

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

## DEAR SHAREHOLDERS,

In the year 2012, the Corporate Governance Committee is chaired by Police General Sereepisut Tameeyaves, with Police General Sombat Amornvivat, Mr. Kriengkrai Thiennukul and Mr. Bowon Vongsinudom as its members, carried out, their duties within the scope of authority and responsibilities assigned and granted by the Board of Directors. Meetings of the Corporate Governance Committee convened to set forth the principles and guidelines for corporate governance and offer recommendations on the Company's operations regarding this issue. The tasks performed and accomplished by the Committee in the year 2012 can be summarized for the shareholders as follows:

1. The compilation and publication of the Corporate Governance & Business Code of Conduct Handbook was completed within the timeline. The handbook was submitted by the Chairman of the Board of Directors to the Directors, and the handbook was then submitted by the Chief Executive Officer to the Executives and Employees to study and sign as an agreement to comply with such corporate governance principles. The Committee is also responsible for supervising the continuous promotion of understanding of such principles among employees at all levels.
2. The Corporate Governance Committee held meetings according to a pre-designated schedule to acknowledge and deliberate on various matters and make recommendations to the management. In 2012, there were 7 in-house meetings, including 1 outside meeting. The latter convened for the purpose of issuing CSR report to the local community. The Committee participated in a CSR event in Rayong province. They also participated in the PTT Group CG Day 2012 hosted by the Company.
3. An organization plan for the 2012 Annual General Shareholders' Meeting was made and useful suggestions were offered to ensure orderliness, transparency, efficiency and compliance with corporate governance in all AGM Checklist stages. Further recommendations were made, which included arrangements for the employees from various departments to welcome shareholders to the AGM in a service-minded manner to enhance organizational culture. In the assessment made by the Thai Investors Association, the Company's 2012 Annual General Shareholders' Meeting was awarded the full marks of 100 for distinction.
4. The Company's Corporate Governance Compliance Report for the year 2012 was reviewed to ensure full disclosure of information as set forth in the guidelines for corporate governance practices, and the assessment was made in compliance with the local (SET, SEC, IOD) and international (GRI, DJSI) standards set. Such information was then disclosed in the Annual Report of 2012.
5. The operations with responsibility to stakeholders namely shareholders, employees, customers, business partners, business competitors, creditors, communities, society and the environment were monitored to ensure compliance with corporate governance principles and practices, sufficiency and appropriateness with the view to future improvements and development. The departments responsible for different groups of stakeholders submitted

summary reports on operations and future plans to the Corporate Governance Committee. In 2012, the stakeholders were treated in strict compliance with the policies on corporate governance and business code of conduct in all respects.

6. A forum on "Taking Care of Community the Way that Will Earn Respect from the Mass" was held to transfer useful knowledge and experiences to employees in the "Smile Society" event and the Chairman of Corporate Governance Committee also offered his experiences and presented the "2012 CSR Idol Award" to the Company's volunteers to raise their morale and in recognition of their volunteer works. More than 300 employees participated in the Forum.
7. The Corporate Compliance Policy and recommendations on the adoption and enforcement by the Company and the companies within PTTGC Group were considered and endorsed. Guidelines on operations were set forth in line with the Company's expansion of investment to other regions subject to applicable laws and international regulations. Such guidelines are to be strictly observed by the management and employees to reflect implementation and traceable fulfillment of concrete corporate compliance requirements.
8. Guidelines on Director's tenure of office in other listed companies as set forth in the Corporate Governance Handbook were reviewed in line with present business situations with the aim to apply the knowledge, abilities and experiences gained by Directors from other businesses to the benefit of the Company, taking into account the devotion by the Director of his/her time in performance of his/her duties. The Corporate Governance Committee approved the revision of the clauses pertaining to the number of listed companies that each Director may hold directorships at the same time. Previously, a Director may hold a directorship of "up to 3 listed companies". Now, a Director may hold a directorship of "up to 5 listed companies". Each Director's devotion of time to the performance of duties is also considered.
9. The assessment of corporate governance practices of listed companies by means of ASEAN CG Scorecard was examined and acknowledged. The Company's annual reports and website contents are the main information to be assessed. Additional regulations will be studied, adopted and implemented to meet the assessment requirements. The Company's information will be published in English for distribution through various media in preparation for future assessments at international standard level.
10. The 2012 Corporate Governance Plan was reviewed, approved and implemented to ensure compliance by the Company and other companies within PTTGC Group with corporate governance practices and continuous development and attainment of international standard.

11. The performance of the Corporate Governance Committee in the year 2012 was assessed in the manner set forth in the Corporate Governance Committee Charter. The overall achievement is 94.5%. The Corporate Governance Committee outlined that they should be “assigned to study all operational systems of the Company so that they are able to express their views better and make more useful recommendations.”

The Board of Directors highly values the importance of corporate governance and is of the opinion that best corporate governance practices are the major factors contributing to the Company’s sustainable successes. Also, compliance with corporate governance practices goes a long way to ensuring the trust and recognition from the Company’s stakeholders, as well as other supervising authorities. The Corporate Governance Committee is determined to continue to do its best in taking the Company’s corporate governance levels to even new heights of recognition and standards.

On behalf of the Corporate Governance Committee



(Police General Sereepisut Tameeyaves)  
Chairman of the Corporate Governance Committee