

## 8. Highlights of Corporate Governance

### 8.1 Performance of the Board of Directors

#### 8.1.1 Recruitment, Development, and Performance Assessment of the Board of Directors

##### 1. Independent Directors

The Board consists of at least one-third being Independent directors, each of whom must comply with the following:

- (1) An Independent Director must hold no more than 0.5% of all the voting shares of Bangchak and its parent company, subsidiaries, affiliates, major shareholders or Corporate Governance Policy, Bangchak Corporation Public Company Limited controlling persons. An Independent Director's shares must include those held by related person to that Independent Director.
- (2) An Independent Director must not be nor ever have been a director who is involved with management, an employee, a salaried adviser or a controlling individual of Bangchak, its parent company or any of its subsidiaries, affiliates, peer companies under the same parent company, major Shareholders or controlling individuals/entities. An exception is made in the case of a candidate who used to hold one of the positions mentioned above but left it at least two years prior. An individual who was a civil servant of or an adviser to a government agency that was a Bangchak major shareholder or controlling entity is not forbidden from being a Bangchak Independent Director.
- (3) Independent Directors must not have familial (blood ties or legal) relations to individuals such as a parent, spouse, sibling, child, spouse of the child of another Director, an Executive, a major Shareholder, a controlling individual or an individual who is about to be nominated as a Director, an Executive or a controlling individual of Bangchak or any of its subsidiaries.
- (4) Independent Directors must not have nor ever had a business relationship with Bangchak, its parent company or any of its subsidiaries, affiliates, major Shareholders or controlling individuals/entities in a manner that might obstruct their independent use of discretion. In addition, they must not be nor have ever been a significant Shareholder or a controlling individual of an entity having a business relationship with Bangchak, its parent company or any of its subsidiaries, affiliates, major Shareholders or Bangchak controlling individuals/entities. An exception is made in the case of a candidate who used to have such a relationship or hold one of the positions mentioned above but ended it or left it at least two years prior.
- (5) An Independent Director must not be nor ever have been an auditor of Bangchak, its parent company or any of its subsidiaries, affiliates, major Shareholders or controlling individuals/entities. In addition, he/she must not be a significant Shareholder, a controlling individual or a partner of the audit firm where the auditors of Bangchak, its parent company, or any of its subsidiaries, affiliates, major Shareholders or controlling individuals/entities work. An exception is made in the case of a candidate who used to hold any of the positions mentioned above but left it at least two years prior.
- (6) An Independent Director must not be nor ever have been a provider of any professional service (including services as a legal or financial adviser) who receives compensation to the amount of over two million baht per year from Bangchak or any of its subsidiaries, affiliates, major Shareholders or controlling individuals/entities. In addition, he/she must not be a significant Shareholder, a controlling individual or a partner of a provider of such professional services. An exception is made in the case of a candidate who used to hold any of the positions mentioned above but left it at least two years prior.

- (7) An Independent Director must not be appointed as an agent of another Bangchak Director, a major Bangchak Shareholder or a Bangchak Shareholder connected with a major Bangchak Shareholder.
- (8) Independent Directors must not own businesses that are in the same industry and significant competition to the business of Bangchak or any of its subsidiaries. They must not be significant partners in a limited partnership or directors who are involved in management, employees, and salaried advisers or own more than one percent of all voting shares of another firm that runs a business that is in the same industry as and is in significant competition with the business of Bangchak or any of its subsidiaries.
- (9) An Independent Director must not have any other characteristics that might hinder the free expression of their opinions about Bangchak operations.

After being appointed an Independent Director who meets the nine criteria stated above, might be tasked by the Board of Directors with making decisions in regard to the operations of the Company, its parent company or any of its subsidiaries, affiliates, peer companies under the same parent company, major Shareholders or controlling individuals/entities. They must be able to make collective decisions. The definitions in regards to Independent Directors are in line with the regulations of definitions in the notification of the Capital Market Supervisory Board on the issuance and offering of securities.

## **2. Nomination and Appointment of Directors and the President & CEO**

Today, Bangchak has 14 directors, 8 of whom are independent ones. Ten are SEC-defined executives, with the President & CEO serving as the top executive. Appointment of directors and the President must be reviewed by the Nomination and Remuneration Committee. Bangchak has made it possible for directors and shareholders to play a part in nominating qualified directors, in addition to using the Director Pool of Thai IOD.

### **Directors' Nomination**

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

### **Appointment and Dismissal of Directors**

1. Shareholder's meetings elect Directors through majority voting with one shareholder holding one vote per share held and can elect Directors individually. The candidates with the most votes are to be appointed Directors up to the number open at the meeting. If more candidates receive equal votes than the number of Directors required, the Chairman of the meeting must cast a deciding vote.
2. In every Annual General Meeting (AGM), one-third of the Directors must retire. If this number is not a multiple of three, then the number nearest to one-third. The names of the Directors to retire during the first and second year after the Company was registered are to be drawn by lots if not agreed otherwise. For subsequent years, those with the longest terms must retire. The retired Directors can be re-elected.

3. Other than the completion of term, a Director may retire for to the following reasons:
  - death
  - resignation
  - lack of qualifications according to the Public Company Limited Act and the Securities and Exchange Act
  - decision of the shareholders' meeting to resign according to the Public Company Limited Act
  - court order
4. In case a Director's position is vacant due to other reason than the completion of term, the Board of Directors is to elect a candidate with qualifications according to the Company's regulations in the next meeting except when the Director's term is to be completed in less than two months. At least, a three-quarter vote of the Directors present at the meeting is required. The elected Director holds the position until the completion of term of the Director they have replaced.

### **New Directors' Orientation**

Bangchak stages lectures and company visit and prepares a directors' manual for new directors to be informed of its business nature and approaches, relevant laws and regulations, corporate governance policy, and other essential information that will prove useful to their efficient performance. In this regard, the company secretary is the coordinator.

### **Directors' Development**

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

- Talk on "Corporate Strategy, Beyond the Crisis" by a speaker from Bain & Company Thailand at the 2020 annual seminar on corporate strategies on August 28, 2020

As of today, two directors have attended IOD's Director Accreditation Program (DAP) and nine have attended its Director Certification Program (DCP). Training details appear under Attachment 1.

### **Assessment of directors' performances**

The Board completes business performance assessment forms at least once a year, which the Company Secretary will arrange for delivery and collection for making an executive summary or the results for presentation at a Board meeting. Directors jointly consider business performance and suggest improvements. Assessment scores are given in percent, with >85% = excellent, >75% = very good, >65% = good, >50% = fair, and <50% = need improvement. The assessment is summarized below:

#### **1) Individual directors**

- Self-assessment relies on three topics, namely responsibility for their roles, training and self-development, and conformance to the corporate governance policy. The overall summary of assessment findings showed an average score of 94.7%, regarded as excellent.
- Cross-assessment by group (3 - 4 unnamed directors assessing another director) relies on two topics, namely responsibility for their roles and directors' independence. The overall summary of assessment findings showed an average of 95.5%, regarded as excellent.

- 2) **Entire Board** relies on topics, namely Structure and Skills, Strategic Direction and Planning, Policy, Monitoring and Supervision, Accountability, CEO and Succession, Leadership and Teamwork, and Agendas, Papers, Meetings and Minutes. The overall summary of assessment findings showed an average score of 95.8%, regarded as excellent.
- 3) **Sub-committees** relies on responsibilities and meetings; the evaluations of all Committees were as follows:
- Audit Committee, the group evaluation had the average score of 96.7%, rated excellent.
  - Nomination and Remuneration Committee, the group evaluation had the average score of 97.5%, rated excellent.
  - Corporate Governance Committee, the group evaluation had the average score of 92.9%, rated excellent.
  - Enterprise-wide Risk Management Committee, the group evaluation had the average score of 96.7%, rated excellent.

### **Succession Planning and Management Development**

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

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

#### **Procedure**

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

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

NRC nominates and reviews the qualifications of senior executives and others under NRC-set guidelines for the Board to appoint as President and chief executive officer. These include the legally required director qualifications and those required by Bangchak's regulations, together with essential skills and experience in Bangchak's best interests and alignment with Bangchak's business directions. The Board appointed Mr. Chaiwat Kovavisarach President and chief executive officer, effective from January 1, 2015, on account of his knowledge of investment in new businesses abroad and his sound financial knowledge, both of which align with Bangchak's business directions, with four-year term from 1 January 2019 to 31 December 2022.

### **Performance Appraisals of the President and Chief Executive Officer, and Senior Executives**

Bangchak measures performance outcomes as KPIs (key performance indicators), including its own performance, common practices of peer listed companies of comparable sizes, roles and responsibilities, executive development, and overall economic circumstances. The President and chief executive officer must present his performance in various aspects, including the management of the refinery and marketing business units, business development, and organizational development, while discussing current management outcomes covering successes and obstacles, including the ability to expand business opportunities and competition, social and environmental policies, together with responses to public policies. **NRC is to decide on the President and chief executive officer's compensation, which is then forwarded to the Board for approval.** The President and chief executive officer earn benefits as the top management executive in addition to the compensation as a director.

### **8.1.2 Meeting Attendance and Remuneration of Individual Directors**

In 2020, the Board held 15 meetings (12 regular and 3 special ones) with exclusive meetings of the independent directors in March and August and meetings of the non-executive directors in April and September, and one annual seminar on corporate strategies with the management to review and revise the corporate vision on annual basis under Bangchak's vision, mission, and values, together with an assessment of business circumstances. The Board of Directors reviewed and resolved that the Company's Vision, mission and core value shall remain unchanged.

## Summary of Board and Sub-committees meeting attendance

Names	Meeting attendance / total (times)							
	Board of Directors			Sub-Committees				
	Meeting	Seminar	Total	AC	NRC	ERMC	CGC	
1. Mr. Pichai Chunhavajira <sup>1/</sup>	15/15	1/1	16/16	-	-	-	-	
2. Mr. Surin Chiravisit	15/15	1/1	16/16	-	-	6/6	2/2	
3. Mr. Suthep Wongvorazathe <sup>2/</sup>	15/15	1/1	16/16	3/3	1/1	-	1/2	
4. Gen. Vitch Devahasdin	15/15	1/1	16/16	-	-	-	2/2	
5. Adm. Sucheep Whoungmaitree	15/15	1/1	16/16	-	3/3	-	-	
6. Gen. Thammanoon Withee	14/15	1/1	15/16	-	2/3	-	-	
7. Pol.Lt.Gen. Chaiwat Chotima	15/15	1/1	16/16	12/12	3/3	-	-	
8. Mrs. Prisana Praharnkhasuk <sup>3/</sup>	15/15	1/1	16/16	-	2/2	6/6	-	
9. Mr. Teerapong Wongsiwawilas <sup>4/</sup>	15/15	1/1	16/16	9/9	-	-	-	
10. Dr. Porametee Vimolsiri <sup>5/</sup>	14/15	1/1	15/16	12/12	-	-	-	
11. Mr. Suthi Sukosol	14/15	1/1	15/16	-	-	-	1/2	
12. Dr. Anuchit Anuchitanukul	15/15	1/1	16/16	-	-	6/6	-	
13. Dr. Prasert Sinsukprasert	14/15	1/1	15/16	-	-	6/6	-	
14. Mr. Chaiwat Kovavisarach	15/15	1/1	16/16	-	-	6/6	2/2	
15. Mr. Prasong Poontaneat <sup>6/</sup>	12/12	0/1	12/13	-	-	5/5	-	

- Note:**
- <sup>1/</sup> Chairman did not join any Sub-Committee as Member
  - <sup>2/</sup> Appointed as Member of CGC and dismissed from Chairman of AC and NRC on April 11, 2020
  - <sup>3/</sup> Appointed as Chairman of NRC on April 11, 2020
  - <sup>4/</sup> Appointed as Member of AC and dismissed from Member of CGC on April 11, 2020
  - <sup>5/</sup> Appointed as Chairman of AC on April 11, 2020
  - <sup>6/</sup> Resigned on October 1, 2020

### Board Remuneration

- 1) The Board's remuneration comes in three forms: monthly (retainer) remuneration, meeting allowances, and bonus. Such remuneration, made comparable to those of the same industry, is linked to the performance of the Company and individual directors.
- 2) Directors with additional responsibilities, including subcommittee service, shall receive additional remuneration in proportion to such responsibilities.
- 3) In line with good corporate governance, the Board has instituted the reporting of individual directors' remuneration and the management's remuneration - which includes disclosure of the remuneration of directors or executives, or both, if they are appointed to other positions in subsidiaries - in the annual report.

### Policy on Director Remuneration

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

Moreover, as a consequence of economic situations and other factors impacting the Company's turnover, the Board of Directors agreed to **decrease their monthly remuneration and meeting allowances** for six months (April to September 2020) as follows:

- Chairman, by 25%
- Vice Chairman, by 12.5% and
- Directors, by 10%.

Director Remuneration approved by 2020 AGM of July 3, 2020 are as follows:

#### 1) Monthly remuneration and meeting allowance

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

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

#### 2) Bonuses for Directors

0.75 percent of the net profit, but not over 3,000,000 Baht/year per director. The calculated amounts are to reflect individual periods of service. Moreover, the Chairman and Vice Chairman shall receive the bonus higher than those of members by 25 percent and 12.5 percent respectively.

#### 3) Other Remuneration

Group health insurance

IPD+OPD treatment with annual health insurance not exceeding 50,000 Baht (excluding VAT) per one director

#### Directors' Other Expenses

##### 1) Other Essential Business Expenses

- Other Essential Business Expenses
- Position car for the Chairman's business convenience
- Driver for the Vice Chairman's business convenience
- Credit card for the Chairman's business use (credit limit 500,000 Baht)
- Fleet card for each director's business use (up to 400 liters/month/director)

## 2) Others

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

### In 2020, the individual remuneration of Directors was as follows:

Names	Remuneration in Baht						
	BOARD	AC	NRC	ERMC	CGC	Bonus	Total
1. Mr. Pichai Chunhavajira	945,000	-	-	-	-	1,070,912.24	2,015,912.24
2. Mr. Surin Chiravisit	892,500	-	-	90,000	30,000	963,821.01	1,976,321.01
3. Mr. Suthep Wongvorazathe	798,000	93,750	18,750	-	15,000	856,729.79	1,782,229.79
4. Gen. Vitch Devahasdin	798,000	-	-	-	37,500	856,729.79	1,692,229.79
5. Adm. Sucheep Whoungmaitree	798,000	-	45,000	-	-	856,729.79	1,699,729.79
6. Gen. Thammanoon Withee	771,000	-	30,000	-	-	856,729.79	1,657,729.79
7. Pol.Lt.Gen. Chaiwat Chotima	798,000	300,000	45,000	-	-	856,729.79	1,999,729.79
8. Mrs. Prisana Praharnkhasuk	798,000	-	37,500	90,000	-	856,729.79	1,782,229.79
9. Mr. Teerapong Wongsiwawilas	798,000	225,000	-	-	-	856,729.79	1,879,729.79
10. Dr. Poramettee Vimolsiri	771,000	356,250	-	-	-	856,729.79	1,983,979.79
11. Mr. Suthi Sukosol <sup>1/</sup>	768,000	-	-	-	15,000	373,205.58	1,156,205.58
12. Dr. Anuchit Anuchitanukul	798,000	-	-	90,000	-	856,729.79	1,744,729.79
13. Dr. Prasert Sinsukprasert	771,000	-	-	90,000	-	856,729.79	1,717,729.79
14. Mr. Chaiwat Kovavisarach	798,000	-	-	90,000	30,000	856,729.79	1,774,729.79
<b>Total</b>	<b>11,302,500</b>	<b>975,000</b>	<b>176,250</b>	<b>450,000</b>	<b>127,500</b>	<b>11,831,966.52</b>	<b>24,863,216.52</b>

### Directors whose terms were completed and resigned directors in 2020

1. Mr. Jarin Chakkaphark <sup>1/</sup>	591,000	-	-	93,750	-	856,729.79	1,541,479.79
<b>Total</b>	<b>591,000</b>	<b>-</b>	<b>-</b>	<b>93,750</b>	<b>-</b>	<b>856,729.79</b>	<b>1,541,479.79</b>

Note: <sup>1/</sup> Transferred bonus to the Social Security Fund in compliance with the regulations of the Office of the Social Security Fund

### Bonuses for directors whose terms were completed and who resigned in 2019 (performance in 2019 paid in 2020)

Name	Bonus (Baht)	Remark
1. Mr. Jarin Chakkaphark <sup>1/</sup>	298,095.03	Resigned on May 8, 2019
<b>Total</b>	<b>298,095.03</b>	

Note: <sup>1/</sup> Transferred bonus to the Social Security Fund in compliance with the regulations of the Office of the Social Security Fund

## Comparison of Remuneration of Directors in 2019 and 2020

Remuneration	2019		2020	
	Directors	Baht	Directors	Baht
Monthly remuneration and meeting allowance	15	13,182,580.64	15	13,716,000.00
Bonus	15	18,471,608.22	15	12,986,791.34
<b>Total</b>		<b>31,654,188.86</b>		<b>26,702,791.34</b>

**Note:** Bonus for 2019 performance under the resolution of the 2019 AGM, held on 11 April 2019 (0.75 percent of the net profit, but not over 3,000,000 Baht/year per director. The calculated amounts are to reflect individual periods of service. Moreover, the Chairman and Vice Chairman shall receive the bonus higher than those of members by 25 percent and 12.5 percent respectively.)u

## Directors' Remuneration due to Directorship of subsidiaries, associates, and joint ventures in 2020

Companies	Name	Total remuneration (Baht)				Net Total
		Monthly remuneration	Meeting allowance	Bonus	Sub-Committee remuneration	
BCPG	Mr. Pichai Chunchavajira	405,000	577,500	1,453,124	-	2,435,624.00
	Mr. Chaiwat Kovavisarach	382,500	543,750	953,090	187,500	2,066,840.00
BBGI	Mr. Pichai Chunchavajira	450,000	175,000	429,947.12	-	1,054,947.12
	Mr. Surin Chiravisit	360,000	222,500	343,957.73	-	926,457.73
	Mr. Chaiwat Kovavisarach	360,000	247,500	343,957.73	-	951,457.73
NIDO	Mr. Chaiwat Kovavisarach	29,162.24 AUD (per annum)	-	-	-	680,063.44
OKEA	Mr. Chaiwat Kovavisarach	497,682 NOK	80,000 NOK	-	-	2,044,994.28
	Mrs. Prisana Praharnkhasuk	327,844 NOK	56,000 NOK	-	100,000 NOK	1,712,807.76
LAC	Mr. Chaiwat Kovavisarach (resigned May 7, 2020)	35,165 USD	3,000 USD	-	1,758 USD	1,206,073.83

**Notes:**

- BCPG: BCPG Public Company Limited
- BBGI: BBGI Public Company Limited
- NIDO: Nido Petroleum Pty. Ltd.
- OKEA: OKEA ASA
- LAC: Lithium Americas Corp.
- Exchange rate AUD 1 equivalent to approximately Baht 23.32
- Exchange rate NOK 1 equivalent to approximately Baht 3.54
- Exchange rate USD 1 equivalent to approximately Baht 30.21

### 8.1.3 Oversight of subsidiaries, associates, and joint-venture companies

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

- Secondment of executives by the Board to serve as directors and executives in those companies proportionate to its own shareholding. Details appear under “7. Corporate Governance Structure”.
- Definition of an oversight approach for joint-venture companies for representative directors to uphold so that the businesses of subsidiaries, associates, and joint-venture companies may be uniform and in line with Bangchak’s policy approach and relevant legislation. Voting or actions on important matters must secure prior approval from the President and CEO, Board, or shareholders, depending on the case.
- Institution of a corporate governance policy and a suitable, watertight internal control system in each of the subsidiaries.
- Supervision of disclosure of these companies’ financial status and performance outcomes, as well as engagement in key transactions, must be properly done in line with Bangchak’s criteria.

### 8.1.4 Monitoring Compliance of Corporate Governance Policy and Guidelines

#### 1) Policy

Bangchak has instituted its corporate governance policy in writing since 2003 as a result of a workshop engaging all employees where everyone played a part in contributing ideas for the Company’s practical guidelines. This year the Board endorsed Revision 17 of the CG Policy, adding the Board Skill Matrix to embrace the “information technology and digital” aspect to align with the DJSI and suit the current business model.

#### 2) Communication

The Corporate Governance Committee agreed on Bangchak’s annual corporate governance plan by requiring the Company to constantly communicate its corporate governance code and its performance to employees and stakeholders via various channels to raise awareness and communicate to stakeholders on the Company’s intention to elevate corporate governance and set a standard for conducting business such as:

- Communication of good deeds, morality and ethics, and anti-corruption, as well as guidelines of corporate governance policy through Tone from the Top, prepared as the executive’s CG Motto, on the Company’s Intranet.
- On March 13, 2020, Bangchak held a talk on corporate governance and anti-corruption for new employees as part of the Newcomer Discovering Program (orientation) at M Tower.
- On June 5, 2020, the President and CEO gave an interview to Collective Action against Corruption (CAC) as CAC had prepared and disseminated the contents on social media to publicize Bangchak’s success in joining the CAC Project as a Change Agent and encouraging business organizations in their concrete anti-corruption efforts and measures to prevent bribes to government officials.



- On June 23, 2020, the Chairman of the Board and the President and CEO gave an interview on “The Secret Sauce: Boardroom Wisdom” to share their experience in management thinking and perspectives of the Board and organization leaders. The content and the VDO of the interview would probably be used as part of the IOD course, held by Thai Institute of Directors (IOD) with the Standard, an online news agency.
- On June 23, 2020, the Chairman of the Board and the President and CEO gave an interview on “What is the role of the directors that contributes to each company’s success?” on best practices and as an example of directors’ work in formulating sustainable business strategies, held by Thai Institute of Directors (IOD).
- On August 25, 2020, the Company gave a talk on corporate governance for senior executives of the Bank for Agriculture and Agricultural Cooperatives on organizational development at Head Office, Bank for Agriculture and Agricultural Cooperatives.

Bangchak planned to organize the annual CG Day activity with its group to communicate and cultivate awareness among employees and stakeholders on the corporate governance code for concrete implementation.

### 3) Measures and Guidelines

- All employees were required to undertake a test on annual corporate governance and anti-corruption policy. They must pass certain criteria to ensure proper understanding. The test was administered through the online human resource management system (e-HR) and the online knowledge management system (“We Share”) on the promotion of knowledge and understanding of corporate governance, good internal control system based on the internal control scope, as well as the contents of the Personal Data Protection Act (between November 2 - 9, 2020) with an average score of 90.88%.
- Political neutrality without rendering assistance to any political party, directly or indirectly
- Donation is strictly for charity, including sponsorship for the Company’s business, which is not to be used as excuses for corruption and requires clear documented proofs in line with the Company’s regulations
- No acceptance of gifts or objects of any value on all occasions. No acceptance of and no giving of entertainment and other unnecessary and inappropriate expenses to government officials or those dealing with the Company’s business. If any is received, employees must refuse and report the incident to their superiors for acknowledgment.
- Annual notification to stakeholders on Bangchak's "No Gift" policy for the New Year and other occasions so as to elevate good corporate governance and set a standard for conducting business with all related parties fairly.

### 4) Internal Control, Risk Management, and Internal Audit

In order to monitor compliance to this corporate governance policy, Bangchak instituted internal control, risk management, and internal audit systems for key business functions, such as procurement and accounting. Bangchak also closely monitored the progress of risk management plan on a regular basis as detailed under 9.1 Internal Control.

### 5) Audit

Internal Audit formulates the annual audit plans and reports audit findings to the Audit Committee and the Board for acknowledgment as detailed under 8.2 Report of the Audit Committee).

## 6) Anti-Corruption

Bangchak incorporated business ethics for anti-corruption in all forms into its corporate governance policy and campaigned for ongoing anti-corruption in the organization through various channels. Bangchak has integrated the anti-corruption policy into its corporate governance policy under Section 4 to reiterate its intention to operate business by abiding by the law and regulations relevant to corporate governance, refusing all forms of fraud and covering all businesses in all applicable countries and agencies. It has defined anti-corruption measures to implement the policy and has regularly reviewed them to comply with changes in laws and business circumstances and uphold Bangchak's reputation.

- Bangchak has established disbursement regulations by defining financial limits, approval authorities, objectives, and recipients, all of which require clear supporting documents to prevent unlawful political help and ensure that charitable donations do not go to corrupt purposes, business support funds are not excuses for corrupt practices, and receptions, gifts, and other expenses conform to the policy. Also in place is an audit process issued by Internal Audit.
- Bangchak has regularly established processes for auditing sales and marketing, purchasing, and contract administration concerning risk to corrupt practices in conformance to disbursement regulations and purchasing regulations. To this end, Internal Audit provides its comments and explores for suitable corrective actions.
- Bangchak has put in place a personnel administration process that underscores its commitment to anti-corruption measures, ranging from selection, training, performance assessment, compensation, to promotion.
- Bangchak has established internal control for finance, accounting, data recording, and other company processes related to anti-corruption measures, together with control self-assessment for consultation about the findings of internal control.
- Bangchak has established risk management to ward off and suppress frauds and malfeasance, by analyzing business risks, defining the importance of risks and proper measures for assessed risks, and regularly tracking the progress of risk management plans.
- Bangchak has put in place internal audit to ensure that the defined internal control system and risk management can help it achieve goals, and to audit all units' work against requirements and regulations. Internal audit also helps detect weaknesses and provides advice on the development of business processes for greater efficiency and effectiveness under the approach of corporate governance.

The Anti-Corruption policy applies to all Bangchak directors, executives, and employees and its subsidiaries. The relevant implementing measures apply to all affiliates and other companies that the Company has control over, as well as its business agents.

In addition, Bangchak values good corporate governance and anti-corruption alike. Bangchak also joined the UN Global Compact and in 2013 was one of the first 22 companies to achieve CAC membership certification. Achieving the first CAC membership in 2013 thanks to ongoing transparent business conduct, in 2019 it won the second membership recertification since its first membership recertification in 2016.

During the spread of Covid-19, Bangchak continued to encourage its business partners to join the CAC project. The Company assisted with the public relations and invited the business partners who announced their intention with CAC in the form of an online seminar through the WebEx system. Three CAC seminars were held with the participation of 57 companies, with eight companies serving as the Company's business partners or 14% of the total participants.

## 7) Compliance with corporate governance for listed companies

The Stock Exchange of Thailand (SET) established “The Principles of Good Corporate Governance for Listed Companies 2012”. The Securities and Exchange Commission (SEC) issued its “Corporate Governance for listed companies 2017”, which contains eight major practical guidelines. This year Bangchak continued its compliance with these principles by following these five aspects:

### 1. Shareholders’ rights

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

- A Record Date for the AGM was set so that shareholders may have enough time to review meeting notices and various data ahead of the meeting.
- Informed the shareholders about two months ahead of the meeting so that they may schedule meeting attendance, which exceeds what is required by law.
- The meeting notices with information for each agenda item and the proxy form were sent to shareholders for consideration in advance.
- Allowed the shareholders to submit queries needing Bangchak’s explanation on certain points of the agenda for the AGM ahead of the meeting since August 30, 2020.
- Facilitated and supported shareholders to attend the shareholders’ meeting of either by themselves or through proxies.
- Facilitated shareholders on the meeting date:
  - The AGM was held at the Company’s headquarters for travel convenience and parking spaces are adequately reserved,
  - Adopted the Barcode system for registration and vote-tallying for efficiency and speed.
  - Applied the shareholders’ meeting software to registration and vote-tallying for efficiency and transparency.
  - Supplied duty stamps for proxy assignment free of charge.
  - Prepared stickers for those that had already registered for getting in and out of the meeting room without rechecking.
- Before the meeting, the Company Secretary clarified the method for voting and vote-tallying for each agenda item and requests shareholders’ representatives to witness vote-tallying together with the inspector.
- During the meeting
  - Conducted the meeting by the agenda items sent to the shareholders without adding or switching the agenda items
  - Allowed the shareholders equal rights for expressing views and posing questions on each agenda item and recorded key concerns and views in the minutes.
- After the meeting
  - Publicized the resolutions and vote tallies on each agenda item through SET’s channels and Bangchak’s website by the evening of the meeting date
  - Publicized the minutes through SET’s channels and Bangchak’s website, and delivered to the shareholders that expressed views at the meeting.

At the 2020 AGM, Bangchak invited Mrs. Nisanat Pongsawasdi, an independent legal counselor, to serve as an independent inspector to validate the votes and ensure transparency and compliance with the law and the Company's article of association. This included examination of documents of shareholders or their proxies with the right to attend the meeting, quorum, stakeholders whose voting right was not exercised, and whether the voting process followed the Company's article of association or what was announced by the chair of the meeting, as well as collection of ballots, verification of meeting resolutions, as well as ballot casting. One representative from the shareholders joined the witnesses verifying the AGM ballot-counting.

Results of Quality Assessment for AGM: 100 points and listed as "Excellent" for the 12th consecutive year in participation of the AGM Quality Assurance evaluation. The evaluation was conducted by Thai Investors Association (TIA).

## 2. Equitable Treatment of Shareholders

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

- Publicized meeting documents on its website 31 days ahead of the meeting and delivered them to the shareholders 28 days ahead of the meeting.
- Allowed the shareholders to propose additional AGM agenda items and nominate directors from August 30 to December 31, 2020. Bangchak disclosed the criteria and methods at its website and informed the shareholders through SET's channels. The Board's policy is against adding agenda items without prior notice, particularly crucial items for which the shareholders need time to study before making a decision.
- Supported the shareholders' use of proxy forms to steer voting at the meeting (Form B) and nominated six independent directors as proxy alternatives at the meeting.
- Used ballots on every agenda item, particularly that dealing with directors' election where individual directors were voted on. To this end, the votes equaled the number of shares held for the election of one director.
- Required that directors with vested interests should have no votes and stay outside the meeting on such agenda item, as mentioned in the corporate governance policy.
- Defined practices for employees on the maintaining of Bangchak's confidential information and avoidance of benefit-seeking for themselves by exploiting such confidential information, as mentioned in the corporate governance policy.

## 3. Roles of stakeholders

In the corporate governance policy, the Board defined a policy for its roles toward the stakeholders. In the corporate governance system, several key groups of stakeholders are found, including customers, employees, business partners, shareholders, investors, creditors, and residents of neighboring areas, society, and the environment. Bangchak values the importance of the rights of all groups, which includes actions violating their rights and intellectual properties. Below are the

policy and practices (detailed under 3. Driving business for sustainability).

#### **Employees**

- Places Individual Development Plans (IDPs) to raise staff knowledge and caliber.
- Performance assessment is based on the Balance Scorecard principles whereby all employees have Key Performance Indicators (KPIs) and will be compensated in accordance with their performance.
- Gives a competitive and fair compensation, depending on the overall performance of the company, in the short term and the long term. In this regard, each year, the Company will conduct a survey of compensation and welfare benchmark between the petroleum industry and the related industry, including the surrounding environment in order to review and improve the compensation criteria. Bangchak, moreover, provided staff welfare exceeding what was required by law, which included the provident fund, medical welfare, shuttle-bus service, staff relations activities, as well as an employee club with various recreational activities.

#### **Customers**

- The Company is dedicated to improving the quality and reliability of products and services for maximum customer satisfaction. Its policy is to deliver quality goods and services which meet or exceed customers' demands under fair conditions. Bangchak brand service stations were ranked 1st (tie for 1st place) as measured by Net Promoter Score for the second consecutive year.
- The Company is also committed to consumers' safety by delivering standard-certified products and by giving accurate, adequate information about its products and services.

#### **Suppliers/Contractors**

- The Company has a suppliers' code of conduct and a policy to select and treat Suppliers/Contractors with equality and fairness. It has produced a "Business Contact" manual and drawn up a "Dealer/Station Operator Policy" for distribution to business contacts and dealers/station operators so that they may have proper understanding and strictly comply with Bangchak's corporate governance and business ethics. Bangchak also firmly adheres to contract provisions. Whenever any condition cannot be complied with, Bangchak urgently informs Suppliers/Contractors in advance to jointly solve problems.
- The Company has defined strict criteria for Suppliers/Contractors selection to bolster fair and equal procurement procedures without violation of human rights. It invites those qualified to register with it. Qualified companies are allowed to make offers to compete with others in the same business. The procurement committee then proceeds with the selection, based on price and technical aspects.

#### **Creditors**

The Company treats its creditors fairly, responsibly, and transparently and seeks to fulfill all its contractual and financial obligations, especially guarantee conditions, capital management, and payment, collaterals, potential obligations and debts, as well as appropriate capital structure management to ensure creditors of its financial status and ability of repayment. If it cannot fulfill one or more of its obligations, it must notify creditors in advance so that a resolution can be mutually agreed.

#### **Competitors**

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

employees. The Company does not engage in slander or discrediting its competitors.

### **Shareholders**

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

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

- The Company conducts its business with adherence to environmental management standards, such as ISO 14000. The Company considers health and safety and the environment an integral part of the business, and has a written guideline on health, safety and the environment for the Directors, Executives, and employees to uphold. In 2020, Bangchak encouraged its employees to concretely implement the principles of 7Rs (Reduce, Reuse, Recycle, Recovery, Repurpose, Reject, Rethink) as part of the policy of Circular Economy. Employees were given opportunities to submit their ideas for more efficient and environmentally friendly work improvement. A contest and an award presentation were held on SHEE Excellence Day 2020.
- Environmental stewardship
  - Internally, the Company campaigned on reducing printing jobs or photocopying and reliance on electronic communication means instead of paper, including printing on both pages instead of one. It modified business processes to electronic, while educating employees on occupational health, safety, and energy, as well as providing knowledge and training for employees on occupational safety, health, and environment, as well as energy
  - External efforts by arranging for E-Procurement for business partners in making offers in procurement and E-Complaint for customers in filing their complaints or making recommendations, to reduce the use of paper.
- The Company produces “Krob Krua Bai Mai” (Leaf Family) newsletter and “Rob Rua Bangchak” (Bangchak Neighbors) magazine for distribution every other month to allow the community to know the goings-on of the Company as well as receiving interesting information, such as how to save energy, how to ensure safety in daily life, and health tips and how to protect the environment. This is another way for the Company to communicate with and take care of communities around its refinery.

### **Consumption of resources**

Bangchak continually raises the efficiency of resource (energy, water and chemical) consumption, suiting the size of the business and efficiently managing waste and use it to its full potential.

### **Sanctity of intellectual properties**

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

### **Whistleblowing and complaint-filing channels**

Bangchak’s Board of Directors has laid down measures regarding whistleblowing or concerns about any wrongdoing or misconduct that may lead to fraud involving people in the organization, be they staff or stakeholders. Whistleblowing can also be applied to suspicious financial statements or a lax internal control system. Bangchak has a mechanism to protect staff or whistleblowers by establishing a confidential database accessible only by authorized persons. This is to encourage

cooperation from stakeholders in better protecting its interests. If a concern about wrongdoing is raised, a committee comprising members of units relevant to the issue will be set up to launch an investigation, the result of which is forwarded to the whistleblower through:

Emails: ico@bangchak.co.th  
Letters: Internal Audit Department  
Bangchak Corporation Public Company Limited  
2098 M Tower Building, 8th Floor, Sukhumvit Rd.,  
Phra Khanong Tai, Phra Khanong, Bangkok 10260  
Tel. 0 2335 4566

Bangchak monitored complaint and whistleblowing reports through Internal Control's channel. This year there was one such report filed through ico@bangchak.co.th concerning suspected corrupt or unethical practices, specifically unfair job inspection. After due investigation, Bangchak found no grounds for this complaint, since the complainant had delivered his or her job not by its standard specified in the agreement, making it impossible for Bangchak to inspect the job.

Contact channels

The Board of Directors	Tel: 0 2335 4638 Fax: 0 2016 3982 Email: bcpsecretary@bangchak.co.th
Company Secretary	Tel: 0 2335 4050 Fax: 0 2016 3982 Email: pakawadee@bangchak.co.th
Investor Relations	Tel: 0 2335 8663 Fax: 0 2335 8000 Email: ir@bangchak.co.th

#### 4. Information disclosure and transparency

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

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

#### 5. Board responsibilities

In the corporate governance policy, the Board defined a policy for the roles, duties, and responsibilities of the Board. Below are Bangchak's actions taken this year:

- Revised and defined Bangchak's annual vision, missions, strategies, business plan goals, and budgets every year to maximize value to businesses and for shareholders' security. In addition, the Board endorses key strategies and policies, particularly financial KPIs (key performance indicators) and work plans. Endorsement of KPIs and metric-setting is done early in the year, with periodic tracking.

- Oversee the management’s translation of strategic plans into operational plans, assess the outcomes and steer affiliates by requiring their management to report their performances and other key matters for the Board’s acknowledgment every month.
- Held an annual corporate strategy seminar with the management to review the vision and set corporate goals.
- Staged a meeting of the independent directors in March and August, and a meeting of the non-management directors in April and September.
- To encourage the Board of Directors to acquire beneficial knowledge and experience, the Company held a talk on “Corporate Strategy, beyond the Crisis” by a speaker from Bain & Company Thailand at the 2020 annual seminar on corporate strategies on August 28, 2020.
- Developed performance assessment forms for the Board: individual (self-assessment and cross-assessment), group, and committee.
- Instituted an effective internal control system, internal audit, and risk management measures together with regular tracking at Board meetings.
- Established the Legal and Compliance department to monitor all functions to ensure complete compliance, including preparation of legal assessment for Bangchak units, oversight of license renewals with an alert system for responsible superiors and subordinates, and legal education through channels like Outlook, intercom, and annual law training.

#### **8) Monitoring the Use of Inside Information**

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

1. Directors and executives, as well as their spouses, cohabitation partners, and minor children under legal age, including legal entities where they have more than 30% shareholding of the number of all voting rights of the juristic person, according to Article 258 of the Securities and Exchange Act of 1992 must notify and distribute information about shares held, as well as reporting any changes to SEC every time they buy, sell, transfer, or receive shares within three days of the change to comply with Article 59 or face punishment according to Clause 275 of the Securities and Exchange Act of 1992.
2. Notify the Directors and executives of the financial information which affects the price of shares. Avoid buying or selling Company shares one month prior to the disclosure of information and three days after disclosure, as well as not disclosing information to others before it is made available to the public.

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

#### **9) Conflicts of Interest**

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

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

- **CG Commitment and Conflict of Interests Disclosure Form**  
To comply with the policy on corporate governance, which forbids directors, management and employees to commit any act which might deprive the Company of its interests, the Company has prepared the above-mentioned form to ensure that all employee acknowledge the CG policy and fill any acts or activities that might be in conflict with the Company’s business interests and deliver it to Internal Control through their supervisors through the e-HR.
- **Report of Directors and Management’s Stake Form**  
The Securities and Exchange Act stipulates that directors and the management are to report to the Company his/her or connected persons’ stakes connected with the business operations of the Company or its subsidiaries. The Company has therefore prepared the above-mentioned form for its directors and management to fill out and report any change to the Company. The Corporate Secretary will forward a copy of the form to the Chairman of the Audit Committee to ensure that the directors and management perform their duties with integrity.
- **Report on connected transactions form**  
To ensure that transactions between the Company and any related parties or businesses are transparent and comply with SET’s rules and regulations, the Company has defined a policy and guidelines on connected transactions and prepared the above-mentioned form for responsible employees to fill out and forward it to the Secretary to the Board of Directors Division with a copy to Internal Audit for acknowledgment.
- **Intention to trade Bangchak Corporation’s securities form**  
To enable directors and the management to inform the Company of the intention to trade Bangchak shares through Internal Control at least one day in advance, for reporting to the Audit Committee every quarter. Written notices can be sent through ICO@bangchak.co.th or other electronic channels, including the LINE application.

## 10) Investor Relations

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

- **Direct:** Bangchak staged meetings between its executives and shareholders, stock analysts, investors, and employees via regular activities to present performance outcomes through analyst meetings, roadshows, conference calls, participation in conferences (domestic and abroad), participation in meetings with minor investors at the “Opportunity Day” or at “SET in the City”, hosted by SET, or company visits by shareholders to enable them to appreciate company businesses more. In addition, institutional investors (domestic and international) and stock analysts may make appointments with executives to inquire about company data through company visits.
- **Indirect:** Bangchak provided assorted data, performance outcomes, financial statements, and other

Activities	Number (times)
Local Roadshow and Online roadshow	3
Analyst Meeting	4
Opportunity Day (organized by the SET)	4
Conference Call และ Online meeting	10
Answering Inquiries by E-mail/telephone	522 (twice a day in average)
Performance Update one website	4
Factsheet	4
Press Conference (2021 Business Plan)	1

information given to SET. Other data were presented through meeting documents, video and audio recordings, E-Newsletters, and executives' interviewing, as well as other reports submitted to SET on the Company's website [www.bangchak.co.th](http://www.bangchak.co.th), where interested parties can read and download this information. The Investor's Relations page contains information in Thai and English which is updated frequently.