various activities including analysts meeting on Company's performance outcomes, meetings with investors on SET's Opportunity Day quarterly.

- **Customers**

It is the Company's policy to build and maintain our customer base by developing, producing, and selling quality products through an efficient and reliable production and distribution process, and to meet or exceed customers' expectations. The Company surveys customer satisfaction on a quarterly basis, seeking opinions and suggestions from customers in order to establish a plan to continuously improve our relationship and the reliable supply of quality products. The Company has conducted various activities to create customers' satisfaction over the past several years:

- **Crude to customer:** The cross functional work team creates to manage the whole supply chain starts from crude selection to the end where products distribute or sale to the customers to ensure the products meet supply commitment includes on time delivery and deliver on grade products to our customs.
- **Customer feedback:** As part of continuous improvement process, we seek Customers feedback on a regular basis both on a monthly, and quarterly feedback. The feedback performs thru the monthly meeting, and quarterly customer feedback survey.
- **Customer awayday to build relationship with customers:** Every year, we take the opportunity to recognize the achievements which happens during the year from our collaboration effort, and to enhance a strong relationship with our customers by arranging the Customer away day and thank you party to our customers. This is one of the good memorandum event we have with our customers.

As part of our goal of continuous improvement, SPRC received valuable feedback during the year from our customer surveys, meetings, and away days, from which we developed and implemented actions for improvement.

- **Creditors**

The Company adheres to the terms and conditions, with fairness, and takes responsibility for our creditors. SPRC commit to equality and our responsibility towards our creditors. We strictly adhere to good practices, our contractual and financial obligations.

- **Employees**

The Company believes that our and contractors are the heart of our operations and sustainable development, and we value all of our and contractors and their quality of life. The Company respects human rights, and believes foremost in the safety of all employees and contractors. On the first day of work at our Company, all new and contractors must have a full day training on safety awareness and the Company's safety culture. All and contractors have the authority and responsibility to stop – or not start – any work activity that they or others are performing if hazards or risks pose a threat to safety. The Company's goal is to ensure a positive and rewarding working environment.

Our human resource development system is based on equality, desirable employment terms and conditions, job development and achievement of full potential, equitable employment opportunity, and to encourage employee participation in planning, management, and compliance with internal practices and work processes, recognizing that the success of the Company depends on all its employees.

The Company promotes the development of personnel through training and first-hand experience and on the job training that matches each of the employee's needs in order to improve work efficiency and the opportunity to progress in one's career. The Company's practice in this regard is as follows:

1. The Company values the differences between, and abilities of, each employee, and provides a working environment that fully encourages employees' contributions toward the Company's success.
2. The Company complies with the laws prohibiting unequal treatment, by giving employees equal opportunity to advance in the organization, and does not practice illegal treatment of employees. It is the Company's policy not to discriminate against employees based on differences in race, religion, skin color, origin, age, gender, disability, military service status, political opinion, sexual diversity, and genetic information. The Company promotes equality for persons with disability and complies with the law concerning employment of persons with disabilities by remitting money to the Fund for the Empowerment of Persons with Disabilities.
3. The Company sets remuneration for employees based on performance, to promote competition and the development of ability among employees.
4. The Company prohibits violence and sexual harassment within the workplace.
5. The Company provides training for employees based on the suitability for their roles, the required competency needs in accordance with an annual knowledge and skills development plan for each individual employee.
6. The Company prioritizes the organization of the work environment to ensure occupational safety, and provides a canteen with good sanitation, clean toilets, safe transportation, and medical clinic in line with legal requirements.
7. The Company ensures equality and transparency in its processes for hiring, transferring and remuneration of employees, taking into consideration qualifications, suitability for the role, nature of work, and performance.
8. The Company provides equal opportunity and encouragement for all levels of employees to raise questions, suggestions, or opinions, whether directly or indirectly, leading to mutual solutions to any problem. We utilize different communication channels, such as the direct supervisor, management, Welfare Committee, Human Resources Manager and the Corporate Compliance Officer. We also conduct internal employee engagement and satisfaction surveys every two years, to develop suggestions and areas to focus on to further improve our Human Resources programs.

Our people strategy is to be an Employer of Choice, and we believe in individual high performance contribution and happiness will enhanced their satisfaction and employee engagement. And this will be major contribution to achieve the strategic goal. Therefore the Company encourages the development of personal potential in many areas, including professional skills, general skills, leadership competency, analytical skills, problem solving by providing external training both in domestic and oversea and internal training for employee. Also promote happiness in life and work through SPRC Happy Workplace program that embedded with the Happy 8 concept from Thai health Organization (happy body, happy heart, happy society, happy relax, happy brain, happy soul, happy family and happy money) by introduced via various company activities such as recreational and sport activities, Do Good Look Grate - CSR projects, Financial Day, Knowledge Sharing and Management, workshop of the Happy Life and Work, Family Days, Staff Parties, Recognition program which is also extended to contractor.

There are 22 recreational and sport clubs provide employee to join as their interests. The activities are majored held to strengthen employee good health, employee engagement and the relationship between executive, employee and contractors within department and across departments both within the company and with other companies and local government such as mindfulness activities, sport games among employee and contractors, Refinery Games and Sport Complex Games. Together with health and relationship promotion is the contribution to community and society as a key to enhance employee engagement and pride to our company image. The Company continue support sport activities for CSR objective such as the organized of internal sport games among employee and contractor for charity and external sport game with communities. The Company continuously encourages good health among employees through a variety of health promotions, such as holding regular health food fairs featuring food products and shops from the community, a week-long health fair, and an annual check-up for employees. It is the Company's policy to attract and retain high performance employees and encourage them to excel in the organization through attractive remuneration and benefits that are competitive with other companies in Thailand's petrochemical industry. Therefore, the company continually improve employee's welfare and benefit to be flexible and matched with all employee's demographics. In 2015, the Company provided all employees the Flexible Benefit Program for them to select according to employee and family's needs. The program is continually reviewed for further improvement annually.

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

- **Community**

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

- **Consumers**

The Company is committed to product stewardship through the safe and reliable production of quality products, meeting all product specifications and regulations.

- **Partners who the Company deals with**

It is the Company's policy to treat all our business partners fairly and transparently. Our business partners must be on our SPRC Approved Vendor List (AVL) to ensure reliable and high quality provision of services and supplies. To qualify for the AVL, the vendors and suppliers must meet the following criteria;

1. To ensure they have good safety management, they must demonstrate a successful safety performance, and have policies on safety, safety training, and safe workplace environment.
2. To ensure they can supply materials and provide services that meet the Company's requirements, they must have skill, capability, knowledge, resources, experience, and a good reputation.

3. To ensure they can be our sustained partnership, they must demonstrate a good financial status, such as good cash flow, reasonable debt, etc.

Additionally, the Company builds relationships that benefit all involved which we believe creates the best performance for both SPRC and its partners. The Company holds training and seminars for its business partners, including introduction to our safety culture, knowledge exchange, and awareness in occupational safety. The activities include:

- holding meetings, workshops and other activities to introduce and strengthen our incident and injury free culture and work process with customers, contractors and other business partners;
- invitation of ship owners and truck owners, who transport products from our terminals, to meetings and workshops to strengthen relationships and safety awareness; and
- providing awards to ship owners and truck owners who perform work safely, and providing the opportunity for ship owners and truck owners to take pride in their award-winning safety standards.

The Company has a zero tolerance for corruption. Our policies and management systems promote ethics, morality, and transparency in operating our business. The Company instills awareness among employees regarding possible effects of corruption. Among other things, the Company combats corruption through our Business Conduct Policy on giving or receiving gifts, presents, entertainment, and other benefits from persons or companies dealing with the Company, to prevent conflicts of interest, including accepting money as consideration for providing service in the name of the Company, or giving or accepting gifts, presents, or entertainment from persons who operate, or wish to operate, a business with the Company, and giving gifts, presents, or entertainment to any person in order to induce that person to act for the benefit of the Company. If any such action is necessary and is in accordance with laws and the Company's guidelines, the permission shall be obtained from the Corporate Compliance Officer and management in advance.

The Company also has a policy concerning reporting or disclosure of activities, business, or relations between employees that may overlap or contradict the Company's interests. If an employee suspects that any activity may be overlapping or in conflict with the Company's interests, the employee shall report or disclose such information in advance, in order to protect the employee from any conflict of interest problem. Furthermore, it is the Company's policy not to allow or support illegal payment of money or bribery to government agencies, or participation in political activities that violate Thai or US laws. The Company has procedures to allow for participation and suggestions from stakeholders for consideration by management and the Board of Directors. The Company ensures that sufficient information is disclosed so that stakeholders can efficiently take part in a dialog with the company. A channel for reporting tips or complaints has also been set up for reporting violations of the law or the Business Conduct, inaccurate financial reporting, or defective internal control systems. It is the responsibility of the Corporate Compliance Officer to ensure a proper investigation is held on any tips or complaints and report any findings, results and corrective actions to the Audit Committee and the Board of Directors without disclosure of the name of the whistleblower.

In the case where a stakeholder suffers damage as a result of an infringement of their rights by the Company, SPRC has a policy to indemnify that stakeholder as appropriate.

Anti-Corruption Policy

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

To reinforce the Company's commitment, at the Board of Director Meeting in April the Board discussed joining with the Thailand Private Sector Collective Action Coalition Against Corruption (CAC). The Chairman signed and submitted the declaration of intention to the CAC on 28 April 2016.

The Board of Director has also established the Anti-Corruption Policy to ensure that the directors, management and all staff will conduct business transparently to prevent and act against corruption. The Anti-Corruption Policy applies to all Company personnel, including directors, management, employees, as well as the Company's representatives, agents, contractors and other intermediates or

associates, who act on behalf of the Company. They are prohibited from engaging in acts of corruption such as paying bribes, accepting bribes, or other forms of undue or improper influence from all sectors, both government and private, where the Company does business.

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

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

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

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

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

In the 2017 New Year greeting season, the Company communicated to all staff, vendors, contractors, and customers for guidelines on New Year Gifts, that stated:

- SPRC expresses a desire not to request and accept gifts or any favors of any value from our Business Partners;
- Business Entertainment is considered inappropriate unless SPRC shares in the cost of these events;
- Any forms of cash or cash equivalence is strictly prohibited;
- In case any gifts cannot be refused or are unable to be returned, the gifts will be donated.

Whistle-blowing

The Company also has a policy concerning reporting or disclosure of activities, business, or relations between employees that may overlap or contradict the Company's interests. If an employee suspects that any activity may be overlapping or in conflict with the Company's interests, the employee shall report or disclose such information in advance, in order to protect the employee from any conflict of interest problem.

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

By E-Mail

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

By sending the letter to the following address:

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

The Corporate Compliance Officer is responsible to ensure a proper investigation is held on any complaints and report any findings, results and corrective actions to the Audit Committee and the Board of Directors. In the case where a stakeholder suffers damage as a result of an infringement of their rights by the Company, the Company has a policy to indemnify that stakeholder as appropriate.

9.1.4 Disclosure and transparency

The Board of Directors makes sure that both financial and non-financial information is disclosed in a complete, adequate, regular and timely manner to reflect the Company's operational and financial performance while strictly complying with the laws, rules and regulations relating to information disclosure of both the SEC and the SET.

The Investor Relations division acts as a center to communicate important information such as the financial statements, MD&A report and analysis for each quarter and year to investors and other persons who might seek information and ensuring that those information complying with SEC regulations. This is for the benefit of all investors, while the Public Affairs Department disseminates corporate information to public through local and international press releases when there were important business activities.

In 2016, the Company offered the following opportunities to disclose information to international investors, institutional investors, small investors, analysts, and press as follows:

Activity	Number (times)
Foreign Roadshow	7
Local Roadshow	3
Analyst Meetings	4
Opportunity Day (organized by the SET)	4
Company Visit	4
International Conference Call	11
Answering Inquiries by E-mail/telephone	Approx. 2-4 times/day
Shareholders' Company Site Visit	2
Minor Investors Get-together	5

The Company also disclosed information through its website at www.sprc.co.th so that other stakeholders could equally access the information. Investors and related parties can make queries or ask for the Company's information at Investor relations division at Tel. +66 (0) 38 699 887 or Fax. +66 (0) 38 699 999 ext. 7887 or send email to ir@sprc.co.th

9.1.5 Responsibilities of the Board of Directors

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

9.1.6 Composition of the Board of Directors

Pursuant to the Company's Articles of Association, the Board of Directors shall consist of at least five directors. The Board of Directors shall elect one director as the chairman, and may elect another director as the vice chairman or other positions as deemed appropriate. No less than one-half of the number of directors shall reside in Thailand. The Charter of the Board of Directors, approved by the shareholders, requires that the Board of Directors consist of seven to nine directors who possess knowledge and experience in a variety of fields. At least three of the Company's Board of Directors shall be independent directors. The directors shall possess the qualifications and shall not possess any prohibited characteristics specified by law.

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

9.1.7 Appointment and removal of directors

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

1. The shareholders meeting shall elect the Company's directors in accordance with the following rules and methods:
 - a shareholder shall be entitled to one vote per share held by them;
 - each shareholder may cast votes to elect one or more directors, but the votes are indivisible; and
 - the person who receives the highest vote, and other persons with the next highest number of votes, shall be elected as directors in accordance with the number of directors required, and if more than one person receives equal votes, the chairman of the shareholders meeting shall have the casting vote.
2. At each annual general meeting, one-third of the directors, or, if their number is not a multiple of three, then the number nearest to one-third, must retire from office. The directors to retire during the first and second years following the registration of the Company shall be drawn by lots. In every subsequent year, the directors who have been in office the longest shall retire. A retiring director is eligible for re-election.
 - Directors who retired at the annual general meeting 2016 are:
 - Mr. Pliu Mangkornkanok; and
 - Mr. William Lewis Stone;
 Both were re-elected at the annual general meeting 2016.
 - Directors who will retire at the annual general meeting 2017 are:
 - Mr. Andrew Benjamin Walz; and
 - Mr. Nicolas Michel Bossut;
 - Directors who will retire at the annual general meeting 2018 are:
 - Mr. Manoon Siriwan;
 - Ms. Kheng Ling Lok; and
 - Mr. Robert Stair Guthrie
3. A director may resign from office by submitting a letter of resignation to the Company, effective from the date on which the Company receives the letter or any date specified in the resignation letter. The Board of Directors may appoint a new director to replace a resigning director, but any person so appointed shall retain office only for as long as the resigning director was entitled to retain the same.
4. A shareholders meeting may remove any director before the expiration of his or her period of office, upon a resolution of the meeting passed by not less than three-fourths of the shareholders attending the meeting and eligible to vote, holding not less than 50 percent of the total shares held by the shareholders attending the meeting and eligible to vote.

9.1.8 Nomination of directors

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

Persons nominated as directors shall possess the following qualifications:

- 1) Be fully qualified and not be prohibited from being a director according to:
 - The Public Company Act
 - The Securities and Exchange Act
 - Regulations of the Securities and Exchange Commission

- Regulations of the Capital Market Supervisory Board
- The Company's Articles of Association

2) Have knowledge, skills, and expertise in fields related to the Company's business or have experiences that are beneficial to the Company's business operations.

3) Be trustworthy, have leadership skills, vision, ethics, integrity and be able to perform director's duties with care and diligence.

4) Not serve as a director of more than 3 listed companies in the Stock Exchange of Thailand.

Introduction for new directors

Mr. Nicolas Michel Bossut and Ms. Kheng Ling Lok were appointed as new directors in 2016. The Company provided them with an introduction and overview of the Company's business and operations, the Company's culture and business practices, the Company's performance benchmarking with the peers in Thailand and international industry, as well as the Company's governance documents.

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

The Company's Board of Directors has a number of duties and responsibilities toward the shareholders, as set out in the Public Limited Company Act, Securities and Exchange Act, rules and guidelines of the SET, the Company's Articles of Association, and the Charter of the Board of Directors. It is the primary responsibility of the Board of Directors to manage the Company's business within the scope of the law, the Company's objectives, Articles of Association, and resolutions of the shareholders meeting. The Board of Directors shall perform its duty using its best efforts to add value to the business in the long run, and manage the business carefully and prudently with transparency, and prevent any occurrence of conflict of interest. The Board of Directors shall determine the standard practice for the operation of the Company's business and ensure the adequacy of the Company's internal control and risk management systems.

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

- Establishing, approving and modeling vision, mission, culture, core values and commitment to maximize financial, operational, health, safety and environmental performance;
- Reviewing, evaluating and approving the business plan and budget each year;
- Reviewing, evaluating and approving strategies with guidance to implement objectives and goals of the Company;
- Monitoring business performance and reviewing the implementation of strategies;
- Enhancing and protecting the Company's reputation and corporate integrity;
- Reviewing, evaluating, and approving the policies, standards of corporate governance and legal and regulatory compliance; such as the Business Conduct Policy, Corporate Governance Policy, Anti-Corruption Policy, Insider Trading Policy, Risk Management Policy and Dividend Policy; as well as follow up and monitor the internal control and practice to be compliance with such policies;
- Reviewing, evaluating and approving overall direction and financial, operational, health, safety and environmental objectives and goals each year;
- Reviewing and approving full year and interim financial reports;
- Reviewing and approving the payment of any interim dividends;
- Reviewing, evaluating and approving the charters of the Board's committees;
- Reviewing, evaluating and approving terms of appointment, including the remuneration package of the CEO, based on the recommendation of the Human Resources Committee; Reviewing, evaluating and approving the termination of the CEO's appointment;
- Providing input to the CEO's annual performance review with the Chairman;
- Monitoring the progress of major capital projects and business acquisitions or divestitures, and reviewing returns from these investments ;

The Board of Directors has authorization on capital expenditure up to Baht 1.5 billion. Any capital expenditure that exceeds Baht 1.5 billion shall be proposed for shareholders' approval.

Reviewing and approving such authority to execute transactions or obligations which do not fall within the scope of authorities delegated to the CEO;

- The CEO has the authority to execute transactions in the name of the Company, with a limit of not exceeding Baht 200 million. Transactions with a value greater than Baht 200 million are subject to the Board's approval.
- However, due to the nature of Company's business and normal Company's business transaction, the CEO has the authority to execute transactions and obligations with a term not exceeding 12 months (regardless of the amount of these transactions) that are related to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products.
- For related party transactions, the CEO has the authority to execute related party transactions in the name of the Company, with a limit of not exceeding Baht 10 million. Related party transactions with a value greater than Baht 10 million are subject to the Audit Committee's review and the Board's approval. For related party transactions with regard to the current and future purchase, sale, and exchange of crude oil, raw materials, intermediate products, and finished products, the CEO has the authority to execute such related party transactions with a term not exceeding 12 months (regardless the amount of those transactions).

The Board encourages directors to participate in seminars related to directors held by the Thai Institute of Directors, to develop knowledge and ability in performing their duties as directors. The Nomination, Remuneration and Corporate Governance Committee is responsible to review and monitor the director training.

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

Board of Directors meetings

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

The directors shall regularly attend Board of Directors meetings to acknowledge and take part in the decisions regarding the operation of the Company's business. The Company Secretary has the duty to determine in advance the meeting schedule every year, and notify each director of the meeting schedule for the following year, before the end of the year, so that each director is aware of the meeting schedule in advance, and is able to attend the meeting. Each meeting takes approximately four hours.

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

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

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

The Vice Chairman has responsibility to support the Board Chairman and fulfill the Chairman's responsibilities in case of the absence of the Chairman during a meeting of the Board or a meeting of shareholders.

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

Upon conclusion of the meeting, the Company Secretary prepares the minutes of the meeting, containing important matters considered, as well as the opinions expressed in the meeting, and proposes the minutes to the next Board of Directors meeting for consideration and approval, and certification by the Chairman of the Board of Directors. The Company's directors may express opinions or amendment of the minutes to include more details. Minutes approved by the meeting and certified by the Chairman of the Board of Directors are systematically kept, with the documents supporting each agenda item in the meeting, both in hard copy and electronic form, for convenience of retrieval and reference.

Attendance of the Board of Directors Meetings in 2016

Director's Name		Board of Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Human Resources Committee
		Total Meetings in 2016			
		5 Meetings	4 Meetings	3 Meetings	4 Meetings
1	Mr. Andrew Benjamin Walz	5/5	-	-	-
2	Mr. Pliu Mangkornkanok	5/5	4/4	-	4/4
3	Mr. Manoon Siriwan	5/5	4/4	3/3	-
4	Mr. Robert Stair Guthrie	5/5	4/4	3/3	-
5	Mr. Nicolas Michel Bossut ¹	1/1	-	1/1	-
6	Ms. Kheng Ling Lok ²	0/0	-	-	0/0
7	Mr. William Lewis Stone	5/5	-	3/3	4/4
The list of directors who resigned during the year 2016					
1	Mr. Amit Rajindrasingh Ghai ³	3/3	-	1/1	-
2	Mr. Ranga Rama Kumar Sreeramagiri ⁴	3/3	-	-	4/4

	Name of Directors	No.1 (16 Feb)	No.2 (26 Apr)	No.3 (28 Apr)	No.4 (11 Aug)	No.5 (10 Nov)	Total
1	Mr. Andrew Benjamin Walz	✓	✓	✓	✓	✓	5/5
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	✓	5/5
3	Mr. Manoon Siriwan	✓	✓	✓	✓	✓	5/5
4	Mr. Robert Stair Guthrie	✓	✓	✓	✓	✓	5/5
5	Ms. Kheng Ling Lok ¹	N/A	N/A	N/A	N/A	N/A	0/0
6	Mr. Nicolas Michel Bossut ²	N/A	N/A	N/A	N/A	✓	1/1
7	Mr. William Lewis Stone	✓	✓	✓	✓	✓	5/5
Directors who resigned during the year 2016							
1	Mr. Amit Rajindrasingh Ghai ³	✓	✓	✓	N/A	N/A	3/3
2	Mr. Ranga Rama Kumar Sreeramagiri ⁴	✓	✓	✓	N/A	N/A	3/3

¹ Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

² Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Board of Director meetings and Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

³ Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

⁴ Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

The Company Secretary normally informs the directors of the meeting schedule for the whole year in advance. In 2016, meetings of the Board of Directors were held five times, including four regular quarterly meetings, and one special meeting.

All directors fully attended the Board of directors meetings during his/her directorship term. No director was absent for any meeting while he/she served in the director position.

9.2 Sub-committee

9.2.1 Audit Committee

The Audit Committee comprises three independent directors: Mr. Pliu Mangkornkanok who has knowledge and experience to review the financial statements as the chairman, Mr. Manoon Siriwan and Mr. Robert Stair Guthrie as committee members. The members of the committee have the qualifications, knowledge and experience to properly discharge their duties as required by the guideline of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The Audit Committee is delegated by the Board of Directors with the responsibility to provide independent oversight of finance reporting and monitoring adequacy of the internal control system including corporate risk management, related party transactions and the efficiency of the external and internal audits.

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

- To ensure that the Company's financial statements are accurate and adequately disclosed.
- To ensure that the Company implements internal controls and internal audit systems that are appropriate and effective, and to consider the independence of the internal audit unit and give consent regarding the appointment, transfer, and termination of employment of the internal auditor.
- To ensure that the Company complies with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business.
- To consider selecting, nominating, and appointing an independent person to act as an auditor of the Company, and propose the remuneration of the auditor, and attend meetings with the auditor and internal auditor without the management's presence at least once a quarter.
- To consider related-party transactions or transactions with likely conflict of interest, and ensure that they are in accordance with the laws and regulations of the SET, in order to ensure that such transactions are reasonable and in the best interest of the Company. The opinions of the Audit Committee will be proposed to the Board of Directors or the shareholders, as the case may be, to ensure that the proposed transactions are executed on a commercial arm's length basis and always take into consideration, on balance, the best interest of Company.
- To prepare the report of the Audit Committee and disclose the same in the Company's annual report. The report is certified by the Chairman of the Audit Committee, and contains at least the following:
 - opinion regarding the accuracy, completeness, and reliability of the Company's financial report;
 - opinion regarding the adequacy of the Company's internal control system;
 - opinion regarding compliance with the law governing securities and exchange, regulations of the SET, and the laws applicable to the Company's business;
 - opinion regarding the suitability of the auditor;
 - opinion regarding transactions with likely conflict of interest;
 - number of Audit Committee meetings held and attended by each audit committee member;
 - overall opinion or observation of the Audit Committee from compliance with the charter; and
 - other details to be noted by shareholders and general investors as deemed appropriate by the Audit Committee in accordance with the scope of duty and responsibility assigned by the Board of Directors.
- To take any other actions as assigned by the Board of Directors, subject to the consent of the Audit Committee.

Nomination of the Audit Committee

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

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

Attendance of the Audit Committee Meetings in 2016

Name of Directors	No.1 (15 Feb)	No.2 (27 Feb)	No.3 (10 Aug)	No.4 (9 Nov)	Total
Mr. Pliu Mangkornkanok	✓	✓	✓	✓	4/4
Mr. Manoon Siriwan	✓	✓	✓	✓	4/4
Mr. Robert Stair Guthrie	✓	✓	✓	✓	4/4

9.2.2 Nomination, Remuneration and Corporate Governance Committee

The Board of Directors reviewed the roles and responsibilities of the Nomination and Remuneration Committee as specified in the Nomination and Remuneration Committee Charter. In August 2016, the Board of Directors added the responsibility to this committee to ensure and monitor the Company's practices are compliant with the best practice of good corporate governance and the Company's Corporate Governance Policy.

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

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

- Monitoring and overseeing the performance of the Board and Management to ensure their compliance with the Company's Corporate Governance policy.

Attendance of the Nomination, Remuneration and Corporate Governance Committee Meetings in 2016

	Name of Directors	No.1 (16 Feb)	No.2 (10 Aug)	No.3 (10 Nov)	Total
1	Mr. Robert Stair Guthrie	✓	✓	✓	3/3
2	Mr. Manoon Siriwan	✓	✓	✓	3/3
3	Mr. William Lewis Stone	✓	✓	✓	3/3
4	Mr. Nicolas Michel Bossut ¹	N/A	N/A	✓	1/1
Directors who resigned during the year 2016					
1	Mr. Amit Rajindrasingh Ghai ²	✓	N/A	N/A	1/1

¹ Mr. Nicolas Michel Bossut was appointed to be a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 12 August 2016.

² Mr. Amit Rajindrasingh Ghai has resigned as a director and a member of the Nomination, Remuneration and Corporate Governance Committee with effect on 10 August 2016.

9.2.3 Human Resources Committee

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

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

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

Attendance of the Human Resources Committee Meetings in 2016

	Name of Directors	No.1 (16 Feb)	No.2 (17 Mar)	No.3 (27 Apr)	No.4 (2 Aug)	Total
1	Mr. William Lewis Stone	✓	✓	✓	✓	4/4
2	Mr. Pliu Mangkornkanok	✓	✓	✓	✓	4/4
3	Ms. Kheng Ling Lok ¹	N/A	N/A	N/A	N/A	0/0
Directors who resigned during the year 2016						
1	Mr. Ranga Rama Kumar Sreeramagiri ²	✓	✓	✓	✓	4/4

¹ Ms. Kheng Ling Lok was appointed to be a director and a member of the Human Resources Committee with effect on 11 November 2016. There were no Human Resources Committee meetings during 11 November 2016 to 31 December 2016.

² Mr. Ranga Rama Kumar Sreeramagiri has resigned as a director and a member of the Human Resources Committee with effect on 10 August 2016.

9.3 Nomination of independent directors and Chief Executive Officer

9.3.1 Nomination of independent directors

Persons nominated as independent directors shall possess the following qualifications:

1. The independent director should not hold more than 3 consecutive terms directorship. (3 years for each term)
2. An independent director must not hold shares exceeding 1 percent of the total shares with voting rights of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company. That percentage shall include shares held by related persons of the independent director.
3. An independent director shall not be, or have been, an executive director, employee, staff member, or consultant who receives a regular salary, or a controlling person of the Company, the parent company, the subsidiaries, the associate companies, the same-level subsidiaries, major shareholders, or controlling persons of the Company, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC. Such a prohibition does not include cases of an independent director holding a position as a government officer or consultant of a government agency that is a major shareholder or controlling person of the Company.
4. An independent director shall not be related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of a child of another director, executive, major shareholder, controlling person to be nominated as an executive director, or controlling person of the Company or the subsidiaries.
5. An independent director shall not have, or have had, a business relationship with the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company in a manner that may prevent free judgment, and shall not be, or have been, a significant shareholder or controlling person of a person related to the business of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, unless that relationship ended at least two years before the date of submission of the application to the Office of the SEC. The above business relationship includes execution of trade transactions in the ordinary course of the business; leasing or letting immovable property; transactions related to assets or service, or provision or acceptance of financial assistance by way of borrowing or lending, guarantee, charges, and security assets, and other similar circumstances causing indebtedness of the Company or a party to the other party of 3 percent of the net tangible assets of the Company, or Baht 20 million and above, whichever is lower. Calculation of such indebtedness shall be in accordance with the method for calculating related-party transactions under the notification of the Capital Market Supervisory Board concerning rules for related-party transactions, mutatis mutandis. However, such indebtedness shall include the indebtedness arising during the period of one year before the relationship with that person was established.
6. An independent director shall not be, or have been, an auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person of, or a partner in, the auditing office in which the auditor of the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company works, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC.
7. An independent director shall not be, or have been, a provider of any professional service, including legal advisory or financial advisory service, receiving more than Baht 2 million of service charges per year from the Company, the parent company, the subsidiaries, the associate companies, major shareholders, or controlling persons of the Company, and shall not be a significant shareholder, controlling person, or a partner of the service provider, unless the director has not held such a position for at least two years before the date of submission of the application to the Office of the SEC.
8. An independent director shall not be a director appointed as the agent of the directors of the Company, major shareholders, or shareholders related to a major shareholder.

9. An independent director shall not operate a business of the same nature, with and in competition with the business of the Company, or the subsidiaries, and shall not be a significant partner in a partnership, or be an executive director, employee, staff member, or consultant who receives a regular salary, or hold shares exceeding 1 percent of the total shares with voting rights, of another company operating a business of the same nature, with and in competition with the business of the Company or the subsidiaries.
10. An independent director shall not possess any other characteristics that prevents him or her from freely giving an opinion regarding the Company's operation.

9.3.2 Nomination of Chief Executive Officer

In order to nomination top executive as chief executive officer of company, the Board of Directors has authority to determine the procedures for nominate and select a person who shall possess knowledge, ability, experience and well understand for the operation of the Company's business under the Board of Director Charter.

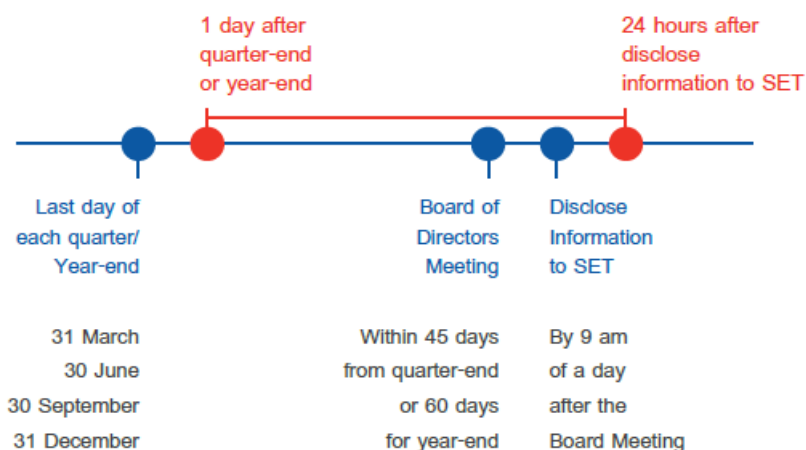
9.4 Corporate Governance Concerning Subsidiaries and Associated Companies

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

9.5 Corporate Governance Concerning Insider Trading

Preventive measures have been put into place to prevent improper use of material non-public information by directors, executives, and employees who have access to such material non-public information through their duties and roles within the Company. Improper use includes insider trading whether for their own or others' benefit. The practice regarding material non-public information is as follows:

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



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

- Directors and executives shall notify the Chairman of the Board of Directors, or the Company Secretary, at least one day in advance before trading the Company's securities.
- If the company's directors and executives elect to trade in the Company's securities, the Company encourages them to make long-term investments. Directors and executives shall not engage in speculative or short-term trading of the Company's securities.
- Upon first being appointed as directors or executives of the Company, the directors and top-level executives shall report the holding of the Company's securities by them to the Office of the SEC (form 59-1) within 30 days from the date they first take office, and report any changes upon buying, selling, transferring, or accepting the Company's securities (form 59-2) within three business days from the date of any such change.
- The Audit Committee shall monitor the compliance with such measures, ensuring that any changes in securities holding are reported at the meeting of the Audit Committee each time any such changes occur. The number of shares held directly or indirectly at the beginning of the year, at the end of the year, and any trading during the year by the directors and top-level executives shall be disclosed in the annual report. The Business Conduct Policy requires that the Company's directors, executives, and employees refrain from having any conflict, potential conflict or perceived conflict, between personal interest and the interest of the Company, or the duties of the directors, executives, and employees toward the Company. Conflicts of interest may arise when such persons take any action or have any personal interest that adversely affects the Company's interest, reputation, good relations with others, as well as actions that affect their decisions when performing their respective duties. The practice regarding conflicts of interest is as follows:
- Directors, executives, and employees of the Company have duties in reporting their interests upon being appointed or joining the Company, and shall report on any changes to those interests.
- The Company discloses a clear shareholding structure to ensure confidence of the shareholders in the Company's shareholding structure.
- In a meeting of the Board of Directors, if any director has a conflict of interest in the matter being considered, that director shall not take part in the consideration and decision regarding that matter, by refraining from participating in that portion of the meeting and voting, in order to ensure fairness and transparency in the decision of the Board of Directors and to protect the best interests of all shareholders.
- For consideration on related party transactions, the Audit Committee will review the transaction to ensure that it is executed on the arm's length basis and for the benefits of the Company.

9.6 Auditor Fee

In 2016, the shareholders approved the appointment of PricewaterhouseCoopers ABAS Ltd. to serve as auditor for the Company.

The company made total audit payments of Baht 3,069,521 Baht, including out of pocket expenses as follows:

Description	Amount (Baht)
Audit fee	2,881,500
Out of pocket expenses	188,021
Total	3,069,521

10. Sustainability Development and Corporate Social Responsibility

SPRC recognizes the importance of ethical business practices, moral accountability, and positive community engagement in our overall vision for the company. We emphasize on developing and maintaining the balance of 3 correlative dimensions: economic, social, and environmental. We believe in carrying out our business in a socially responsible and sustainable way and embrace the concepts of corporate social responsibility and sustainable growth. These all are our visions and missions.

10.1 Overview

Star Petroleum Refining Public Company Limited (“SPRC”) was founded in 1992 as a refinery. SPRC’s key products are LPG, Polymer Grade Propylene (PGP), Jet fuel, Gasoline, Diesel and Fuel oil. SPRC is located in the Map Ta Phut Industrial Estate in Rayong, and has a refining capacity of 165,000 barrels per day of crude oil.

We believe that successful businesses are only sustainable when there is a good balance between stewardship of the environment, social development, and financial performance. At SPRC, we are committed to a long-term balance of these objectives.

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

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

Guidelines of “Corporate Social Responsibility (CSR)” in accordance with 8 principles of CSR

1. Operating with Fairness

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

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

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

2. Anti-Corruption

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

To reinforce the Company's commitment, at the Board of Director Meeting in April the Board discussed joining with the Thailand Private Sector Collective Action Coalition Against Corruption (CAC). The Chairman signed and submitted the declaration of intention to the CAC on 28 April 2016.

The Board of Director has also established the Anti-Corruption Policy to ensure that the directors, management and all staff will conduct business transparently to prevent and act against corruption. The Anti-Corruption Policy applies to all Company personnel, including directors, management, employees, as well as the Company's representatives, agents, contractors and other intermediates or associates, who act on behalf of the Company. They are prohibited from engaging in acts of corruption such as paying bribes, accepting bribes, or other forms of undue or improper influence from all sectors, both government and private, where the Company does business.

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

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

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

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

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

3. Respect for Human Rights

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

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

4. Fair Labor Practices

SPRC's management approach for our employees includes a Human Resources System that includes performance management, training and development, career path development, compensation and benefits, Knowledge Management (KM), and fostering a happy workplace. Employees have the opportunity of vertical growth (promotion) as well as horizontal growth (capability for multiple roles). We have a succession and rising star program for key functions to ensure continuity at SPRC. Our strategy is to continually improve the capacity of our people and organization. In formulating

this strategy, we take into account the latest technologies in the refinery sector and developments in human resources management to ensure that our employees are prepared for future challenges for SPRC. We are developing a Career Path Development program for all levels of employees.

5. Responsibility to consumers

SPRC supplies about 80% of our total product slate, primarily transportation fuels, to PTT and Chevron. The remaining 20% of our products are sold to a variety of customers, mostly petrochemical producers in the Map Ta Phut Industrial Estate. SPRC uses its Crude to Customer (C to C) committee to manage our customer interface, and build customer satisfaction. The committee develops and implements initiatives to strengthen our supply chain to deliver high quality products, to ensure reliable supply, and to make products that meet or exceed our customer's needs.

6. Environmental Stewardship

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

7. Social and Community Development

SPRC conducts our CSR activities with the aim to improve the quality of life of people in the communities through care of the environment and social development. We offer opportunities for all employees to initiate and participate in CSR activities under the branded CSR theme “Do Good Look Great with Nong Star”. The CSR activities are carried out by our volunteers and they join hand-in-hand with communities, local government and business partners. Our CSR activities are conducted primarily in the Rayong area, where SPRC is located, through four key areas of activity – namely, education and youth, quality of life, environment, and relationships.

10.2 Operating and Reporting

(1) Reporting

SPRC's Sustainability Report 2016 is communicated to all of our relevant stakeholders and interested parties and provides a structured approach in managing our sustainability performance, as well as apply the appropriate management approaches in accordance with the Core indication set by GRI G4 Guidelines. The Sustainability Report can be accessed at <http://www.sprc.co.th/th/the-sprc-family-sustainability-sd-report.aspx>

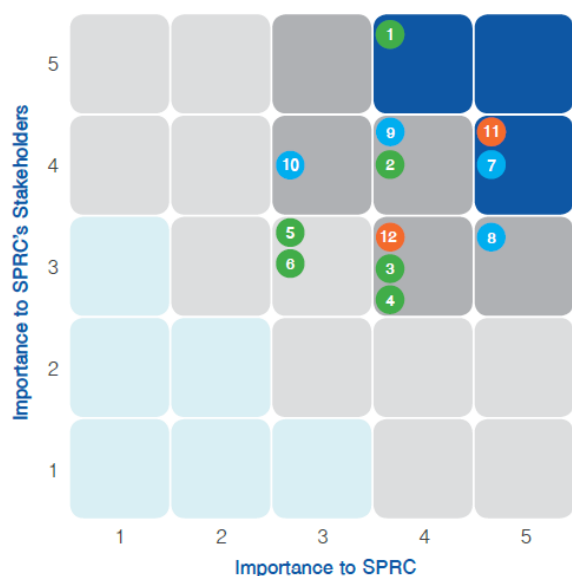
Our Sustainability Report 2016 focuses on the material issues in relation to our operations and our overall value chain. The context of this Report is determined through a materiality assessment, which is a structured review of SPRC's current risks and opportunities based on the framework set by GRI G4 Guidelines. The assessment includes input from our internal and external stakeholders across our operations, which have helped identify and address potential sustainability challenges. Based on these material issues, our Sustainability Report will highlight our performance as well as achievements during this reporting period. The basis of current and future sustainability reporting will anchor on SPRC's material issues.

In determining the material issues of SPRC's operations, we conducted an assessment to identify the material risks based on feedback from our stakeholders. The following step-by-step approach was undertaken in accordance with the GRI G4 Guidelines:

Step 1: Gathered internal and external inputs to develop a view on what matters to our stakeholders.

- Step 2: Ranked the sustainability issues based on SPRC's Corporate Risk Management criteria as well as determined the impact on SPRC and our stakeholders.
- Step 3: Developed materiality matrix based on key issues, which was reviewed by the CEO and Sustainable Development (SD) Steering Committee.
- Step 4: Obtained Senior Management's buy-in on key material issues and assigned GRI indicators as set by GRI G4 Guidelines.
- Step 5: Established Key Performance Indicators (KPIs) and targets based on identified material issues.

SPRC's Material Issues



Environmental

- 1 Spill Prevention & Response
- 2 Air Emission
- 3 Water Management
- 4 Energy Consumption
- 5 Waste Management
- 6 Climate Change



Social

- 7 Safety
- 8 Being Employer of Choice
- 9 Business Conduct, Ethics and Compliance
- 10 Communities



Economic

- 11 Customer Relationship Management / Supply Chain Management
- 12 Risk and Crisis Management

Focusing on the issues that matter most, specific targets were set to measure our year-on-year sustainability performance for our continuous improvement.

Material Issues	2016 Targets	Performance
Safety	<ul style="list-style-type: none"> • Zero injuries • No reliability clock resets 	<ul style="list-style-type: none"> • 1 minor injury, TRIR 0.08 • 3 reliability clock resets
People	<ul style="list-style-type: none"> • Employee Engagement Improvement 	<ul style="list-style-type: none"> • Implement Happy Workplace Program
Community	<ul style="list-style-type: none"> • 40% staff participation in CSR & community programs 	<ul style="list-style-type: none"> • 56% staff participation I CSR & community programs
Climate Change	<ul style="list-style-type: none"> • 4% reduction in GHG emission (base 2015 year) 	<ul style="list-style-type: none"> • 2% increase in GHG emissions (base 2015 year)
Air Emission	<ul style="list-style-type: none"> • No change in VOC emissions vs 2015 • 1% reduction in SO₂ emissions (base 2013 year) • 60% reduction in particulate emissions (base 2013 year) 	<ul style="list-style-type: none"> • VOC increased by 3% due to higher product supply via marine and tank truck loading • Lower SO₂ emissions by 3% (base 2013 year) • Lower particulate emissions by 70% (base 2013 year)
Spill Prevention & Response	<ul style="list-style-type: none"> • Zero spills* 	<ul style="list-style-type: none"> • Zero spills*
Water Management	<ul style="list-style-type: none"> • Volume of raw water consumed (m³/hr) 	<ul style="list-style-type: none"> • 38 m³/hr reduction in raw water usage as compared to 2015
Waste Management	<ul style="list-style-type: none"> • 1.07% of waste sent to landfill 	<ul style="list-style-type: none"> • 0.77% of waste sent to landfill
Customer Relationship Management	<ul style="list-style-type: none"> • Sustain Customer Satisfaction above 85% 	<ul style="list-style-type: none"> • 78% of Customer Satisfaction

*Recordable spills: spills of liquid petroleum or chemical

- to water regardless of quantity, or
- to land or permeable secondary containment \geq 1bbl (petroleum) or \geq 160 kg (chemical)

SPRC has a large number of stakeholders, which we engage with frequently to allow us to properly prioritise and manage material issues to SPRC and its stakeholders. Our stakeholders who are directly impacted or have significant interest in our operations, include our employees, shareholders, customers, suppliers, contractors, surrounding communities, government agencies and industry associations.

SPRC's Stakeholders Engagement in 2016

Stakeholders	Stakeholders' Interest	Engagement Method	SPRC's Response
Employee	<ul style="list-style-type: none"> Competitive compensation Human Resource Development Employee Engagement Fair treatment Contribution to society & environment 	<ul style="list-style-type: none"> Annual remuneration benchmarking Career development program Recognition Program CSR Program 	<ul style="list-style-type: none"> Annual compensation survey Established Human Resource Committee at both the Leadership and Board levels Implement Individual Competency Development Plan (ICDP) Employee performance assessment Strengthen learning organization through knowledge management program Develop and communicate the Company's action plan, career path and succession plan Employee engagement in welfare, benefits, and working conditions through various channel such as the Welfare Committee, and the Environmental Health and Safety (EHS) Committee Two way communications such as Quarterly staff presentation and face to face meetings Initiated Happy Workplace Program Promote and support employees' CSR activities including sport clubs and volunteer activities

Stakeholders	Stakeholders' Interest	Engagement Method	SPRC's Response
Shareholders	<ul style="list-style-type: none"> • Return on investment & dividend yield • Disclosure • Transparency, good governance and fair treatment 	<ul style="list-style-type: none"> • SPRC Dividend Policy • Regular communication and disclosure on performance • Corporate Governance and Business Conduct Policy 	<ul style="list-style-type: none"> • Total shareholder Return Scheme i.e. Dividend Payment Policy • Strengthen Corporate Governance and Business Conduct Policies • Conducted Annual General Meeting and Extraordinary General Meeting of shareholders • Transparent disclosure of Company's performance through various channels such as Annual Report, SEC 56-1, analyst meetings, opportunity days, quarterly Financial reports and discussion, press releases, etc. • Conducted shareholders site visit • Open channel for shareholders feedback i.e. website, hotline
Customers	<ul style="list-style-type: none"> • Product quality & service • Supply reliability & safety • Good relationship 	<ul style="list-style-type: none"> • Strengthen supply chain management • Extended safety and reliability to customers • No supply interruption • Customer relationship management 	<ul style="list-style-type: none"> • Establish governance committee which includes both SPRC and our major customers for buying and selling the products • Channel for customer feedback on quality, quantity, safety and service • Conduct Quarterly Customer Satisfaction Survey • Customer visit • Certified ISO 9001:2015, ISO 14001:2015, OHSAS 18001:2007, ISO/IEC 17025:2005

Stakeholders	Stakeholders' Interest	Engagement Method	SPRC's Response
Suppliers & Contractors	<ul style="list-style-type: none"> Fair and Transparent procurement process Equal opportunity and fairness in vendor and contractor selection Timely payment Good partnership Safe workplace 	<ul style="list-style-type: none"> Contracting and Procurement Procedure Two-way communications One Family Culture 	<ul style="list-style-type: none"> Complied to Contracting and Procurement Procedure Commercial Supervisory Board (CSB) of procurement process Approved Vendor List Process and Post Contract Award Management Accurate payment period Extended the incident and injury free concept for all work processes and procedures such as implemented Stop Work Authority concept, Take 5, Hazard Wheel and etc. Regular meetings to track and improve operations, working conditions, safety and environmental performance Channel for contractor & supplier feedback
Communities	<ul style="list-style-type: none"> Participation & contribution to society Environmental responsibility Quality of life improvement 	<ul style="list-style-type: none"> Community relationships Two-way communication One Family Culture 	<ul style="list-style-type: none"> Regular communications and exchange of information between the company and communities leaders and members EIA Public Participation Community visit and participation in various occasions Conduct CSR and community development programs with community engagement Cooperation with local authorities and educational institutions to support communities activities Support community activities Extend safety culture to surrounding communities

Stakeholders	Stakeholders' Interest	Engagement Method	SPRC's Response
Government Agencies	<ul style="list-style-type: none"> • Compliance with regulatory • Good governance • Social and environmental impact 	<ul style="list-style-type: none"> • Full and transparent disclosure of information • Regular meetings and communication • Demonstrate good citizenship 	<ul style="list-style-type: none"> • Strictly comply to Business Conduct Policy and conform to the Foreign Corrupt Practices Act (FCPA) • Declare accurate and timely information to the government agencies • Fully comply with laws and regulations • Regularly visit government agencies for exchange of information • Support the government agencies initiatives and activities • Engage government agencies to support CSR programs
Competitors	<ul style="list-style-type: none"> • Fair competition 	<ul style="list-style-type: none"> • Operate business with transparency under fair trade and competition 	<ul style="list-style-type: none"> • Comply to Business Conduct Policy • Exchange information as appropriate • Networking

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

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

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

(3) Achievements and Awards

- Environment and Safety**

CSR-DIW Continuous Award 2016, granted by the Department of Industrial Works (DIW), Ministry of Industry, in recognition of SPRC who has shown continuous commitment to corporate social responsibility (CSR) in seven major criteria: organization governance, human rights, labor practice, the environment, fair operating practice, consumer issues, community involvement and development.



“Green Star – White Flag” Awards for 9 consecutive years for the Environment and Safety Good Governance by IEAT for sustained excellent environmental, safety management systems and compliance as well as active corporate social responsibility programs since 2008 – 2016, and **“Gold Star – White Flag” Awards** for 4 consecutive years as extra recognition of companies which have received the Green Star – White Flag for 6 consecutive years (2008-2013, 2009-2014, 2010-2015 and 2011-2016)



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



Chevron’s Joint Venture Refining “Zero is Attainable” Awards for personal safety for “worked safely 1,000,000 hours without injury April through August 2016”



Chevron’s Joint “Zero is Attainable” Awards for process safety for Zero Tier 1 and Zero Tier 2 Loss of Containment Incident May 2015 through May 2016”.



- **Operational Excellence**

“Zero Unplanned Shutdown” Awards, presented by the PTT Operational Excellence Committee.

- Crude Distillation Unit/Vacuum Distillation Unit from 2012-2016 (five consecutive years)
- CCR Platformer Unit (in 2011 and 4 consecutive years: 2013-2016)
- Residue Fluid Catalytic Cracking Unit



Best Practice Sharing Awards, presented by PTT Operational Excellence committee in 2012-2013 and 2016



- **Good Governance**

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

- **Global Standards**

- ISO 9001: 2015 (Quality Management)
- ISO 14001: 2015 (Environmental Management)
- OHSAS 18001: 2007 (Occupational Health and Safety)
- ISO/IEC 17025: 2005 (Competence of Testing and Calibration Laboratory)



10.3 Corporate Social Responsibility (CSR) Activity (after process)

Our corporate social responsibility activities are conducted in Rayong area through the four key areas of education and youth, quality of life, environment, and relationships. Moreover, voluntary activities under the branded CSR theme “Do Good Look Great with Nong STAR” have been initiated and done by SPRC volunteers with aims to instill in the mind of our staff social responsibility, express our care for society, promote safety and good quality of life.

Education and Youth

We highly value the education of youth, one of the key factors contributing to the future of Thai society as a whole. Thereby, we organize a variety of activities to promote education for local students and provide scholarships for those in need. We also aim to lessen the social inequality between children in the city and children in the rural area. In 2016, we held many activities to aid youth and children development, which were as follows:

- Continuously support the Vocational Chemical Engineering Practice College Maptaphut Technical College (V-ChEPC) project, which is a joint project between public and private sector to develop the capabilities of aspiring technicians and enhance their proficiency to international level. This project has reached its 9th year.
- Present our annual scholarships for children of SPRC staff and contractors, students in our surrounding communities, and support schools’ educational projects.
- Provide chances for students in communities to join internship program at SPRC.

- Organize our “SPRC IIF Kids” activity to offer children of staff and contractors the opportunity to learn about the importance of safety and educating youth on staying 24 hours safe, foster in them a good conscience to guide their talent.
- Extend our Incident and Injury Free Culture to local schools to help students appreciate safety in their daily lives through recreational activities.
- Continue SPRC Academy program for promoting knowledge and culture to various stakeholders including university internship students and local students for 2nd Year



Quality of Life

We contribute to improving the quality of life through our safety programs by empowering communities with safety awareness in order to reduce injuries. Improving health contributes to happiness as well as reducing health care costs. We also promote local employment as to improve their quality of life. Our accomplished missions are as follows:

- Arrange fire evacuation exercise for students and continuously prepare fire evacuation procedures for schools and nearby communities.
- Join hands with Map Ta Phut Municipality to organize “Aerobic on Tour with communities” to encourage good health in communities for 2nd year.
- Join hands with Map Ta Phut Municipality to organize “Basic Yoga Training” for core member of aerobic club to give knowledge on yoga exercise to the core members then they can transfer the knowledge to community members and build exercise network of communities.
- Give opportunities to communities to sell food during company events such as celebration on man-hours achievement without a recordable injury of “Improve Integrity of Product Pier Pipelines” Project, and Healthy Day every end of the month at SPRC canteen.
- Cooperate with the government to help purchase 16 tonnes of rice from the farmers and distribute them among our staff and workers in the company events



Environment

We promote environmental awareness as a part of SPRC's Mission and Strategy conducting natural resources and environment conservation activities, as we recognize its crucial importance not only to our generation but our descendants as well. The activities related to this matter are as follows:

- Join hands with Huay Ma Had local people to build check dam at Khao Phu Don – Huay Ma Had for 4th year.
- Arrange project “3R: Reduce, Reuse, Recycle,” which is to give knowledge about 3R and how the company can perform them; for example, Reuse: the production unit can make use of the waste material again. We also organize the Waste Bank Project to help increase income for communities for 2nd year.
- Cooperate with Rayong Provincial Fisheries Office and local fishery group of Suchada Beach to build marine life's residence, for instance, crab floating basket, for 2nd year.
- Participate in tree and mangrove forest planting by coordinating with local government agencies, communities and neighboring companies for 2nd year.
- Participate in beach cleanup activity arranged on the occasion of the International Coastal Cleanup (ICC) Day yearly.
- Participate in “Releasing aquatic animals into the sea in Honor of H.M. The King” activity organized to build conservation animals in the sea for ecosystem balanced and coasted environment.



Relationships

Relationship building is embedded in every CSR activity and we share information exchange ideas with the communities to get feedback for developing our fit-for-purpose community outreach program. The activities related to this matter are as follows:

- Take care of 38 communities in Map Ta Phut. Through regular community visits, we actively engage with community members to share ideas and find ways to continuously improve their quality of life, environment and safety.
- Arrange and provide support to local traditional events such as Songkran Festival, Kathin, Loy Krathong, Making merit. (e.g. roasted sticky rice in bamboo stem).



Additional practices on anti-corruption

As provided in the Company's Business Conduct Policy, the Company is committed to conducting its business ethically and in compliance with all applicable laws and regulations, including the U.S. Foreign Corrupt Practice Act (FCPA) and other laws that prohibit corruption to obtain an improper business advantage. To reinforce the Company's commitment, at the Board of Director Meeting in April the Board discussed joining with the Thailand Private Sector Collective Action Coalition Against Corruption (CAC). The Chairman signed and submitted the declaration of intention to the CAC on 28 April 2016.

The Company also has a policy concerning reporting or disclosure of activities, business, or relations between employees that may overlap or contradict the Company's interests. If an employee suspects that any activity may be overlapping or in conflict with the Company's interests, the employee shall report or disclose such information in advance, in order to protect the employee from any conflict of interest problem.

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

- a) By E-mail
 - To the Board of Directors at: CompanySecretary@sprc.co.th
 - To the Audit Committee at: AuditCommittee@sprc.co.th
 - To the CCO at: CorporateCompliance@sprc.co.th
- b) By sending the letter to the following address:

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

The Corporate Compliance Officer is responsible to ensure a proper investigation is held on any complaints and report any findings, results and corrective actions to the Audit Committee and the Board of Directors. In the case where a stakeholder suffers damage as a result of an infringement of their rights by the Company, the Company has a policy to identify that stakeholder as appropriate.

11. Internal Controls And Risk Management

Internal controls play an integral role to provide reasonable assurance on the effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations. SPRC's Board of Directors assigned the Independent Audit Committee to evaluate the adequacy of internal control system.

At the Board of Directors Meeting No.4/2016, held on November 10, 2016, the directors including the independent audit committee reviewed the Assessment form of Sufficiency of Internal Control System prepared by Management and the Internal Auditor which follows the guidelines of the Securities and Exchange Commission (SEC). This year, the Board of Directors acknowledged that the internal control system were effectively managed in accordance with the requirements of the COSO (The Committee of Sponsoring Organization of the Treadway Commission) framework and the Sarbanes-Oxley Act of 2002. Internal Controls are put in place to help the company to achieve of its mission. The COSO framework of our Internal Controls are described as follows:

1. Control Environment: The Board of Directors in the Independent Audit Committee is responsible for providing governance, guidance and oversight of internal control system. Management by the Chief Executive Officers provide the leadership, direction and reviewing the way to control the business by having Manual Delegated of Authority to delegate the responsibilities appropriately. The specific internal control policies and procedures were established for each functions.

SPRC has in place the appropriate policy and practices for recruiting, developing and retaining competent employees, including the performance management evaluation. The talent development plan is used to identify successors for the key position, and ensure that SPRC would have a back-up resource for important positions in case of vacancy.

2. Risk Assessment: The Board of Directors set the overall risk policies while Risk Management Committee is responsible for the day-to-day management of the company, including implementation of the risk policies and risk management. The Board assigns the Independent Audit Committee to monitor the adequacy, integrity and effectiveness of risk management.

Key risk elements identified on an on-going basis include strategic risk, financial risk, operational risk, trading risk, and compliance risk., Risk assessment was conducted to prioritize risks by evaluating the potential impact on the business objectives if a risk were to materialize, together with the likelihood of occurrence. Potential fraud is also considered in assessing risks. The summary of risk assessment and mitigation plan were reported to the Audit Committee on a quarterly basis.

3. Control Activities: SPRC set up the control activities to ensure that necessary actions are taken to achieve the company's objectives. Control activities are designed throughout the organization, at all levels and in all functions. They include segregation of duties, authorizations, verifications, reconciliations and reviews of operating performance. The Information Technology Management Policy was established to ensure the integrity, reliability and security of computers, data networks, and other related IT services will be safeguarded.

SPRC are required to comply with the Sarbanes-Oxley Act of 2002. The internal control had been tested twice a year to ensure the satisfactory control environment.

SPRC has written the Business Conduct Policy to control over the conflict of interest and the Related Party Transactions (RPT). RPT are considered approval of transactions that yield the highest benefit to SPRC and are similar to conduct transactions on an arm's length basis. The new Related Party Transaction will be endorsed by Audit Committee. RPT's performance and issue on conflict of interest are reviewed and reported to Audit Committee on a quarterly basis.

4. Information and Communication: SPRC obtains and communicate the most relevant and accurate information for communicating to the Board, Management, employees and stakeholders. The Board of Directors will receive the meeting agenda and supporting documents at least 7 days ahead of time to ensure that they have sufficient time to evaluate and to form a reasonable conclusion. SPRC uses "www.sprc.co.th" website to provide the wide range of information and to solicit feedback from shareholders.

For internal communication, SPRC use variety channels to communicate to all staff such as e-mail and quarterly staff presentation. In addition, SPRC has established anonymous e-mail to allow reporting of possible fraud, improper activities or behaviors, non compliance issues and other activities that do not match SPRC's standards.

5. Monitoring Activities: SPRC conducts ongoing and periodic monitoring activities to ensure the efficiency and effectiveness of internal control. SPRC introduces the OE central for daily monitoring activities. Internal auditor plays a role in evaluating the effectiveness of control system by implementing the audit program as approved by the Independent Audit Committee on yearly basis. The deficiencies and recommendations are communicated to the Audit Committee on the quarterly basis.

In year 2016, internal auditor examined and evaluated the effectiveness of selected control system and found no significant findings in the internal controls or any issue related to conflict of interest or fraudulent activities.

The audit committee used Assessment Form of Sufficiency of Internal Control System to ensure that a company has an adequate internal control system

Control Environment

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

Question	Yes	No
1.1 Board of Directors and management set business direction which are based on principle of good ethics in carrying out operations, which cover: 1.1.1 Execution of day-to-day responsibilities and decision-making of various tasks 1.1.2 Interaction with partners, customers, and external parties	✓	
1.2 Statements that are clearly written out for management and employees to carry out and comply with ethics that cover: 1.2.1 A suitable code of conduct for management and employees 1.2.2 Prohibiting management and employees to act in a way which may lead to conflict of interests with the company, including prohibiting corruption which may lead to damages to the organization ¹ 1.2.3 Suitable penalties in place if violate above procedures 1.2.4 Penalties for non-compliance are communicated to management and employees, for example through orientations for new employees, having employees sign documents acknowledging requirements and penalties at least once a year, and distributing code of conduct to employees and 3rd parties for awareness.	✓	
1.3 Processes in place to monitor and assess compliance with Code of Conduct: 1.3.1 Monitoring and assessment by internal audit unit or compliance unit 1.3.2 Self-assessment of management and employees 1.3.3 Assessment by independent external experts	✓	✓

¹ The company should determine internal control to align with anti-corruption policies and company's risks

Question	Yes	No
1.4 Timely response if non-compliance in relation to honesty and ethics is observed		
1.4.1 Processes in place detect violations within a suitable time period	✓	
1.4.2 Processes in place that create ability to penalize or deal with violations in a suitable manner and on a timely basis		
1.4.3 Corrective response in place for actions that conflict with honesty and ethics		

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

Question	Yes	No
2.1 Clearly distinguish roles and responsibilities of Board of Directors versus management by clearly specifying reserved matters for Board of Directors	✓	
2.2 Board of Directors sets targets for carrying out business that is clear and measurable as a guide for carrying out work for management and employees	✓	
2.3 Board of Directors ensures the company determines roles and responsibilities of Board of Directors and management to be in compliant with the law and the charter, which includes the important roles of the Audit Committee, Auditor, Internal Auditor, and persons responsible for financial reporting	✓	
2.4 Board of Directors are knowledgeable of the business and have expertise that can benefit the company or are able to ask for recommendations from experts in the related field	✓	
2.5 Board of Directors consists of independent directors that are knowledgeable, capable, trustworthy, and are independent with regards to carrying out their duties. For example, not having business relationships with the company or other relationships which would affect the ability to use discretion and execute in an independent manner and in an amount that is adequate.	✓	
2.6 Board of Directors oversee development and matters related to internal control for the organization, which includes building a control environment, risk assessment, control activities, information and communication, and monitoring.	✓	

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

Question	Yes	No
3.1 Senior management determines organization structure that supports attaining objectives of the company by analyzing the suitability of both the business and regulations as well as creating control efficiently. For example, separate responsibilities for important tasks which create checks and balances, create internal inspection work that reports to Audit Committee, and create a line for reporting that is transparent	✓	
3.2 Senior management determines lines for reporting for the company by taking into account suitability of authority, duties, responsibilities, and communicating information	✓	
3.3 Ability to suitability determine, assign, and limit authority and responsibility between Board of Directors of the company, senior management, management, and employees	✓	

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

Question	Yes	No
4.1 The company has appropriate policies and practices for recruiting, developing and retaining competent employees as well as procedures for consistently reviewing such policies and practices.	✓	
4.2 The company has in place performance evaluation mechanisms. Employees that meet expectations obtain rewards whereas those that do not meet expectation are treated accordingly. Such performance evaluation, rewarding and penalizing system are clearly communicated to employees	✓	
4.3 The company has procedures for timely preparation of and timely reaction to a shortage of competent employees.	✓	
4.4 The company has procedures for recruiting, developing and retaining all management and employees alike, such as mentoring programs, training and seminars.	✓	
4.5 The company sets material succession plans and procedures.	✓	

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

Question	Yes	No
5.1 Board of Directors and management have procedures and communication in place which force all staff to hold responsibility for internal control and provide for improvement of execution process (if necessary).	✓	
5.2 Board of Directors and management set measurable indicators to suitably evaluate the results of work, and set compensation and rewards appropriately by considering both implementation according to Code of Conduct and short-term and long-term objectives of the company.	✓	

Question	Yes	No
5.3 Board of Directors and management assess compensation and rewards continually by focusing on links with success of duties for adhering to internal control.	✓	
5.4 Board of Directors and management consider not creating too much pressure in implementing duties on staff.	✓	

Risk Assessment

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

Question	Yes	No
6.1 The company complies with applicable accounting standards appropriate to the business by demonstrating that items in financial reports have credible sources, complete and accurate display of rights or obligations of the company, suitable values, and complete and accurate disclosure.	✓	
6.2 The company defines material financial reporting by considering important factors such as users of financial report, transaction size and trends of business.	✓	
6.3 The company's financial reports truly reflect the operational activities of the company.	✓	
6.4 The Board of Directors or Risk Committee approve and communicate risk management policy to management and all employees to acknowledge and comply with the policy as a part of the culture of the organization.	✓	

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

Question	Yes	No
7.1 The company identifies all types of risks which may affect the business entity, subsidiaries, divisions, operating units and functional levels.	✓	
7.2 The company analyzes all types of risks which may occur from internal and external factors which include strategic risk, operational risk, reporting, compliance and information technology.	✓	
7.3 Management of all levels are involved in risk management.	✓	
7.4 The company has assessed the importance of risks by considering the possibility of an event occurring and the resulting impact which may occur.	✓	
7.5 The company has measures and action plans to manage risks by acceptance, reduction, avoidance or sharing.	✓	

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

Question	Yes	No
8.1 The company considers the possibility of fraud occurrences, covering various types of fraud such as fraudulent financial reporting, loss of assets, corruption, management override of internal controls, material misstatements of financial statements, and misappropriation of assets.	✓	
8.2 The company carefully reviews its objectives by considering the potential of achieving current target including considering reasonableness of employee incentives or compensations in a sense that they do not induce employees to act inappropriately. For example, setting unrealistic sales budget may induce employee to make false sales numbers.	✓	
8.3 The audit committee considers and inquires management of the possibility of fraud occurrences and relevant preventive and corrective measures.	✓	
8.4 The company communicates policies and procedures to all employees.	✓	

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

Question	Yes	No
9.1 The company assesses changes in external factors that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes.	✓	
9.2 The company assesses changes of business models that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes	✓	
9.3 The company assesses changes of organizational leaders that may affect its business operations, internal controls and financial reporting as well as determines sufficient measures in response to such changes	✓	

Control Activities

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

Question	Yes	No
10.1 The company's control measures are appropriate for risks and type of organization. For example, general environment, complexity of tasks, job characteristics, scope of work and other specific characteristics	✓	
10.2 The company sets internal control procedures in writing and covers any processes appropriately such as policies and procedures for financial transactions, purchasing and general management as well as setting scope, power and delegation of authorities securely in order to prevent fraud. For example, setting up the authority level of management, approval process of investment projects, purchasing and supplier selection process, details of purchasing decision database, material of tool processes disbursement. The company also provides processes for the following cases 10.2.1 Collecting any information relating to major shareholders, directors, management and related persons as well as connected persons for follow up and review of related party transactions or conflicting transactions. The company also updates information regularly 10.2.2 In situation where the company approved or entered into related party transactions which binds the company for a long term period such as sale/purchase agreement, loan agreement, and guarantee, the company has consistently monitored such agreements to ensure compliance with agreed terms and conditions during the period in which the company is bound (e.g. monitoring of debt servicing, and review of suitability of agreements)	✓	
10.3 The company sets the internal control system to be appropriately flexible such as having a variety of manual and automated control, or having both prevention and monitoring control	✓	
10.4 The company sets internal control systems in all levels of the organization such as group company, business unit, business section, department or process.	✓	
10.5 The company completely separates responsibility of the following three duties in order to monitor each appropriately: (1) duty of approval; (2) duty of recording accounting transactions and information; and (3) duty of managing property	✓	

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

Question	Yes	No
11.1 The company should govern the relationship between information technology for process implementation and methods for control of information technology systems	✓	
11.2 The company should set methods for controlling infrastructure information technology appropriately	✓	
11.3 The company should set methods for controlling security information technology appropriately	✓	
11.4 The company should establish information technology control activities over the procurement process, the development process and technology system maintenance process appropriately	✓	

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

Question	Yes	No
12.1 The company has a secure policy for monitoring related party transactions of major shareholders, directors, management and related persons. The transaction must be approved in accordance with stated approval procedures such as Articles of Association, the Stock Exchange of Thailand regulations, Securities Exchange Commission, etc. in order to prevent opportunities for exploiting the company for personal benefit.	✓	
12.2 The company has a policy for considering approval of transactions by persons without interests in the transactions.	✓	
12.3 The company has a policy for considering approval of transactions that yield the highest benefit to the company and are similar to conducting transactions on an arm's length basis	✓	
12.4 The company has procedures for monitoring the operation of subsidiaries or associate companies as well as guidelines for the company's representatives, which include directors or management of subsidiaries or associate companies (In case that the company has no subsidiaries or associate companies, please ignore this question)	N/A	
12.5 The company sets roles and responsibilities for implementing policies and procedures by management and employees	✓	
12.6 The policies and processes of the company are put into practice in a timely manner by competent staff as well as cover corrective procedures.	✓	
12.7 The company regularly reviews policies and procedures to ensure they are suitable.	✓	

Information & Communication

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

Question	Yes	No
13.1 The company determines information requirements for carrying out businesses from both internal and external sources that are qualified and are related to the business process.	✓	
13.2 The company considers costs and benefits the company will receive including the amount and accuracy of the information.	✓	
13.3 The company provides sufficient material information to support the consideration of the Board of Directors. Material information includes details of the matters to be considered, reasons, impact on the Company, other options, etc.	✓	
13.4 The company provides notice of meetings or documents of meetings which are sufficient, and necessary information for consideration to the Board of Directors before the meeting for at least the minimum period stipulated by laws.	✓	
13.5 The company provides minutes of the meeting which contain sufficient detail enabling shareholders to inspect the suitability of performance of the directors e.g. recording enquiries, opinions or observations of the directors on the considered matter, opinions of the directors who disagree with the proposed matter along with reasons, etc.	✓	
13.6 The company has procedures as follows: 13.6.1 Keeping records of important document in a group. 13.6.2 In situations where the company has been informed by the auditor or internal auditors that there are deficiencies in internal control, the company has completely corrected all deficiencies.	✓	

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

Question	Yes	No
14.1 The company has an effective process for communicating information internally and has appropriate communication channels for supporting the internal control.	✓	
14.2 The Company provides important information to the Board of Directors on a regular basis and the Board of Directors can easily access the information or review various items as required. In addition, the Board can designate a person to be able to request additional information above that given by management, inquire the external auditors and internal auditors, organize the meeting of the Board of Directors and Executive Committee as requested and organizing meetings between the Board of Directors and the management.	✓	
14.3 The company provides special communication channels or secure channels to individuals in the company for safely reporting information or clues about fraud or corruption (whistle-blower hotline) to the company.	✓	

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

Question	Yes	No
15.1 The company has effective processes for communicating with external stakeholders and appropriate communications channel to support internal control e.g. providing officer or investment relation or complaint center, etc.	✓	
15.2 The company provides special communication channels or secure channels to individuals in the company for safely reporting information or clues about fraud or corruption (whistle-blower hotline) to the company.	✓	
Monitoring Activities		

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

Question	Yes	No
16.1 The company sets procedures for monitoring compliance of business conduct and restriction on management and employees regarding conflict of interest such as designating each department to monitor and report to its superior or designating the internal control unit to monitor and report to audit committee.	✓	
16.2 The company organizes the internal control system audit by self-audit and/or independent internal auditor.	✓	
16.3 The frequency of monitoring and evaluation is appropriate to the change of the Company.	✓	
16.4 Monitoring and evaluating the internal control system by knowledgeable and capable persons.	✓	
16.5 The company has set the internal control unit to report directly to the audit committee.	✓	
16.6 The company encourages internal audits to be performed in accordance with International standards for the professional practice of Internal Auditing (IIA).	✓	

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

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

12. Related Party Transactions

In 2016, Chevron and its affiliates (as a major shareholder) were considered as Related Party Transactions. Related party transactions primarily comprise of purchases of crude and feedstock, sale of products, and services contracts for technological and operational expertise. On a quarterly basis, all related party transactions have been reviewed by the Audit Committee to ensure that the revenue received and payments made to related parties comply with the terms and conditions in the agreements, and are on the arm's length basis or on terms that would have been similar to the transactions entered into with other non-related parties.

Need and Justification for Related Party Transactions

Due to the nature of our business, SPRC has worked with its shareholders to both buy feedstocks and to sell products. SPRC has been able to leverage off of the global capability and expertise of Chevron for sourcing our feedstock, primarily crude oil, to ensure that we have access to a wide variety of crudes at competitive prices. Chevron is one of the largest marketers of products in Thailand, providing significant benefit to SPRC to place its products in the higher value domestic market. Lastly, SPRC has several service contracts with Chevron to leverage off of their global business, technological and operational expertise. All of these contracts have been confirmed to be at "arm's length" with competitive market pricing, and executed in the normal course of business.

Approval for Future Related Party Transactions

For future related party transactions, they will be reviewed and endorsed by the Audit Committee to ensure that they are in a normal courses of business and on a commercial "arm's length basis". The Audit Committee and Internal auditor will review to ensure its transactions comply to SET laws, as well as the requirement, announcements, or regulations of SET. The audit committee will provide the opinion of the new related party transactions for Board of Directors for approval. When there is a potential conflict of interest, directors will not participate in the vote on approving the contract at the Board of Directors.

The figure listed below cover transactions with Chevron and its affiliates for year end December 31, 2016:

Connected Party/Relationship	Natural of Transactions	Amount of Y2016 (US\$ Million)
Chevron Thailand Limited (CTL): Affiliate of Chevron which directly or indirectly hold 100% of shares (Mr. Andrew Benjamin Walz is an executive of CTL. As the President of International Products, Asia Pacific, Chevron International Pte., Ltd., he has management oversight of CTL.	Sales of Products (Purchase and Sale Agreement)	2,361.6
	Purchase, Sale and Storage Products Agreement (Floating Reserve)	<0.1
	Purchase of Lube Oil	0.1
	Account Receivable	132.0
Chevron U.S.A. Inc. (Singapore Branch): Affiliate of Chevron which directly or indirectly hold 100% of shares (Ms. Kheng Ling Lok is an executive of Chevron U.S.A.Inc. (Singapore Branch) As the General Manager, Crude Supply and Trading, Asia Pacific, Chevron U.S.A. Inc. (Singapore Branch), she has management oversight of Chevron U.S.A. Inc. (Singapore Branch)	Sales of Product (Purchase and Sale Agreement)	51.8
	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	1,750.5
	Account Receivable	2.5
	Account Payable	122.5

Connected Party/Relationship	Natural of Transactions	Amount of Y2016 (US\$ Million)
Chevron Singapore Pte Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Sales of Products (Purchase and Sale Agreement)	26.5
	Purchase of LSWR	52.7
	Account Receivable	3.0
	Account Payable	<0.1
Chevron Block B8/32 (Thailand) Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	10.0
	Account Payable	0.5
Chevron Offshore (Thailand) Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	81.5
	Account Payable	4.5
Chevron (Thailand) Exploration and Production Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	172.4
	Account Payable	19.3
Chevron Asia Pacific Shipping Pte: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	6.1
	Marine Services Transportation Agreement	0.9
	Account Payable	0.4
Chevron Pattani Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Purchase of Crude and Feedstock (Feedstock Supply Agreement)	5.3
Chevron Oversea Services Corporation (COSC): Affiliate of Chevron which directly or indirectly hold 100% of shares	Technical Service Agreement	1.3
	Technical Service License Agreement	1.6
	Account Payable	0.6
Chevron Oversea Services Corporation (COSC) Chevron Thailand Limited Chevron International Services Chevron Richmond Refinery, USA: Affiliate of Chevron which directly or indirectly hold 100% of shares	Secondment Agreement Personnel	1.2
Chevron Research and Technology Company: Affiliate of Chevron which directly or indirectly hold 100% of shares	HVGO License Agreement	-
Chevron Lummus Global LLC: Affiliate of Chevron which directly or indirectly hold 50% of shares	DHTU License Agreement	-
Caltex Service Corporation: Affiliate of Chevron which directly or indirectly hold 100% of shares	VDU License Agreement	-
Chevron South Asia Holding Pte Ltd.: Affiliate of Chevron which directly or indirectly hold 100% of shares	Support Agreement	-