

## Good Corporate Governance

PTT Global Chemical Public Company Limited (PTTGC) resulted from the amalgamation of PTT Chemical Public Company Limited (PTTCH) and PTT Aromatics and Refining Public Company Limited (PTTAR) on 19 October 2011. Since its establishment, the Board of Directors have always valued good corporate governance principles, recognizing that good corporate governance not only creates trust in PTTGC's business among shareholders, investors, financial institutions, customers, business partners, and other stakeholders, but is a pillar that supports sustainable business growth. Adherence to good corporate governance will bring about long-term value for shareholders, social development, and accountability for stakeholders, which will further position the Company as PTT Group's Chemical Flagship, Thailand's largest and integrated petrochemical and refining business, and ASEAN's leading business entity in size and product diversification.

Driven by such strong will, the Board set up a Corporate Governance Committee. Chaired by an Independent Director, the Corporate Governance Committee is tasked with the formulation of policies regarding corporate governance business code of conduct, and making them widely known with guidelines for implementation. The Committee also oversees, gives advice, evaluates, and reviews policies and practices in order to bring PTTGC's corporate governance to international standards.

Initially, the Committee's duties involve formulation of policies and guidelines that both companies always complied with until they were widely recognized and awarded for their excellent corporate governance. To have guidelines of the most stringent standards for both the management and employee to follow, the Board published the 'PTT Global Chemical Group's Corporate Governance Policy' signed by Chairman of the Board, and announces company-wide implementation. This will result in PTTGC and its affiliates ("PTT Global Chemical Group") becoming an efficient entity in business management and corporate governance. PTT Global Chemical Group should be recognized as an organization conducting its business with ethics, fairness, transparency, and accountability. The Company is determined to create the maximum benefits for shareholders while having concerns for stakeholders to create mutual trust to move forward together with sustainability. The Company, moreover, produces 'Good Corporate Governance and Business Code of Conduct Handbook', a reference of corporate governance principles and implementation guidelines. The document equips the management and employee with awareness and understanding of good corporate governance, which is underscored by the principles of **Creation of long-term value, Responsibility, Equitable treatment, Accountability, Transparency, and Ethics, or CREATE**. The management and employee must strictly adhere to these principles, as well as laws and regulations in every country where it invests. The document also conveys the good corporate governance

policy to the Board, the management, and staff. It can also assure stakeholders with greater confidence in PTTGC's business conduct. The handbook was officially announced in February 2012. The Board, the management, and employee gave their signatures to show acceptance of the corporate governance principles as their mission. The contents of the handbook were also posted on the intranet for employee and other interested on the Company's website at [www.pttgcgroup.com](http://www.pttgcgroup.com).

## ❏ Compliance with the Good Corporate Governance Principle

PTTGC is committed to good corporate governance principles and conforms to the Stock Exchange of Thailand's (SET's) good corporate governance principles for listed companies. The five core principles are:

### 1. [The Rights of Shareholders](#)

PTTGC recognizes the rights of shareholders, thereby introducing a framework to ensure that shareholders' basic rights are fully protected. Investor Relations, Corporate Secretary work in coordination to promote shareholders' equal rights.

#### 1.1 Annual General Meeting of Shareholders (AGM)

PTTGC is to organize the AGM by holding on to SEC regulations on corporate governance as well as corporate governance standards, both in terms of shareholders' rights and equitable treatment.

##### Before the Meeting Date

PTTGC makes some pre-arrangements for holding the 2012 AGM, the first shareholders' meeting following the amalgamation. It recognizes the usual practices of both companies which had received excellent ratings from the assessment based on the AGM Checklist. PTTGC is determined to hold a better meeting by welcoming suggestions and recommendations from shareholders for consideration. Preparation for the 2012 AGM was also included in the agenda of Corporate Governance Committee's 2012 meeting.

Preparations include notification to shareholders about the Board's agreement on the AGM date, dividend payment, record of meeting attendance and dividend payment dates, and closing date of the registry book to suspend share transfer. The invitation to AGM is sent along with other necessary documents using SET's information disclosure system as required. The invitation, proxy note, and other documents, in both Thai and English, are also posted on PTTGC's website 30 days before the meeting date.

The invitation to the meeting contains all details required, i.e. the meeting date, time, and venue; meeting agenda attached with the Boards' opinions; including information to facilitate the consideration of each item on the meeting agenda; PTTGC's annual report, all types of proxy note (type A, B, and C) as required by the Ministry of Commerce. These documents will be of use if any shareholder is not able to attend the meeting. In such case, the shareholder can appoint an Independent Director or any other person as proxy, who is also allowed for proxy votes. The Company arranges mailing of the invitation note 21 days ahead of the meeting date, which is earlier than the legal requirement of at least 14 days to allow enough time for shareholders to peruse the documents.

#### On the Meeting Date

On the day of the 2012 AGM, the meeting venue, meeting process, registration and officers will be prepared, to facilitate and speed up the registration process. Registration is allowed through the bar-code system two hours ahead of the meeting. Computer sets, in a sufficient number, are also available at all meeting rooms to ensure correct and fast registration. Shareholders are still allowed to register for the meeting even after the meeting starts so that they can maintain their rights for voting on the agendas that they have not yet exercised their rights. An emergency response plan is also in place to ensure safety and security.

The Board and each member of all Committees value each shareholders' meeting. Executives, auditors, and legal advisers consider it their duty to attend the shareholders' meeting to answer questions and clarify legal queries. The Chairman of the Board, who chairs the AGM, announces meeting regulations as required by law and Company regulations, e.g. opening of the meeting, voting, and vote counting for each item of the agenda. The Chairman of the meeting allows shareholders to ask questions and express their opinions freely. The Chairperson of each Sub-Committee answers questions clearly with adequate information in his/her respective areas. To ensure transparency, legal advisers and volunteers from shareholders are invited to witness every vote counting. Collection of ballots is carried out under SEC's regulations. To show respect for shareholders' rights, any addition or change on the agenda, or change of significant information in the meeting, is forbidden. The Chairman allows ample time for the meeting and conducts the meeting in an appropriate and transparent manner with respect to the meeting agenda earlier announced in the meeting invitation.

### After the Meeting Date

PTTGC is determined to maintain AGM standards with strict conformance to regulations of the Securities and Exchange Commission (SEC) and the Thai Investors Association. It ensures that shareholders receive the minutes of the meeting, with accurate and adequate information, in a timely manner. It submits the minutes to SET within 14 days after the meeting. The minutes will also be posted on the Company's website to allow shareholders and other interested parties to access information about the Company. The proceeding at the meeting will also be recorded in a VCD format, and interested parties are welcomed to obtain a copy. The 2011 AGMs of PTCH and PTAR are assessed, and shareholders were satisfied with their arrangements, giving an over 90% rating.

#### 1.2 Access to Information

PTTGC treats its shareholders better than what is required by law by providing them with updated information. Reports and analyses made by the management can also be accessed through various channels, e.g. SET's news reporting system and the Company's website, in both Thai and English, to ensure shareholders access to information. Information that is not required for disclosure by law but that the Company considers should be disclosed for the benefit of shareholders will be posted on the Company's website or made known through SET's news reporting system, as seen appropriate. PTTGC also allows shareholders to ask for information or pose their questions through Corporate Governance Secretary at [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com), as well as Investor Relations at [ir@pttgcgroup.com](mailto:ir@pttgcgroup.com).

## 2. Equitable Treatment of Shareholders

PTTGC is determined to treat all shareholders equally, major or minor shareholders, or institution or foreign investors. The following tools support its equitable treatment of shareholders:

- Structure of Good Corporate Governance and Scope of Work

PTTGC establishes the structure of the Good Corporate Governance, which details elements, qualifications, appointment, roles and responsibilities, holding of directorship, and performance of Directors, and employees at both managerial and operating levels. It also formulates policies and regulations as well as an operating manual in a clear written form to allow checks and balances. PTTGC's Internal Audit Department examines the business performance to ensure that its business proceeds in the direction earlier agreed upon and conforms to the laws and regulations involved, and can attain its goal efficiently. In doing so, the Internal Audit Department must follow the charter approved by the Audit Committee.

- **Permission for Shareholders to Propose AGM Agenda, Director Nominees, and Questions in Advance**  
PTTGC allows shareholders to propose meeting agendas and nominees for Directors, and pose questions before the AGM date, under the Board's regulations. Qualified shareholders can send their proposed agendas through fax, e-mail, or the Company's website, and are required to forward the signed original copies together with supporting documents via regular mail to the Corporate Secretarial Department. Information concerning such practice is posted on PTTGC's website and disseminated through SET's news reporting system to demonstrate the Company's equitable treatment of all shareholders. Candidate names and meeting agendas proposed by shareholders will receive consideration under PTTGC's criteria. The Board will carefully screen the meeting agenda to come up with items that only truly benefit the Company. Meanwhile, the Nomination and Remuneration Committee will be responsible for screening the proposed candidate names before submission for the Board of Director's consideration. The Chairman of the Board will announce the outcomes of the consideration with the rationales behind the decisions to shareholders at the meeting.

At Board Meeting No.4/2554, held on 26 December 2011, the Board approved the criteria and guidelines for determining the number of shares held by a given person to qualify for proposing meeting agendas and nominating directors. The shareholding volume must be no less than 0.5%, and the holder must have held such shares for one full year. Such shareholding must still be valid until the closing date of the registry book to maintain the holder's right to participate in the meeting. This is to open the door for shareholders who have continued interest in PTTGC's business.

In 2012, PTTGC allows shareholders to propose their meeting agendas from 26 December 2011 until 31 January 2012 as a result of the amalgamation, completed on 19 October 2011. In the following year, three months before the meeting date will be allowed according to best practices. And only for 2012, the Company is foregoing the condition regarding one-year shareholding for shareholders who would like to propose their meeting agendas, also as a result of the amalgamation.

- **Suggestions and Questions from Shareholders to the Chairman of the Corporate Governance Committee**  
Shareholders are welcome to raise their suggestions and recommendations to the Chairman of the Corporate Governance Committee through the Company's website. The Company Secretary will collect and submit them to Chairman for consideration. If such suggestions,

recommendations, or questions are considered beneficial for PTTGC's business or are of interest to most stakeholders or PTTGC's performance, he/she will raise them at the Board's meeting.

- **Shareholder Relations**

As part of good corporate governance, PTTGC plans to arrange visits to operating plants for shareholders to ensure their confidence, while providing knowledge and understanding of operations, management, and PTTGC's care for society, the community, and the environment. The visits will also strengthen relationships between the Company's management and shareholders. PTTGC will let shareholders learn about the planned visits and will assess their satisfaction for further improvement.

- **Control of the Use of Inside Information among Members of the Board and the Management**

The Board has instituted a set of rules that govern the disclosure of information and prevention of insider trading or any act that may cause conflicts of interest among people involved, i.e. Directors, Executives, and employees working in related areas as well as their spouses and children under the lawful age. Policies, code of conduct for Directors and employees, and business conduct were set up in conformity as follows:

1. Directors and employees are not allowed to exploit inside information and must keep such information in confidence. This rule is incorporated in the Good Corporate Governance and Business Code of Conduct Handbook and communicated to Directors, the Executives and employees for acknowledgment and practice.
2. Sales and purchase of shares by exploiting inside information is prohibited to prevent insider trading, which may bring about personal benefits or benefits for related persons, and to prevent employees from wrong-doing. In this regard, equitable treatment of shareholders and investors is taken into account.
3. Sales and purchases of shares by Directors, the Executives, and employees whose work involves financial information is prohibited for 45 days before the disclosure of PTTGC's quarterly financial statements and 60 days for annual financial statements. Their transactions can resume 24 hours after the disclosure of such information to SET to ensure equal access to information. PTTGC will send out notifications to Directors and the Executives beforehand.
4. Directors and Executives, as defined by SEC, are responsible for notifying PTTGC by filing reports on sales-purchases-transfers-acquisitions of shares within 3 working days after any change in their portfolios. The Board assigns the Company Secretary to collect all reports and incorporate them into the meeting agenda of all the Board' meetings.

- Prevention of Conflicts of Interest

The Board draws up policies and business code of conduct and takes the following actions:

1. PTTGC has strictly followed the regulations of SET and SEC and those of the Capital Market Supervisory Board. Directors or Executives with potential vested interests in transactions or meeting agendas with potential conflicts of interest will not attend such meetings. If their presence at the meeting is required to provide necessary information, they will not be allowed to vote or to give any opinion on such items. The Company Secretary or the Secretary of the Sub-Committee involved will take note of any involvement of a Director or Executives and incorporate such information in the minutes of the meeting.
2. The Board has included the rules about conflicts of interest in the Good Corporate Governance and Business Code of Conduct Handbook, which Directors, Executives, and Employees are required to follow. By using the Company's report form to show their transparency and to prevent any unintentional cause of conflict of interest, all personnel are required to report any matter with potential conflicts of interest.

### 3. [Responsibilities to Stakeholders](#)

PTTGC has always been committed to taking responsibility for all stakeholders with respect for others' rights and stakeholders' satisfaction to accomplish sustainable co-existence. The Board's mechanism assures that all stakeholders are protected and that they are equally treated, be they shareholders, employees, customers, business partners, creditors, the government, business competitors, communities, society, or the environment.

PTTGC's policies and treatment for each group of stakeholders are as follows:

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- Shareholders

*Policy : Shareholders are encouraged to exercise their basic rights. PTT Global Chemical aims to create utmost satisfaction for the shareholders while taking into consideration the sustainable growth of the Company, the creation of added value and the continued provision of appropriate returns, as well as the good corporate governance principles.*

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In addition to ensuring shareholders' basic rights as stated by the law, the Company's Articles of Association, and the Good Corporate Governance and Business Code of Conduct Handbook,

such as the right to attend shareholders' meetings and cast their votes, the right to freely express their opinions, the right to check the number of shares, and the right to receive fair returns from the Company, PTTGC has drawn up a good corporate governance work plan to upgrade its CG to international standards. This is in line with its commitment to attaining regional and global business goals, which focuses upon creating satisfaction and added value that benefit both domestic and foreign shareholders directly.

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- Customers

*Policy : Devote to customers and members of the general public satisfaction and confidence in the quality products and services at appropriate price levels. Consistently upgrade standards and maintain a positive and lasting relationship.*

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To ensure maximum benefit from PTTGC's products, in terms of quality and price, while developing relationships with customers, it established a special department to take care of customers. Customers are welcome to raise their recommendations about products, give advice on problem-solving, and file complaints. This is to ensure the Company's attempt to best serve customers with products and services that are of the right quality, fair prices, and punctuality. Customer engagements and visits are arranged to listen to customers' opinions and clarify customers' queries for maximum benefit of all parties. PTTGC, moreover, does not collude with competitors to gain benefits which may cause unfairness to customers. It will only comply with contracts, business code of conduct, and laws and regulations strictly. It also conducts customer satisfaction surveys for all products and services every year to cross-check their satisfaction for further product and service development.

This year, PTTGC organized a customer engagement session on 26 November 2011 to welcome customers and business partners from all business sectors and strengthen relationships with them.

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- Business Partners

*Policy : Take into account equality and honesty in the conduct of business. Protect the interests in collaboration with the business partners by observing the laws and the rules agreed upon with them, and by conducting ethical business.*

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PTTGC follows an honest free-trade framework strictly in contracts and business code of conduct with business partners, equality, and fairness, and expects all business partners to do the same. It always includes a clause regarding conflicts of interest in business contracts, which value inspection and transparency in hiring contractors. It also prohibits the Executives and employees from having



influence or incentives, or giving, or receiving any benefits which are against the good corporate governance principles.

PTTGC issued a policy and clear guidelines on dealing with business partners. Employees must treat business partners honestly and strictly follow any obligations between each other. Business partners must be notified of any problems in advance to jointly find sensible solutions. Guidelines are in place to oversee the receipt and provision of any goods or benefits from parties with interests in the Company's business to prevent employees from inappropriate behavior. Business partners are expected to observe regulations concerning safety, occupational health, and the environment to ensure smooth relationships. The quality of life and well-being of the community, society, and the environment must also be respected by both sides.

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- Business Competitors

*Policy : Treat competitors as per the international principles within the framework of the laws on trade competition and fair competition.*

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PTTGC follows free-trade principles and promote free trading. It abides by fair trading while observing business code of conduct and laws. It does not seek competitors' confidential information through dishonest means, does not discredit them through accusations or slanders, and does not attack competitors groundlessly. The Company's personnel must refrain from any act that may harm business competitors.

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- Creditors

*Policy : Observe the practical guideline and the conditions in fairness to the creditors, and repay debt on time.*

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PTTGC strictly follows obligations with creditors and financial institutions, and performs its duties as required by conditions in agreements. It does not hide any facts which could prove harmful to creditors. If it cannot fulfill contracts, it will inform creditors beforehand to jointly find solutions. In addition, PTTGC organizes activities that foster good relationships with creditors and joins creditors in running suitable social activities.

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- **Public Sector**

*Policy* : Recognize the significance of the public sector which is one of the stakeholders of PTT Global Chemical Group. A guideline has been established for the treatment of the public sector in the countries in which PTT Global Chemical Group invest in order to avoid negative consequence from any action.

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PTTGC conducts its business under the supervision of government agencies involved both in Thailand and in countries where it invests, realizing that governmental support is needed for smooth operations and thus ensures compliance with policies, laws and regulations. In relationships, PTTGC regularly exchanges information with the government to foster ties within proper, transparent limits. It takes part in various activities and lends support to various projects organized by the government sector, such as the recent 'Ruam Phalang Thai Chuai Phai Nam Thuam' project (Calling for Thais to Join Forces in Flood Relief Project) organized by the Office of the Prime Minister.

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- **Employees**

*Policy* : Develop our organization into one of learning. Foster a culture and an ambiance of teamwork. Pay fair compensation. Ensure safe work environment. Recognize the significance of development and knowledge transfer. Listen to opinions and suggestions of employees at all levels in an equitable manner. Foster and enhance cultural organization with the awareness that all employees are a crucial factor of sustainable success, advancement and growth of PTT Global Chemical Group.

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Employee recruitment and allocation are carried out with due regard for each person's educational qualifications, experience, and ability to place him/her on the right job. PTTGC encourages continuous employees development. Employees are allowed to appropriately unleash their potential through performing their duties and responsibilities. Job opportunities are opened for all without discrimination against gender, age, religion, and physical disability. PTTGC also abides by international human rights with respect for others, while preventing harassment. A Welfare Committee comprising representatives from the management and employees has been set up to ensure that employees welfare is adequate and secure for employees and their families' living. PTTGC provides a safe workplace for employees while organizing various activities to provide knowledge about safety, in theory and practice, to employees and contractors to ensure their preparedness to deal with emergencies, such as fire drills at PTTGC's high-rise head office and emergency drills at operating plants.

At PTTGC, Good Corporate Governance Communication Plans are communicated to ensure that the Executives and employees of PTTGC Group possess due awareness and can apply such principles to their daily work life and personal life. PTTGC takes care of all stakeholders. It values human rights, the environment and the sensible use of natural resources, and international standards. The Company has drawn up its [PTTGC Core Values](#), known as [GC-SPIRIT](#), to guide its business conduct. [GC-SPIRIT](#) also drives good corporate governance, as the "I" in the acronym stands for [Integrity & Ethics](#). Even though the two former companies have now become one, the new entity still high values talent and virtue. Good corporate governance will be further driven by the 'Good' and 'Great' of employees who 'value' and 'pursue' the Good Corporate Governance Handbook, which will bring the Company's corporate governance up to international standards sustainably and securely.

In addition, PTTGC recognizes the need to keep employees at all corners of the organization informed of all business developments. Employees can express their suggestions direct to the Executives, such as through the "Management Site Visit" activity, which is a type of employees engagement designed for discussion between the Executives and employees. The Executives will also give encouragement to operating employees at sites and head office. Many other activities are held to ensure the understanding of and familiarity between the Executives and employees.

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- **Communities, Society and Environment**

*Policy : Conduct the business on the basis of responsibility to communities, society and environment, in terms of safety, quality of life and preservation of natural resources. Must promote the efficient use of energy, recognize the significance of the quality of life of communities surrounding the plants and society at the national level. A proportion of the profit shall be allocated to help build communities and society. The conduct of business should take into account impact on the environment from the stage of plant construction, the selection of production technology to the handling of waste, as well as the research and development of innovations to increase energy usage efficiency.*

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PTTGC has always been careful not to create impacts on the community, society, and the environment. At all operating plants, it supports activities that upgrade the quality of life and provide benefit to the community, society, and the environment. Social responsibility is part of PTTGC's "[GC-SPIRIT](#)" Core Values, in which 'R' stands for [Responsibility for Society](#). Social contribution plans are drawn up under the Company's strategies, social development plan,

and investment plans for sustainability in order to minimize impacts on the surrounding communities, particularly in safety, health, and education areas. The Company devised a plan for sustainable development based on the international ISO 26000 standards, follows up and even improves it to align with the business plans. It encourages employees and stakeholders to act as good citizens and encourages them to join activities with operating sites' communities or in activities organized by stakeholders. Employees' volunteering spirit is made part of their annual performance appraisal. Even in a crisis, PTTGC's programs for the community and society still proceed. The Company even exploits more of its internal knowledge and capability to increase those projects' effectiveness for the maximum benefit of communities and society. During the flooding disaster in late 2011, for example, volunteer employees joined PTT Group in disaster relief programs, the opening of rehabilitation centers in affected provinces, and the establishment of the Boran Kaan Kaeng Club for social contribution activities, giving assistance to flood-affected people in both cash and thing.

#### 4. [Disclosure of Information and Transparency](#)

The Board recognizes that disclosure of information should be done in a transparent, accurate, complete, equitable, reliable, and timely manner through reliable channels with easy access. A policy is laid down for disclosure of information, both financial and non-financial. Such information, be it positive or negative, must be composed carefully, clearly, correctly, transparently, regularly, and can be examined to ensure that shareholders and stakeholders can receive equal information, as required by law as well as the regulations of the Company and related government agencies.

##### 4.1 Quality of Information

PTTGC's information disclosed to shareholders, investors, and the public must be timely, reliable, complete, and accurate as required by laws and regulations. Public disclosure of Company information, both financial and non-financial information, involves:

1. Financial and non-financial information as required by SEC and SET PTTGC's financial statements are prepared accurately and completely according to accounting standards. They are audited by the external auditor and the Audit Committee. The accurate, complete, and timely audit process is based on SEC and SET regulations and corporate governance principles. Since the amalgamation on 19 October 2011, none of PTTGC's acts relating to disclosure of information have been found in disagreement with SET regulations.

2. Information about Directors and its disclosure Directors, Executives, and their connected persons related to the business execution of PTTGC or affiliates under SET regulations file reports as required by law and other reports by their own accord and fiduciary duties with care and completeness. This is meant to ensure that they do not have vested interests in decision-making. These reports are vested-interest reports of Directors, the Executives, and connected persons, reports on shareholding and changes in shareholding and acknowledgment of their duties related to shareholding, reports on internal control and audit as well as risk management, the charter of each Sub-Committee, certification of independence of Independent Directors, reports from Independent Directors on each Sub-Committee, and corporate governance reports.
3. Business performance reports PTTGC discloses information in addition to information technology as required by SEC and SET regulations. This is to allow shareholders and the public to learn about its development, such as major investment projects, business movements, as well as CSR and SHE projects.

#### 4.2 Disclosure Channels

PTTGC discloses its information, as or more than required through the channels below:

- Disclosure through SET Community Portal and the Company's website, in both Thai and English. The website is regularly updated and readily provided with web pages to access a particular PTTGC department.
- External communication, e.g. launch of projects, Executive interviews, propagation of the Company's vision, strategies, and goals, as well as business results must be complete and accurate according to information disclosure practice, and expression of ideas to outsiders as guided by the Good Corporate Governance and Business Code of Conduct Handbook.
- Internal communication, another type of communication that the Company considers important. Company information is passed on to employees through various channels of internal communication, including the e-mail, intranet, internal newsletter, notice board, and exhibition to keep staff updated with PTTGC's movement, particularly strategies, directions, and policies. PTTGC has guidelines on the use of information internally and on confidentiality of information which business and employees must strictly comply with.

#### 4.3 Information Disclosure Channels and responsible parties

1. Investor Relations An Investor Relations department has been instituted to take responsibility or disclosure of information to investors by providing information and convenience to access information to ensure that information reaching investors is accurate, complete, and timely.

This year a number of activities were organized by Investor Relations. However, after the amalgamation, PTTGC arranged for its Executives to provide information on various occasions, e.g. meetings and road shows with domestic and international investors, meetings with financial analysts, telephone conferences with Executives, meetings with Executives at the office, disclosure of information through SET and the Company's website, conversations through telephone and e-mail, and newsletters to shareholders. PTTGC also launched a webpage dedicated to Investor Relations, which provides general information for shareholders/investors and financial information to better facilitate access to information. An [ir@pttgcgroup.com](mailto:ir@pttgcgroup.com) e-mail address was also launched to answer queries.

2. Corporate Communication and Branding This department is responsible for giving updated information about business movement to the media and the public. Activities organized after the amalgamation include:

- A press conference titled 'First Trading Day of PTTGC Shares on SET' on 21 October 2011 at SET's office
- Executive interviews by the media, including television, print media, and magazine to provide information about PTTGC's structure, business directions, and vision
- Photo releases, press releases, scoops, and calendar news for the media, both in Bangkok and upcountry

3. Corporate Social Responsibility This department produces the 2011 Sustainability Report, based on Global Reporting Initiative (GRI) G3.1, transparent, and available for examination through all communication channels. The Sustainability Report is intended to provide such information as social development activities and the open-house activity to allow community people to meet and get acquainted with PTTGC Executives. It was an opportunity for the Company to make known its policies involving social responsibility and foster understanding and relationship with the community and stakeholders. It was also a channel for local people's voice, which will benefit the improvement of CSR plans. Visits to communities were also carried out not only to meet the local people, but to let them know about CSR projects in various aspects, such as education and public hygiene. Some other activities

were carried out with local people's participation, including scholarships for nurses, high-school tuition, and a mobile clinic.

PTTGC also has two - way communication channels, e.g. letter and e-mail, which appear on its 'Good Corporate Governance' webpage. Shareholders, investors, and individuals can reach the Chairman of the Corporate Governance Committee or the Company Secretary through [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com).

## 5. Responsibilities of the Board

The Board plays a key role in corporate governance. By law, it is responsible for steering the business for the maximum benefit of the Company. Its performance reflects good corporate governance principles. The Board has performed its duties with integrity, prudence, care and transparency, and with understanding of legal commitments, Company regulations, shareholders' resolutions, and corporate governance practices. For shareholders' and investors' confidence, it avoids committing actions against PTTGC's interests.

### 5.1 Structure and Composition

The Board consists of Directors, Independent Directors, Sub-Committees, the CEO, the President, and the Company Secretary. The structure is balanced and appropriate, with due checks and balances.

#### 5.1.1 Directors

Following the joint shareholders' meeting between PTT Chemical Public Company Limited and PTT Aromatics and Refining Public Company Limited on 18 October 2011, the Board consisted of 15 Directors - 4 Non-Executives, 2 Executives (the CEO and the President), and 9 Independent Directors. The number of Independent Directors exceeds half of the Board. All Directors are experts with diverse experience in the petroleum, petrochemical, energy, management, accounting and finance, legal, security, and auditing, who apply their expertise, skills, qualifications, and experience for the benefit of the Company. The Board structure allows all Directors to perform their duties with efficiency. The Board discloses the Directors' names, profiles, credentials, experience, and shareholding through the annual report, Form 56-1, and the Company's website. Qualifications of Directors are set by the Board and included as part of the Articles of

Association of PTTGC and in the Good Corporate Governance and Business Code of Conduct Handbook, which can also be accessed on the Company's website.

The Chairman, the CEO and the President are different individuals with clear separation of roles. The Chairman performs his/her duty with independence, and is able to express views on the Company's performance under the Board's policy and in the best interests of the Company, shareholders, and the country. The Chairman does not belong to any Sub-Committee. Such structure enables the Chairman to perform his/her duties efficiently.

PTTGC's Articles of Association and Good Corporate Governance and Business Code of Conduct Handbook contain written roles and responsibilities of the Board and the Executives to facilitate control, examination, and assessment to assure attainment of PTTGC's business goals, consisting of its vision, mission, strategies, financial goals, risk management, plans, and budgets. Business goals receive initial screening through the Management Committee, which comprises top Executives, before being raised to the Board for consideration. The Board has the Management Committee perform and report their performance under the policies and plans with regular follow-ups.

#### 5.1.2 Independent Directors

The Board reviews the Independent Directors' independence through past and current performance as well as their business relationships to the Company under SEC and SET regulations. Currently numbering six, which exceeds a third of the composition of the Board and legal requirement, all Independent Directors perform their duties by taking into account equitable benefit of all stakeholders.

The Board includes the definition of Independent Directors in the Good Corporate Governance and Business Code of Conduct Handbook, in line with SEC and SET regulations. It also imposes stricter rules on their shareholding, which must not exceed 0.5% (while SEC's limit is 1%). All Independent Directors possess independent directorship and self-certify their independence every year-end (and at the end of 2011).

#### 5.1.3 Sub-Committees

To ensure the effectiveness of the Board in performing their duties regarding corporate governance, the Board, at its meeting No. 1/2554 (2011) held on 19 October 2011, appointed



four Sub-Committees (also commonly called Committees), namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management Committee, to conduct initial deliberation of the establishment of preliminary criteria regarding business management. All Sub-Committees regularly report their findings and performance for the year to the shareholders through the annual report.

The Board also lays down written charters for all Sub-Committees, including roles, duties and responsibilities, qualifications, terms, and meeting regulations. Such information is included in the Good Corporate Governance and Business Code of Conduct Handbook and posted on PTTGC's website.

**(1) Audit Committee**

This Committee consists of three Independent Directors, serving three-year terms. Members are knowledgeable and experienced enough for reviewing the reliability of the financial statements. The scope of their authority and responsibility is specified in the Committee's charter. In reviewing the financial statements, the Committee is always joined by the external auditor, whose opinions as well as remarks and suggestions are noted in the meeting minutes. The Committee's performance is regularly reported to the Board. Its annual performance appraisals are conducted, and the number of meetings attended by individual directors is disclosed. The Committee also completed the previous year's report and included it in the annual report for shareholders' acknowledgement.

**(2) Nomination and Remuneration Committee**

This Committee consists of three Directors, two of whom are Independent Directors, with a three-year term. Its Chairman is an Independent Director tasked with the examination of the criteria and patterns of compensation for Directors and the CEO. The scope of work includes laying down the criteria and recruitment process with independence, fairness, transparency, and sensibility, comparable to industry peers.

**(3) Corporate Governance Committee**

This Committee consists of four Directors, three of whom are Independent Directors,

with a three-year term. Its Chairman is also an Independent Director. As assigned by the Board, the Committee considers practical guidelines for corporate governance and provides recommendations to the Board and the Executives. The scope of work includes giving advice, making assessment, and undertaking reviews of the policies and practices regarding corporate governance for improvement to international standards and conformance to the guidelines of SEC, SET, and leading organizations.

(4) **Risk Management Committee**

This Committee consists of three Directors, at least one of whom must be an Independent Director, with a three-year term. As assigned by the Board, the Committee is tasked with the formulation of policies and guidelines for the Executives of various risks present in the business conduct with appropriateness and efficiency. The scope of work includes keeping control of the risk management system and process to minimize impacts on PTTGC and following up the work with due assessment to ensure that the business is run with properly prepared risk management measures.

**5.1.4 Company Secretary**

At its meeting No. 1/2554 on 19 October 2011, the Board appointed Mrs. Walaiporn Puspavesa, Vice President, Corporate Secretary, under the Corporate Affairs, as Company Secretary under Section 89/15 of the Securities and Exchange Act, B.E.2535 (1992), which was amended by the Securities and Exchange Act, no.4, B.E. 2511 (2008).

In performing her duty, aside from regulatory requirements, the Company Secretary also ensures PTTGC's and the Board's compliance with PTTGC's articles of association, relevant laws and regulations of the overseeing agencies, resolutions of the Board/shareholders' meetings, and corporate governance practices. The Company Secretary also supports/coordinates training for the Directors and the Executives in relevant areas. The scope of work includes making reports to the Board and the Executives to inform them of any change in regulations and filing of important documents as required by law. The Company Secretary attends training, seminars, and various events organized by the regulators of listed companies to listen to clarifications while giving opinions on various issues. This will boost the efficiency of her functions and PTTGC's corporate governance alike. Shareholders can contact the Company Secretary via e-mail: [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com).

## 5.2 Terms of the Board of Directors

As stated in PTTGC's Articles of Association, each Director's term is three years, in line with the Public Company Limited Act.

Recognizing the limit to the efficiency of Directors, the Board takes seriously the number of companies where PTTGC's Directors serve. The policy is outlined in the Good Corporate Governance Handbook, allowing Directors to serve no more than three listed companies. If the number exceeds this limit, taken into consideration are the suitability to the nature and condition of other companies' businesses and the fact that they should emphasize companies in which PTTGC invests. PTTGC discloses the positions of each Director in other companies in the annual report, Form 56-1 and the Company's website.

As for the case of the CEO holding directorship in other companies, consideration must be made on the suitability of the nature and condition of those companies' businesses and the fact that the person should emphasize companies in which PTTGC invests.

## 5.3 Roles and Responsibilities of the Board of Directors

The Board, as the representatives of shareholders, is vital to the formulation of policies, vision, strategies, and directions of the business, and is tasked with overseeing and following up business movements through analyses of both internal and external factors, as well as expectations from various stakeholders to ensure business success and the maximum benefit for shareholders. PTTGC therefore sets up roles and responsibilities of the Board members beyond legal requirements. Directors are required to set role models for all staff to build trust among shareholders and investors in the following areas:

### 1) Formulation of Policies and Business Strategies

The Board decides critical operation matters, namely its vision, mission, strategies, financial goals, risks, operating plans, and budgets. The Board also oversees the performance of the Executives to ensure its efficiency and effectiveness.

### 2) Controls for Value Creation

The Board lays down policies that govern the entire organization while working to ensure that PTTGC has in place a risk management plan to create value through measures and controls to minimize impacts on the business. The Board also gives recommendations that are considered beneficial to PTTGC's business.

### 3) Good Corporate Governance

The Board ensures compliance with laws and regulations, as well as resolutions of shareholders' meetings. It also formulates policies involving good corporate governance and business code of conduct and lays down guidelines for good, independent internal controls. The Board's authority also covers disclosure of information vital to the business, safeguarding benefits and rights of shareholders to ensure their equality, examining matters with potential conflicts of interest to ensure fairness and transparency for the maximum benefit of the shareholders and the Company. It promotes personnel development for better understanding and a correct mindset in conforming to PTTGC's corporate governance guidelines. Finally, the Board promotes integration of the internal control system with good corporate governance in all parts of the operations.

### 4) Promotion of Responsibilities for Society, the Environment, and Human Rights

The Board values business conduct with responsibility for society and the environment through, attempts to reduce problems caused by the industry in parallel with the promotion of sustainable well-being of Thai society. The scope of work includes upgrading the quality of life of the people residing around PTTGC's operating plants, participating in problem-solving, and seriously minimizing impacts on communities. Moreover, the Board respects human rights and fair labor treatment to ensure co-existence of communities and plants.

## 5.4 Appointment of Directors

The appointment of Directors needs to be transparent and visible and involve the review process of the Nomination and Remuneration Committee. The appointment process is in line with the good corporate governance policy and in accordance to the good practice of Thai Institute of Directors (IOD). The Nomination and Remuneration Committee screens with care the names of suitable candidates for the directorial positions - comprises of qualified individuals from various fields whose expertise, experience and capability are beneficial to the Company. Retiring Directors are not automatically re-appointed; the Committee will re-appoint the Directors based on their performances and responsibilities. Newly appointed Directors are considered based on their expertise, experience, collective knowledge and capability necessary for the operation of the Company. As for the appointment of Independent Directors, the Committee will consider based on the "Definition of Independent Director Qualifications". In addition, the individual considered for appointment as Director must sign the Nomination form.

## 5.5 Corporate Governance Policy and Business Code of Conduct

The Board produces the Corporate Governance Policy, Good Corporate Governance Handbook and Business Code of Conduct. The contents of the handbook are based on guidelines and principles of international standards. The Corporate Governance Committee and other departments responsible for stakeholders take part in reviewing the contents to ensure its completeness.

The Corporate Governance Committee regularly follows up the implementation of corporate governance plans and assesses its efficiency and effectiveness. The Committee meets every quarter to review compliance with PTTGC's own corporate governance principles against those of other listed companies according to international standards. The Committee will then file a report on corporate governance to the Board and shareholders in the annual report.

PTTGC's corporate governance framework requires assessment of the Board's performance, that of the awareness of corporate governance among employees, and that of the satisfaction of each group of stakeholders, as well as that of the performance against the regulations of other organizations, such as SEC, IOD, and Thai Investors Association, to bring PTTGC's corporate governance to international standards.

The Board ensures that corporate governance policy and business code of conduct are communicated thoroughly to employees and stakeholders, both inside and outside the Company. Communication is carried out through various formats and channels, including the announcement of the Corporate Governance Policy, presentation of Good Corporate Governance and Business Code of Conduct Handbook to each Director, the Executives and employees of PTTGC and affiliates; organization of employees orientation programs as well as many other corporate governance promotion programs to ensure awareness and implementation at work. Employee's awareness and application of corporate governance principles are also assessed.

The Business Code of Conduct Handbook is produced and distributed to stakeholders, such as customers, creditors, business partners, and other relevant agencies. The PTTGC Suppliers Code of Conduct Handbook is also distributed to producers and suppliers of materials and services. PTTGC hopes that all business partners will abide by the same principles.

Every year, PTTGC and companies in PTT Group organize PTT Group CG Day activities to publicize the corporate governance principles among employees in the hope that they will apply these principles

in growing a sustainable business. This event, normally held around the year-end by listed companies in PTT Group, is warmly received by employees. Members of the Corporate Governance Committee also participate in the activity. As a result of the severe floods in late 2011, PTT Group CG Day has been postponed to 2012. However, PTT Group has joined the nation in volunteering programs to help flood victims to demonstrate its responsibility for stakeholders and society.

## 5.6 Internal Control and Audit Systems

### 5.6.1 Internal Controls

The Board values internal controls that are adequate and appropriate to business conditions and encourages a work environment that supports good internal controls. In this regard, the management structure, work assignments, and employees competencies for each position are clearly defined. The Board promotes code of conduct and sound values with due consideration for impacts on the community, society, the environment, and stakeholders. Business objectives, strategies, risk management processes with follow-ups and assessment are in place to ensure goal attainment. Policies, regulations, and guidelines are examples showing internal controls that can always be referred to. Communication channels, reporting systems, and access to information technology are necessary for performing internal controls. Follow-up procedure set up by business units involved are also in place. Internal auditing performed by the external auditor is regularly carried out to ensure compliance with business plans, laws and regulations, and to prevent risks from off-track performance.

### 5.6.2 Internal Audit

The Board set up the Audit Committee to take charge of the assessment of adequacy and effectiveness of internal controls, which must be appropriate to business conditions. This Committee must regularly report to the Board and the shareholders. An internal audit department is established as a separate unit with a direct reporting line to the Committee. The department is responsible for review and assessment of adequacy and effectiveness of internal controls system based on professional auditing standards. The scope of work also includes creation of added value for the business and provision of support for control mechanisms, as well as making a report on such assessment to the Board every quarter.

### 5.7 Risk Management

The Board established the Risk Management Committee to lay down policies and provide recommendations on risk management, bearing in mind business goals. The Committee considers plans to deal with corporate risks and monitors risk levels as well as assessing company-wide risk management performance to ensure business goal attainment. This Committee files reports to the Board every quarter and when a major risk is discovered. Policies and a framework regarding risk management are incorporated in the Good Corporate Governance and Business Code of Conduct Handbook.

Risk management performance reports are regularly submitted to Board meetings and are disclosed to shareholders through the annual report.

### 5.8 Board Meetings

Following the amalgamation on 19 October 2011, the first Board meeting was held on the same day. Four meetings have since been held to scrutinize various matters, and the number of meetings attended by each Director is disclosed as required by SEC regulations.

The Chairman of the Board and the CEO jointly decide the meeting agenda and screen meeting agendas. Each Director may propose meeting agendas, and the meeting agenda is clearly drawn up ahead of the meeting. An invitation is sent out to all members of the Board together with relevant documents around seven days before the meeting date so that the Directors may have enough time to consider the meeting agenda and the documents. PTTGC fixes the dates and times of Board meetings for the year so that each Director may effectively schedule his or her attendance at the meetings. Extraordinary meetings are scheduled as needed. If a Director cannot attend a meeting, he/she must send the Chairman a written notification of absence.

The Chairman of the Board chairs Board meetings and allows Directors to freely express their opinions. He also allocates appropriate time for the consideration of each issue. In decision-making, the meeting respects the majority vote of Directors present at the meeting. In case of equal votes, the Chairman exercises his voting right. Each Director has one vote and Directors with vested interests in a given issue abstain from voting to avoid conflicts of interest. Meetings are conducted with transparency and relevant information is completely disclosed

At each Board meeting, Executives concerned are present to provide information and receive policies for efficient implementation. Exceptions are made for some Board meetings or meetings

of Independent Directors, which will be attended only by qualified Directors. Such meetings are held twice a year. Some meetings involve only Non-Executive Directors, such as the Audit Committee meeting, which involves only the Committee and the external auditor in the absence of the Executives. This latter meeting is held once a year.

To ensure independence in the consideration of each issue, the Company Secretary takes minutes and submits them to the Board for approval at the following meeting. The Chairman of the Board then signs to certify the accuracy of the minutes. Directors are allowed to make additional opinions and changes to the minutes before the Board's approval. Approved minutes are filed as a confidential document with a control system to prevent amendments without being presented to the Board meeting. Documents are also filed in the electronic form for easy retrieval.

#### 5.9 Remuneration of the Board of Directors and Executives

The Board assigned the Nomination and Remuneration Committee to design compensation packages appropriate for Directors' roles and responsibilities, which must be transparent, fair, and in accordance with laws and regulations concerned. This Committee designs the structure and elements of the remuneration package, taking into account practices in leading listed companies and PTTGC's own performance. The Committee then formulates clear policies on Directors' compensation payment and tables them before the Board, which then seeks approval from the shareholders. Each Director that also serves as a Sub-Committee member duly receives additional compensation.

Under the topic 'Management Structure', the Board discloses the structure and elements of compensation as well as the sums of compensation paid to Directors as well as compensation for Directors serving as Directors of affiliates, as required by position or responsibility.

#### 5.10 Remuneration of the Chief Executive Officer

The Board has a policy on remuneration to the CEO based on the annual assessment of PTTGC's performance, using some key performance indicators for strategies and targets, management ability, and year-round company competitiveness. The Nomination and Remuneration Committee designs remuneration packages that are fair and reasonable, and submits them to the Board for consideration.

#### 5.11 Evaluation of the Performance of the Board of Directors

The Corporate Governance Committee proposed three types of annual assessment of the Board to the Board meeting No.4/2554, held on 26 December 2011, i.e. the entire Board assessment,



individual self-assessment, and cross-assessment. The Board approved the proposal and had it incorporated in the Good Corporate Governance and Business Code of Conduct Handbook

Since the current Board started its term only in October 2011 after the merger, the annual assessment of the Board will start in 2012 to allow adequate time for both self-assessment and assessment of other directors. During the year, the assessment form and criteria will be designed in accordance with relevant standards to benefit the development of the Board's performance.

#### 5.12 Development of the Board of Directors and Executives

Even though most of its Directors have gone through training, the Company values continuous development. It encourages Directors to further attend training or participate in activities organized by IOD, SET, and SEC to broaden their horizons, especially in areas that affect their duties, both as Directors and as Sub-Committee members. In 2012, PTTGC informs Directors about training courses every quarter so that they can attend. Handbooks, as well as other helpful documents, including the Company profile, corporate governance principles, business code of conduct, and SET and SEC regulations, are regularly distributed to Directors and the Executives.

For new Directors, PTTGC laid out guidelines helpful for new Directors' readiness to perform their duties. The Company Secretary coordinates the following:

1. Collection and delivery of documents concerning regulations, criteria, and guidelines for holding directorship, as well as information about PTTGC, to equip new Directors with basic information and to ensure that they observe laws and regulations.
2. Organization of a Board orientation to keep new Directors informed about the structure and business nature of companies in PTTGC Group. For new Directors, the Company Secretary also arranges engagement with the management team and visits to operating plants. An orientation session was arranged before the first Board meeting took place on 19 October 2011, PTTGC's founding date.

### 5.13 Succession Plan

The Company has prepared systematic succession plans for key positions to replace those who retire or move to other positions as a result of business expansion or change in the business structure. There are also succession plans for the top management to ensure management continuity and facilitate selection of personnel who are competent and ready to assume key positions. PTTGC has made some improvement to human resource management regulations and criteria for the selection of successors based on the Career Management principle and Talent Management & Succession Planning. High-potential personnel are selected through a process that PTTGC considers appropriate. The selection process is communicated to ensure acknowledgment and understanding of the personnel development scope and desired behavior. Successful candidates are further developed to assume the positions. In going through the selection process, the Nomination and Remuneration Committee takes into account the candidates' knowledge, competency, experience, and management vision to grow the business of both PTTGC and affiliates.

