

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

## Dear Shareholders,

The 4 members of the Corporate Governance Committee of 2017 are Professor Surapon Nitikraipot (Chairman), Mr. Don Wasantapruerk, Mr. Auttapol Rerkpiboon and Colonel Nithi Chungcharoen (Directors). The Committee has duly performed its duties set forth in PTTGC's Corporate Governance Committee Charter and executed the tasks mandated by the Board of Directors. The Committee held a total of 5 meetings. Below is a summary of the Committee's key developments:

### 1. Ensuring compliance with applicable laws, regulations and best practices

- The Committee oversaw the preparation of the annual general shareholders' meeting (AGM) to ensure compliance with corporate governance (CG) principles and best practices. As a result, PTTGC's AGM has been awarded a perfect score of 100 for the sixth consecutive year.
- The Committee ensured that minority shareholders were given an opportunity to propose meeting agenda items and nominate persons to be elected as members of the Board of Directors more than 3 months in advance of the 2018 AGM date from September 15<sup>th</sup> to December 31<sup>st</sup>, 2017.
- The Committee has supervised compliance management processes to prevent violation of rules, regulations and laws that govern the PTTGC Group's businesses and to minimize risks that could arise as a result of such violation. The Committee also reviewed a summary of complaints submitted through the whistleblower system.

### 2. Securing compliance with Corporate Governance and Business Code of Conduct

- The Committee approved the Corporate Governance and the Corporate Compliance Plans for 2018 in accordance with the Corporate Governance Code for listed companies 2017 (CG Code) of the Securities Exchange Commission and the ASEAN CG Scorecard, as well as PTTGC's strategies. The Committee also reviewed the previous year's performance.
- The Committee reviewed the 2017 edition of the Corporate Governance and Business Code of Conduct Handbook to align its content with the CG Code.
- The Committee reviewed the Corporate Governance report in the 2017 Annual Report and in Form 56-1 to ensure complete disclosure of information and compliance with good corporate governance guidelines at both domestic and international levels. As a result of this practice, PTTGC was once again named "Excellent" in the CGR Awards.
- The Committee gave advice on the review of PTTGC's anti-corruption measures and the preparation of applying for membership recertification by Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). PTTGC was certified for the second time on May 25<sup>th</sup>, 2017.
- The Committee gave advice on PTTGC's participation in the NACC Integrity Awards. PTTGC received an honorable mention by the Office of the National Anti-Corruption Commission (NACC) on November 17<sup>th</sup>, 2017.

### 3. Supervising sustainable-development processes

- The Committee has given advice on PTTGC's sustainable-development processes according to international practices and the PTTGC Sustainability Framework, ensuring that our processes were in line with future change in the trend's direction. The Committee also followed up on PTTGC's sustainability performance according to the established KPIs to maintain PTTGC's position as one of the top 10 DJSI world members, as well as supervised and has given suggestions on PTTGC's sustainability management.
- The Committee continued to monitor and supervise PTTGC's concrete operational responsibility towards various groups of stakeholders in accordance with the CG principles through the examination of reports submitted by departments responsible and community visit. The Committee also gave its opinions and advice on operational matters for PTTGC's sustainable growth.

- The Committee supported and pushed for the agreement between PTTGC and the government on the development of a fingerprint database for crude oil and its relative petroleum products. The database would help identify the sources of tar balls and oil slicks in Thailand. The agreement also included the creation of a centralized data library that would enhance the efficiency of Thailand's oil-slick detection, using PTTGC's scientific and petroleum knowledge and expertise.
- The Committee encouraged and valued caring for communities, society and the environment. Under the Giving Back to Society campaign, PTTGC has refrained from giving souvenirs to shareholders attending the AGM for the second consecutive year. In 2017, PTTGC donated 100 baht for every shareholder who registered at the AGM, a total amount of 477,000 baht to purchase medical equipment for Khao Chamao Chalermphrakiat 80 Years Hospital in the province of Rayong. PTTGC representatives also visited the hospital to see its operation.

#### 4. Performance, assessment and development

- The Committee pre-set the dates for its meetings for the entire year, arranging at least one meeting per quarter. Ad-hoc meetings could also take place, should the need arise. In these meetings, the Committee considered and acknowledged PTTGC's performance and reports, as well as made recommendations to the Board of Directors and management.
- The Committee oversaw the development of Directors in accordance with good corporate governance principles by ensuring the provision of continuous training for the Board. We also encouraged Directors to take various classes at the Thai Institute of Directors and invited experts from outside our organization to give lectures to members of the Board.
- The Committee reviewed and enhanced the 2017 Board Performance Assessment Questionnaire in accordance with present circumstances, the CG Code and other global standards, such as the DJSI and the ASEAN CG Scorecard.
- The Committee reported its performance and the results of its 2017 individual and group performance assessments to the Board of Directors for their acknowledgement.
- The Committee reviewed and updated its charter in accordance with PTTGC's current business context and the CG Code.

The Corporate Governance Committee has placed much importance on the role it plays in ensuring that PTTGC strictly adheres to Corporate Governance Policy and Business Code of Conduct. The Committee shall endeavor to unceasingly develop our corporate governance in reflection of international practices. The Committee believes that good corporate governance plays a major role in ensuring PTTGC's efficient operation and contributes to the sustainability of our business. We hope that our efforts will help PTTGC earn the confidence of our stakeholders, as well as domestic and global recognition.

On behalf of the Corporate Governance Committee

*(Signed) Surapon Nitikraipot*  
 (Professor Surapon Nitikraipot)  
 Chairman of the Corporate Governance Committee