



Corporate Governance

CORPORATE GOVERNANCE

The Board of Directors of PTT Global Chemical Public Company Limited adheres to good corporate governance and code of conduct, entrenching transparency and efficiency in our operations. This adherence brings about trust and confidence in our organization from shareholders, investors and all groups of stakeholders. Moreover, it bolsters our competitiveness in the market. Therefore, the Board of Directors ensures that all of our processes strictly conform to our Corporate Governance Policy.

CORPORATE GOVERNANCE POLICY

The Board of Directors has mandated that the Corporate Governance Policy, which was formulated in conformity to universally accepted practices, be part of our Business Operations Policy since 2011. It has tasked the Corporate Governance Committee with regulating, monitoring and assessing PTTGC's corporate governance. In addition, the Corporate Governance Committee must make certain that the implementation of the policy meets international standards, complements our business and operational strategies and conforms to regulatory and legal requirements and other international guidelines. The Corporate Governance Committee discusses monitoring and implementation assessment results at its meetings, regularly reports these results to the board and discloses such information in the annual report.

Corporate Governance and Business Code of Conduct

To bring about realistic implementation of the Corporate Governance Policy, the Board of Directors has issued a Corporate Governance and Business Code of Conduct Handbook. It defines a structure of corporate governance and provides guidelines that correspond with the Corporate Governance Policy. All levels of employees, including Directors and Executive Officers, must abide by the policy. The handbook is distributed to all personnel in our organization. By signing acknowledgement and conformity form, every employee acknowledges a safe receipt of the handbook and agrees to employ the principles therein as a benchmark in their day-to-day operations.

Our Business Code of Conduct is comprised of principles and best practices for an ethical business. Our Board of Directors and Executives act as role models to promote a culture of good corporate governance and take responsibility over related stakeholders. In doing so, they take into account human rights, consumer rights and lawful use of labor. They also provide a system to oversee, monitor, assess and review employees' compliance with the Business Code of Conduct. The Corporate Governance and Business Code of Conduct Handbook is also distributed to joint ventures, relevant authorities, stakeholders and business allies such as customers and suppliers. Additionally, shareholders, investors and the public may conveniently access to the handbook on our website, www.pttgcgroup.com, under Corporate Governance.

Corporate Compliance

To facilitate PTTGC's full compliance with our own policies, as well as relevant regulatory and legal requirements, PTTGC has established the Corporate Compliance Policy and disclosed it to PTTGC's personnel at every level. The Corporate Compliance Division has been founded to specially oversee all compliance-related matters, including to create awareness, follow up, review and ensure full compliance with our Corporate Compliance Policy & Program.

In 2016, PTTGC carried out the following tasks as part of its Corporate Compliance Program to ensure that every PTTGC Group's Company would move forward in the same direction.

- As for compliance communication, we educated our Executive Officers on matters related to Business Code of Conduct and the Corporate Compliance Policy. For instance, we held a training session entitled Corporate Compliance Overview for Executives and Management to equip our officers with guidelines and criteria for international regulatory practices, put into action of Tone at the Top with respect to Compliance, be a role model in adhering to Corporate Compliance

doctrine, laws, rules and regulations, as well as develop the practice into a corporate culture. We also held a Mandatory Corporate Compliance Training for New Division Managers 2016, a Compliance & Anti-Corruption Programs and Antitrust Principles / Offences focusing on New Thai Antitrust Law to employees at all level. We constantly circulate Compliance News via email to management and employees of PTTGC Group throughout the year.

- As for monitoring, auditing and reporting of corporate compliance, we in cooperation with our Internal Control and Risk Management Department, to conduct a compliance risk assessment by analyzing the results of corporate risk assessment related to Corporate Compliance matters. We also conducted a control self-assessment (CSA). The purpose of these two assessments was to ascertain whether our Corporate Compliance Program was up to standard and to further improve the program's effectiveness.

We regularly monitor the conduct of PTTGC Group on Corporate Compliance and report to the Board of Directors.

Dissemination of Good Corporate Governance Principles

PTTGC has established CREATE, which stands for Creation of long-term value, Responsibility, Equitable treatment, Accountability, Transparency and Ethics. We ensure that every employee is aware of CREATE on their first day at PTTGC and continue to instill its value in our employees' mind through continual seminars and activities. We regularly conduct assessments on our Board's performance and on our employees' awareness and implementation of good corporate governance principles, in addition to being assessed by authorities such as the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), the Thai Institute of Directors (IOD) and the Thai Investors Association. All of this gauges our compliance with good corporate governance and ensure the elevation of our corporate governance towards international standards.

COMPLIANCE WITH INTERNATIONAL STANDARDS OF GOOD CORPORATE GOVERNANCE

PTTGC continues to adhere to international standards of good corporate governance, including those established by the Stock Exchange of Thailand, the ASEAN Scorecard and the Dow Jones Sustainability Indices (DJSI). In the past year, PTTGC complied with the following five aspects of good corporate governance:

Shareholder Rights

Placing a great deal of emphasis on the protection of shareholder rights, the Board of Directors included shareholder rights protection mechanisms in the Corporate Governance Handbook. It also oversaw PTTGC's compliance with the established principles.

(1) The provision of important and pertinent information to shareholders

We provided clear and up-to-date information of importance and pertinence to our business operations to shareholders on our website and via the Stock Exchange of Thailand's portal. If we deemed it necessary, we would disclose the information whether the law required it or not.

(2) The 2016 Annual General Meeting of Shareholders

PTTGC held the 2016 Annual General Meeting of Shareholders (AGM) on April 5th, 2016, at the Bangkok Convention Center on the 5th floor of Central Plaza Ladprao, located at 1695 Phahon Yothin Rd., Chatuchak, Chatuchak, Bangkok. The meeting commenced at 2 p.m. We afforded participating shareholders the following conveniences:

- We provided opportunities for minority shareholders, defined as any single shareholder or a group of shareholders holding at least 0.1% of all shares with eligible voting rights, to propose agenda items and nominate qualified candidates to be elected as Directors prior to the meeting during September 28th- December 31st, 2015. Nomination criteria and procedures were announced via the Stock Exchange of Thailand's portal and on www.pttggroup.com.

- The Nomination and Remuneration Committee was tasked with considering proposed candidates against established criteria, while the Corporate Governance Committee was in charge of reviewing and analyzing proposed agenda items for their benefits and appropriacy in conformity to established criteria. The approved agenda items would be submitted to the Board of Directors for its final approval. The Board would then inform the shareholders of its decision regarding these agenda items and its reasons at the meeting. However in the year 2016, no agenda items were proposed and no nominations were made.
- We informed all shareholders of the record date and the book-closing date in advance to facilitate their AGM attendance and promote their rights to receive their dividend payment. We also made the AGM date available on our website as soon as it was set by the Board to afford all shareholders sufficient time to make the arrangements needed to attend the meeting.
- We published the invitation to the 2016 Annual General Meeting of Shareholders on our website for more than 30 days prior to the date of the meeting. Enclosed with the invitation were meeting agenda with the Board's opinions about each agenda item and meeting documents. All of this was made available in both Thai and English.
- In the event that a shareholder would like to assign a proxy to attend and vote at the AGM on their behalf or that a shareholder would be unable to attend the AGM personally, we provided them with a proxy statement that allowed each shareholder to specify their "for", "against" or "abstain" vote for each agenda item. We also provided Independent Directors' names and biography for shareholders to consider as their proxy. Details of the proxy assignment process and documents required for the procedure were enclosed with the meeting invitation. All of this was available in both Thai and English.
- The invitation was mailed to shareholders 21 days prior to the meeting. A map of the meeting location and a phone number for inquiries were also included.
- We held the AGM in a large conference hall that could accommodate a sizeable number of shareholders. We provided shareholders with a platform to ask questions and express their opinions while ensuring smooth and efficient meeting organization. We organized an exhibition, with commentators, in front of the conference hall to educate participants about the various aspects of our business and performance. We also provided sufficient food and drink for participants.
- We adopted barcode scanning in our registration process for convenience and efficiency. We also provided staff to help verify shareholders' documents in advance. Registration was opened for more than two hours before the meeting started.
- Out of 15 Directors, 14 attended the 2016 Annual General Meeting of Shareholders. Also in attendance were high-ranking Executive Officers, Auditors, Legal Advisors, Shareholder rights protection volunteers, Lawyers and Shareholders who volunteered as vote counting witnesses. Before the meeting commenced, the Chairman of the meeting explained voting and vote counting procedures for each agenda item. Voting cards were provided for each agenda item. Shareholders and proxies could vote "for", "against" or "abstain."
- The Chairman proceeded with all the agenda items in order and afforded all shareholders equal rights to express their opinions. Sub-Committee Chairpersons, the President and Chief Executive Officer and related high-ranking Executive Officers were tasked with answering shareholders' questions. All opinion expressed and questions asked were fully recorded in the meeting's minutes.
- We disclosed the resolutions passed in the 2016 Annual General Meeting of Shareholders through the Stock Exchange of Thailand's portal on the next business day following the meeting. The disclosed resolutions included a complete set of the "for", "against" and "abstain" votes of each agenda item. We also put together meeting minutes, specifying the names of Directors and Executives in attendance, as well as other relevant attendees, important explanations, a list of questions and answers and a summary of opinion expressed. The minutes were made in both Thai and English and submitted to the Stock Exchange of Thailand and other related agencies within 14 days following the meeting. They were also made available on www.pttgcgroup.com for shareholders' consideration.

For the fifth consecutive years (2012–2016), PTTGC received a perfect score of 100, or outstanding, from the quality assessment of our organization of the 2016 Annual General Meeting of Shareholders conducted by the Thai Investors Association. We also received an Investors' Choice award from the Investors' Choice Awards 2016 with a perfect score of 100 for the organization quality of our 2016 AGM.

Equitable Treatment of Shareholders

The Board of Directors oversees equitable treatment of every shareholder, whether majority or minority, Thai or foreign. PTTGC's equitable treatment of shareholders can be summarized as follows:

1. **PTTGC values all shareholders.** We have measures in place to fairly and equitably protect the rights of every shareholder. These measures also bring about investors' trust and confidence in PTTGC and ensure continuous suitable returns.
2. **PTTGC affords minority shareholders a chance** to express their opinion, provide suggestions and submit complaints to the Chairman of the Corporate Governance Committee (an Independent Director) and Company Secretary via email at cg@pttgcgroup.com. The Corporate Governance Committee reviews these submissions and takes appropriate action. Institutional investors may request information or express their opinions via email at ir@pttgcgroup.com, which falls under the jurisdiction of Investor Relations.
3. **PTTGC advocates good relations with our shareholders** through a variety of activities that not only foster good relations with our shareholders but also benefit society and the environment. One notable activity was the Company Visit 2016 in the province of Rayong during November 29th - 30th, 2016. The activity gave 500 majority and minority shareholders an equal opportunity to be part of a social outreach activity, meet our Executives, learn about our operations and visit PTTGC Group plants.



Investors' Choice Awards 2016



2016 Annual General Meeting of Shareholders



2016 Shareholders' Company Visit

Stakeholders' Roles

Placing much importance on the rights of every group of stakeholders, PTTGC has collected and published practices for stakeholder rights protection and impact mitigation on our website. We have also provided channels, by which stakeholders can submit their opinion and complaints to PTTGC. Our stakeholder-related policies and guidelines, as well as their actualization in 2016, which were reported to the Corporate Governance Committee, are summarized below:

Shareholders: PTTGC respects the fundamental rights of shareholders and treats every shareholder equitably to bring about satisfaction. These rights include the right to participate in the annual general meeting, the right to vote, the right to propose meeting agenda items and the right to nominate candidates for a directorship. PTTGC organizes activities for shareholders, including Company Visits, listens to their opinions and suggestions and provides them with contact channels, via the www.pttgcgroup.com website and via email at ir@pttgcgroup.com and cg@pttgcgroup.com. These contact channels are disclosed under Shareholder Rights and Equitable Treatment of Shareholders.

Moreover, PTTGC collected 259,000 Baht in proceeds from bio-plastic product samples distributed at 50 Baht a set at the 2016 Annual General Meeting of Shareholders. All proceeds went to the fund for underprivileged patients at Siriraj Hospital.

Customers: PTTGC is committed to bringing about the satisfaction and confidence of customers and the public through the development of good products and services. By providing unprejudiced, appropriate, transparent and accountable management, we ensure that our products are of good quality and are reasonably priced. We also make certain that our standards continue to improve. We maintain a good and sustainable relationship with our customers through a diverse range of activities. For instance, we conduct a monthly review of our customer-related operations. We also quality check our products, develop new ones and try to the best of our abilities to meet customers' demand. We survey and assess their

satisfaction across six aspects: product quality, service quality of sales representatives and technology support, process quality, value and price, image and business relationship. We also have a customer relationship management (CRM) system in place to handle possible complaints about our products and services. Moreover, we now have the Marketing and Commercial Operations Policy in place, which has been devised in conformity to the Corporate Governance and Business Code of Conduct Handbook and the Corporate Compliance Policy. This policy serves as guidelines that every employee in the divisions must strictly adhere to.

Suppliers: To bring about equality, honesty and mutual benefits between PTTGC and our suppliers, we strictly conform to laws, agreements and Business Code of Conduct. Through the adoption of an e-procurement system, our procurement process and database are now efficiently interconnected with those of our subsidiaries. Our 5-year roadmap is designed to enhance our suppliers' capabilities without leaving behind issues such as the environment, society, communities and good corporate governance, ensuring the sustainability of our procurement excellence. We also assess our suppliers' operations to ascertain their compliance with the standards of the DJSI. In terms of our relationships with our suppliers, we have made improvements to the Approved Vendor List (AVL) with our use of online technologies in every process. We also organize activities to foster a good relationship with our suppliers, including activities for social and environmental benefits and the Suppliers Conference, where we meet with our suppliers to exchange ideas and communicate our policies to them by malicious accusation.



PTTGC Supplier Conference 2016

Business Competitors: It is PTTGC's policy to align our treatment towards our competitors with international practices under the framework of competition laws. We adhere to principles of fair and transparent competition. We neither seek competitors' trade secrets through inappropriate or dishonest means nor do we defame them by malicious accusation.

Creditors: PTTGC treats our creditors with fairness and responsibility. We strictly conform to best practices in accordance with terms and conditions set forth in the contracts, terms of guarantee, capital management and debt repayment, due dates and financial encumbrances. We do not conceal information or facts that may cause damage to creditors. In the event that PTTGC foresees that we may not be able to perform any of our contractual obligations, we promptly notify our creditors and work with them to find a solution. Furthermore, PTTGC surveys the opinion towards our organization's processes with financial institutions to enhance the confidence in our processes and compliance with financial institutions' regulations. As for debenture holders, PTTGC diligently complies with the laws and announcements of the Securities and Exchange Commission of Thailand, as well as the policies, objectives and resolutions passed at any of the shareholder meetings. We regularly organize activities to foster good relationships with our debenture holders, including the recent Company Visit 2016, to improve their trust and confidence in PTTGC and to promote a better understanding of our business among debenture holders. PTTGC has no lawsuits over debt default with any of our creditors.

The Public Sector: PTTGC believes that the public sector, one of our stakeholders, plays a key role in the success of our business. We have put in place a policy on our conduct towards the public sector in countries in which we invest to avoid any inappropriate action and transactions. This policy is disclosed in the Corporate Governance and Business Code of Conduct Handbook. PTTGC is committed to our corporate compliance with the local law and governmental regulations. To obtaining permit, benefits and concessions, we comply with all of the rules, regulations and laws, as well as established procedures and processes. Our contact with the public sector, including local authorities and state enterprises, is transparent. We also offer full disclosure per governmental requirements.

Employees: Understanding that employees are a vital key to progress, PTTGC focuses on developing our employees' competence with an aim of becoming an organization of learning. In addition, we afford our employees fair compensation, a safe work environment and the ability to offer opinions and suggestions regardless of their position in the corporate hierarchy.



PTTGC Fish Aggregating Devices Project



PTTGC Fish Aggregating Devices Project



Releasing Fish Activity



Beach Cleaning Activity

Our human resource management plan is aligned with our operations to support our business units and our foreign endeavors. We also strive to prepare our employees for our business expansion abroad.

Moreover, it is PTTGC's policy to welcome handicapped individuals into our organization with open arms and to make the necessary provisions to better the quality of their life at work. Not only did we hire handicapped individuals in 2016, but we also made improvements to our facilities and premises, rendering them more easily accessible and convenient. Further details of our human-resource management are disclosed in the People Management and Development Policy.

Society, Communities, and the Environment: Integral to our operations is our responsibility towards society, communities and the environment. We take into account issues such as safety, quality of life, conservation of natural resources, the promotion of efficient energy consumption and the quality of life of people living around our plants and across Thailand as a whole. To bring about the sustainability of our corporate social responsibility management, we have developed the Effective CSR Program. It is aimed at providing the support that society and communities truly need by taking advantage of our expertise. The coverage of our Effective CSR Program extends beyond communities surrounding our plants; it also includes the Province of Rayong and the whole Kingdom of Thailand. On top of our financial report, PTTGC also makes an integrated report, which is a global-scale sustainability record that covers topics such as the economy, society and the environment, as well as issues that may significantly impact PTTGC. More details on the topic may be found in the 2016 Integrated Sustainability Report.

Disclosure and Transparency

PTTGC is committed to the transparent and timely disclosure of accurate and complete information to stakeholders. In exhaustive conformity to the relevant rules of law and regulations, we disclose both financial and non-financial information through the SET Portal of the Stock Exchange of Thailand and on www.pttgcgroup.com website. Investor Relation (IR), Corporate Governance and Corporate Secretary are in

charge of providing such information and responding to inquiries.

- Disclosure of Important Information in the Annual Report and in Form 56-1

Financial Information: PTTGC's financial statements are audited by a professional auditor for the accuracy of essential information, following financial auditing standards. Each financial statement is also approved by the Audit Committee and the Board of Directors prior to the disclosure to shareholders and the public. The Board of Directors' statement on the accountability of our financial report is disclosed alongside the auditor's report in this annual report. It includes connected transactions, management's analysis and risk management.

Non-Financial Information: PTTGC also discloses non-financial information of the PTTGC Group, including the operational structure of the PTTGC Group, the majority shareholder's shareholding structure, the number of shares held, the ratio of shares held by institutional investors and the ratio of free-float shares. Upon taking office and every instance the information is changed, any persons tasked with the management of PTTGC and its subsidiaries must report their and their affiliates' conflicts of interest. They must also report their securities holding every month and at the end of the year in the Report of Corporate Governance Compliance.

- Channels that PTTGC uses to disclose essential information, which is available in Thai and English, include the following:
 - We disclose essential information via the SET Community Portal of the Stock Exchange of Thailand;
 - We disclose essential information on our website, www.pttgcgroup.com, which is regularly updated; channels that may be used to contact the Board and other divisions are also fully and clearly displayed;
 - We disclose information and news to our stakeholders via our Better Living magazine, newspaper articles, press releases, email, exhibitions and sundry other activities.

Insider Information

PTTGC places a great deal of importance on the issue of insider information. It is our policy to prohibit the use of insider information, which is defined as essential information that has not yet been made public, for personal gain or for the benefit of any individual. Such usage includes trading PTTGC's stock. This policy appears in the Corporate Governance and Business Code of Conduct Handbook, which is retrievable on the PTTGC website, for shareholders to acknowledge and for the Directors, Executive Officers and other personnel to abide by. The following is a summary of this policy.

(1) From the moment they take office, Directors and Executive Officers from Senior Vice President to the Top of the hierarchy per the SEC's definition must report their and their affiliates' stock holding in PTTGC, as well as any changes, within three (3) business days following the change per the SEC's specifications to PTTGC.

In addition, the Corporate Governance Committee advised the Board of Directors in Meeting 5/2016, held on December 26th, 2016, to implement a new policy that would require Directors and Executive Officers to notify the Company Secretary of their trading of PTTGC shares at least one business day before the transaction. The Board has approved and implemented this policy accordingly.

(2) The Board of Directors monitors the implementation of our Business Code of Conduct on the subject of insider information. It mandates that any person whose duty is to report stock holding and changes to stock holding must submit a copy of the report to the Company Secretary. The Company Secretary must then report these changes to the Board at every meeting or when the changes occur. Information of stock holding at the beginning and the end of each fiscal year is disclosed in the annual report.

(3) PTTGC notifies Directors and Executive Officers in writing that they are prohibited from trading stock 30 days prior to the disclosure of the quarterly and

annual financial statements or other information that may affect the price of PTTGC's stock. They are also prohibited from trading PTTGC's securities within 24 hours from the disclosure.

(4) According to PTTGC's Confidentiality of Information Policy, every Executive Officer and staff member is required to treat PTTGC's information with confidentiality and to safeguard our information, our business partners' information and the personal information of related parties. They are also required to adhere to our guidelines on confidential information or information that is yet to be in public domain.

(5) PTTGC regularly keep our Directors, Executive Officers, and employees up to date on regulations and policies regarding insider information. On top of ensuring their acknowledgement and compliance, we also clearly outline punitive disciplinary action for cases of violation. No reports of violation were made in this past year.

Investors Relations

Investor Relations is the center of communication, where essential information is disclosed to shareholders, investors - including institutional and retail investors - analysts and relevant authorities. Investor Relations oversees the quality of financial reporting processes and essential information that may affect the price of PTTGC's stock, such as financial statements, earnings reports and quarterly and annual management discussions and analyses (MD&A). These are all indicators of PTTGC's financial standing, performance and future trend. Investor Relations also oversees the disclosure of information via the SET Community Portal of the Stock Exchange of Thailand to foreign and domestic investors.

Furthermore, in the year 2016, our Executive Officers regularly meet shareholders, financial analysts, investors and employees through a number of diverse activities and events to present them with our performance. These include analyst meetings, domestic and overseas roadshows and retail-investor event.

Investor Meetings	
Investor Meetings Abroad	4 times
Domestic Investor Meetings	8 times
Fixed Income Roadshow	1 time
SET Opportunity Day	4 times
Meetings with Financial Analysts	4 times
Meetings at the Company	78 times
Teleconference	14 times

Information Disclosure	
Disclosure via SET Community Portal and Company Website	44 times
Newsletter to Investors (The Better Living)	4 issues

Activities	
Bondholders Site Visit	1 time
Analysts/Fund Site Visit	4 times
Shareholders Site Visit	2 times
Relationship-Fostering Activities with Analysts	1 time
Basic Training with Analysts	1 time

Investors or any interested persons may contact PTTGC via the following five channels for more information:

- 1) Mail: Investor Relations, PTT Global Chemical Public Company Limited 555/1 Energy Complex, Building A, 14th–18th Floor, Vibhavadi Rangsit Road, Chatuchak, Chatuchak, Bangkok 10900
- 2) Phone: 66(0) 2265-8574, 66(0) 2140-8712, 66(0) 2140-8714, 66(0) 2265-8327, 66(0) 2265-8364
- 3) Email: ir@pttgcgroup.com
- 4) Fax: 66(0) 2265-8500
- 5) Website: www.pttgcgroup.com

In addition, PTTGC offers a swift and convenient correspondence via email. The email address is published on our website under Corporate Governance. Shareholders and the public may reach out to the Chairman of the Corporate Governance Committee directly. They may also contact the Company Secretary for company information at cg@pttgcgroup.com.

Responsibilities of the Board of Directors

The Board of Directors has effectuated the following policy regarding their composition and the scope of their responsibilities and duties:

1) The establishment of business strategies, policies and directions

The Board considers and establishes PTTGC's policies, strategies and sustainable development goals under the framework of universal sustainable business practices with an aim to balance the economy, the environment and society. At least once a year, the Board reviews and sets corporate vision and goals in accordance with the current economic condition. In addition, the Board approves financial Key Performance Indicator (KPI) and the various corporate plans, as well as periodically monitors their progress. The Board also supervises the work of the President and Chief Executive Officer and the rest of the management team to ascertain the achievement of PTTGC's goals and plans.

2) Corporate governance and code of conduct

The Board provides the PTTGC Group with the Corporate Governance Policy and Business Code of Conduct, by which Directors, Executive Officers, and staff members must abide to bring about efficient, standardized, ethical, transparent and accountable operations. The Board also ensures that all stakeholders receive the benefits guaranteed to them by their fundamental rights, fostering fairness, confidence and recognition. The Corporate Governance Committee, set up by the Board, is tasked with ensuring that PTTGC diligently complies with the Corporate Governance Policy, Business Code of Conduct, Compliance Policy, as well as all applicable laws, regulations and shareholder resolutions. The Corporate Governance Committee also sees to the

equitable treatment of all shareholders, whether it be shareholder benefits and rights, and instills an understanding of good corporate governance in the mind of our employees.

3) Internal control and internal audit

The Board mandates that PTTGC and its subsidiaries shall have effective internal control system that is comparable to universally accepted standards; this internal control system shall also be adequate for our risk appetite and shall take into account the appropriate internal control environment. The Audit Committee and Internal Audit are tasked with performing reviews and monitoring internal audit on a regular basis. They must ascertain efficient internal control activities, adequate and accountable information and internal and external communication, and regular monitoring and assessment. Their efforts bring about the achievement of operational, reporting and compliance objectives. They also foster confidence among Executive Officers, investors and other stakeholders of PTTGC. Further information may be found under Internal Control.

4) Risk management

The Board oversees PTTGC's management system of risks that may derail our strategic objectives. The Board tasks the Risk Management Committee with devising policies and frameworks of risk management, as well as ensuring risk management efficiency. By reviewing risks that may negatively impact our objectives and considering substantial risks at project and organization levels, the Risk Management Committee provides PTTGC with an execution plan, as well as consistently monitors, assesses and makes adjustments to the said plan to make certain that these risks remain within our risk tolerance level. Furthermore, the Risk Management Committee provides risk management reports to the Board on both regular and ad-hoc bases, as disclosed under Risk Management and Risk Factors.

5) Conflicts of interest

The Board of Directors has laid down a policy and guidelines for the possibility of a conflict of interest in the Corporate Governance and Business Code of Conduct

Handbook, to which all Directors, Executive Officers and employees must conform. They must also carefully follow the guidelines for transactions or connected transactions to refrain from violating the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. Directors and Executive Officers from Executive Vice President to the Top of the corporate hierarchy, as well as other finance-related positions per the SET's requirements, must report their interest and those of their related persons to PTTGC. Employees are required to report all possible conflicts of interest annually. In addition, in the event that a conflict of interest has arisen, all persons involved are required to report it to PTTGC immediately.

PTTGC has put further measures in place to prevent conflicts of interest. Directors, Executive Officers, employees and all related persons shall refrain from partaking in a financial transaction and/or a relation with an external entity that may result in a conflict of interest with PTTGC or may hinder the efficiency of our operations. In the event that a conflict of interest has arisen in procurement, bidding, decision making or transaction approval, they are required to report the conflict of interest to their immediate supervisor or the party involved, using our Conflict of Interest Form, and withdraw from such a process.

ANTI-CORRUPTION EFFORTS

PTTGC operates with transparency and accountability founded upon good corporate governance. We have a control and monitoring mechanism in place to prevent internal fraud and corruption, whether they be direct or indirect.

In the year 2016, PTTGC has expressed our dedication to the fight against fraud and corruption in the following manners:

CAC

PTTGC became a certified member of the Private Sector Collective Action Coalition Against Corruption (CAC) on July 4th, 2014. On top of our annual self-assessment, we also applied for membership recertification in February

of 2017. Recertification is a process required every February three years, according to the provisions of the CAC. Our application is currently under review by the CAC Council. We expect to be notified of their decision by the third quarter of 2017.

Organization of Transparency

PTTGC realizes that corruption is a major obstacle to development and poses as a significant threat to the country on several fronts, including the economy, society, politics, social values, virtues and morality. So we adhere to doing business with ethics and transparency to support the government's anti-corruption efforts via the promotion of awareness, social values, virtues and morality, as well as to propel Thailand's transparency towards an accepted standard and to promote a management culture based on good corporate governance.

Fraud Risk Assessment

PTTGC analyzes and evaluates fraud risks and the possible impacts of fraud in several internal processes, using a fraud risk assessment tool. Moreover, we have invited an expert lecturer from an external agency who specializes in fraud risk assessment and is certified by the Anti-Corruption Society to train us on fraud risk assessment techniques and to hold workshops for our relevant divisions.



No Gifts Policy

Giving or receiving of gifts, treating someone or being treated to a meal and giving or receiving other forms of benefits are all possible causes of corruption. Therefore, PTTGC has issued the No Gifts Policy in compliance with our Anti-Corruption Policy. Implemented across our organization, the No Gifts Policy mandates that any person employed by the PTTGC Group may not ask for or receive gifts, samples, meals or any form of favor that may be considered inappropriate from a business partner of the PTTGC Group. In doing so, we refrain from an act that may influence our decision or lead to selective treatment or result in a conflict of interest. We have communicated this policy to all external parties involved in our business operations for their acknowledgement. Compliance with the No Gifts Policy ensures that our business maintains its integrity, transparency, honesty and lawfulness.



PTT Group CG Day 2016 : See Through the Future



"Say No to Corruption" Activity



PTTGC joined the "Anti-Corruption Day 2016"

Whistleblower System

PTTGC has established, implemented and communicated the Whistleblower Policy to encourage all stakeholders to take parts in improving the Company. All stakeholders can file complaints if they witness any inappropriate behavior that breaches Corporate Governance and Business Code of Conduct and/or incompliance with Corporate Compliance Policy. Complaints can be submitted via mail, phone call, fax, e-mail and website of PTTGC. A complainant, known as the whistleblower, will be protected by the non-retaliation policy which is stipulated in the Whistleblower Policy. In 2016, PTTGC has improved the Whistleblower System by providing two additional departments to receive complaints: Internal Audit, and Company Secretary. This will enhance the independence and transparency of the system. Moreover, PTTGC will regularly report the Whistleblower status to the Board of Directors for their monitoring and suggestions to improve and align with business practices. The entire process is in line with those of the DJSI criteria and of the CAC.

BOARD OF DIRECTORS AND SUB-COMMITTEES

Board of Directors

The Board of Directors comprises 15 members, of which nine are Independent Directors. All Directors of the Board are experts from various fields with coveted knowledge, skills and experiences. The combination of their skills, qualifications and experiences bring about advantages to PTTGC. The Board dedicate their time to perform their duties for the utmost benefit to PTTGC and our shareholders. They are nominated and appointed according to proper criteria. Their duties and responsibilities are based on applicable laws, as well as PTTGC's regulations and Articles of Association, shareholder resolutions and good corporate governance. Directors' duties and responsibilities are effectuated in ways that steer them from conflicts of interest with PTTGC, instilling trust and confidence in our shareholders and investors. The structure of the Board of Directors as appears in Management Structure allows Board members to perform their duties efficiently. The number of Directors is suitable for the size and type of our business and is approved by shareholders.

Sub-Committees

The Board of Directors has established four Sub-Committees, namely the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee. Directors selected to be on these Sub-Committees possess the expertise and knowledge required to oversee specific issues that each Sub-Committee is tasked with, according to the Articles of Association. Each Sub-Committee has established its own charter, which prescribes its Directors' desired qualifications, term in office and scope of duties and responsibilities. The names of Directors on these Sub-Committees, their responsibilities, the number of their meetings and attendance in these meetings are found under Management Structure.

Furthermore, every Sub-Committee is required to regularly report its performance to the Board at a Board meeting. It is also our policy that Sub-Committees reveal their performance of the previous year to our shareholders using Form 56-1 and in the annual report.

NOMINATION AND APPOINTMENT OF DIRECTORS, AND PRESIDENT AND CHIEF EXECUTIVE OFFICER

The Board of Directors, through the Nomination and Remuneration Committee, considers and nominates candidates with the knowledge, skills, expertise, experience and niche qualifications that are in agreement with PTTGC's business strategy or could benefit our operations when a Director position becomes vacant or when a Director's term limit is due. In the nomination process, we consider candidates from the Directors' Pool of the Thai Institute of Directors and allow shareholders' to nominate qualified individuals, ensuring that the composition of the Board is wholesome and will yield the utmost benefit to PTTGC. In the event that a former Director is re-nominated, we will also consider his or her past year's performance, dedication and participation in the various activities and events.

Concerning the nomination and appointment of Independent Directors, PTTGC strive to ascertain our compliance with the SEC's specifications regarding the suitable number of Independent Directors on the Board.

As of December 31st, 2016, PTTGC's Board of Directors is comprised of 15 members, of which 9 are Independent Directors, exceeding the number mandated by the SEC. The definition and qualifications of an Independent Director may be found in the Good Corporate Governance Handbook and on our website.

As for the nomination of a candidate to the office of the President and Chief Executive Officer, in the event that this position becomes vacant, the Nomination and Remuneration Committee will consider and nominate one of the Directors on the Board. The nominee must possess the skills, professional experience and niche qualifications that are needed and that will bring about the utmost benefit to PTTGC. This nominee must have the knowledge, expertise and experience in the petrochemical, petroleum or energy sector. He or she must also demonstrate a great deal of leadership, have led an organization and be held in high esteem by relevant businesses and organizations. The possibility of a conflict of interest must also be taken into account. The nominee shall be appointed by the Board itself.

Roles of the Chairman and of the President and Chief Executive Officer

The Chairman of the Board of Directors and the President and Chief Executive Officer shall not be the same person. Their duties and responsibilities are separate, as outlined below:

The Chairman of the Board of Directors is an Independent Director tasked with ascertaining the Board's efficiency. The Chairman oversees that the Board complies with the Corporate Governance Policy and the Business Code of Conduct while maintaining its independence from management. The Chairman also works with the President and Chief Executive Officer to determine meeting agenda, but refrains from partaking in the day-to-day business management.

The Chairman of the Board of Directors serves as the Chairman at each Board meeting and at shareholder meetings. He is prohibited from being part of any Sub-Committees. This prohibition is clearly outlined in

the scope of responsibilities of the Board of Directors and of Sub-Committees. By clearly and suitably separating duties and functions, the Chairman is able to independently exercise his discretion.

The President and Chief Executive Officer sits at the pinnacle of our corporate hierarchy and is appointed from one of the Directors in conformity to the Articles of Association. He or she is tasked with managing PTTGC according to established policies, plans and budgets under the authority granted by the Board of Directors and set forth in the Articles of Association and PTTGC regulations. The President and Chief Executive Officer also serves as secretary to the Board. The roles and duties of this position are disclosed on our website in both Thai and English. Furthermore, the Articles of Association also mandate that the President and Chief Executive Officer receive compensation and benefits for his or her role as the highest-ranking officer in addition to what he or she earns as a Director.

Board Meetings

The Board of Directors schedules the exact date and time of Board meetings for the entire year in advance. The Board also clearly outlines the agenda of each meeting. It may also call for special meetings whenever the need arises. Directors receive the invitation to a Board meeting, draft minutes of the previous meeting and information accompanying the meeting agenda seven days prior to the meeting. In 2016, there were a total of 13 meetings scheduled in advance.

The Chairman presides over these Board meetings and ensures that every Director participate and express his or her opinions freely. At least two-thirds of all Board members must be present to constitute a quorum, and the quorum must be maintained until voting is complete. A resolution is passed based on majority votes. Each Director has one vote. The Chairman shall cast his or her vote in the event of a tie, which is the deciding vote. The Board places a great deal of importance on prudent, impartial and transparent management of conflicts of interest. All information regarding conflicts of interest is fully disclosed. In the event that a Director has an interest

in an agenda item, he or she must refrain from partaking in the decision-making process of that particular agenda item.

After the meeting, the Company Secretary is responsible for completing the meeting minutes, which will be presented for the Board's approval as the first agenda item of the next meeting. Once the Chairman places his or her signature on the minutes, they are approved and are systematically kept as a confidential electronic document, together with other agenda accompanying documents, for ease of retrieval and reference purposes.

Moreover, the Board of Directors mandates that Non-Executive Directors hold their own meeting, in the spirit of good corporate governance, to offer their opinions and guidelines for PTTGC's management and operations. The Board also mandates that Independent Directors hold similar meetings to exchange ideas and review their role and performance every year. In 2016, Non-Executive Directors held one meeting and Independent Directors also held one meeting and report the outcome / meeting resolutions to the Board.

The details of Board meetings and Sub-Committee meetings may be found in Directors' Meetings under Management Structure.

For ease and swiftness of dispatching information and meeting documents, as well as to reduce the use of paper, PTTGC has implemented an e-Meeting system. Information is sent to Directors' iPads, which are equipped with data encryption. LINE, a messaging application, is also used for internal communication between Directors and Company Secretary regarding meeting-related issues and other important matters.

DIRECTORS' PERFORMANCE ASSESSMENT

● Board of Directors

The Board of Directors is assessed every year to help Directors review their performance and revisit problems and obstacles of the past year. There are three types of assessment: group assessment, self-assessment, and cross-assessment (assessing another Director). The

score is divided into five levels. The overall assessment is summarized and presented to the Board and is disclosed in that year's annual report. The result of the assessment is also part of the criteria for considering annual remuneration for the Board, on top of PTTGC's operating performance. In 2016, the assessment form underwent another revision to further improve its suitability. PTTGC revised questions and criteria in accordance with the guidelines on Board assessment. The summary was presented to the Board, who acknowledged it and used the suggestions to devise guidelines that would help concretely improve the efficiency of the Board.

1. **Group Assessment** comprised six categories of questions, namely Board policy, Board performance, Board structure, Board style, Board meeting and Board development. The group assessment was conducted in December of 2016, during which 15 Directors were in office.

Group Assessment of the Board yielded a score of 94.6%

2. **Self-Assessment** comprised three categories of questions, namely responsibility towards duties, compliance with ethics and code of conduct, and self-development and teamwork.

Self-Assessment of the Board yielded a score of 93.9%.

3. **Cross-Assessment** comprised three categories of questions, namely expertise, independence and time dedication and meeting attendance.

Cross-Assessment of the Board yielded a score of 95.6%.

● Sub-Committee

Sub-Committees consist of the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee. These Sub-Committees were assessed as a whole and their members were also assessed individually. In 2016, every Sub-Committee reviewed and improved the topics, questions and criteria of the assessment.

1. The Audit Committee was assessed on the topics of its charter; composition; meetings; training and resources; responsibilities; relationship with managers of internal audit department, auditors, and management; reporting duty to the Board and shareholders; and the maintenance of their performance quality. The results are summarized below:

- Group Assessment: average of 86.9 %
- Individual Assessment: average of 82.9%

2. The Nomination and Remuneration Committee was assessed on the topics of composition and qualifications, scope of duties, meetings, reporting duty and performance evaluation. The results are summarized below:

- Group Assessment: average of 98.6%
- Individual Assessment: average of 98.4%

3. The Corporate Governance Committee was assessed on the topics of composition and qualifications, scope of duties, meetings, reporting duty and performance evaluation. The results are summarized below:

- Group Assessment: average of 97.6%
- Individual Assessment: average of 95.2%

4. The Risk Management Committee was assessed on the topics of composition and qualifications, scope of duty, meetings, reporting duty and performance evaluation. The results are summarized below:

- Group Assessment: average of 99%
- Individual Assessment: average 100%

Additionally, the Nomination and Remuneration Committee will use the results of these assessments as one of the criteria in considering appropriate remuneration for the Directors' 2017 performance, on top of PTTGC's earnings and other criteria.

DEVELOPMENT OF DIRECTORS AND EXECUTIVE OFFICERS

The Board of Directors emphasizes the importance of training courses pertinent to the functions of Directors and Executive Officers who are assigned a directorship at one of PTTGC's subsidiaries. These courses further enhance our Directors' competence, which bolsters the performance of the Board of Directors as a whole. They also prepare our Executive Officers for internal position rotations and for the succession to the offices of the President and Chief Executive Officer and other high-ranking officers. In addition, the Board also mandates the assessment of potential high-ranking executives to ensure their preparedness for future roles.

Orientation for New Directors

The orientation includes a presentation on PTTGC's business, data, practices, related rules and regulations, corporate governance, code of conduct and other useful information for the assumed position. Directors also receive handbooks and other documents needed to perform their role, namely the strategic plan, the Articles of Association, Company Memoranda, annual report, related regulations, the Corporate Governance and Business Code of Conduct Handbook and the Compliance Policy Handbook.

Training for Directors

PTTGC encourages every Director to acquire further knowledge through training to enhance the ability to perform their role. Past training for Directors include the following:

- The Board of Directors participated in activities and events aimed at the promotion and standardization of good corporate governance. The Board also visited operational sites of the PTTGC Group and of our joint ventures both in Thailand and overseas. These visits have enriched the Directors' understanding of our business and optimized their knowledge and experiences for the benefit of PTTGC.

- The Board of Directors enrolled in training programs that are of relevance or are beneficial to their directorship, including courses at the Thai Institute of Directors (IOD) and other institutes of renown. In 2016, our Directors participated the following programs:

IOD's Program

1. Mr. Praphon Wongtharua
Director Certification Program (DCP) Class 218/2016 and Financial Statements for Director (FSD) Class 31/2016
2. Colonel Nithi Chungcharoen
Role of the Nomination and Governance Committee Class 8/2016
3. Mr. Vasin Teeravechyan
Seminar Directors' Compensation Survey on 2016 and "Non-Executive Directors' Compensation - Global Practices and Trends"

Other Institutes

1. Mr. Somchai Kuvijitsuwan
- PTT Group AC Forum 2016 - Audit Committee : Yesterday Today and Tomorrow/PTT PLC.
- Audit Committee Seminar - AC Hot Update, Federation of Accounting Professions under the Royal Patronage of His Majesty the King.
2. Mr. Amnuay Preemonwong
Certificate, Executive Program on Energy Literacy for a Sustainable Future, Class 8, Thailand Energy Academy (TEA)
3. Mr. Praphon Wongtharua
Senior Management of the Energy Sector, Class 8, Thailand Energy Academy
4. Mr. Prasan Chuaphanich
Audit Committee Seminar - AC Hot Update, Federation of Accounting Professions under the Royal Patronage of His Majesty the King.
5. Mr. Supattanapong Punmeechaow
Capital Market Academy Leadership Program, Class 23, Capital Market Academy

- PTTGC held a seminar entitled Corporate Governance Code by experts from the law firm Weerawong, Chinnavat & Peangpanor Ltd. on September 19th, 2016, for the Board of Directors. The seminar's goal was to update our Directors on the knowledge of good corporate governance and practices of Registered Company Directors according to the regulations under revision by the Securities and Exchange Commission and the Stock Exchange of Thailand.

SUCCESSION PLAN

PTTGC has a systematic succession plan in place for positions crucial to our operations. Using talent grouping, 360-degree executive evaluation and an assessment center that gauges leadership competency, organization knowledge and experience, we are able to formulate effective individual development plans. Moreover, to support business expansion and organizational structure changes, as well as to ensure management continuity by finding replacements for positions to be vacant due to retirement, which will effectively contribute to the achievement of strategic goals, we have laid down succession plans. These plans help PTTGC manage positions to be left vacant by those entering retirement or those being rotated or new positions that emerge from restructuring or expansion in Thailand and overseas. Potential successors are part of a systematic development scheme that readies them for succession in a timely manner.

GOVERNANCE OF PTTGC AND ITS SUBSIDIARIES

In addition to our main operation, PTTGC also conducts business through other companies in the PTTGC Group. These are subsidiaries, affiliates and joint ventures. The details of our shareholding in these entities appear under Shareholding Structure. The Board of Directors has endorsed the following governance guidelines for the operations and management of these companies in conformity to the PTTGC Business Principles and published PTTGC way of Conduct as summarized :

- The Chief Executive Officer shall have the authority to formulate policies, guidelines, conditions and methods needed to appoint an employee or an individual to serve as a Director at one of the PTTGC Group companies as part of the PTTGC's human resource management regulations. In doing so, the Chief Executive Officer shall aim to bring about the utmost benefit to the Company through such an appointment.
- Major policies of PTTGC's subsidiaries shall comply with the regulations of the Securities and Exchange Commission and of the Stock Exchange of Thailand, as well as applicable laws. These major policies include management policy; governance policy; compliance policy; financial policy; safety, occupational health and environment policy; corporate social responsibility policy; human resource management policy; and sundry others.
- Established "Guidelines for Governance of Policies and Investments of Companies Whose Shares Are Held by PTT Global Chemical Public Company Limited" shall serve as guiding principles for a PTTGC representative in a Company under the PTTGC Group. By abiding by these guidelines, the representative shall be able to ensure the Company's management, governance and internal control are suitable and aligned with those of PTTGC's, fostering efficiency and bringing about the achievement of goals.

COMPLIANCE WITH OTHER PRINCIPLES OF GOOD CORPORATE GOVERNANCE

PTTGC has always thoroughly complied with principles of good corporate governance. In 2016, we made the following efforts:

- 1) We amended the right of shareholders to propose agenda items and nominate candidates for a directorship on the Board in advance. Previously, a single shareholder or a group of shareholders had to hold at least 0.5% of the total issued shares with a voting right to be able to propose agenda items and nominate candidates for a directorship. This figure has been reduced to 0.1% instead. Furthermore, in

agreement with the SEC's guidelines, we have amended our policy to no longer require a specific length (duration) of shareholding to encourage minority shareholders to exercise their rights.

- 2) We adopted the second announcement of the SEC regarding characteristics of Directors and Executive Officers that indicate the lack of trustworthiness as our own criteria for considering nominees for a directorship in the process of the Nomination and Remuneration Committee.
- 3) We disclosed the details of our Chief Executive Officer's compensation on our website.
- 4) The Audit Committee now has one Director with an accounting degree.
- 5) We made improvements to our Board's Skills Matrix for Directors to put more emphasis on Board development in aspects that either need improvements or are missing. Our aim is to ensure that we have Directors with the qualifications needed for our present business type and direction, as well as to support the nomination processes and methods. This change is in line with the DJSI's criteria.
- 6) We amended the Charter of the Risk Management Committee to better align it with the new CG Code.
- 7) We put together the PTTGC Way of Conduct, which is a collection of policies for the governance of the PTTGC Group.
- 8) We started publishing an integrated sustainability report.
- 9) We implemented a new policy that requires Directors and Executive Officers to inform the Board or the person assigned by the Board that they are about to trade PTTGC's stock at least one business day prior to the trading.

10) We update the Independent Director Charter to cover all of their recently practices related to the anti-corruption and the social and environmental responsibilities issues.

HEADS OF INTERNAL AUDIT AND CORPORATE COMPLIANCE

The Charter of the Audit Committee mandates that the appointment, termination and rotation of the Vice President of Internal Audit must be approved by the Audit Committee. In the Audit Committee Meeting No. 4/2013, held on July 5th, 2013, has appointed **Mr. Adisorn Vichaikatka** as **Vice President of Internal Audit Department**, effective on August 1st, 2013. Mr. Vichaikatka has extensive knowledge, skills, experience and qualifications required for the role. He also underwent all training courses required for internal audit, internal control and risk management of PTTGC.

Furthermore, PTTGC has established the Corporate Compliance Division under the supervision of Corporate Governance and Corporate Secretary Department. The Compliance Division's role is to monitor and oversee thorough compliance with the law by

every unit of PTTGC and appointed **Mrs. Rattana Nakasiri**, **Vice President of Corporate Governance and Corporate Secretary Department**, to oversee **Corporate Compliance**. Her role and responsibility are to encourage and support compliance activities among Executive Officers and employees of PTTGC and PTTGC Group companies, including joint ventures.



Mr. Adisorn Vichaikatka
Vice President - Internal Audit



Mrs. Rattana Nakasiri
Vice President - Corporate Governance
and Corporate Secretary



PEOPLE MANAGEMENT AND DEVELOPMENT POLICY

ORGANIZATIONAL AND PEOPLE MANAGEMENT

The development of a strong basic human-resource management system is a pivotal mechanism that effectively augments PTTGC's competitiveness and serves as the force that drives us towards operational excellence. It provides the necessary support for our domestic and international investments. This support allows us to grow sustainably through the development of specialty and eco-friendly products, which illustrate our corporate social responsibility. It also enables us to expand our business overseas. Our human-resource management and human-resource action plans are, therefore, aligned with these business directions, further growth readiness while linking to overseas businesses plan and supporting larger and more diverse nature of our operations.

PTTGC assures that all of our employees have all the legally required welfare benefits to afford them a good-quality work life. We have established the Employee's Welfare Committee, whose role is to provide advice to our executives on matters of employee benefits. The Committee also offers advice to management and promotes good relationship between PTTGC and our employees. In terms of our policy on performance evaluation, all employees undergo annual goal setting, mid-year review and year-end assessment. Furthermore, to ensure impartiality and transparency, we require that employees and their supervisors discuss their performance at least twice a year, in addition to conducting a panel-style peer review in each field of work. The results of this performance evaluation are part of our annual salary adjustment as outlined in our remuneration policy, which is also subject to our earnings. In 2016, PTTGC trained our line managers and higher-ranking personnel on the topic of performance evaluation with an aim to help better classify the performance of each group and retain quality and skilled employees. Moreover, we also added the GC SPIRIT core values as another criterion to our behavioral assessment, which is part of the performance evaluation, to measure how much they have been put into practice. Furthermore, we have integrated

the performance evaluation system with human-resource development planning by adding another channel by which employees can express their own wishes about their field of work for the next one to three years. This allows us to consider employees' wishes in our future job rotation, development and hiring.

People Readiness: We have to prepare our personnel qualitatively and quantitatively. To get our people ready for assignment to various projects, we work with project owners to establish staffing plans and timelines. Doing so allows us to ready and deliver the manpower needed for new projects at the right moment. In addition, PTTGC has further developed our own talent pool database in 2016, realizing that it would enable us to find employees with the desired qualifications for instant assignment. This database helps us store and analyze employees' crucial information, including their skills, expertise, experience and job interests, on top of enhancing our talent recruitment and management. The database has been expanded to include foreign candidates to support our overseas endeavors, especially in the United States. Moreover, we have developed an E-recruitment platform, which has augmented the efficiency of our recruitment, in addition to supporting our very many projects and business growth. We have also promoted an awareness of our brand through social media, including Facebook, LINE and LinkedIn. All of this gives us the ability to find experienced individuals from many different fields to join our team.

Career Management is a fundamental system for Human Resources Development, which will efficiently support our long-term growth. PTTGC's career management system help develop employees with potential to grow within or across job family and this is one of a talent retention tools. Moreover, our established structure of career paths provide our employees with a clear vision of career advancement possibilities. It also serves as guidelines for supervisors to train their subordinates and equip them with the knowledge and skills needed for business as usual and future business growth.

Learning and Development: To bring about effective employee development, PTTGC requires that supervisors in each line manager works with their subordinates in the formulation of an individual development plan (IDP). We also develop career plans for employees who are ready, especially for those considered talents or successors, to prepare them for critical / targeted positions. In developing employee, we focus on special project assignment and systematic job rotation per the established IDPs and career plans. In this regard, we are supporting our human-resource development policy by applying the 70:20:10 (experience: exposure: education) guidelines. IDP progress is also monitored to ensure continuous development.

PTTGC has conducted the following training internally and externally.

- In compliance with PTTGC's human resource management strategy for business growth, we have launched the Marketing & Sales Competency Development (MSCD) program. It aims to continuously develop the expertise of all sales and marketing personnel, ranging from entry-levels to executives. We also offer the Overseas Readiness program to help improve employees' English skills and foster their cultural awareness, preparing them for our foreign expansion and projects.
- To develop PTTGC's junior to senior management, the Leadership Development Roadmap has been established and implemented. It enhances their management skills, in terms of leadership skill and business. Our executives also participate in leadership development training conducted by PTTGC and PTT Group.

- To support our safety, environmental and energy conservation policies, PTTGC has provided over 50 domestic and overseas training courses for relevant personnel of all levels to improve their knowledge and skills. Those programs, which include topics such as process safety management, risk management and internal control, help ensure that all processes are done correctly, safely and with the environment focus.

To support future growth, PTTGC has established guidelines for competency development of specialized areas, such as engineering and research and development. In 2016 we assessed the competency of R&D personnel and measured it against the criteria of knowledge, skills and expertise needed for business as usual and future business growth. This assessment gave us insights information of the development need of researchers and allow us to generate plans to fulfill those needs and lead to the execution of the 2017 development plan.

Succession Planning: PTTGC formulates succession plans from division up to senior executive positions managers especially for positions of retiring executives, to ensure a smooth transition. In 2016 we smoothly and successfully filled every position that became vacant due to retirement in accordance with our succession plans through the appointment of new executives with proper job shadowing period. In addition, we have focused on the continuous development of executives of all levels, to enhance their leadership capabilities required to take over all positions of retiring executives.



LDP Workshop



Be the Catalyst Workshop

For newly appointed leaders, PTTGC offers a development scheme called "Strong Start in a New Role". The program has been created for all new leaders from division manager level up. It aims to educate, promote their understanding and equip them with the skills they need to properly lead in their new roles. The program gives them the confidence and ability to smoothly transition to new roles and expectations. The program combines diverse learning and development interventions, including classroom workshops, coaching, goal setting and execution, behavioral monitoring and evaluation.

Knowledge Management is also of great value to PTTGC. We want our staff to have the proper capabilities and expertise built on an excellent base of knowledge. Since it is our goal to become a global knowledge-based petrochemical and refinery organization, we have seriously and systematically collected and shared work-related knowledge and experience. This is achieved through a multitude of diverse knowledge-management activities that encourage people in our organization to connect and share their knowledge, such as KM Forum, Lesson Learned Sharing, Community of Practice (CoP) and small group activities. All of these allow us to retain our know-how, learn from past mistakes and improve our work processes through Continuous Performance Improvement (CPI). We continuously share our knowledge through a variety of CoPs, such as Polymers CoP, EO/EG CoP, Maintenance CoP, Rotating Equipment CoP and House of Experts CoP. Our Best Practice Sharing program has enabled us to implement best practices and develop future knowledge based on these best practices. Moreover, we encourage employees to be creative and take initiatives through

iWisdom program which encourage our personnel to think out-of-the-box and present new creative ideas that could potentially be beneficial. We have established Ideation System, in which ideas shared through iWisdom program can be concretely realized, whether as a product, process, service or even equipment. This practice brings about business value to our organization, gives us competitive advantage and creates value-added for stakeholders in a sustainable manner.

The GC SPIRIT Core Values: PTTGC is dedicated to instilling our core values in the mind of our employees to create unity and drives our business towards its goal of becoming a global player and a petrochemical flagship company of PTT. As such, we have promoted an understanding of these values and encouraged our personnel to put them to practice. By giving them easy-to-understand behaviors that reflect these values, we believe that our employees will be able to concretely put these values into practice in their line of work continuously and sustainably. To achieve this, the Shift Mindset & Culture program has been formed. It focuses on preparing our employees for the uncertainty, volatility, complexity and ambiguity of their work environment through the adjustment of their mindset and work processes. This program is designed to ensure our competitiveness and ability to follow through with our business strategies in order to grow sustainably. It also helps employees develop desirable behaviors in accordance with the GC SPIRIT core values. In addition, the program helps with the execution of our action plan by promoting acknowledgment and understanding of change and the need to shift the mindset among employees, leading to the realization of the four core



KM Day 2016



KM Day 2016

behaviors: Take initiative to create better results, Keep improving self and inspiring teamwork, Work proactively to serve customers' needs and Strive for the greater good. The Shift Mindset & Culture team has established an action plan to promote awareness and understanding among employees in order to change their mindset and work behaviors. The following are the processes:

- The Shift Mindset & Culture Committee was founded, comprising executives from various units to encourage organization-wide participation in the formulation of the action plan and directions.
- The team established an action plan to promote awareness and understanding among employees to shift their mindset and culture in 2016 with a focus on the training of executives, who play an important role in this undertaking.
- Be the Catalyst of Change workshop was held for high-level executives and department managers. It created a common mission, in which management serve as role models who promote the four core behaviors.
- Shift Mindset & Culture Committee meetings and Change Agent meeting were held every month to align both parties' understanding of the direction, as well as to share knowledge and present ongoing model projects.
- Through Shift Mindset News, we communicated about budget control via the operating expenses report (not including employee-related expenses) of each business unit to promote an awareness of expenses and encourage every unit to control its budget according to the plan.

International human-resource management: PTTGC has improved our contract standard for overseas secondment, aligning it with our tax policy and the law of the destination country, in an effort to support our growth abroad. Moreover, we have improved our overseas secondment management processes by clearly outlining pre-, mid- and post-overseas secondment procedures, which are aligned with our provisions and policies, as well as related units. Furthermore, we have built relations

with world-class universities through the Thammasat Undergraduate Business Challenge (TUBC) project and accepting interns from the University of California, Berkeley, which is a collaborative effort with Sirindhorn International Institute of Technology of Thammasat University to support our future needs and increase our foreign hiring opportunities.

PTTGC encourages employees to work happily and enjoy a good quality of life, safety and hygiene in workplace. We are also dedicated to improving and enhancing our organizational and personnel management capacity because human resources are valuable components of a strong organization with sustainable growth.



GC SPIRIT 4 CORE BEHAVIORS



REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

Dear Shareholders,

The Corporate Governance Committee of 2016 is comprised of Professor Surapon Nitikraipot (Chairman), Mr. Don Wasantapruerk, Colonel Nithi Chungcharoen and Mr. Auttapol Rerkpiboon. We have duly performed our duties set forth in PTTGC's Corporate Governance Committee Charter and executed the tasks mandated by the Board of Directors. The Committee held a total of five meetings. Below is a summary of key developments:

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

- The Committee has reviewed the preparation plan for the annual general shareholders' meeting (AGM) to ensure orderly, transparent and efficient organization of the AGM according to good corporate governance guidelines and in compliance with the AGM Checklist. As a result, PTTGC's AGM has been awarded a perfect score of 100 for the fifth consecutive year for its organizational and operational qualities.
- The Committee has ensured that minority shareholders were given an opportunity to propose meeting agenda items and nominate persons to be elected as members of the Board of Directors more than three months in advance of the 2017 AGM date (September 20th - December 31st, 2016). To promote shareholders' rights and equality, the Committee has amended the minimum number of shares required to be held by a shareholder to submit a proposal from no less than 0.5 percent to no less than 0.1 percent without stipulating the length of shareholding.
- The Committee has overseen operational processes to prevent violation of the rules, regulations and laws that govern the PTTGC Group's businesses and to minimize risks that could arise as a result of such violation. Additionally, we have provided guidelines to improve PTTGC's whistleblower program, creating more transparency and efficiency.

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

- The Committee has formulated the 2017 Corporate Governance and Corporate Compliance Plans, aligning them with PTTGC's strategies. We have also reviewed the previous year's performance, including that of companies in PTTGC Group.
- The Committee has reviewed the Corporate Governance report in the 2016 Annual Report and in Form 56-1 to ensure complete disclosure of information and compliance with good corporate governance guidelines at both domestic and international levels. As a result of this practice, PTTGC was once again named "Excellent" in the CGR Awards.
- The Committee has advised on the review of PTTGC's anti-corruption measures and the preparation of operational data according to the self-evaluation form of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC).
- The Committee has advised on the implementation of regulations according to the criteria of the NACC Integrity Awards.

3. Supervising sustainable-development processes

- The Committee has continued to supervise and monitor PTTGC's sustainable-development processes. We have established the PTTGC Sustainability Framework as the fundamental standard of our organization. This framework was adapted from many international sustainability principles. It encompasses economic, social and environmental aspects of sustainable development. Ultimately, our goal is to maintain our position as a prototype organization of sustainability at the global level.
- The Committee has continued to monitor and supervise PTTGC's operational responsibility towards the various groups of stakeholders, namely the mitigation of the tar ball issue. In this case, PTTGC has joined forces with the government to build a national database, taking advantage of our organization's scientific expertise.
- The Committee has placed much importance on caring for communities, society and the environment. We have continued to visit communities in the Province of Rayong. We spoke and exchanged views with representatives from Ko Kok, Rayong's eco-community pilot model, and encouraged people in that community to take part in sustainable-development activities.
- The Committee has encouraged PTTGC to employ handicapped individuals and to provide them with the needed facilities.
- The Committee's advice on public relations has helped PTTGC earn widespread trust as an organization of sustainability at both domestic and international levels.

4. Performance, assessment and development

- The Committee preset the dates for our meetings for the entire year. Scheduling these meetings in advance has allowed us to consider and acknowledge various matters, including future plans, and to make recommendations to the Board of Directors and management.
- The Committee has ensured the provision of training for the Board of Directors in accordance with Directors' Development outlined in PTTGC's Good Corporate Governance. We have encouraged Directors to take the Thai Institute of Directors' various classes and invited experts from outside our organization to give a lecture to members of the Board.
- The Committee has reviewed and updated questions in the 2016 Board Performance Assessment Questionnaire in accordance with present circumstances, with the Stock Exchange of Thailand's guidelines and with other global standards such as the DJSI and the ASEAN CG Scorecard.
- The Committee has reported our performance and the results of our 2016 individual and group performance assessment to the Board of Directors for their acknowledgement.

Good Corporate Governance plays an important role in supporting and creating added value to PTTGC's operations. It allows us to operate with better efficiency and to become a sustainable business. The Corporate Governance Committee is, therefore, dedicated to ensuring that PTTGC strictly adheres to its Good Corporate Governance Policy and Business Code of Conduct. The Committee shall endeavor to unceasingly develop our corporate governance in reflection of international practices to earn the confidence of our stakeholders, as well as domestic and global recognition.

On behalf of the Corporate Governance Committee

(Signed) Surapon Nitikraipot
(Professor Surapon Nitikraipot)

Chairman of the Corporate Governance Committee