

# CORPORATE GOVERNANCE

The Board of Directors of PTT Global Chemical Public Company Limited has focused on the importance of good corporate governance compliance and conducted its business with ethics, fairness, transparency, accountability, and responsibility to stakeholders. The Board recognizes that good corporate governance not only creates trust in the Company's business but is also a pillar that supports strong and stable business growth in order to create added value for the Company and shareholders, together with social and national development, and responsibility for all groups of stakeholders, in a sustainable manner. The Company, under the supervision of the Board of Directors, has been continuously committed to the Stock Exchange of Thailand's good corporate governance principles for listed companies. The five core principles can be summarized as follows:

## COMPLIANCE WITH GOOD CORPORATE GOVERNANCE PRINCIPLES IN THE YEAR 2012

### 1. THE RIGHTS OF SHAREHOLDERS

PTTGC recognizes and respects the rights of shareholders, thereby introducing a structure to ensure that shareholders will be facilitated to fully exercise their basic rights in acceptable and reliable ways and standards which are:

- **The Legal Basic Rights:** to allow shareholders to exercise their rights according to the law in its entirety.
- **The Right to Access Information:** to provide shareholders with important up-to-date information in both Thai and English through various accessible channels such as SET's news reporting system and the Company's website. PTTGC also encourages shareholders to ask for information or pose their queries directly through the Company's Corporate and Secretary Department at [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com)

as well as through Investor Relations at [ir@pttgcgroup.com](mailto:ir@pttgcgroup.com).

- **The Right to Participate and Vote in Shareholders' Meetings:** to enable major and minor shareholders, as well as overseas and institutional investors to attend meetings, vote, and participate in key decision making. In this regards, the Company assigns the Corporate and Secretary Department or the Investor Relations Department to work in coordination to promote shareholders' equal rights.

### 2. THE EQUITABLE TREATMENT OF SHAREHOLDERS

PTTGC is determined to treat all shareholders equally regardless of their nationality, size of portfolios and investor types. They are treated in an equitable manner as follows:

#### 2.1 THE ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Company held the 2012 Annual General Meeting of shareholders on April 2<sup>nd</sup>, 2012 at 2.00 p.m. at the Bangkok Convention Centre, Central Plaza Ladprao, Bangkok, which was marked as the first meeting after the amalgamation. In the meeting, the Company strictly observed the laws along with the best practices of the SEC's AGM Checklist. It also recognized the rights and equitable treatment of shareholders according to good corporate governance principles which can be summarized as follows:

##### Before the meeting Date

- PTTGC encourages shareholders to propose items for meeting agendas and nominees for Directors, and pose related questions to be answered in the meeting ahead of the AGM date, under the Board's regulations guidelines. Shareholders will be informed completely and the regulations allow them to exercise their rights equally. The Chairman

of the Board will announce the outcome of the consideration and give the rationales behind the decisions to shareholders at the meeting.

At the 2012 Annual General Meeting, no shareholder submitted any agenda or nominee to the Company. All the questions received before the meeting were also clearly and completely answered by the Chairman. Also, in preparation for the 2013 Annual General Meeting, a period of three months, from 1 October to 31 December 2012, has been allocated for shareholders to propose meeting agendas and nominees in advance.

- The Company has taken into consideration suggestions and recommendations from shareholders. Preparation for the AGM was also included in the agenda of the Corporate Governance Committee's meeting in order to improve the quality of the meeting even further.
- PTTGC notifies the SET, as well as informs shareholders immediately after the Board of Directors determines the date for the AGM, the Record date, as well as the closing date of the registry book to suspend share transfer, and the dividend payment dates.
- The invitation to AGM, other related documents, and all types of proxy notes as required by the Ministry of Commerce were prepared in both Thai and English and they contained all details required, i.e. the meeting date, time, and venue; meeting agenda by items attached with the Boards' opinions; and the nomination of Independent Directors that shareholders could appoint as proxies in case that they were not able to attend the meeting. Shareholders would also be informed of meeting regulations e.g. registration, voting and the process of voting. The Company conditions and rules are designed not to be complicated nor cause inconvenience to shareholders in any way.
- To allow enough time for shareholders to review the meeting documents, PTTGC publicized the meeting invitation and related documents via SET's information disclosure system and the Company's website 30 days ahead of the meeting date and forwarded the same set of documents to shareholders by registered mail 21 days ahead of the meeting date, which was earlier than the legal requirement.

#### On the Meeting Date

- The meeting venue was prepared to accommodate the expected number of shareholders and proxies. An adequate number of meeting staff who were employees of the Company was provided to welcome shareholders and supply them with information and facilitated them throughout the meeting. An emergency response plan was also in place to ensure safety and security.
- Registration was allowed through the bar-code system with a simplified document check, two hours ahead of the meeting. Computer sets in sufficient number, were also available to ensure fast registration with accurate, complete, and verifiable information. Shareholders were still allowed to register for the meeting even after the meeting had commenced so that they could maintain their rights for voting on those resolutions that had not yet been determined.
- All Company Directors, Directors of every Sub-Committee, as well as Executives value the importance of the AGM and consider it as part of their duties to participate. Therefore, they attended the meeting with perfect attendance. Auditors and legal advisers also participated in the meeting to answer any inquiries and clarify relevant issues.

- The Chairman of the Board, who chaired the AGM, announced meeting regulations as required by law and Company regulations, e.g. opening of the meeting, voting, and vote counting for each item on the agenda. The Chairman of the meeting also allowed sufficient opportunities for shareholders to inquire and express their opinions. The Chairperson of each Sub-Committee carried out their duty by answering questions in his/her respective areas.
- To ensure transparency, legal advisers and volunteers from shareholders were invited to witness and inspect each vote count. Collection of ballots was 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, was prohibited.
- The Chairman allowed ample time for the meeting and conducted it in an appropriate and transparent manner with respect for the meeting agenda earlier announced in the meeting invitation. In addition, the Company also provided interpreters to translate questions raised by foreign shareholders.

#### After the Meeting Date

- To ensure that shareholders would receive the minutes of the meeting with accurate information in a timely manner, PTTGC submitted the minutes to the SET within 14 days of the completion of the meeting. The minutes were made in both Thai and English in which each item of the agenda was correctly, clearly, and completely stated. It also contained the Directors attendance and memorandum of the important inquiries or comments raised by shareholders and the responses from the Directors as well as the voting results of each item. Additionally, the minutes were also posted on the Company website to allow shareholders and other interested parties to access information about the Company. Any interested shareholders were welcome to obtain a copy of a video record of the meeting.

Committed to maintaining the high standard of its AGM, PTTGC received AGM assessment results at the level of excellence with perfect score. Shareholders also expressed their satisfaction towards the arrangement giving an over 90% voting approval.

## 2.2 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 the Chairman for consideration. If such suggestions, recommendations, or questions are considered beneficial for PTTGC's business or are of interest to a majority of stakeholders or are related to PTTGC's performance, the Chairman will raise them at the Board meeting.

## 2.3 SHAREHOLDERS RELATIONS

In 2012, the Company arranged visits to its plant for shareholders. Two trips of 250 people each were conducted to visit the Company's plant in Rayong province with an aim to build even greater confidence and understanding of the Company's operations among shareholders. This allowed shareholders to ask questions about business operation and PTTGC's plants management; and to strengthen relationships between shareholders and the Company Executives and employees. The shareholders also learned about the Company's care for society, the community, and the environment by participating in a CSR activity at Sea Turtle Conservation Center, the Royal Thai Navy, Sattahip district, Chon Buri province. Shareholders were treated equally by being informed in advance about the planned visits and the selection procedure through various channels e.g. SET's information disclosure system, the Company's website and by registered

mail. The selection was electronically drawn by lots and the results were announced on the Company's website. The Company also conducted assessments of the shareholders' reaction to the visits for further improvement.

#### 2.4 CONTROL OF THE USE OF INSIDE INFORMATION AMONG DIRECTION AND MANAGEMENT

The Board of Directors strictly adheres to the principles of equitable treatment for each and every shareholder and investor regarding their access to information. The Board therefore has instituted a set of rules that govern the disclosure of information and the prevention of insider trading as follows:

- Directors, Executives and employees are not allowed to exploit inside information, or to buy or sell Company shares using internal information as specified in the Company's Good Corporate Governance and Business Code of Conduct Handbook. This is to be communicated to them for acknowledgement and practice in order to prevent the use or exploitation of inside information for one's own interest or the interest of others.
- Directors, Executives and employees whose work involves financial information are prohibited from the sale and the purchase of Company's shares within the period of 45 days before the disclosure of PTTGC's quarterly financial statements, and the period of 60 days before the disclosure of annual financial statements. This prohibition also applies to their spouses and children under legal age. Their transactions can resume 24 hours after such information has been disclosed to the SET. PTTGC always sends notifications regarding this matter to Directors and Executives beforehand.
- The management and employees are required to comply with the principle of Confidentiality of Information Policy to ensure that confidential information remains secret at all times. They are also required to prevent others from accessing

such information concerning the Company, customers or partners, or any personal information. They must also comply with measures in safeguarding confidential and non-public information for the benefit of business operation and compliance with the legal requirements regarding the standard of information confidentiality both in Thailand and overseas.

- Directors and Executives, as defined by the SEC, are responsible for reporting to the Company the sale/purchase/transfer/acquisition of Company shares which they conduct within 3 working days after such occurrence. The Board assigns the Company Secretary to collect such information and incorporate them into the meeting agenda to be reported to the Board meetings.

#### 2.5 PREVENTION OF CONFLICT OF INTEREST

The Board has established the following policies and the business code of conduct to prevent any conflict of interest that may arise:

- Directors or Executives with potential vested interests in transactions or meeting agendas with potential conflict of interest are required not to attend meetings relating to such discussions. If their presence at the meeting is required to provide necessary information, they will abstain from voting or giving 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.
- The Board has included rules about interest and conflict of interest in the Company's Good Corporate Governance and Business Code of Conduct Handbook, which Directors, Executives, and employees are required to follow. Personnel of all levels are required to report any possible act or doubt in regard to conflict of interest via the Conflict of Interest Disclosure Form. They are required to do this three times - firstly when they are

appointed to their position(s); secondly, every year end; and thirdly, as soon as an incident arises that may lead to a possible conflict of interest.

- In 2012, the Company developed an online system of reporting a conflict of interest for employees to reduce the amount of paperwork and to facilitate the tracking, storage and retrieval of information. This system also enables supervisors in the Company to be better informed about any possible act of their subordinates which can lead to any conflict of interest.

### 3. THE ROLE OF STAKEHOLDERS

PTTGC remains committed and responsible to all stakeholders with respect for the rights of others and also for stakeholders' satisfaction to achieve sustainable benefits in the long term. In order to assure stakeholders that their rights are protected and that they will always be treated equally, the Board has established the following set of clear policies and practices to follow that conform to the needs of each and every group of stakeholders:

*Shareholders: The Company encourages shareholders to exercise their basic rights. PTTGC aims to create utmost satisfaction for shareholders while taking into consideration the sustainable growth of the Company, enhancing shareholder value and returns for their investment; and last but not least, compliance with good corporate governance principles.*

The Company ensures the basic rights of shareholders as stated by law, as well as the Company's Articles of Association, and the Good Corporate Governance and Business Code of Conduct Handbook. This also concerns 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, the right to receive fair returns from the Company, as well as, the right to ask questions and raise suggestions towards the Company's business operations.

*Customers: PTTGC is devoted to generating satisfaction and confidence among customers and members of the general public through quality products and services within a reasonable price range. It is also committed to consistently upgrading such standards and maintaining a positive and lasting relationship with them.*

The Company established a special team dedicated to customer care, providing consultation for and receiving complaints from customers. They are also welcome to voice their recommendations about products, give advice on problem-solving, and file any complaints. Customer visitations are arranged so that customers' opinions are listened to and customer queries clarified for maximum benefit of all parties. PTTGC, moreover, does not act in collusion with competitors to gain benefits which may result in unfair practices to consumers. The Company will comply with agreements, the business code of conduct, applicable laws and regulations strictly. It also conducts customer satisfaction surveys for all products and services on a regular basis to cross-check customer satisfaction for further product improvement and service development.

*Business Partners: Impartiality, honesty in the conduct of business, and mutual interest protection are always taken into account by the Company while complying strictly with the laws and rules agreed upon with each and every one of its business partners. This ensures the conduct of ethical business.*

PTTGC adheres to the principles of equality, transparency, fairness, and integrity in doing business by strictly complying with agreed business and trading terms, policies regarding the business code of conduct towards business partners, as well as good practices that prevent any conflict of interest. Executives and employees are prohibited from having influence or offering or receiving incentives, or benefits which are against good corporate governance principles to prevent any inappropriate action. Business partners are expected to observe regulations concerning

occupational health, safety and the environment as well as to comply with labor requirements and human rights. The quality of life and well-being of the community, society, and the environment must also be respected. In 2012, the Company has established criteria to evaluate the business ethics of partners. Such criteria include the signing of an anti-fraud and anti-corruption ratification, as well as, keeping business partners well informed of the Company's policy that prohibits employees from accepting gifts, assets, or any other undue benefits.

*Business Competitors: It is PTTGC policy to treat competitors according to the content of the laws on practices of trade competition and rules of fair competition established by international principles.*

The Company observes the business code of conduct and laws, and promotes the principles of fair and free trade. It does not seek infringement of any intellectual property or trade secrets of competitors, and does not discredit them through accusations or slander.

*Creditors: In fairness to creditors, PTTGC observes best practice guidelines and conditions and repays debt on time.*

Obligations with creditors and financial institutions are strictly followed by the Company which performs its duties as required by the conditions in agreements. Relevant facts which could prove harmful to creditors are not hidden. If, under any unforeseen circumstances, the Company is unable to fulfill its obligations in any binding agreement, it will inform creditors immediately to find mutual solutions. Additionally, PTTGC fosters good relations with creditors by organizing joint activities and participates with them in organizing suitable social activities as deemed appropriate.

*Public Sector: PTTGC recognizes the significance of the public sector as a stakeholder. Additionally, guidelines have been established for the treatment of*

*the public sectors in the countries in which it invests so that negative consequences from any action can be avoided.*

PTTGC conducts its business according to applicable laws both in Thailand and in countries where it invests. The Company realizes that governmental support is needed for smooth operations and thus places emphasis on compliance with policies, laws and regulations. The Company regularly coordinates and exchanges information with the government within proper, transparent limits to build long-term relationships with government agencies. It participates in various activities and lends support to various projects organized by the government sector.

*Employees: The Company is determined to develop into an organization of continuous learning with teamwork as a key part of its working culture and ambiance. It also pays fair compensation and ensures a safe working environment for all employees. It recognizes the significance of development and knowledge transfer and also listens to the opinions and suggestions of employees at all levels in an equitable manner. The Company also fosters and enhances an organizational culture with the employee always playing a vital role in its sustainable success, advancement and growth.*

To ensure maximum job satisfaction, the Company's recruitment process is undertaken with due regard for each person's educational qualifications, experience, and ability to function in his or her most rewarding available job positions. PTTGC encourages continuous employee development. Employees are encouraged to realize their potential through performing beyond their routine and responsibilities. Career advancement opportunities are open for all without discrimination against gender, age, religion or physical disability. PTTGC highly values respect for human dignity, rights, freedom and equality, and is against all types of harassment according to the business code of conduct guidelines. It also abides by international

human rights stated in the Company's policy governing its operations. PTTGC fosters, promotes, and encourages all employees to comply with relevant laws, rules, and regulations strictly, and to reject and oppose all forms of corruption and bribery.

A Welfare Committee comprising representatives from the management and employees has been established to ensure that employees' welfare is fair, adequate, and secure for them and their families. PTTGC provides a safe workplace for employees while organizing various activities to provide knowledge about occupational safety, both in theory and in practice, to employees and contractors to ensure their preparedness to deal with emergencies. Such practices as fire drills in high-rise buildings are conducted at PTTGC's head office and emergency drills are also conducted at the Company's plants on a continuous basis to evaluate the readiness in emergency response. The Company has also form Occupational health, safety and the environment committee to oversee Bangkok office area and other Plants in Rayong

The Company has established a Communication Plan of Good Corporate Governance aiming to ensure that PTTGC, the management and employees and its subsidiaries possess due perception and capabilities to apply such principles to their daily working and personal lives. It also has drawn up the PTTGC Core Values, known as "GC-SPIRIT", to take its good corporate governance efforts to even new heights of success. Additionally, the "Integrity & Ethics" program has also been created to promote and emphasize employees' awareness and compliance with the Good Corporate Governance Handbook.

In addition, the Company also allows employees to channel feedback to the management directly, such as through the "Management Site Visit" activity which is designed to engage employees in discussions with the Executives. In this activity, the Executives are to share their opinions on various issues in the Company, as well as,

provide advice and encouragement to their staff members.

There are also many other activities being held to establish relationships between the management and employees while promoting understanding and cordiality at work. PTTGC provides a channel for expressing complaints about business ethics (Whistle Blower) in the project "Bring the Best" initiated by the Internal Audit Department. Every complaint made with solid evidence will be treated in an equal, transparent and fair manner to all parties. The complainant's information will be kept confidential and they will be protected from being harassed both during and after the investigation.

*Communities, Society and Environment: PTTGC conducts business with responsibility to communities, society and the environment in terms of safety, quality of life, and the conservation of natural resources. The Company promotes energy efficiency and recognizes the quality of life of communities and society in the area around the plants and at the national level. A significant portion of its profit is returned to society through various social contribution activities. PTTGC operates by taking into account impact on the environment starting from the production process to the selection of production and waste disposal technology, as well as to innovative research and development procedures and improved energy efficiency.*

The Company always operates with care not to affect local communities, society, and the environment wherever its plants are situated while aiming to continuously support activities that improve the quality of life in those areas. Social responsibility is determined as one of the PTTGC "GC-SPIRIT" Core Values, with 'R' standing for 'Responsibility to Society'. The social contribution plans are set to conform to the corporate strategies in social development and investment aspects in order to minimize impact upon surrounding communities.

Such plans observe the international sustainable development standards such as DJSI, UNGC, GRI, and ISO26000 with continuous monitoring in order to be in accordance with business operation and meet the Company goals and objectives.

In addition, PTTGC prepares a "Report on Sustainable Development and Social Responsibility of International Standards" as a separate report from the Company's Annual Report so that shareholders and concerned parties are informed and ensured that the Company engages in business by taking into account environmental and social sustainability.

The Company encourages employees to be good citizens who make positive contribution to the communities and society. It also encourages employees to participate in community activities around its facilities or any activities organized by stakeholders. Their participation and voluntary participation in activities - such as community services, providing assistance to needy communities, donations, and any activity that maximizes the benefit of the communities and society - are made part of their annual performance assessment.

The Company places importance on stakeholders according to the practices mentioned above, and also establishes guidelines for whistle-blowing and information validation, as well as, compensation guidelines in such case that stakeholders are damaged by rights infringement.

#### 4. DISCLOSURE OF INFORMATION AND TRANSPARENCY

The Board of Directors recognizes and focuses on the quality of information and transparent, accurate, complete, and equitable disclosure through reliable channels that are easily accessible. The Board sets the policy and oversees the preparation and disclosure of information, both financial and non-financial, to ensure adequacy and timeliness. The information, be it positive or negative, must

be composed carefully, accurately, transparently, clearly, accountably, and regularly to ensure that shareholders and other stakeholders can be confident and receive equal information as required by the law, the Articles of Association, and related government agencies.

##### 4.1 QUALITY OF INFORMATION

The Company discloses information to shareholders, investors and the general public in a timely, reliable, complete, and accurate manner as required by laws and regulations. The public disclosure of information by the Company, both financial and non-financial, proceeds as follows:

- The Company supervises the preparation of the financial reports which contain correct and complete information according to accounting standards. They are audited by an independent auditor and the audit fee is also disclosed. Since the establishment of the Company, the Audit Committee has proceeded with the audit on the basis of SEC and SET regulations and corporate governance principles correctly and completely.
- Information is disclosed of Directors and the management related to the operations of the Company or its subsidiaries according to SEC and SET regulations. This includes conflict of interest reports of Directors, the Executives, and connected persons stated by law; reports on shareholding, changes in shareholding, and acknowledgment of their duties related to shareholding; reports on internal control, audit, and risk management; certification of independence of Independent Directors; reports of Sub-Committees; and the Corporate Governance report. Such reports are made in accordance with the relevant laws and are composed in a complete, careful, and transparent manner and adhere to the principles of Fiduciary Duties.



- PTTGC also discloses useful additional information other than what is stated under the regulations of SEC and SET to shareholders and the general public through various channels and media and updates the information on a regular basis. Such information includes the Company's vision, missions, business models, management structure, shareholding structure, the Board of Directors and management directory, the business performance report, the Certificate of Registration, the Articles of Association, and the Good Corporate Governance and Business Code of Conduct Handbook.

They will also be informed of investment in major projects; news on business performance; CSR projects for communities, society, the environment and safety; innovations developed with regard to the impact on society; channels of complaints, as well as, investor relations information, and other issues as deemed appropriate.

#### 4.2 DISCLOSURE CHANNELS

The Company discloses its required information as well as additional information that is considered relevant to stakeholders and shareholders through the following channels:

- Disclosure of information via the SET Community Portal and the Company's website is in both Thai and English. PTTGC updates the website on a regular basis and provides the contact information of every department.
- External communications are conducted, including project launches and Executive interviews to publicize the Company's vision, strategies, goals, and business performance in a complete and accurate manner according to information disclosure practice and expression of ideas to outsiders as defined in the Good Corporate Governance and Business Code of Conduct Handbook.

- Internal communication is another way of communication which the Company values. The employees are provided with important information - such as company strategies, directions, policies, and internal movements - through various forms of internal communication systems including email, intranet, internal newsletters, notice boards, and exhibitions. This will be undertaken under the guidelines of the use of internal information and will be treated with confidentiality practices which the Company and employees must strictly comply with.

#### 4.3 DEPARTMENTS RESPONSIBLE FOR INFORMATION DISCLOSURE

- *The Investor Relations Department* is responsible for overseeing the disclosure of information to investors by providing information and facilitating those who want to obtain information from the Company. Investors will be assured of accurate, complete, and rapid exchange of information. In 2012, a variety of activities were held to introduce Company information to investors on various occasions e.g. domestic and international meetings, financial analysts meetings, SET in the City participation, disclosure through the SET channels and the Company website, answering questions by phone or e-mail and newsletter distribution to all shareholders.

In order to open channels of communication and to provide additional information to shareholders and investors, PTTGC also opened an Investor Relations section in the Company website gathering Company information, as well as information for shareholders or investors, financial information, and publications.

A channel has been opened for submitting any questions or inquiries related to the business of the Company via email: [ir@pttgcgroup.com](mailto:ir@pttgcgroup.com)

- *Corporate Communication and Branding* This department is responsible for publicizing updated information about business movement to media and the general public such as senior Executives giving special interviews to media i.e. television, print media, and magazines to provide information about PTGC structure, business directions and vision. Photo Releases, Press Releases or Calendar News are given to the media, both in Bangkok and upcountry.
- *Corporate Social Responsibility (CSR)* This department composed a Sustainability Report for the year 2012 according to the Global Reporting Initiative (GRI) international standard and was certified with the highest ranking in the A+ level. The report was propagated to all groups of stakeholders about its way of conducting business responsibly; social development activities; and an open-house activity that allowed community people to learn about business operation and become acquainted with PTGC Executives. It was an opportunity for the Company to make known its policies involving social responsibility and foster understanding and relationship with the communities and local stakeholders. It was also a channel to hear from them in order to arrange improved CSR action plans. Visits to communities were carried out not only to meet local people, but to let them know about CSR projects in various aspects such as education and public health. Some other community activities included scholarships for nurses, the tuition for university in the "Community's Friend Tutors Project", education programs for youth "ASEAN Community Gateway", and the mobile clinic and other programs.

In addition, the Company also provides a quick and easy way to communicate via email, which is detailed in the Company website under the heading "Corporate Governance". Shareholders, investors and the general public can contact directly to the Chairman of the Corporate Governance Committee or contact the

Corporate Secretary for more information about the Company at: [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com).

## 5. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors is the heart of good corporate governance as it plays a key role in corporate governance for the maximum benefit of the Company. The responsibilities and performance of duties by the Board is therefore a cornerstone of good governance.

The Good Corporate Governance Structure and the Scope of Authority of the Board covers the components, qualifications, appointments, roles and responsibilities, the holding of Directorships, and performance of Directors, Executives, and employees. It also formulates policies, regulations, business procedures, and related operating manuals in written format to allow checks and balances. The internal audit department was approved in its function by the Audit Committee and examines business operations to ensure that the Company follows the guidelines set by the relevant laws and regulations effectively.

The Board of Directors performs its duties with honesty, transparency, deliberation, diligence and understanding of the roles and responsibilities based on the requirements of the law, regulations, the Articles of Association, the resolutions of the shareholders' meetings, and Good Corporate Governance principles. It avoids committing actions against the interest of the Company to ensure the confidence of shareholders and investors.

### 5.1 STRUCTURE AND COMPOSITION OF THE BOARD

The Board consists of the Chief Executive Officer, the President, the Managing Director, the Company Secretary, Directors, Independent Directors, and Sub-Committees. They all have roles to maintaining the appropriate checks and balances of the Company as follows:

### 5.1.1 Directors

- The Board of Directors is comprised of 15 Directors, 2 Executives (CEO, President) 4 Non-Executives, and 9 Independent Directors. The number of Independent Directors exceeds half of the Board as required by the SEC and the panel includes 1 Independent female Director.
- The composition of the Board is from a variety of different professions. All Directors are experts with diverse experience in the fields of petroleum, petrochemical, energy, management, accounting and finance, legal, security, and auditing. Their knowledge, skills, qualifications, and experience are consolidated for the benefit of the Company.
- The structure of the Board allows all Directors to perform their duties effectively. Their names, profiles, education backgrounds, experiences, and shareholding in the Company will be disclosed through various channels, including the Annual Report, in Form 56-1, and the Company website. Directors' qualifications are also specified in the Articles of Association and the Good Corporate Governance and Business Code of Conduct Handbook, as well as, in the Company's website.
- The Chairman of the Board, the CEO, and the Managing Director must be different individuals with clear separation of roles. The Chairman of the Board is also to refrain from belonging to any Sub-Committee which allows him/her to perform duties with independence and be able to comment on the Company performance under the Board's policy for the benefit of PTTGC, its shareholders, and the benefit of country. The Articles of Association and the Good Corporate Governance and Business Code of Conduct Handbook also contain the written roles and responsibilities of the Board and the Management which facilitates control, examination, and assessment to achieve the Company business goals, visions, missions, strategies, financial goals, risk management, plans, and budgets. The operation must be considered

and refined by the Management Committee comprising the top Executives prior to submission to the Board for consideration. The Board monitors the Management Committee and has them report their implementation of such policies and plans on a regular basis.

### 5.1.2 Independent Directors

In considering that Independent Directors are truly independent, the Board reviews all their past and current performances as well as their business relationships with the Company under the regulations of SEC and SET. The number of Independent Directors, a total of nine persons, exceeds a third of the Board composition and more than the legal requirement. All Independent Directors perform their duties by taking into account equally the interests of all stakeholders. The Company clarified the definition of Independent Director in the Good Corporate Governance and Business Code of Conduct Handbook aligning with SEC and SET regulations. They also impose stricter rules on their shareholding, which must not exceed 0.5% (while the SEC limit is 1%). The Independent Directors have to certify their qualifications of independence every year-end according to the above criteria.

In 2012, the Independent Directors held their first meeting since amalgamation in accordance with the principles of Good Corporate Governance. External experts were invited to give lectures and join the Independent Directors' discussion on the topic of "Performing the duties of Independent Directors" in various matters e.g. independence of expressing comments/suggestions in the Board meeting, maintaining Company benefits and the prevention of conflict of interests between the Company and stakeholders, and providing appropriate and efficient internal control and risk management systems. The Committee selected and appointed Pol. Gen. Sombat Amornvivat

as Chairman of the Independent Directors and authorized the Management to prepare an Independent Director charter to ensure clear and tangible performance.

### 5.1.3 Sub-Committees

To enable the Board to achieve its ultimate goal regarding Corporate Governance, Sub-Committees are appointed to conduct, to screen, and set criteria on particular subjects. The Board also lays down written charters for all Sub-Committees in the Good Corporate Governance and Business Code of Conduct Handbook and on the PTTGC website. All Sub-Committees report their results to the Board on a regular basis and inform shareholders of their performance for the year through the annual report.

#### (1) Audit Committee

The Committee consists of three Independent Directors, each holding office for a three-year term. Every member has sufficient knowledge and experience to review the reliability of financial statements. The scope of their authority and responsibility is under the Audit Committee charter. In every meeting of the Audit Committee when reviewing the financial statements, they are always joined by external auditors whose opinions, comments, and observations on the financial report are recorded in the minutes of the Audit Committee.

#### (2) Nomination and Remuneration Committee

This committee consists of three Directors, two of whom are Independent Directors, serving a three-year term. Its Chairman is an Independent Director assigned with the examination of remuneration criteria and guidelines for the CEO and for Directors. It determines nomination regulations and procedures in a transparent manner. The criteria and patterns of compensation for the CEO and for Directors are also under its consideration with transparency and sensibility

in comparison with similar positions in other companies of the same industry.

#### (3) Corporate Governance Committee

This Committee consists of four members from the Board of Directors with its Chairman and other two members being Independent Directors, serving a three-year term. As assigned by the Board, the Committee considers and proposes the guidelines, policies, and practices regarding the Code of Conduct and Business Ethics under the Good Corporate Governance principles to the Board and the management. It also supervises consultation, evaluation and review of policies and Good Corporate Governance compliance to develop such guidelines in complete accordance with those of the SEC, SET, and leading organizations. The PTTGC Corporate Governance System will further be enhanced towards international standards.

#### (4) Risk Management Committee

This Committee consists of three Directors, one of whom is an Independent Director, with a three-year term. It is entrusted by the Board with the formulation of policies and guidelines for the proper and effective risks management regarding PTTGC business operations. The scope of work includes keeping control of the risk management system or process to minimize impacts on the Company business, monitoring and evaluating the implementation of such framework to ensure that the Company is operated with adequate and appropriate risk management.

### 5.1.4 Corporate Secretary

In order to comply with 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. 2551 (2008), the Board appointed Mrs. Walaiporn Puspavesa, Vice President

of Corporate Governance and Secretary Department, as a Corporate Secretary. In performing her duty, apart from requirements by the law, the Corporate Secretary also ensures the compliance of PTTGC and the Board with the Articles of Association, relevant laws and regulations, resolutions of both the Board and shareholders' meetings, and Corporate Governance practices. The Corporate Secretary also provides support for Directors and the Executives to attend training courses in their relevant areas. The scope of work includes making reports to the Board and the Executives informing them of any changes in regulations and the filing of important documents as required by law. Shareholders can contact the Corporate Secretary via e-mail: [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com)

#### 5.2 TENURE OF THE BOARD OF DIRECTORS

The Board of Directors stated the term of Directorship in the Articles of Association of the Company that each Director shall hold office for a term of three years in accordance with the Public Company Limited Act. In addition, the Board recognizes the limit to performance effectiveness of Directors. It seriously has concern for the number of companies for which its Directors serve and therefore the Board states that Directors should not serve more than 5 listed companies. The policy is made accordingly to fit the international standard criteria of the ASEAN CG Scorecard; the current business conditions; as well as the development of knowledge, capability, as well as, the ability to implement business experience to benefit the Company. The Company discloses the positions of each Director in other companies in the Annual Report, Form 56-1, and the Company website.

As for the case that the PTTGC CEO, President, and senior management hold Directorships in other companies, consideration must be made mainly on the suitability of the nature and condition of those companies to PTTGC business and the fact that the person should emphasize companies in which PTTGC invests as well.

#### 5.3 ROLES AND RESPONSIBILITIES OF THE BOARD OF DIRECTORS

The Board of Directors, as the representative of shareholders, plays an important role in the formulation of policies, visions, strategies, and direction of the business. It is tasked with supervising and monitoring of the operation of the Company based on analysis of both internal and external factors affecting the business. It also has to handle expectations from various stakeholders to ensure success and to maximize benefits to the Company and all shareholders. PTTGC then determines the roles and practices of the Board members beyond legal requirements as follows:

**Policies and Business Strategies Formulation:** The Board acts to decide critical operation matters, namely company visions, missions, strategies, financial targets, risks, operating plans, and budgets. It also oversees the performance of the management to achieve the objectives as planned.

**Value Creation Governance:** The board lays down comprehensive policies to serve the entire organization while making sure that the Company has a system or process to manage risks appropriately as well as measures to control and minimize impacts on the business. It provides beneficial recommendation to the business of the Company.

**Good Corporate Governance:** The Board performs its duties in compliance with laws, regulations, and resolutions of the shareholders' meeting strictly. It formulates Corporate Governance Policy and Business Code of Conduct and lays down guidelines for good and independent internal controls. The Board's authority also includes disclosure of information vital to the business, protects the interests and rights of all shareholders equally, and examines items with potential conflict of interest to ensure fairness and transparency for the benefit of the Company and its shareholders as an entity. The Board also promotes employee development for better understanding and awareness conforming to the PTTGC's good corporate governance guidelines.

**Promotion of Responsibilities to Society, the Environment, and Human Rights:** The Board conducts the business of PTTGC with responsibility to society and the environment in parallel with the promotion of sustainable well-being of Thai society. The Company aims to improve the quality of life of the people living around its operating plants and to participate in problem-solving to minimize negative impact on these communities. The Board also respects human rights and fair labor treatment to enhance sustainable co-existence between the communities and the PTTGC plants.

The Board of Directors has consistently performed its duties with responsibility to act as a role model with practical guidelines for all employees to follow, as well as, to secure confidence from valued shareholders and investors with its capabilities.

#### 5.4 NOMINATION AND APPOINTMENT OF DIRECTORS

To make nominations and appointment of Directors proceed with principles and transparency in accordance with Good Corporate Governance

and the best practices, the Nomination and Remuneration Committee therefore established a set of screening criteria to determine suitable nominees for Directorial positions by considering various qualifications. These include having qualifications complying with relevant laws and regulations; being individuals from various fields whose expertise, experiences, and capabilities would benefit the Directorships and the Company; and whether or not they have potential vested-interest or conflict of interest with the Company. The re-appointment of Directors is based on their past performance. As for the appointment of Independent Directors, the Committee will further consider their qualifications for independence. Additionally, individuals who are nominated for Directorial positions must give their consent to such nomination.

#### 5.5 CORPORATE GOVERNANCE POLICY AND BUSINESS CODE OF CONDUCT.

- The Board of Directors engages in the Corporate Governance Policy and Good Corporate Governance and follows the Business Code of Conduct Handbook which contains practical guidelines and criteria that comply with international standards. The Corporate Governance Committee monitors compliance with the Good Governance program and evaluates the performance in doing so, and compares it with the Corporate Governance Principles of Thai Listed Companies and international standards through the Committee meetings on a regular basis. The report findings are submitted to the Board and disclosed to shareholders in the annual report, as required.
- PTTGC's Good Corporate Governance framework requires evaluation on the performance of the Directors, on the recognition of and compliance of employees with the principles, as well as on the compliance with the criteria of other agencies

such as SEC, SET, IOD, and the Thai Investors Association, to elevate PTTGC's Corporate Governance towards international standards.

- ▶ The Board of Directors ensures that the policy of Good Corporate Governance and the Business Code of Conduct is comprehensively communicated both inside and outside the organization. The Company carries out such communication with employees and stakeholders through various activities and media including the announcement of the Good Corporate Governance policy and the distribution of the Good Corporate Governance and Business Code of Conduct Handbook to each Director, Executive and employee of the Company and its subsidiaries. PTTGC also provides orientation sessions for all new Directors and employees to raise their recognition and understanding of the principles of Good Corporate Governance, as well as many other internal Corporate Governance promotion programs to ensure awareness and implementation in work function. The "Business Code of Conduct Handbooks" are provided for stakeholders such as customers, business partners, creditors, joint venture companies, and other relevant agencies and publicized for the general interest of individuals via the Company's website. The "PTTGC Suppliers Code of Conduct" is also distributed to partners and business alliances to illustrate the Company's commitment to conduct business ethically. PTTGC expects all of its partners to adhere to the same principles.

Every year, PTTGC and the companies in the PTT Group organize PTT Group CG Day activity to publicize the principles of Good Corporate Governance to employees and apply such concepts to sustainable business operation together. This activity is continuously conducted by the listed companies in PTT Group at the end of the year and this has successfully received

participation and attention from a great many employees. In 2012, PTTGC also hosted an event under the theme "Surfing the Global Wave" the importance of which members of the Corporate Governance Committee recognized and also participated in the event.

## 5.6 COMPLIANCE POLICY OF THE COMPANY AND ITS SUBSIDIARIES

PTTGC places importance on observation of the relevant laws and regulations related to the implementation of the International Business Code of Conduct in order to exhibit its Compliance Policy solidly and efficiently. In 2012, the Board set up the following 7 areas of the Company's Compliance Policy as follows:

1. Antitrust Law/Competitive law Policy
2. Anti-Corruption and Anti-Bribery Policy
3. Human Rights Policy
4. Intellectual Property Policy
5. Anti-Money Laundering and Combating the Financing of Terrorism Policy
6. Confidentiality of Information Policy
7. Other laws, rules and regulations which concern the business of PTTGC and PTTGC Group Policy

These policies have been issued to act as a preventive measure and risk mitigation of noncompliance with the laws and regulations for the Company and its subsidiaries. This also promotes the awareness of outsiders of PTTGC's commitment to respect and abide by the laws and regulations in all regions it operates. Such policies are also used as a tool to ensure that the work of Directors, Management and employees as well as the business operation of the Company and its subsidiaries are flowing in the same direction.

## 5.7 COLLECTIVE ACTION COALITION AGAINST CORRUPTION

In 2012, the Company declared its intention to join Thailand's Private Sector's 'Collective Action Coalition against Corruption' movement. This is a

cooperative body between the Thai Institute of Directors (IOD), the Thai Chamber of Commerce (TCC), the Thai Bankers' Association, the Joint Foreign Chambers of Commerce (JFCCT), and the Listed Companies Association. It forms as a mutual standard code of business conduct for the private sector. The coalition has been a commitment for them to join forces with each other to prevent and fight against corruption. In addition, the Board has stated the best practices of anti-corruption in the Good Corporate Governance and Business Code of Conduct Handbook as well as the Anti-Corruption and Anti-Bribery Policy, which is one of the main seven principles under Compliance Policies. It is made clear that any violation of the Corruption laws or Bribery with government officials, foreign government officials, or officers of the private sectors is considered wrong and against the policies. Personnel at all levels must oppose and prohibit such actions. PTTGC communicates, disseminates, and organizes activities in accordance with such practices to raise awareness among employees within the Company as well as with business associates.

## 5.8 INTERNAL CONTROL AND AUDIT SYSTEMS

### 5.8.1 Internal Control

PTTGC places importance on providing adequate and efficient internal control that is in line with its business conditions and operations. Personnel at all levels of the Company are responsible for the internal control as follows:

**The Board of Directors:** To ensure that the Company has adequate and efficient internal control.

**Senior Executives:** To provide internal control and foster greater understanding, positive attitudes, and cooperation among employees towards compliance with internal control.

**Mid-level Executives:** To establish internal control within their field of responsibilities, arrange assessments, and improve, examine, as well as, supervise the compliance of internal control.

**All employees:** To comply with the rules, regulations, commands, and internal control measures of the Company.

PTTGC's internal control complies with international standard guidelines, which consist of important components such as Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring Activities. This is to enhance confidence in the Company's capabilities to achieve its set goals in operation, reporting, as well as, compliance with applicable laws, rules and regulations. The report of internal audit is also disclosed in the annual report.

### 5.8.2 Internal Audit

The Company's structure ensures that its internal audit mechanisms are working independently and are to report directly to the Audit Committee. It is the responsibility of the Audit Committee to make it possible for such internal audit mechanisms to function independently, impartially and ethically as specified in the Company's Charter of Internal Audit and in accordance with professionally accepted standards. Such internal audit is necessary to assess the sufficiency and the efficiency of internal control measures, in order to ensure that all departments of the Company are working in the same direction to achieve its goals, and that adequate risk management is implemented to handle the ever-changing business situations.

The Company's internal audit mechanisms cover both long-term and short-term internal audit, and are in line with the Company's business strategies and risks. Internal audit aims to recommend measures to mitigate possible risks, as well as, to improve existing procedures in an effort to add value to the Company. A report on compliance with recommendations of the Audit Committee is also prepared every quarter, and



the Audit Committee is required to report the adequacy of the Company's internal audit to the Board of Directors at least once a year.

The Company employed an outside company to provide independent assessment and certification of its internal audit systems based on international standards. The assessment indicated that the Company's internal audit is of the same high standard as other similar companies in the same industry.

In addition, advanced information technology tools have been implemented to enhance the quality of internal audit, as well as, to improve the efficiency of company operations. Special training and seminars have been organized for Company's Executives to enable them to understand and utilize internal audit systems better, so that, the internal audit may be integrated as part of the Company's organizational culture in the near future.

Moreover, the Company established another communication channel that receives reports and complaints regarding any misconduct of the Company's personnel (Whistleblower) to encourage its people to continue to perform their duties with transparency, integrity and responsibility towards shareholders and stakeholders.

#### 5.9 RISK MANAGEMENT

The Board appointed the Risk Management Committee to determine the policy for enterprise-wide risk management, to provide a risk management system and/or process to minimize impact on the Company's business and/or reduce the possibility of actual risks occurring. The Committee is tasked to make suggestions on the risk management framework and guidelines that support the Company in achieving its business goals both in the short and long term.

It also has to share opinions on the Corporate Risks Management Plan, monitor risk status assessment and corporate risk management framework compliance results, as well as comment on the enterprise risk management plan to ensure appropriateness and maximized efficiency and effectiveness. The Committee performs to ensure that the Company is most likely to achieve its objectives and targets set under any restrictions that may exist. Reports are submitted to the Board every quarter or when significant risk issues arise. In addition, PTTGC has already incorporated the policies and practices in risk management in the Good Corporate Governance and Business Code of Conduct Handbook. Reports on the implementation of risk management are regularly submitted to Board meetings and PTTGC's risk factors and risk reduction guidelines are also disclosed to shareholders through the annual report.

#### 5.10 BOARD MEETINGS

- In 2012, the Board held a total of 12 meetings to scrutinize various issues concerning the Company. The short and long term strategic business plan meetings and the review of the plan during the year were also arranged. The Company entirely disclosed the number of meetings attended by each Director as required by SEC regulations in the annual report.
- The Chairman of the Board and the Chief Executive Officer jointly screen matters and set the meeting agenda. Each Director is also allowed to propose matters to be considered for the agenda. In each meeting, the agenda is clearly decided in advance of the appointment date. The invitations are sent out to every Director along with relevant documents and complete important information about 5 days prior to the meeting so that the Board has sufficient time to consider the agenda and accompanying documents.

- The Company has scheduled Board meetings in advance for the year and may hold special meetings to consider urgent matters. All Directors are informed of such arrangement so they can manage their attendance effectively. In case a Director cannot attend a meeting, he/she is requested to send a written notification of absence to the Chairman. The Chairman of the Board presides over Board meetings and allows Directors to express their opinions freely. He also allocates appropriate time for the members to discuss adequately on each issue.
- A resolution of the Board meeting respects the majority vote of Directors at the meeting. If the votes are equal, the Chairman will exercise his voting right. Each Director has one vote and any Director with a vested-interest in the topic will not attend and/or abstain from voting in such matters. The Board emphasizes the interests and conflict of interest issue and always operates with transparency and discloses relevant information completely.
- Although PTTGC is structured as a corporate group model that has quite a large number of related transactions between the companies in the group, it executes such transactions in compliance with SET's regulations and also discloses detailed information of the transactions completely.
- At each Board meeting, concerned Executives usually attend to provide useful information and receive policies for effective implementation. Exceptions are allowed in some Board of Directors meetings or meetings of the specific set of Directors such as Independent Directors and Non-Executive Directors. Exceptions are also allowed for the meeting of Sub-Committees such as the meetings between the Audit Committee and external auditors in the absence of the management, which is held at least once a year. At the end of the Board meeting, the Company Secretary is responsible for preparing the minutes and submitting them to the

Board for approval at the next Board meeting. The accuracy of the minutes will then be certified by the Chairman.

- Directors are permitted to add additional comments or amend the minutes before approval. Approved minutes will be stored systematically as classified documents in an electronic format for easy retrieval and reference with a control system that prevents revision without being submitted to the Board meeting.

#### 5.11 EVALUATION OF THE PERFORMANCE OF THE BOARD OF DIRECTORS

In 2012, the Nomination and Remuneration Committee reviewed all three types of annual assessments of the Board for the year 2012 namely the entire Board assessment, individual self-assessment, and cross-assessment to ensure reasonable criteria so that the results of each assessment would be applicable as a part of the annual remuneration of Directors. The results are incorporated with PTTGC's business performance. The Committee presented the evaluation results to Board meeting No.12/2012, held on December 21<sup>st</sup>, 2012, during which the Board acknowledged such results and welcomed the recommendations of the assessments to draw up a set of guidelines to concretely improve the effectiveness of the Board's performance.

- The entire Board assessment comprised six main categories in a total of 30 questions. The assessment topics were as follows:
  1. Board Policy
  2. Board Performance
  3. Board Structure
  4. Board Style
  5. Board Meeting
  6. Board Development

*The overall entire Board assessment results concluded that the performance was at an excellent level with an average score of 96.9 percent.*

- The individual self-assessment of Directors was composed of the three main categories in a total of 15 questions. The assessment topics are as follows:
  1. The Business Code of Conduct and Ethics Compliance
  2. Duties Responsibility
  3. Self-Development and Teamwork

*The overall entire individual self-assessment results concluded that the performance was at an excellent level with an average score of 95.6 percent.*

- The cross-assessment of individual Directors was composed of three main categories in a total of 15 questions. The assessment topics are as follows:
  1. Independence
  2. Time devotion and meeting attendance
  3. Knowledge and specialized expertise

*The overall cross-assessment of individual Directors results concluded that the performance was at an excellent level with an average score of 98 percent.*

#### 5.12 REMUNERATION OF THE BOARD OF DIRECTORS AND EXECUTIVES

The Board delegates the Nomination and Remuneration Committee to design compensation packages appropriate to Directors' roles, duties, and responsibilities. The packages must be clear, fair, and in accordance with relevant laws and regulations. The Committee determines the remuneration structure and composition in comparison with Directors' remuneration of other leading companies of the same industry which are also listed on the SET. Duty and scope of responsibility as well as the entire Board assessment results and the Company's business results are taken into account as a part of the remuneration procedure. Other factors to consider include economic situations and trends to formulate policies and guidelines for Directors' compensation. The proposal is then tabled to the Board for approval. As for

the remuneration of the Sub-Committees, their scopes of duties and responsibilities, as well as, any extra work performed appropriately for the Company will also be considered.

#### 5.13 REMUNERATION OF THE CHIEF EXECUTIVE OFFICER

The Board's Policy for determining the remuneration of the CEO is based on the annual assessment of the performance of the CEO considering PTTGC's business results, the Key Performance Indicators of strategies and targets of management ability, as well as, business competitiveness throughout the year. The Nomination and Remuneration Committee determines fair and reasonable compensation packages and submits them to the Board for further consideration.

#### 5.14 DEVELOPMENT OF DIRECTORS AND EXECUTIVES

The Company focuses on the continuous development of its Directors. Although the majority of the Directors have completed extensive training, PTTGC's policy is to further encourage members of both the Board and Sub-Committees to attend additional training or participate in various activities, organized by IOD, SET, and SEC, to expand their horizons in fields related to their assigned duties. In 2012, the Company informed Directors about the training courses every quarter so that they could manage their time effectively to attend. Handbooks and other related documents necessary to performing Directorship i.e. the Company profile, Corporate Governance and the Business Code of Conduct, and SEC's and SET's regulations were distributed to Directors and Executives on a regular basis.

In the case of the appointment of new Directors, the Company has established preparation guidelines about performing the duties enabling them to act as quickly and conveniently as

possible. The Company Secretary is responsible for coordinating the following:

- Collection and delivery of documents concerning regulations and practical guidelines related to the Directorship as well as Company information to equip new Directors with preliminary information and to ensure the observation of Directorial laws and regulations.
- Organization of a Board Orientation to inform newly appointed Directors about the structure and nature of the business of the companies in PTTGC Group as well as meetings with the management team.
- Arrangement of Plant Visits to each operating plant in the PTTGC Group and in other countries where the Company has joint ventures to make sure that the Board understands the Company's business and applies such knowledge and experience to benefit PTTGC to a greater extent.
- In 2012, every member of the Board attended necessary basic training courses as Directors in accordance with the principles of Good Corporate Governance of the Thai Institute of Directors (IOD). In addition, the Sub-Committees also showed their interest by attending seminars to enhance knowledge in matters related to their duties namely the Audit Committee Program, the Role of the Chairman Program, the Role of the Compensation Committee Program, the Risk Committee Program, and the Role of the Nomination and Governance Committee Program.

- The Company Secretary has also provided plans for development and operation-related knowledge enhancement in various aspects for the present Directors on a continuing basis.

#### 5.15 SUCCESSION PLAN

The Company has prepared a systematic succession plan to replace retirees of key positions or to fill new vacancies resulting from business expansion or the remodeling of the Company's structure. A succession plan is also in place for top management positions to ensure management continuity and facilitate the appointment of personnel whose potential and readiness are suitable for such important roles. The procedures will allow those newly appointed to grow with the organization and enable PTTGC to achieve its future strategic goals in a smooth and effective manner.

