

Corporate Governance Report

To the Shareholders,

In its focus on corporate excellence, the Board of Directors stresses ethical business in line with the code of conduct to accommodate the needs of shareholders, customers, and all stakeholders in a transparent way, open to scrutiny, while exerting social and environmental responsibility. The Board also values global citizenship by strengthening the stewardship of all related parties so that they may benefit in an equitable way, respecting human rights, and fair labor treatment.

This year the Board further strengthened the Corporate Governance Policy by adding an anti-corruption policy and measures, as well as devising corporate governance action plans focusing on transparent conduct, efficiency, and with due regard for all stakeholders. In addition, quarterly performance assessment is required against goals, which the Corporate Governance Committee is then to report to the Board.

The committee has ensured that IRPC conforms to the corporate governance action plans for the year, whether in routine chores or in strategic ones. These consists of corporate governance development tasks, environmental governance, and social responsibility tasks aligning with the corporate governance guidelines adopted by listed companies in 2006 and amended in 2012 by the Stock Exchange of Thailand, together with the toughest international corporate governance standard, as detailed in Corporate Governance this year. In addition, the committee encouraged IRPC to heighten its corporate governance on a par with ASEAN CG Scorecard in preparation to become a leading company while contributing to the strengthening of the ASEAN capital markets in 2015. According to the Asian Development Bank and the ASEAN Capital Markets Forum, IRPC is already among the top 50 ASEAN listed companies, with an Asia Outstanding Company on Corporate Governance 2013, attested by the Hong Kong-based Corporate Governance Asia magazine.

Please be assured that the Corporate Governance Committee and the Board of Directors have adopted a process for ensuring systematic, closely-monitored, and stringent operation at IRPC. All these elements will enable IRPC to constantly develop its corporate governance standard on a par with international norms and prevailing regulations so as to truly and successfully accommodate sustainable development.



(Mr. Cherdpong Siriwit)
Chairman, Corporate Governance Committee

All IRPC directors, management, employees, and subsidiaries are required to observe the six corporate governance (CG) principles, known by the acronym 'CREATE', defined by the Board of Directors as follows:

- Create Long-Term Value
- Responsibility
- Equitable Treatment
- Accountability
- Transparency
- Ethics.

The Board upgraded IRPC's CG to meet the standards stipulate by SET, SEC and IOD as well as those of the ASEAN CG Scorecard. Rules and guidelines for IRPC and directors were revised to be more stringent in its preparation to become a leading group of companies, and to take part in strengthening ASEAN capital market with the coming ASEAN Economic Community (AEC) in 2015.

The CG activities can be summarized as follows:

1. CG Policy

The Board has defined a CG policy to promote efficient, transparent operations in line with CREATE. IRPC's CG handbook was published in 2006 to be enforced on the Company and subsidiaries. The handbook stipulated good practices, business ethics and a code of conduct for the directors, management, and employees to observe and comply with. The handbook was reviewed annually and revised in 2009, 2012 and 2013 to keep up with international standards, with an emphasis on employees' understanding and awareness enhancement through CG promotional campaigns held regularly; assessment is made on communication efficiency for further improvement.

In 2013, the Board consisted of 17 directors, eight of which are independent directors, and one executive director (President). The Chairman of the Board is a non-executive director. The directors are screened through the procedures and criteria set by the Nomination and Remuneration Committee, and nomination of qualified candidates was presented to the Board for approval before submission to the

shareholders' meeting for appointment. Selection procedures are disclosed in the meeting notice, Each director has vast, diverse knowledge and experience to make up a complete, efficient Board beneficial to the management of the company. This year the Board consists of five experts in energy, petroleum and petrochemical, five experts in legal and political sciences, six experts in accounting and finance, two experts in national security, and two in social development. The qualifications of the directors are shown on page 20-29 under Executives. Miss Monwipa Choopiban was appointed Company Secretary, with effect from 24 January 2012. Her qualifications are found under Management Structure, page 156-176.

In 2013, the Board monitored the company's operations to be in compliance with IRPC's vision, core value, strategies, plans, Articles of Association, regulations and related laws and announcements in all areas and places where IRPC has business operations. The Board also formulated an anti-corruption policy and measures for the entire company.

At meeting No. 1/2557 on 29 January 2014, the Board defined the terms of office of directors and independent directors to not exceed three consecutive terms, without exception.

As a result of better CG performance as mentioned above, IRPC received the 9th Governance Asia Recognition Awards 2013: Asia's Outstanding Company on Corporate Governance from the Corporate Governance Asia magazine. The award ceremony was held on June 25 in Manila, the Philippines. IRPC was also ranked in the 50 Asian companies with excellent CG performance by the Asian Development Bank (ADB) in cooperation with ASEAN Capital Markets Forum in the assessment of Thai listed companies. The company was also ranked excellent with five stars by IOD, and the shareholders' meeting ranked as outstanding.

2. Sub-Committees

To ensure prudence, efficiency, and expertise in different fields in managing IRPC's operations and to gain shareholders' and stakeholders' trust in its

efficient management, the Board set up four sub-committees, namely the Executive Committee, the Audit Committee, the Nomination and Remuneration Committee, and the Corporate Governance Committee, to screen significant operation issues according to the roles and duties as assigned by the Board, with regular reporting of the results and activities to the Board, and to the shareholders at the 2013 AGM.

The compositions and qualifications of the sub-committee members and meeting attendances for the year 2013 are shown under Management Structure, page 156-176

Duties and responsibilities of the committees are:

1. Executive Committee

The Executive Committee comprises at least three directors from the Board who are experts in petroleum and petrochemical businesses. The Executive Committee examines and reviews the business plans and annual budget for presentation to the Board. It determines the financial and investment policies to be in line with the Company's policy and approves investment criteria and proposals subject to the Company's regulations. It reviews and performs acts related and essential to the Company's operations, examines and reviews all work proposed to the Company and offers useful suggestions. It appoints directors to subsidiaries or joint-venture companies in accordance with shareholding ratios or as set forth in the Joint Venture agreement. Moreover, it performs other tasks assigned by the Board. The meetings are set once a month or when necessary.

At Board meeting No. 1/2557 on January 29 this year, the meeting approved extension of the roles and duties of the Executive Committee and extended its duties to cover all risk management implementation as follows:

1. To formulate risk management policies and recommend guidelines in efficiently managing risks relating to IRPC's businesses.
2. To formulate risk management plans and risk management processes for the entire organization, and

3. To follow up and assess implementation under the corporate risk management framework.

In 2013, the committee held 12 meetings to review various significant business issues, such as extension of hedging periods, property management approaches to increase profit-earning capacity, setting up a new company to operate the Combined Heat and Power project (CHP II) in Rayong, the five-year business plan, the following year's business plans and budgets, and other matters of interest to create business value in the long term.

2. Audit Committee

The Audit Committee consists of at least three independent directors who are duly qualified under SEC's and the Capital Market Supervisory Board's notification, and at least one director must be knowledgeable in finance and accounting. The Audit Committee reviews the reliability of the financial statements of IRPC and its subsidiaries, the internal control system, internal audit system and risk management system to ensure their suitability and effectiveness. It can also give suggestions reviews or audit of any matters as seen necessary or significant. Moreover, it provides recommendations on the improvement of the internal control system, internal audit system and risk management system, and reports the review findings to the Board.

The Audit Committee meets once a month or as necessary and report the performance to the Board every quarter.

In 2013, the directors who are knowledgeable and experienced in reviewing financial statements of the Company are:

Mr. Cherdpong Siriwit	Chairman
Mr. Trumph Jalichandra	Member
Lt. Gen. Preecha Wanarat	Member.

(Details of the Directors appear on page 16-29.)

In 2013, the committee held 13 meetings to review various significant business issues to ensure transparency, such as the financial report ended 31 December 2013, draft Report of the Board's Responsibility for Financial Reporting,

review of connected transactions, selection and nomination of the external auditor for the year and fee recommendations, the sufficiency of the risk management system and the quarterly risk management performance report, as well as the monitoring of internal control and internal audit systems, and then report to the Board.

The committee also carried out internal audit in operating areas, such as the Ayutthaya Depot, to ensure complete implementation and strict compliance.

Ms. Sukriang Chartuthit was appointed Vice President of the Office of Corporate Internal Audit and Secretary to the Audit Committee, with effect from September 20, 2012. Mr. Thawisak Dejakaisaya replaced Ms. Chartuthit, who retired, effective January 10, 2014. The qualifications of the Secretary to the Audit Committee are detailed under Management Structure, page 156-170.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of at least three directors from the Board with at least one independent director on the committee. The committee recruits qualified candidates for nomination as Board members and the President. It has established efficient, transparent procedures and criteria of nomination so that the Board is made of directors with diverse knowledge, capability and qualifications. Moreover, it considers compensation for directors and the President by adopting equitable and reasonable criteria on a par with peer businesses, and present them to the Board and the shareholders' meeting for approval.

In 2013, the committee convened 11 meetings to consider various significant business matters for the Board's consideration, such as nomination of the President (Mr. Sukrit Surabotsopon to replace Mr. Atikom Terbsiri, effective October 1, 2013), nomination of directors to replace those completing their terms in 2013 and those that resigned during the year for the AGM's approval, compensation of Directors in 2013, nomination of sub- committees, review of directors' bonuses and of the operating goals of the President,

definition of assessment guidelines and reporting of the results of the assessment to the Board for consideration, improved procedures and criteria for director nomination as well as a clearer framework for assessment of the President's performance, with the use of the Directors' Pool of the Ministry of Commerce and IOD in its nomination of directors.

4. Corporate Governance Committee

The Corporate Governance Committee consists of at least three directors, at least one of whom must be an independent director. It formulates CG policies and approves CG plans, monitors the implementation of the Company's CG activities, provides recommendations and suggestions on CG to the Board, directors, president and shareholders in line with related regulations, ensures CG compliance, improves CG activities and elevates CG implementation up to international standards.

This year, the committee convened seven meetings to review various significant business issues, such as formulating a policy and measures on IRPC's anti-corruption implementation for the Board's approval, formulating the 2013 CG Plan consisting of general and strategic plans in three fields (CG, environment good governance, and CSR), following up the CG implementation of the plan every quarter, and proposing CG development guidelines in five sections in compliance with SET, SEC and IOD, namely the rights of shareholders, equitable treatment of shareholders, roles of stakeholders, information disclosure and transparency, and responsibilities of the Board, and, finally, organizing campaigns to promote CG through assorted activities.

3. Nomination of Directors and Management Members

The Nomination and Remuneration Committee selects directors based on efficient procedures and criteria set by the Board, and nominates qualified candidates to the Board and the shareholders' meeting for approval.

1. Independent Directors

The Nomination and Remuneration Committee considers and screens qualified candidates with

knowledge, skills, and experience in diverse fields to fill the Board under the specified structure and composition. The candidates for independent directors must bear the qualifications under IRPC's CG handbook, which are more stringent than those of SEC, as detailed under Management Structure, page 156-176.

The Board considers qualified candidates nominated by the committee, and, if it agrees, proposes them to the shareholders' meeting for appointment. Newly appointed independent directors must submit their independency reports and lists of assets to SET within three days from the appointment dates.

2. Directors

The Nomination and Remuneration Committee considers and screens qualified candidates with diverse knowledge, skills, and experience to make up a Board of experts in various fields to support their decision-making. Qualified candidates must bear the qualifications as stipulated by the law, regulations and IRPC's CG principles. The Board considers the candidates nominated by the committee and, if it agrees, proposes them to the shareholders' meeting for approval.

3. Management Members

The Nomination and Remuneration Committee considers and screens qualified candidates whose knowledge, skills and experience fit the duties of the executive management (the President), and presents the findings to the Board for approval. In 2013, the Board appointed Mr. Sukrit Surabotsopon as President, with effect from October 1, taking into account his capability, knowledge, skills and experience, which would be useful to IRPC, and past performance and experience gained, which would also support IRPC's businesses, as well as his image on transparency, ethics, and qualifications under the laws and regulation and IRPC's CG principles.

IRPC requires that the President's directorship at other companies must have the prior endorsement of the Board. Similarly, other senior executives' directorship at other companies must have the President's prior endorsement.

4. Affiliates and Subsidiaries

IRPC formulated monitoring guidelines for its affiliates and subsidiaries to ensure efficient operation and business alignment, strengthen the organizations, and generate decent returns in business value, image, or operational direction with CSR, as follows:

- Define investment policies, long-term operating plans, annual plans, business strategies, CSR Roadmap, and investment/budget framework. The annual budgets of subsidiaries were included under IRPC's business plan to be approved by the Board to ensure that the operations of the group follow the same direction. Investment policies of affiliates are under joint-venture regulations.
- The Executive Committee, as assigned by the Board, approves IRPC secondees to affiliates and subsidiaries as directors or executives in proportion with the shares held or as agreed in the shareholders' agreement.
- Voting at meetings of subsidiaries and associates on significant agenda items affecting the structure of the organization or investment must have the prior approval of the shareholders' meetings.
- Subsidiaries are to adopt IRPC's policies and regulations, such as policies on CG, anti-corruption, human resource development and marketing, and regulations on procurement, finance and accounting. Each responsible unit coordinates with the management and operating levels.
- Subsidiaries report their performance, information on financial status, connected transactions, assets acquisition and disposal, and other significant transactions to IRPC's Audit Committee.
- Subsidiaries' internal control systems must be on a par with that of IRPC. The Office of Corporate Internal Audit regularly reports the audit findings of affiliates to the Audit Committee and the Board, as well as other reports required by SET and SEC.
- Joint ventures with affiliates follow the shareholders' agreement and joint-venture regulations (some essential terms and conditions are included in the latter). Significant agenda must have the approval

of the Board (since IRPC holds 99.99% shares in its subsidiaries, no shareholders agreement was formally made).

5. Use of Inside Information

IRPC has set guidelines and good practices on maintaining confidentiality of information in its CG handbook, requiring directors, management, and employees to be prudent in maintaining confidential information, as well as the use of inside information and information disclosure. A system to maintain the confidentiality of information was established, levels of confidentiality classified, and information access restricted. IRPC's policy forbids disclosure and use of material inside information not yet revealed to the public for the benefit of oneself or others, including the purchase and sale of IRPC's assets as follows:

- IRPC issued letters to its directors, management, and related parties seeking cooperation in refraining from purchasing/selling IRPC shares during the 45 days after the end of each quarter, and two working days after the financial statements are disclosed to SET, so as to prevent the exploitation of inside material information potentially impacting share prices and not yet revealed to the public, which could violate Article 241 of the Securities and Exchange Act B.E. 2535 (1992), and to prevent unlawful acts committed by IRPC's employees and their families, or those in possession of information not yet revealed to the public. IRPC forbids those persons to purchase/sell shares or invite others to purchase or sell or offer to purchase or offer to sell the shares of IRPC, whether by themselves or through agents while holding on to the information not yet revealed to the public. IRPC and SET consider that these acts are meant to speculate or create undue advantages for certain groups.
- IRPC notified the directors, management, and related parties to prepare and submit reports of their own asset holdings, as well as those of their spouses and children under legal age, when first assuming their positions, and report on changes in asset holdings every time within three days of the purchase, sale, or transfer of IRPC's assets to SEC as required by the Securities and Exchange Act B.E.

2535, Article 59, and Article 275, on punishments.

- IRPC's directors and management under SEC's criteria must report their asset holdings to the Board's meeting every month.
- A system to maintain confidentiality of information was established, levels of confidentiality classified, and access to information not yet disclosed to the public restricted to only those necessary and related parties. The owners or those in possession of information not yet revealed to the public must strictly comply with these procedures and must ensure that related parties do the same. Violators will be subject to disciplinary and/or legal punishment, if applicable.
- IRPC has a data security system of international standards to prevent external threats, and information access by unauthorized parties to use inside information for their own benefits. The system was installed in the main computers system and personal computers, and activated during normal operation as well as in emergencies.

6. Auditor's Fee

1. Audit fee

In 2013, the Company and subsidiaries proposed to the shareholders' meeting the appointment of PricewaterhouseCoopers ABAS Ltd. as the external auditor. The company bears no relation with the company to an extent that that its dependency might be compromised. The fees paid totaled Baht 4,160,000: Baht 3,100,000 for the audit fees and Baht 1,060,000 for the audit fees of subsidiaries.

2. Non-audit Fee

This year, payment of Baht 26,100 for other services is made for the training and seminars of the auditor.

7. Compliance with CG

IRPC conducts its businesses in strict compliance with SET's principles of CG for listed companies (2006 and 2012) in all five categories. It earned five stars from IOD for the fifth consecutive year (2009- 2013) with 95 points (against 91 points of the previous year).

IRPC's activities under CG principles for listed companies this year can be summarized as follows:

Part 1 Rights of Shareholders

Recognizing shareholders' legal rights and the right to making rational decisions based on easily accessible, adequate, timely, and complete information provided through multiple channels, IRPC has defined the policies on the rights of shareholders, the promotion of their use, and non-violation of the rights of shareholders as follows:

1. Shareholders' Meetings

- Major shareholders, minor shareholders, and institutional investors were all encouraged to attend IRPC shareholders' meeting, with a meeting notice and a copy of its 09/2013 newsletter issue delivered to them individually. The steps and procedures of proxy and voting set are not sophisticated, but legally correct and complete. IRPC facilitated all shareholders in registration and advance voting.
- IRPC schedules an annual general meeting of the shareholders (AGM) within four months of the annual closing date of its accounting books. In 2013, IRPC set the record date for shareholders to join the meeting and receive their dividends on March 5, 2013. The announcement of the AGM was made on February 19, 2013, 14 days in advance, following the Board's agreement to hold the meeting on April 5, 2013 at Bangkok Convention Center, 22nd floor, Sofitel Centara Grand Hotel, and Bangkok Convention Center, Central World Bangkok.

For urgent matters about the addition to the meeting agenda, IRPC must notify the shareholders to preserve their rights or interest at least 21 days ahead of each meeting date, as well as distributing relevant documents in advance on the website before sending the documents. Since no special agenda, urgent matters, or matters of shareholders' interest which required shareholders' approval emerged during the year, IRPC neither submitted any additional agenda nor called an extraordinary meeting of the shareholders in 2013.

2. Delivering Meeting Notices

- The meeting notices in Thai and English, agenda, comments of the Board, proxy forms A, B and C as stipulated by law, as well as accompanying

documents, were made available on IRPC's website on March 5, 2013, 30 days ahead of the meeting date.

- IRPC submitted a meeting notice to all shareholders, stating clearly the meeting venue, date, time, meeting agenda, essential information for consideration, the Board's opinions, minutes of the previous meeting, annual report, proxy forms with complete instruction, accompanying documents for proxy as stipulated by law, and other accompanying documents sufficient for shareholders' decision to vote, on March 15, 2013, 21 days ahead of the meeting, thus allowing shareholders to receive adequate, accurate, complete, and transparent information necessary for decision-making. To further facilitate shareholders' preparation, the invitation was announced through one Thai and one English newspaper for three consecutive days from March 27 to 29, 2013.

3. Facilitating Shareholders

IRPC convened the meeting at a spacious venue with complete facilities to accommodate the shareholders and easily accessible by BTS, MRT, personal car, and the public transport system. Officers facilitated shareholders, the elderly, and the disabled as well as providing adequate information for shareholders with equitable treatment on the meeting date. Examination of registration credentials and registration opened two hours ahead of the meeting, and a barcode system quickened registration.

4. Conduct of Shareholders' Meetings

- IRPC must in no way deprive the right of shareholders to attend the meeting. All shareholders can exercise their right to attend the entire meeting.
- Before the meeting, the chairman of the meeting explains all the meeting procedures and regulations such as the procedure of one vote per one share, ballot use instruction, as well as vote counting of the shareholders who must vote for each agenda under IRPC's Articles of Association.
- To ensure transparency, the chairman gave an opportunity for major and minor shareholders to observe and witness vote counting on a volunteering basis. For 2013 AGM, the volunteers were Ms.

Thapani Kaew-im, Mr. Chanin Tayakkanond, and Mr. Suraphant Tembun, representing shareholders who attended the meeting, major shareholders, and minor shareholders respectively.

- IRPC provides translators/interpreters to ensure accurate clarification to foreign shareholders' queries.
- The attendees are allowed to protect their own interests by making queries fully before voting, presenting opinions and suggestions, and voting on important issues with impacts on IRPC, such as the appointment of directors, appointment of the auditor and compensation, and policy on dividend payment. All shareholders' queries raised during AGM 2013 were fully answered by the Chairman and IRPC Directors. (Further details are available at http://www.irpc.co.th/other/ir_home_th.html and the meeting notices for AGM 2014 on Annex 4)
- In 2013, all 17 Board members (Chairman of the Board, Chairman of sub-committees, directors and President), and all senior executive vice presidents attended the AGM. Furthermore, IRPC invited one legal adviser, Ms. Paralee Thechachongchinda, from Baker & McKenzie to attend and provide clarification on legal matters to shareholders' queries.
- The 2013 AGM was held under the Green Meeting concept of Thailand Business Council for Sustainable Development (TBCSD) and Thailand Institute of Environment (TEI). Assessment by representatives from the two organizations was made, and IRPC earned Green Meeting certification, with the awarding ceremony held on June 18, 2013. IRPC was committed to maintaining the green meeting standard and promoting the concept among its stakeholders for wider adoption via its website, Newsletter No. 10/2013 for public, and the I-Oon magazine for its employees.

5. After the Shareholders' Meeting

After submitting the minutes of the meeting to SET on April 18, 2013, or 14 days after the meeting, IRPC made available complete minutes of the meeting, vote tally details, and queries from shareholders on each agenda item, as well as videotapes on IRPC's website so that the shareholders may get immediate



IRPC earns Green Meetings certification for its 2013 AGM

reports and other interested persons may have the opportunity to learn about IRPC.

The shareholders and general investors can contact IRPC for information, explanation, or needs to:

- Investor Relations Department:
 - (1) Telephone: +66(0) 2649 7980
 - (2) Electronic mail: ir@irpc.co.th
 - (3) Facsimile: +66(0) 2649 7379.
- Company Secretary:
 - (1) Electronic mail: cg@irpc.co.th, or
 - (2) www.irpc.co.th, link to "Contact Company Secretary".

Part 2 Equitable Treatment of Shareholders

IRPC values and treats all shareholders with equity and fairness through the following actions in 2013:

1. It arranged for transparency and efficiency in the AGM by conducting the meeting and voting under the agenda as specified in the meeting notice and refraining from adding any agenda or material information without notifying the shareholders in advance, so as to allow the shareholders ample time to study the information before making decisions.
2. It facilitated shareholders who cannot attend the meeting by assigning an independent director or any person to attend the meeting in their place. Five independent directors are recommended for selection in the proxy form with instructions for shareholders to vote on each agenda item.



3. It provided voting ballots for the shareholders for each agenda separately, especially for director nomination where voting ballots were for each director nominated, so that they can vote as appropriate. The voting ballots are then collected for future inspection.

4. It prepared complete minutes of the meeting and submitted to SET as well as publicizing the minutes together with videotapes on IRPC's website so that the shareholders can check and refer to them, or, if find the minutes inaccurate in essential matters particularly those made by the shareholders, to propose any amendments to the minutes.

5. To ensure the shareholders that the directors, management, employees, and related inside parties will not reveal inside information for their personal interests, the Board has incorporated the "trading principles" in IRPC's CG principles which all employees sign as acknowledgment to ensure fairness to the shareholders.

6. It facilitated all shareholders with equity and fairness, disregarding gender, race, religious belief, or major or minor shareholding, for access to IRPC's information via SET's channel and on IRPC's website at www.irpc.co.th in both Thai and English.

7. It facilitated minor shareholders with at least 4% (single or combined shareholding) of the total shares in exercising their right to put forward an agenda in advance of the AGM via post, facsimile, or IRPC's website between September 28 and December 31, 2012, and at the same time publicized the regulations to exercise the right via SET's channel and IRPC's website. However, in 2013, no shareholders submitted such agenda during the period.



Part 3. Roles of Stakeholders

IRPC takes into account the maximum benefit of all stakeholders. It treats stakeholders with fairness and respect of human rights by complying with the laws and international human right principles. IRPC announces such commitment to UN Global Compact (UNGC), a UN agency. IRPC's promotion of the roles of stakeholders is summarized as follows:

3.1 Compliance with UN Global Compact in 2013

Promotion of Human Right Principles: IRPC organized promotional activities on human right principles such as the rights of disabled people to live conveniently, hygienically, and equitably in society. IRPC donated 25 tons of its own plastic polymers to the Prostheses Foundation of HRH the Princess Mother and participated in the "Repair for Happiness" activity by sending a prostheses unit to Chaiyaphum in November, and reserved special seats for disabled and elderly shareholders for the AGM. IRPC also supported activities of all religious beliefs among employees with no gender discrimination in consideration of promotion. This year, there was one female director (5.88%) and two female executives (Senior Executive Vice President) (33.33%).

Respect for copyrights and intellectual properties: IRPC's policy is to respect copyrights and intellectual properties. To achieve this, IRPC campaigns and promotes awareness among employees of compliance with the Copyrights Act B.E. 2537 (1994) and the "Application of IRPC's Computers and Network System" policy, designed to prohibit employees from using illegal programs or software.

IRPC's measures and periodic inspections help prevent infringement of others' rights.

Labor promotion: IRPC regularly supports the budget and activities of the union. Meetings are scheduled in compliance with the law to receive comments and recommendations from the employee union and the executive union. At present, the President is the chairman of the committee, representing the employer.

Environmental promotion: IRPC values environmental protection and energy conservation. IRPC has defined QSHE policy on a par with international standards and ensured compliance across the company.

Anti-corruption promotion: IRPC has joined the Collective Action Coalition Against Corruption (CAC) in joint collaboration with major organizations such as IOD, SET, and Thai Chamber of Commerce on January 3, 2013, with continual activities throughout the year, as follows:

- Compliance with CAC by attending seminars and training of relevant people so as to develop IRPC's guidelines.
- Coordination with PTT Group to clarify the understanding of compliance with CAC and invite CAC member to share knowledge and exchange ideas and joint implementation
- The Board and the President communicated the anti-corruption policy, measures, and guidelines with employees for acknowledgment and compliance and announced them on IRPC's website on November 11, 2013, for stakeholders and interested parties.
- Communications via internal communication for employees and IRPC's website for outsiders.
- Risk management of corruption in the organization by assessing all the units whose nature of work is subject to corruption risks, such as procurement, projects, and CSR activities.
- Compulsory corruption self-assessment (58 topics) on CAC's anti-corruption measures, followed by submission to the Chairman of the Board to sign and submit to CAC to request member certification.
- The Audit Committee approved IRPC's corruption self-assessment.

3.2 Promotion of the Roles of Stakeholders in 2013 as follows:

Shareholders/investors: IRPC is committed to creating added value in the long run and to providing investment returns that best satisfy the shareholders. IRPC highlights the importance of investors, both general and institutional, and both domestic and international ones, and aims to create trust and confidence. To this end, IRPC has set up an internal control system and a reliable accounting and auditing system. IRPC prepared the AGM in full compliance with law and CG principles and promoted the rights of shareholders to speedily, correctly, completely, and equally acknowledge IRPC's information for the maximum benefit of all shareholders.

IRPC organized activities for shareholders/investors in 2013 as follows:

- Domestic and international roadshows, meetings with the Company's executives at the appointment of investors and analysts (Company visit) to regularly provide information on the Company's performance and investment, in total 28 times
- Quarterly analyst meetings
- Joint activities with SET to disseminate IRPC's information at the "Money Expo" and "SET in the City"
- Press conferences, press releases, and interviews of executives, joint activities with the media, about 50 times
- Shareholders' plant visit project under the "Happy Rayong" concept. The number of 400 shareholders was randomly selected from the applicants to visit IRPC's plants in Rayong to foster understanding of business and participate in CSR activity with the community on August 20, 2013
- Quarterly Shareholders' Newsletters are mailed to all shareholders, with information on IRPC's turnover, business activities, CSR, and presented at the CG information corner on IRPC's website.

This year IRPC was certified and assessed in relevant performance aspects as follows:

- "Green Meeting" certification for the 2013 AGM



Analyst meetings provide performance and investment data

- Quality score for the scheduling of the 2013 AGM was 96/100 in line with the target
- Satisfaction score of shareholders for the scheduling of the 2013 AGM via a survey was 4.10/5
- Satisfaction score of shareholders for the 2013 plant visit project was 3.25/4 or 81.12% higher than the target of 80%
- “Corporate Governance Asia Recognition Awards 2013: Best Investor Relations by Company” from the Corporate Governance Asia Magazine, for transparent disclosure of information to investors and fairness to stakeholders in compliance with CG principles; the award presentation took place on March 27, 2013, in Hong Kong S.A.R.
- “9th Corporate Governance Asia Recognition Awards 2013: Asia’s Outstanding Company on Corporate Governance” from Corporate Governance Asia Magazine; the award presentation took place on June 25, 2013 in Manila, the Philippines.

Customers/consumers: IRPC is committed to continuously developing and upgrading its goods and services by designing a system of timely, reliable purchase/sale and services to protect the interests and prevent risks to customers’ business. It will in no way abuse consumers under the Consumers’ Law and the Competition Law. It will also produce innovations to develop product quality to address the quality of life of consumers and environmental protection. It



Press conferences provide business directions

concerns safety and health during product use. As well, it aims to satisfy customers by taking care of quality of goods and services before and after sale, facilitate business dealing for customers. IRPC also uses internet innovations for business dealings via cell phones such as iRON, iDEAL, iPORT that saves time, reduces mistakes in document handling, and is in time for the volatility of the market. Details are under the topic Individual Product Line’s Business, page 74-80, and Performance Summary, page 98-117.

The satisfaction scores for 2013 were 92.31% for the petroleum business area, versus the target of 86%, and 86% for the petrochemical business area, versus the target of 85%.

Business partners: IRPC adheres to its code of business conduct in dealing with business partners and contractual parties with transparency and accountability. Partner selection was conducted in a transparent and fair manner. IRPC balanced the interests between the Company and partners fairly.



All agreements or contracts must be based on fairness and commitment to success through good, continuous, and long-standing business relationship. IRPC has designed a “Procurement Code of Conduct” to ensure that the employees adhere to the code with integrity, honesty, and transparency.

IRPC has set up a procurement system for chemical raw materials, machinery, spare parts, and equipment used in production processes and business operations from over 4,000 vendors. The most important thing for IRPC is a strict procurement system with uniform standards for the whole organization and which is transparent, accountable, and efficient, taking into account stakeholders in compliance with CG principles.

IRPC is committed to CSR among its business partners by defining criteria of partner selection before recording them on the Approved Vendors List. For example, a chemical vendor must be certified for environmental standards and the ISO international standard.

IRPC’s procurement is under the IT system on a par with international standards. It also upgrades the employees’ potential in the knowledge and ability of strategic procurement to increase the efficiency and effectiveness of the procurement, rendering the operations professional and transparent.

Competitors: IRPC adheres to the principles of free enterprise and promotes free trade by complying with a good competition framework, ethics, compliance with law, and code of business conduct in a fair manner. IRPC does not seek information that represents its competitors’ trade secrets through dishonest means. In the past, IRPC was never engaged in any dispute with its competitors.

Creditors: IRPC honestly and strictly honors all contracts with its creditors and financial institutions. IRPC properly performs its duties to all creditors under contract conditions and does not cover up information or facts that may harm creditors. If IRPC cannot honor the contracts, it must notify its creditors in advance to jointly solve problems. In the past, IRPC was never engaged in any dispute with its creditors and financial institutions.

Employees: IRPC recognizes that “employees” are vital for progress. Thus, in order for the employees to progress and grow, IRPC has designed practical career development paths for them so that they may have opportunities to upgrade their knowledge, capability, potential, and can adapt themselves to a changing, volatile business environment and increasing competition. IRPC encourages continuous learning for employees, knowledge management, and a KM Portal system to which employees can have easy access via intranet system. At the end of 2013, IRPC started the DELTA project to develop organizational excellence, one element of which is Human Resource Excellence. This year, IRPC provided 175,008 training hours for its employees.

Apart from the development of capacity, IRPC has also organized activities to promote and develop employees in various dimensions:

Promotion of CG

IRPC encourages executives and employees to attend training and seminars to develop knowledge and understanding of CG and anti-corruption, and to communicate:

- Seminar: The 2nd National Director Conference 2013, “Board Leadership Evolution”, organized by IOD on June 12, 2013
- Seminar: “200 Companies and the future cooperation of the Thai Private Sector in Anti-Corruption”, organized by IOD with allied organizations such as Federation of Thai Industries, Thai Chamber of Commerce, and Thai Listed Companies Association, on August 7, 2013
- Seminar: “Anti-Corruption: The Practical Guide” hosted by IOD between September 26-27, 2013
- Seminar on Outstanding Ethics of Thai Chamber of Commerce 2013: “The New Generation Clicks Like for Ethics”, hosted by the Thai Chamber of Commerce on October 9, 2013.

Health

- IRPC schedules annual medical check-ups for all employees



- IRPC organizes regular sports events to forge closer relations between IRPC and Rayong Hospital, IRPC and the Hospital having to coordinate on the treatment of sick employees and prevention of employees' health problems

Understanding and Encouragement

- IRPC's designed compensation, welfare, and benefits are on a par with leading industry peers so as to retain and inspire employees for work
- The President meets Employees: The President has a project to visit employees on all sites to communicate policies, ask questions, update information, and provide an informal two-way communication. The result is reported every quarter.
- The President and executives attend joint activities with the labor union such as a merit-making ceremony on the occasion of the 13th anniversary of the union on December 4, 2013
- IRPC has the project to present gifts to employees who complete their 10th, 20th, and 30th year of service
- IRPC hosts a reception for retired employees to honor and encourage them for their dedication to the Company

Promotion of Ethics, Religion, Traditions, and Organizational Culture

- IRPC hosted the annual 2013 Presidential Awards on December 19, 2013, for distinguished employees who dedicated themselves to the organization. The



The President meets employees at all sites to formally present quarterly performance outcomes, deliver policies, and enable the workforce to get his close-up answers to queries and views

awards were divided into four dimensions, namely Creation of value added, Distinguished relations with external communities, Distinguished behavior, and Distinguished behavior on safety. A working group made assessment based on documents, interviews, and site inspections to select the best employees and teams in all dimensions.

- IRPC hosted Songkran Day activities on April 11, 2013, to preserve the Thai tradition and to show respect among executives, supervisors, and employees at all levels
- The Buddhist Club annually organizes Buddhism promotional activities and sermons at IRPC's various auspicious occasions such as the New Year, IRPC's anniversary, and major religious occasions.
- Continual training on Development of Mind and Wisdom for employees organized by the Young Buddhists Association of Thailand



The President provides morale support to IRPC volunteers and community members filling sandbags, intended for flood victims in Rayong in October this year

Promotion of Education and Savings for Employees and Families

- IRPC set up a credit union for employees to encourage savings and organized Credit Union Week on October 10, 2013, to present scholarships to employees' children, with a budget from the welfare fund of the members and families received from dividends every year
- IRPC hosted a ceremony to present scholarships to employees' children on October 31, 2013, by selecting from those with good scholastic records, good behavior, volunteering spirit, and outstanding performance in various fields. Not only does it encourage awareness of ethics, behavior, and social engagement of the employees' children, but it also results in the pride and attachment of the employees

and their families toward IRPC through this annual activity.

IRPC conducts an annual Employee Engagement Survey to develop on the strengths and improve on the weaknesses. The score of the survey for 2013 was 79.0%.

Society and Community: IRPC has integrated the corporate responsibility and incorporated it into the Company's mission and core activities under to Creating Shared Value (CSV). IRPC aims to minimize impacts from production so as to mutually benefit both IRPC and stakeholders. In addition, IRPC has a CSR unit dedicated to the communities, society, and the environment. It provides assistance, supports and promotes the quality of life, develops work/projects for the well-being of society, especially communities surrounding the plants. It also campaigns for awareness of volunteer work as the employees' core value.

In 2013, IRPC earned the following relevant awards and recognition:

- "CSRI Recognition 2013." Award (General), from Corporate Social Responsibility Institute under SET to honor and stimulate listed companies for their commitment to business operation based on CSR, a role model in sustainable business operation on November 11, 2013.
- Outstanding Award for the Project "Sustainability Report Award 2013" Contest from CSR Club, Thai Listed Companies Association, on November 12, 2013, through the support of SEC, SET, and Thaipat Institute to promote and support listed companies in their effort to disseminate information on ESG (Environmental, Social, and Governance)
- "Thailand Top Company Award : CSR OF THE YEAR 2013" from the University of the Thai Chamber of Commerce and Business Plus Magazine

Examples of volunteer work for the society both in normal times and in disasters as follows:

- IRPC volunteers donated books to Wat Ban Lang School and Wat Bantapontong School to encourage the love of reading on December 16, 2013
- IRPC volunteers helped flood victims in Rayong and other provinces in October 2013 by filling sandbags. They also donated and distributed rice and dried foodstuff in the affected areas.

The communal satisfaction survey in 2013 revealed a score of 92.80% versus the target of 82%.

Environment and Safety: IRPC has defined a policy on responsibility for society and environment by focusing on developing IRPC's growth in parallel with development of the quality of life of people in society with a clean and safe environment. It also focuses on compliance with law, QSHE control, continuous operation improvement, customers' satisfaction, and QSHE communication to all stakeholders. The announcement was made via the intranet on April 30, 2013. IRPC's major activities in 2013 were as follows:

- Setting up of screens showing the parameters of air quality testing in three communities, namely around the Ban Laeng Subdistrict Administrative Organization, around the Tambon Ban Kon Nong Health Promotion Hospital, and in front of the industrial estate to communicate the outcomes of air quality testing and other information with the communities.
- Promotion of knowledge and solution to environmental problems jointly with the government sector and the communities, such as a talk on the cooperation to solve flood problems surrounding IRPC's plants, attended by surrounding communal representatives and representatives of the Rayong Provincial Irrigation Office on June 25, 2013.

Part 4: Information Disclosure and Transparency

IRPC publicizes, communicates, and discloses information via various channels with stakeholders. In 2013, IRPC provided the following channels and responsible persons for information disclosure:

- IRPC made Investor Relations responsible for providing information to investors, analysts,

shareholders, and related parties by focusing on responsibility and integrity, so that information disclosure is of quality, timely, accurate, sufficient, reliable, transparent, and equitable. IRPC continuously communicates and increases channels to provide shareholders with up-to-date information, coordinating with investors, institutions, creditors, security analysts, and shareholders to provide information on IRPC's performance and investment regularly through Roadshows both domestic and international, analyst meetings, meetings with IRPC's executives through the appointment of investors and analysts, joint activities with SET to disseminate IRPC's information, arrangements for shareholders' visits to IRPC to foster better knowledge and understanding of the Company's business operation.

- A compliance unit ensures that IRPC's operations comply with the regulations of SET and SEC. There was also a public relations unit to communicate and distribute IRPC's information and news and to continually explain matters to the media and public, through press conferences, executive profiles, interviews by telephone, and participation in activities with the media.
- Quarterly newsletters are delivered to all shareholders to ensure that they are aware of IRPC's movement and activities.
- IRPC provided key information via its website and regularly updated it under "Investor Relations" such as SET's news and IRPC's share prices. Shareholders, investors, analysts, and interested parties can receive IRPC's additional information via IRPC's website at www.irpc.co.th or directly contact Investor Relations through:
 - Telephone: +66(0) 2649 7380
 - Electronic mail: ir@irpc.co.th
 - Facsimile: +66(0) 2649 7379

In 2013, IRPC disclosed the following information to all stakeholders to upgrade its CG in compliance with SET and on a par with international standards:

- Reports of information via SET's channel as required by legislation and regulations, in a complete and timely manner

- Complete information is available at IRPC's website, which was improved for readability
- Complete information via its bi-monthly booklet "I Oon", and a quarterly newsletter to communicate with shareholders.
- Sustainability Report 2013 was sent to all shareholders and reported to the UN Global Compact on September 11, 2013, on the "Communication on Progress" as annually required of members.
- Communication of anti-corruption policy and measures and channels for whistle-blowing and complaint-making, including protection of whistle-blowers on IRPC's website.
- Communication of information on IRPC to visitors according to their own interests. In 2013, about 30 groups visited the Company.

Part 5: Responsibilities of the Board

For the Board to be able to dedicate time in performing their duties appropriately and efficiently, it sets the number of listed companies where each director can serve as a director at five. IRPC discloses information on the directorship of other companies under Management Structure, page 156-176, and the annual information disclosure form (Form 56-1).

Roles of Directors

The Board has a crucial role in defining vision, directions, and strategies in business operations as well as monitoring and ensuring that IRPC's business operation is efficient, transparent, and beneficial to shareholders. The key roles and duties are summarized as follows:

1. Corporate Policy and Strategy

The Board formulates policies and strategies and approves issues crucial to IRPC's business operation to ensure that the management operates in the defined directions, such as financial plans and goals, risk management, and organizational strategic plans. It also monitors the work of the management to ensure that IRPC's operations are efficient. Meeting No. 10/2556 of August 23, 2013, considered a five-year strategic plan and a strategy for 2014.



IRPC Firm Awards are presented to winners of a contest to produce creative video clips in a campaign for good deeds under the Dee Kan Na Project, Year 3

2. Corporate Governance

The Board plays an important role in continuously driving for CG. It supervises IRPC's operation so that it meets the objectives, rules, and in strict compliance with the resolutions of the AGM. It monitors to ensure that IRPC is equipped with an efficient internal control system and ensure that IRPC discloses transparent and fair information for maximum and equal benefit to all stakeholders. It also intensifies IRPC's CG criteria. It supports CG activities among employees, stakeholders, and the general public such as Chulalongkorn University's students' group "Let's do good deeds" and Faculty of Engineering, Chulalongkorn University's "Intania Role Model" project, by inviting an executive to take part as a judge to seek students who are role models of integrity, sacrifice, and volunteering spirit.

3. Promotion of Responsibility for Society, the Environment, and Human Rights

The Board recognizes the importance of stakeholders. Therefore, it ensures that IRPC's operation takes into account fair benefit to all stakeholders. The Board incorporates CSR and environment strategies in the CG operating plans. The management reports the performance to the Corporate Governance Committee and the Board every quarter to enable the Board to continuously follow up on IRPC's operations.



Mr. Cherdpong Siriwit, Chairman of the Audit Committee, presides over the award ceremony under this year's Phet Nam Nueng Project

4. Anti-corruption

The Board greatly values anti-corruption and transparency in the organization by supporting IRPC's declaration of the intention to be a part of the counter-corruption move by joining the Collective Action Coalition Against Corruption (CAC) on January 3, 2013. It is a project of joint cooperative efforts among the government sector, the public sector, and the non-profit organization of seven leading organizations, namely Thai Institute of Directors, Thai Chamber of Commerce, Foreign Chambers of Commerce, Thai Listed Companies Association, Thai Bankers' Association, Federation of Thai Capital Market Organizations, and Federation of Thai Industries. The IRPC Board defines an anti-corruption policy, measures, and guidelines for directors, the management, and employees to comply with, ensuring that IRPC is a transparent organization on a par with international standards.

IRPC encourages executives and employees to attend, as its representatives, anti-corruption activities organized by various organizations:

- Anti-corruption Day 2013, "Act Now Together We Fight to Save the Future", hosted by the Anti-Corruption Organization of Thailand at Royal Paragon Hall, Siam Paragon, Bangkok, on September 6, 2013.
- With PTT Group, study tour on anti-corruption at Siam Cement Group on November 15, 2013.

- IRPC held the annual ceremony to present the Office of Corporate Internal Audit's "Diamond Award" 2013 to units with outstanding internal controls and with strict compliance with rules and regulations. The objective is to promote the control system and stimulate executives to be aware of the importance of a good internal control system, as well as to support the work of internal audit so that the organization is efficient, which is an important foundation for good CG.

5. Innovation Promotion

The Board values long-term organizational value for the maximum benefit of the shareholders and all stakeholders. To this end, it recognizes the importance of the continuous development of products and services. IRPC has an R&D Center responsible for studying and developing product quality, with the research resulting in many products (as detailed in Performance Summary, page 98-117, as well as supporting IRPC in its effort to truly become a leading organization in integrated petroleum and petrochemicals in Asia. As a result, IRPC was presented with the "Thailand Top Company Award" (Top Innovative") by the University of the Thai Chamber of Commerce and Business Plus Magazine. The award recognizes organizations with innovation in important change of the sales volume and business structure.

6. Monitoring and Control Mechanism, and Conflicts of Interest

- The Board has defined a policy on conflicts of interest in the CG handbook and the code of business conduct, in compliance with the regulations of SEC and the Securities and Exchange Act. In approving connected transactions, the Board has monitored the conformity to the regulations and procedures with prudence, while taking into account IRPC's best interests.
- In considering approvals of connected transactions, the Board has required information disclosure of vested interests of directors, the management, and related persons; transaction values; comments of the Audit Committee; and other essential information.

- Any director or management team member involved in a transaction with potential conflicts of interest cannot participate in decision-making on that transaction, by refraining from voting or leaving the meeting room. This is to be noted in writing in the meeting report.
- The Board requests that the directors and management reveal the list of transactions with potential conflicts of interest regularly every month.

Internal Control and Audit

- The Board has assigned the Audit Committee to monitor the assessment of the internal control and risk management to ensure that the systems are adequate, proper, and effective.
- The Board arranged for the Office of Corporate Internal Audit to be IRPC's independent unit, directly reporting to the Audit Committee, with the duties and responsibilities of assessing the adequacy and effectiveness of the internal control system or activities under the annual audit plan as approved by the Audit Committee, and regularly reporting to the Audit Committee and the Board on a monthly basis.
- The Audit Committee appointed Mr. Taweesak Dejakaisaya as Head of the Office of Corporate Internal Audit and Secretary to the Audit Committee on January 10, 2014.

7. Risk Management

- The Board defines a corporate policy on risk management; ensures that measures and control methods are in place to ease impacts on IRPC's operation; regularly monitors and reviews the management's risk management, and ensures that a system or process is in place to prevent or reduce risks to acceptable levels.
- The Board defines clearer roles and duties of the Executive Committee on risk management at its meeting No. 1/2557 of January 29, 2014, to ensure that risk management is important to IRPC, whereby there is supervision by the Board, screening by

the Executive Committee, and review by the Audit Committee.

Use of Inside Information

- The Board has defined the CG guidelines on confidentiality in the CG Handbook by cautioning the directors, management, and employees on the confidentiality of IRPC, use of inside information, and disclosure of the Company's information to outsiders. It classifies IRPC's confidential information by determining the level and limitation of access to the information. IRPC has set a policy on the forbidden disclosure of material information not yet revealed to the public for the benefit of oneself or others, including the trading of IRPC's shares.
- The Board notifies the directors, management, and related parties to prepare and submit reports of their own asset holdings, as well as those of their spouses and children under legal age, when first assuming their positions, and report on changes in asset holdings every time within three days when there is purchase, sale, transfer, or offer to transfer of IRPC's assets to SEC under Article 59 and Article 275 concerning punishments of the Securities and Exchange Act B.E. 2535.

8. Board Meetings

Board meetings are set in advance every year to allow time for the directors to attend, by scheduling the meetings at least once a month or more often in case of necessity, emergency, or special cases for the efficiency and timeliness of IRPC's business, with the Corporate Secretary responsible for preparing documents and venues and coordinating each meeting. Each director must receive at least five days in advance information on the date, agenda, and information of the meeting to allow time for adequate study.

- For the meeting to proceed, the number of the attending directors must consist of at least half of all directors. In 2013, there were 14 Board meetings and at least 82% of the directors attended the meetings (detailed under Management Structure, page 157-178)

- The directors must fully dedicate their time and take interest in IRPC's operations and be ready to regularly attend the meetings as set in advance by IRPC, or as necessary. If a director cannot attend a meeting, he/she must notify the Chairman in writing in advance. In 2013, the average of 96% of the directors attended the total of 14 Board meetings (detailed under Management Structure, page 157-178)
- The directors who may be involved or have vested interests on any agenda item must abstain from voting and/or abstain from making comments on that agenda, or leave the meeting room.
- After the meeting, the Corporate Secretary prepares the minutes of the meeting with complete and clear essences, including the resolutions of the meeting, the comments of the directors, and the resolutions of the directors for approval at the next Board meeting, signed by the Chairman of the meeting, with systematic filing in the forms of hard copies and electronic files, with a control system so that it cannot be changed without going through the Board meeting.
- The Board's policy is to ask the non-executive (non-management) directors to convene without the attendance of the management at least once a year together with a meeting among the independent directors at least once a year. This year, a meeting of the non-executive directors was held in July 2013, and two meetings of the independent directors were held in May and October 2013. There was one meeting at IRPC's plant in Rayong in June 2013 and twice at other places to visit fieldwork, learn about problems that might emerge, and foster relationship between the directors, management, and employees.

9. Compensation to Directors and the President

The Nomination and Remuneration Committee determines the structure/composition of the compensation of directors as fitting their responsibilities and performance, as sufficient incentives to induce and maintain quality directors or comparable to the same industry. The structure/composition of the

compensation is clear and is submitted to the Board, which then seeks approval from the shareholders. The shareholders are entitled to determine the annual compensation to the directors at the AGM.

Compensation to Directors

The compensation to the executive and non-executive directors consists of monthly retainer fees and meeting allowances. (Note that the 2013 AGM kept the year's rates identical to last year's rates). These figures are comparable to the median of companies of the Resources Group, as reported by a survey of directors' compensation by Thai IOD in 2012. As for directors' bonuses, the 2013 AGM agreed with the Board not to pay out such bonuses for the 2012 performance outcomes.

Apart from these two categories of compensation, no other compensation in monetary or non-monetary forms was made.

Compensation to the President

The Board arranges for the annual assessment of the President's performance by taking into account IRPC's performance, reflecting his management leadership in various aspects decided by the Board and assessed by the Nomination and Remuneration Committee before submission to the Board for consideration.

10. Assessment of the Board Performance

IRPC's CG principles stipulate that the Board must conduct self-evaluation at least once a year to allow review of its own performance, problems, and obstacles each year. IRPC submitted the assessment forms to all directors in December each year. It then consolidated the scores and reported to the Corporate Governance Committee and to the Board respectively. The Board was acknowledged on its performance and thus made further improvements for maximum efficiency.

In 2013, assessment was conducted in the following forms:

1. Assessment form for the Board's performance
2. Self-assessment form
3. Assessment form for cross-assessment of other directors

4. Assessment form of all sub-committees – 4 copies
5. Individual Assessment form of the Audit Committee
6. Assessment form of the Audit Committee by the Chairman of the Board.

The assessment in 2013 was under the following criteria:

- Over 85 % = “excellent”
- Over 75 % = “very good”
- Over 65 % = “good”
- Over 50 % = “average”
- Below 50 % = “need improvement”.

A summary of the general assessment by the Board is as follows:

- **Assessment of the Board** consists of four assessed areas, namely 1. Board Policy 2. Board Composition 3. Board Practices and 4. Board Meeting. The assessment of the Board’s performance showed that they were in the “excellent” range, with an average score of 95.53%.

- **Self-assessment** consists of seven assessed areas, namely 1. Qualifications of the Board 2. Accountability of one’s own decision and justification 3. Responsibility toward one’s own work with due competence and sufficient efficiency 4. Equitable, fair, and justifiable treatment of stakeholders 5. Transparency in one’s own work, with accountability and information disclosure 6. Vision to create long-term value to IRPC and 7. Business ethics. The results of the self-assessment showed that they were in the “excellent” range, with an average score of 96.23%.

- **Cross-assessment of other directors** consists of the same seven assessed topics as the above. The assessment outcomes showed that the performance was in the “excellent” range, with an average score of 95.41%.

- **Assessment of all sub-committees** comprising 1. Executive Committee 2. Nomination and Remuneration Committee and 3. Corporate Governance Committee. For these committees, the assessment was conducted in four aspects, namely 1. Board

Policy 2. Board Composition 3. Board Practices 4. Board Meeting. The assessment outcomes showed that the performance was in the “excellent” range, with an average score of 96.58% for the Executive Committee, 92.36% for the Nomination and Remuneration Committee, and 99.21% for the Corporate Governance Committee.

- **Assessment of the Audit Committee** For the Audit Committee, the performance assessment was conducted on the entire committee, and also on each individual director, as stipulated by the Charter of the Audit Committee implemented on January 1, 2010, as follows:

1. The assessment on performance of the entire committee was conducted in six aspects, namely 1. Structure and composition of the Audit Committee 2. Roles and responsibilities 3. Relations with internal auditors and external auditors 4. Relations with management 5. Reports and 6. Quality control. The assessment result showed that the performance of the entire committee was in the “excellent” range, with an average score of 98.33%.
2. The individual assessment was conducted in six aspects, namely 1. Business knowledge 2. Due expertise 3. Authorities and duties assigned 4. Independency 5. Understanding of role and responsibility and 6. Performing and meeting. The assessment result showed that the individual performance was in the “excellent” range, with an average score of 96.76%.
3. In addition, the Charter stipulated that the assessment be conducted by the Chairman of the Board or an external assessor. In 2013, the Chairman conducted the assessment on the Audit Committee’s Report and its performance, with a score of 96.88%.

IRPC also joined the “Board of the Year 2012/2013” Project, organized by IOD. The judging sub-committee interviewed the directors on September 24, 2013, with the participation of the Chairman and the directors, in total 15 persons.

IRPC strives to improve on its operation on the basis of the outcomes and the comments received.

11. Development of the Board and the Management

The Board values development of directors and ensures that they acknowledge relevant rules and regulations, and understand their duties, responsibilities, and IRPC's businesses. In 2013, the development was summarized as follows:

Newly appointed directors: IRPC schedules orientation sessions for newly appointed directors within one month after taking up their position. The sessions introduce the nature and policy of IRPC's businesses, general operations, and performance so that they may get a clear picture, as well as providing key information necessary to their work, such as the capital structure, shareholders, performance results, regulations, CG principles, Form 56-1, and the annual report, so that the new directors may comply. This year, IRPC has seven new directors.

Current directors: IRPC encourages current directors to undergo additional training to increase their knowledge, understand CG principles, rules, regulations, as well as roles and duties of directors in efficient and proper management by taking training courses organized by IOD. As of year-end 2013, 65% of the directors had taken part in training courses relating to their roles and duties. In 2014, IRPC intends to engage more directors in the training.

- “Role of the Chairman Program (RCP)”: in which two directors attended. In 2013, Mr. Chainoi Puankosoom, Chairman, attended the “RCP32/2013” Course.
- “Director Certification Program (DCP)”: in which 15 directors attended.
- “Director Accreditation Program (DAP)”: in which seven directors attended.
- “Finance for Non-Finance Directors (FND)”: in which four directors attended.
- “Audit Committee Program (ACP)”: in which three directors attended.
- “Role of the Compensation Committee (RCC)”: in which one director attended.

- “Successful Formulation on and Execution of Strategy (SFE)”: in which two directors attended.

During the year, IRPC reports the analysis, trend, and overview of the global economy in petroleum and petrochemicals to the Board every two weeks. This is an important context that relates to the Company's business and additional reports are regularly made in meetings.

Executives: the Board promotes the development and additional learning of IRPC's business to widen their knowledge, training in leadership, as defined by IRPC's internal and external development plans, as well as joint development with executives of other organizations such as PTT Group. (Detailed under Performance Summary on Human Resource Management, page 108-110.)

12. Succession Plan

IRPC ensures that it has an effective succession plan, including development processes, in place. This is well-prepared to keep competitive advantage, strengthen potential employees, serve business direction, and avoid disruption from any key management vacancy from whatever situation.

The management in coordination with Human Resource would propose a list of potential to the President for screening. Those who are selected will be developed, trained, advised, prepared for greater responsibility, and assessed, based on feedback. This is personnel risk management, designed to avoid disruption and ensure continuous, efficient operation.

IRPC reiterates its commitment to CG compliance as is expected by all stakeholders to strike a balance of benefits, maintain suitable relations, and involve stakeholders in IRPC's social and environmental responsibility, which leads to social development and quality on a par with international standards.