

# CORPORATE GOVERNANCE





RESPONSIBILITY

EQUITABLE  
TREATMENT

ETHICS

TRANSPARENCY

ACCOUNTABILITY

# CORPORATE GOVERNANCE

## Corporate Governance Policy

The Company, under the supervision of the Board of Directors, has been committed to maintaining its corporate governance standard in conformity with universally accepted practices ever since its inception in 2011. To this end, the Corporate Governance Policy has been issued as part of the Business Operations Policy. Additionally, the Corporate Governance Committee has been formed to oversee matters of corporate governance, making certain that the implementation of the Corporate Governance Policy meets international standards and ensuring that the policy complements the Company's business strategies and directions, as well as conforms to regulatory and legal requirements and other international guidelines. Moreover, the Corporate Governance Committee monitors and assesses the effectiveness of the implementation of the Company's Corporate Governance Policy through meetings of each Sub-Committee. Assessment results are regularly reported to the Board and presented to shareholders in the annual report.

## Corporate Governance and Business Code of Conduct

The Board of Directors has issued the Corporate Governance and Business Code of Conduct Handbook, comprising two parts: Corporate Governance details the structure of corporate governance and guidelines that correspond to the Corporate Governance Policy, while Business Code of Conduct presents principles and best practices for an ethical business, such as respect for the law, an aversion to corruption, responsibilities towards stakeholders, respect for human rights and consumer rights and fair treatment of workers. The handbook is distributed to Directors, Executive Officers and all employees. By appending their signature to the handbook, they take oath to employ the principles therein, pursuant to the Company's Corporate Governance Policy, as a benchmark in their day-to-day operations.

Furthermore, the Company's Board of Directors and Executive Officers serve as role models to promote a culture of good corporate governance. They provide a mechanism to oversee, monitor, assess and review employees' thorough and effective compliance with the Business Code of Conduct.

The Corporate Governance and Business Code of Conduct Handbook is also distributed to joint venture companies, relevant supervisory authorities, stakeholders and business allies. Additionally, shareholders, investors and the general public may conveniently access the handbook on the Company's website, [www.pttgcgroup.com](http://www.pttgcgroup.com), under "Corporate Governance".

## Corporate Compliance

Understanding that complying with the law or even more stringent standards can only bring about sustainable development, the Company places a great deal of emphasis on its full compliance with relevant regulatory and legal requirements at home and overseas. In 2018 the Company adopted the international standard ISO 19600 (Compliance management systems – Guidelines : 2014(E)) as its operational framework in order to realize an organizational culture of integrity and compliance. The standard comprises six steps: 1. Establish, 2. Develop, 3. Implement, 4. Evaluate, 5. Maintain and 6. Improve. At the operational level, the first line of defense has prepared and disseminated information about the compliance process, which is composed of three steps: 1. Assessment, by which of major noncompliance risks are identified; 2. Prevention of noncompliance risks and compliance control to minimize noncompliance issues; and 3. Correction and Improvement, by which any matter that deviates from the standard is appropriately managed, and compliance control is regularly improved upon.

Furthermore, the Company has formed a specialized unit to provide corporate governance support by integrating Governance, Risk Management & Internal Control and Compliance (GRC). This approach aligns practice to policies, as well as fosters information exchange, ensuring effective and uninterrupted implementation.

In terms of information dissemination, the Company's Executives have undergone "Compliance Mandatory for Managers" training, enabling them to perform their fiduciary duties and to ensure compliance with relevant regulations in their line of work.



*GC Group CG Day 2018: An Ensemble of GC executives and employees fights against corruption*

For employees, a number of training courses have been offered to provide them with current and necessary information, namely 1. Confidential Information and Data Classification, 2. Fraud Risk Management, 3. Comply with Compliance and Code of Conduct and 4. Complaint Management for Investigation Committee.

As for compliance monitoring, the Company and its subsidiaries have used the Compliance Assessment Checklist to identify nonconforming or noncompliance issues. Appropriate compliance control measures have been applied to issues found.

The Management Committee is in charge of compliance oversight organization-wide. It reports the Company's corporate compliance progress to the Board of Directors and ensures that the Company's corporate compliance management is effective and in line with universally accepted practices.

### *Dissemination of Good Corporate Governance Principles*

The Company has established six corporate governance principles, namely CREATE, which consist of Creation of long-term value, Responsibility, Equitable treatment, Accountability, Transparency and Ethics. These principles have been communicated through every employee to aware of CREATE since their first day at work. Employees' adherence to CREATE has been reinforced by means of instilment through training, seminars and activities. For instance, in 2018 the Company ran a campaign entitled "CG in DNA: Together We Can" to communicate good corporate



*PTT Group CG Day 2018... Born to be REAL*

governance principles to employees across all job families and to employees working at its subsidiaries' plants. The Company organized an activity called GC Group CG Day 2018: an ensemble of GC executives and employees to fight against corruption and to ensure that GC employees shall behave ethically in accordance with the Company's Code of Conduct and the Company shall operate its businesses in a transparent manner. The Company also organized an activity called PTT Group CG Day 2018... Born to be REAL together with PTT Group under the concept that the Company strives to apply and support the principle of good corporate governance. This activity aims to enable the Company to operate businesses ethically in the digital era. The Company also regularly assesses the Board's performance and its 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. These assessments quantify the Company's compliance with good corporate governance principles and maintain its corporate governance conformity to international standards. Furthermore, the Company's Executives include the CG Talk in their base agenda to encourage every employee to behave ethically and to strictly adhere to the Company's Corporate Governance Policy.

### *Compliance with International Standards of Good Corporate Governance*

The Board of Directors has always attached importance to the Company's conformity to international standards of

corporate governance, including the regulations of the Stock Exchange of Thailand, the ASEAN CG Scorecard and the Dow Jones Sustainability Indices (DJSI). In 2018 the Company has complied with the following five aspects of good corporate governance:

### Shareholder Rights

Placing much emphasis on the protection of shareholder rights, the Board of Directors had included shareholder rights protection mechanisms in the Corporate Governance Handbook. The Board also oversaw the Company's thorough compliance with the established principles.

#### 1. The Provision of Important and Pertinent Information to Shareholders

The Company afforded shareholders clear and current information of importance and of pertinence to its business operations. To this end, the Company disclosed any information that was deemed necessary on its website and via the Stock Exchange of Thailand's portal, even if it was not legally required.

#### 2. The 2018 Annual General Meeting of Shareholders

The Company held the 2018 Annual General Meeting of Shareholders (AGM) at 2 p.m. on Monday, April 9<sup>th</sup>, 2018, at the Bangkok Convention Center on the 5<sup>th</sup> floor of Central Plaza Ladprao, located at Number 1695 Pahon Yothin Road, Chatuchak, Bangkok. Participating shareholders were afforded the following conveniences:

##### Prior to the Meeting

- We allowed 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 to nominate qualified candidates to be elected as Directors from September 15<sup>th</sup> to December 31<sup>st</sup>, 2017. The announcement was made via the Stock Exchange of Thailand's portal and on our website.
- Nominated candidates and proposed agenda items would be considered against established criteria. The Nomination and Remuneration Committee would consider whether the proposed candidates possessed desired qualifications. Meanwhile, the Corporate Governance Committee would review and select proposed agenda items, then submitted them to the Board of Directors for its final approval. The Board would inform the shareholders of its decision regarding the inclusion or exclusion of these proposed agenda items and its reasons at the meeting. However, shareholders did not propose any agenda items or made any directorial nominations for the 2018 AGM.

- We instantly notified the Stock Exchange of Thailand after the Board of Directors met on February 20<sup>th</sup>, 2018, that the 2018 Annual General Meeting of Shareholders would be held on April 9<sup>th</sup>, 2018, effectively disseminating the news to our shareholders. We also informed them of the record date on March 6<sup>th</sup>, 2018, to promote shareholders' rights to attend the AGM and to receive their dividend payment. This information was also made available on our company website.
- We published the invitation to the AGM on our website for more than 30 days prior to the meeting date. Enclosed with the invitation were meeting agenda with the Board's discussion on 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 they would be unable to attend the AGM personally, we provided them with a proxy statement that allowed them to specify their "for", "against" or "abstain" vote for each agenda item. We also included our Independent Directors' names and biography for them to consider as their proxy. Details of the proxy assignment process and documents required to facilitate 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 telephone number for inquiries were also included.

##### On the Day of the Meeting

- We held the 2018 Annual General Meeting of Shareholders (AGM) in a large conference hall that could accommodate a sizeable number of shareholders. We allocated a specific time slot for shareholders to ask questions and express their thoughts, ensuring smooth and efficient meeting organization. We also arranged an exhibition, with presenters, in front of the conference hall to educate meeting participants about the various aspects of our business and performance. In addition, we provided sufficient food and drink for participants.
- We used barcode scanning in our registration process for convenience and efficiency. We also provided staff to verify shareholders' documents ahead of time. Registration began more than two hours before the meeting started.
- All 15 Directors attended the AGM. High-ranking Executive Officers, auditors, legal advisors, shareholder rights protection volunteer, lawyers and a shareholder who volunteered as vote counting witnesses were also present.
- Before the meeting commenced, shareholders were explicitly informed of the voting and vote counting

procedure 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 opinions expressed and questions asked were fully recorded in the minutes of the AGM meetings.

After the Meeting

- We disclosed the resolutions passed at the 2018 Annual General Meeting of Shareholders (AGM) through the Stock Exchange of Thailand's portal once the meeting had ended. The disclosed resolutions included a complete set of the "for", "against" and "abstain" votes of each agenda item. We also prepared the minutes of the AGM meeting, 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 opinions expressed. The minutes were prepared in both Thai and English and submitted to the Stock Exchange of Thailand and other related agencies within 14 days after the meeting. They were also made available on our company website, www.pttgcgroup.com, for shareholders to access.

Our organization of the 2018 Annual General Meeting of Shareholders received an "Outstanding" mark with a perfect score of 100. We have been honored by this distinction for seven consecutive years, from 2012 to 2018.

*Equitable Treatment of Shareholders*

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

1. Valuing all shareholders, we adhered to the measures that had been put in place to fairly and equitably protect the rights of every shareholder. These measures were also aimed at bringing about investors' trust and confidence in the Company and ensuring continuous suitable returns.
2. We afforded minority shareholders the ability to express their opinion, provide suggestions and submit complaints to the Chairman of the Corporate Governance Committee (an Independent Director) and the Company Secretary via email at the address cg@pttgcgroup.com. Whenever there was a submission, the Corporate Governance Committee would review it and take the appropriate action. Institutional investors could request information or express their thoughts via email at the address ir@pttgcgroup.com, which fell under the care of Investor Relations.
3. We fostered good relations with our shareholders through an activity that also benefited society and the environment, namely Company Visit 2018, which took place in Rayong. With a quota of 500 participants, we afforded both majority and minority shareholders equal opportunities to participate in the activity. There were two groups of 250 people visiting the GC Group's plants and took part in a social outreach activity on November 27<sup>th</sup> and 28<sup>th</sup>, 2018, respectively.

*Stakeholders' Roles*

Placing much importance on the rights of every group of stakeholders, we had collected and published practices for stakeholder rights protection and impact mitigation, especially on our website. We had also made available channels by which stakeholders could submit their suggestions and complaints to the Company. Our stakeholder-related policies and guidelines, as well as their actualization in 2018 are summarized below:

*Shareholders Plant Visit for the year 2018*



*Annual General Meeting of Shareholders for the year 2018*



## Shareholders

We respected the fundamental rights of shareholders and treated every shareholder equitably to bring about their utmost satisfaction. These rights included the right to participate in the annual general meeting of shareholders, the right to vote, the right to propose meeting agenda items and the right to nominate candidates for a directorship. To foster good relations with shareholders, we organized Company Visits, heeded their suggestions and provided them with contact channels, via [www.pttgcgroup.com](http://www.pttgcgroup.com) and via the email addresses [ir@pttgcgroup.com](mailto:ir@pttgcgroup.com) and [cg@pttgcgroup.com](mailto:cg@pttgcgroup.com), as previously disclosed under Shareholder Rights and Equitable Treatment of Shareholders. In addition, we took part in the Stock Exchange of Thailand's Opportunity Day, conducted in English, during which we communicated via an online platform with institutional investors overseas. The event provided them with access to information about listed companies in Thailand and an opportunity to learn more about these companies.

Furthermore, we continued with the Giving Back to Society campaign at the 2018 Annual General Meeting of Shareholders, where we donated 100 baht per shareholder who registered to attend the meeting (whether in person or through a proxy) in lieu of giving souvenirs to shareholders (refraining from distributing souvenirs per the SEC's directive). The donated fund was used to purchase medical equipments for Khao Chamao Chalermphrakiat 80 Years Hospital in Rayong.

In terms of our treatment of bondholders, we strictly complied with applicable laws, notifications from the Securities and Exchange Commission, company policies, company objectives and shareholder resolutions. We also regularly conducted activities to foster good relations with bondholders, much like those organized for shareholders, such as national and international roadshows and Company Visits.

*GC Supplier Conference 2018 at the Company's office, Rayong Province*



## Customers

To bring about customer satisfaction, we continued to maintain and improve the quality of our products and services; ensured that our management was fair, appropriate, transparent and accountable; and provided good quality and reasonably priced products and services. We maintained a good and sustainable relationship with our customers through a diverse range of activities. For instance, we conducted coordination meetings with our customers to provide them with information about our offerings and to hear more about their needs, which enabled us to curate our products to their demand. We also quality checked our products regularly. We even adopted a customer relationship management (CRM) system and added a whistleblower form on our company website to facilitate the submission of reports about our products and services. Furthermore, we adopted several operation-enhancing standards that also served as tools with which we managed and assessed the efficiency of our operations. These standards included a standard product sale and purchase contract, Internal Control's self-assessment, the Marketing and Commercial Operations Policy, which had been devised in conformity with the Corporate Governance and Business Code of Conduct Handbook, and the Corporate Compliance Policy. These standards served as guidelines to which every employee in every division strictly adhered.

## Suppliers

Believing in a business model of mutual growth and sustainability, we operated with fairness, transparency, accountability and lawfulness. We adhered to the Supplier Code of Conduct and Procurement Code of Conduct, which had been prepared in alignment with the Corporate Governance and Business Code of Conduct Handbook. The implementation of an e-procurement system continued to make our procurement processes more transparent, less costly and more simplified. We also made further enhancements to the Approved Vendor List (AVL) and conducted our annual supplier audit and assessment. In addition, we continued to conduct supplier relationship management (SRM) activities, namely the Annual Suppliers Conference, where we met with our suppliers to socialize and exchange ideas with them, as well as to communicate our policies to them. We also continued partnering with our suppliers to lower the costs of procurement and enhance our suppliers' competitiveness.

## Business Competitors

A policy on our treatment of business competitors had been formulated under the framework of competition laws and in conformity with international practices. Adhering to the principles prescribed therein, we ensured fair and

transparent competition by neither seeking competitors' trade secrets through inappropriate or dishonest means nor defaming them with malicious accusations.

### Creditors

We treated our creditors fairly and responsibly. We strictly adhered to best practices and complied with contractual terms and conditions, terms of guarantee, capital management and debt repayment terms, due dates and financial encumbrances. We did not conceal any information or facts that could cause damage to our creditors. In the event that the Company foresaw that we might not be able to perform any of our contractual obligations, we would promptly notify our creditors and work with them to find a solution. Furthermore, we held Banker Feedback sessions to learn more our financial institutions' opinions toward our processes, which also enhanced their confidence in us and our compliance with their regulations. We had no lawsuits over debt defaults with any of our creditors.

### Public Sector

Believing that the public sector, one of our stakeholders, would play a key role in the success of our business, we had put in place a policy on our conduct toward the public sector in all countries where we had invested to avoid any inappropriate action. This policy had been published in the Corporate Governance and Business Code of Conduct Handbook. At GC, we steadfastly and thoroughly complied with local laws and governmental regulations to obtain permits, benefits and concessions. We exhausted all the possibilities to ensure compliance with applicable rules, regulations and laws, as well as established procedures and processes. Our contacts with the public sector, including local authorities and state enterprises, were always transparent. We also offered full disclosure per governmental requirements. To this end, we adopted the Permits &

*Board of Directors visited plant of GC and exhibition of following King's philosophy at Koh kor Community, Rayong Province*



Privilege Licenses online database to plan and monitor the progress of our operations, ensuring our compliance with governmental rules and regulations.

### Employees

Committed to people development as a way to bolster our organization, we trained our employees and ensure their occupational health and safety. We paid attention to their opinions and suggestions regardless of their position in the corporate hierarchy. Our human-resource management plan had been aligned with our business needs, preparing the workforce necessary to support our expansion and partnerships at home and overseas. In this regard, Talent and Succession Management had been adopted as a framework for people management and development, by which employees' potential, abilities and performance were taken into consideration. Our employees were fairly compensated because of our remuneration policy took into account the Company's short-term and long-term operating results. The details of our human-resource management are disclosed in the "People Management and Development Policy."

Furthermore, per company policy, we welcomed individuals living with disabilities into our organization with open arms and supported activities that would enhance the quality of life for people living with disabilities, namely our cooperation with the Social Innovation Foundation to help these individuals work as freelancers.

### Society, Communities and the Environment

With due regard to our responsibility toward society, communities and the environment, our operations took into account issues such as safety, quality of life, conservation of natural resources. As part of our proactive environmental management (PEM), we made improvements to our Quality, Security, Safety, Health and Environment Policy and our Business Continuity Policy, aligning them with the Climate Strategy of the Dow Jones Sustainability Indices (DJSI). In this regard, we encouraged efficient energy consumption and promoted the quality of life in local communities and society as a whole. The 3-tier portfolio (local, provincial and national) of our corporate social responsibility (CSR) program had been designed to target the three aspects of development, namely Environment, Economic and Social. All of our CSR efforts owed much to our Employee Volunteer Program, which had been their main driving force. In addition, the Community Support Process Approach had been made into a sustainability manual for our community or society development projects in order to make sure that our efforts would truly meet the people's needs and



strengthen society in a sustainable manner. All of this conformed to our vision as a leading chemical company for better living. We had also adopted the use of a world-class sustainability reporting framework known as Integrated Sustainability Report (ISR), which covers economic, social and environmental topics, as well as any other issues that may significantly affect our Company. Further details can be found under "Integrated Sustainability Report 2018."

### Disclosure and Transparency

We committed to the transparent and timely disclosure of accurate and complete information, both financial and non-financial, to stakeholders in conformity with the relevant rules of law and regulations. We disclosed such information through the SET Community Portal of the Stock Exchange of Thailand and on our website, [www.pttgcgroup.com](http://www.pttgcgroup.com). Investors Relations (IR), Corporate Governance and Corporate Secretary had been in charge of information disclosure and responding to inquiries.

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

- **Financial Information:** Our financial statements have been audited by a professional auditor for the accuracy of their essential information, conforming to financial auditing standards. Each financial statement has also been approved by the Audit Committee and the Board of Directors prior to its disclosure to shareholders and the general public. The Board of Directors' statement on the accountability of our financial reports is disclosed alongside the auditor's report in this annual report, which includes connected transactions, management's analysis and risk management.
- **Non-Financial Information:** We have also disclosed non-financial information, such as the operational structure of the GC Group, including 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. Other non-financial information disclosed includes reports on interest filed by Directors and Executive Officers of the Company and its subsidiaries upon taking office and at every instance of change (including their affiliates' interest); reports on Directors' and Executive Officers' securities holding (required every month and at the end of the year); and reports on corporate governance and sustainability.

#### (2) We have disclosed essential information on Thai and English via the following channels:

- We have disclosed essential information on via the SET Community Portal of the Stock Exchange of Thailand;

- We have disclosed essential information on our regularly updated website, [www.pttgcgroup.com](http://www.pttgcgroup.com), where channels that could be used to contact the Board and other divisions are also fully and clearly displayed;
- We have disclosed information and news to our stakeholders via email, exhibitions, newspaper articles, press releases and sundry other activities.

### Insider Information

We included our Insider Information Policy in the Corporate Governance and Business Code of Conduct Handbook, as well as made it publicly available on our website for shareholders' ease of access. We constantly reminded our Directors, Executives and employees of the policy and asked for their compliance. Per the policy, they were prohibited from using insider information, defined as any essential information that had not been made public, for personal gain or benefit of others, including the use of insider information for trading securities of the Company. The essence of the policy is summarized below:

- (1) Directors and Executive Officers per the SEC's definition, from Executive Vice President to the top of the hierarchy, must report any changes in their holding of the Company's stock within three (3) business days per the SEC's specifications. This reporting requirement is effective as soon as they take office. Moreover, the policy requires Directors and Executive Officers to notify the Company Secretary of their intention to trade the Company's stock at least one (1) business day before the transaction.
- (2) The Board of Directors monitors the implementation of the Company's Business Code of Conduct on the subject of insider information. It mandates that any person whose duty it is to report his or her stock holding and changes to his or her stock holding must submit a copy of the report to the Company Secretary, who will pass it along to the Board at every meeting or as soon as the change occurs. Information of stock holding at the beginning and at the end of each fiscal year is disclosed in the annual report.
- (3) The Company notifies Directors and Executive Officers in writing that they are prohibited from trading the Company's stock with 30 days prior to the disclosure of the quarterly and annual financial statements or other information that may affect the price of the Company's stock. They are also prohibited from trading the Company's stock within the 24-hour window after the disclosure.
- (4) According to the Confidentiality of Information Policy, which is part of the Corporate Compliance Policy, all Executive Officers and employees are required to treat the Company's information with confidentiality and to

safeguard its information, business partners' information and personal information of related parties. They are also required to adhere to the Company's guidelines on confidential information or information that is yet to be in public domain.

- (5) The Company's Directors, Executive Officers and employees are regularly kept up to date on regulations and policies regarding insider information to ensure their acknowledgement and compliance. The Company has clear disciplinary action guidelines in place for cases of violation.

### Information Technology

A corporate-level framework for information technology management has been established in accordance with the Company's business needs. In addition, information technology has been integrated into its operation to increase the number of business opportunities and improve operational efficacy and risk management. All of this allows the Company to achieve its objectives and goals. The following are the Company information technology management guidelines:

- 1) The Company monitors and ensures that its use of information technology complies with relevant laws, rules, regulations and standards.
- 2) The Company has a system in place to maintain the confidentiality, integrity, availability, accuracy and timeliness of its information. The system also prevents information from being misused.
- 3) The Company regularly reviews information technology risks that may affect its operations and makes the necessary preparations to mitigate these risks, including the implementation of business continuity management, information security management, cybersecurity management, asset management and incident management.
- 4) The Company allocates and manages information technology resources according to established criteria, which determine the priority of a technology to be incorporated into its operations, such as its alignment with the strategic plan, business needs, impact on the business, budget and human resources required and value for money. All of this allows the Company to have an efficient and effective information technology system.
- 5) The Company uses information technology to increase the number of business opportunities and improve operational efficacy, such as the AI for Road Safety project, in which video analytics, big data analytics and artificial analytics work together to proactively prevent road accidents. We are the first organization in Thailand to successfully integrate these three technologies.

### Investor Relations

Investor Relations serves as the center of communication, where essential information is made known to shareholders, institutional and retail investors, analysts and relevant authorities. It also oversees the quality of financial reporting processes and essential information that could affect the price of its stock, such as financial statements, earnings reports and quarterly and annual Management's Discussions and Analyses (MD&A). These are all indicators of the Company's financial standing, performance and future trends. Investor Relations also manages the disclosure of information via the SET Community Portal of the Stock Exchange of Thailand to foreign and domestic investors. Furthermore, Investor Relations Code of Conduct has been put in place, prescribing the role and best practices that enable investor relations officers to treat all shareholders equitably.

In 2018, our Executive Officers regularly met with shareholders, financial analysts, investors and employees through a number of activities and events to present them with our performance, including analyst meetings, domestic and overseas roadshows and retail-investor events. Below is a summary of these events:

| Investor Meetings                |          |
|----------------------------------|----------|
| Investor Meetings Abroad         | 4 times  |
| Domestic Investor Meeting        | 10 times |
| SET Opportunity Day              | 5 times  |
| Meetings with Financial Analysts | 8 times  |
| Meetings at the Company          | 41 times |
| Teleconferences                  | 16 times |

| Information Disclosure                                  |          |
|---|----------|
| Disclosure via SET Community Portal and Company Website | 47 times |

| Activities                   |         |
|------------------------------|---------|
| Bondholders' Site Visit      | 1 times |
| Analysts/Fund Site Visit     | 5 times |
| Shareholders' Site Visit     | 2 times |
| Basic Training with Analysts | 6 times |

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

- 1) Mail : Investor Relations, PTT Global Chemical Public Company Limited  
555/1 Energy Complex, Building A  
4<sup>th</sup>-18<sup>th</sup> Floor, Vibhavadi Rangsit Road,  
Chatuchak, Chatuchak, Bangkok 10900
- 2) Phone : 66(0) 2265-8400 ext. 8172, 8364, 8361, 8213  
or 66(0) 2140-8714
- 3) Email : ir@pttgcgroup.com
- 4) Fax : 66(0) 2265-8500
- 5) Website: www.pttgcgroup.com

In addition, the Company offers swift and convenient correspondence via email. The email address is published on the Company's website under Corporate Governance. Shareholders and the public may reach out to the Board of Directors or 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 its composition and the scope of its responsibilities and duties:

#### **1) The Establishment of Business Strategies, Policies and Directions**

It is the Board's duty to establish sustainable development policies, strategies and goals under the framework of universal sustainable business practices with an aim to strike an economic, environmental and social balance. In this regard, the Board also encourages innovation and the adoption of technology in the Company's operations. At least once a year, the Board reviews and issues corporate vision and goals in accordance with the current economic condition. In addition, the Board approves financial and other key performance indicators (KPIs) and goals, as well as monitors their progress periodically. Furthermore, the Board also supervises the performance of the management team through the President and Chief Executive Officer to assure the achievement of the Company's goals and plans.

#### **2) Good Corporate Governance and Business Code of Conduct**

The Board provides the GC Group with the Corporate Governance Policy, Business Code of Conduct and Corporate Compliance Policy, by which Directors, Executive Officers and employees must abide to bring

about efficient, standardized, ethical, transparent and accountable operations. The Board also ensures that all stakeholders justly receive the benefits guaranteed to them by their fundamental rights, bolstering confidence and fostering recognition among the public. The Board also attaches a great deal of importance to anti-corruption efforts. To this end, the Board tasks the Corporate Governance Committee with ensuring the Company's diligent compliance with the aforementioned policies, as well as all applicable laws, objectives, regulations and shareholder resolutions. The Corporate Governance Committee is also responsible for overseeing the equitable treatment of all shareholders, whether it be shareholder benefits or rights, and instills an understanding of good corporate governance in the mind of our employees to facilitate compliance.

#### **3) Internal Control and Internal Audit**

To ensure that the Company, as well as its subsidiaries, has an internal control system that is aligned with universally accepted standards and that it has adequate risk management with appropriate risk appetite and tolerances, the Board of Directors tasks the Audit Committee and Internal Audit with performing reviews and monitoring internal audit on a regular basis. They must also ensure that the Company sufficiently provides credible information, whether internally or externally. In addition, they must regularly monitor and assess the Company's compliance with applicable laws, rules and regulations. Their efforts foster confidence among stakeholders of the Company. Further information may be found under "Internal Control."

#### **4) Risk Management**

The Board oversees the Company's management system of risks that could derail its strategic objectives. The Board tasks the Risk Management Committee with devising policies and frameworks of risk management, as well as ensuring the efficiency of the Company's risk management. The Risk Management Committee reviews risks that may negatively impact the Company's objectives and considers substantial risks at project and organizational levels. It also provides the Company 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 levels. Furthermore, the Risk Management Committee reports results of risk management 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 related party 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 interests and those of their related persons to the Company. Employees are required to report all possible conflicts of interest annually. In the event that a conflict of interest has arisen, all persons involved are required to report it to the Company immediately. In addition, a related party transactions manual has been issued, and transaction data has been compiled into a database retrievable by relevant departments for research purposes to prevent operational errors.

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



*Anti-Corruption Activity for the year 2018 at Bangkok International Trade & Exhibition Centre (BITEC) under concept "Thai fights against corruption"*

## ANTI-CORRUPTION EFFORTS

The Company maintains its commitment to transparent and accountable operations founded upon good corporate governance. Its control and monitoring mechanisms prevent and minimize chances of internal fraud and corruption, whether they be direct or indirect.

In 2018 the Company expressed its dedication to the fight against fraud and corruption in the following manners:

### Implementation of Anti-Corruption Measures

The Company has issued an Anti-Bribery and Anti-Corruption Policy and provided in writing relevant guidelines. The policy has been made available to the public on the Company's website. In addition, the Company has been recertified a member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) in 2017, after its first certification in 2014. To remain a member, the Company conducted its annual review of all 71 items on its anti-corruption self-assessment form, after which an assessment was conducted by an internal auditor. The result was reported to the Audit Committee for its acknowledgement. This process ensured that the Company had comprehensive and suitable anti-corruption measures in place and that the Company operated its business in conformity with good corporate governance principles prescribed by the CAC.

### Organization of Transparency

The Company firmly adheres to ethical and transparent business practices and supports the government's efforts to promote awareness, social values, virtues and morality. These robust efforts are aimed at preventing corruption, propelling Thailand's transparency toward an internationally accepted standard and promoting a culture of good corporate governance. In this regard, the Company has participated in the annual NACC Integrity Awards organized by the Office of the National Anti-Corruption Commission (NACC). Furthermore, the Company has partaken in several other activities to express its commitment and efforts in the fight against all forms of corruption, including the International Anti-Corruption Day (Thailand) organized by the Royal Thai Government in conjunction with the Office of the NACC, the Office of the Public Sector Anti-Corruption Commission (PACC), the Anti-Corruption Organization of Thailand and Thailand's anti-corruption network and the National Anti-Corruption Day (Thailand) 2018 organized by the Anti-Corruption Organization of Thailand.

### Anti-Corruption Training

The Company's second and third lines of defense, namely Internal Audit, Risk Management, Corporate Governance, and Compliance, jointly conduct an on-going campaign entitled "CG Role Model: Focus on Action," where experts from an external organization are invited to give a lecture on the likelihood of corruption to supervisory employees. The campaign has raised their awareness of ethical practices, fraud risk factors and fraud risk control. It has also bolstered the strength of the Company by enabling these employees to serve as role models and encouraging them to be vigilant of corruption in order to prevent it, as well as to monitor the implementation of anti-corruption measures.

### No Gift Policy

Giving or receiving a gift, treating someone or being treated to a meal, and giving or receiving any other form of benefit may lead to an instance of corruption; therefore, the Company has issued the No Gift Policy pursuant to its Anti-Corruption Policy. Stringently enforced across the organization, the No Gift Policy mandates that any person employed by the GC Group may not ask for or receive any gifts, samples, meals or forms of favor from a business partner of the GC Group to prevent any influence on his/her decision or selective treatment or conflict of interest. We have communicated this policy to all external parties involved in our business operations for their acknowledgement. Compliance with the No Gift Policy ensured that our business maintains its integrity, transparency, honesty and lawfulness.

### Whistleblower System

The Company recognizes the important role that all stakeholders play in its corporate governance. Whenever they witness any violation of the Business Code of Conduct, any form of fraud or corruption or any other inappropriate case, they may submit a report, notification or complaint directly to the Chairman of the Corporate Governance Committee or the Board of Directors or Executive Officers or via any other channels that they trust.

Mail : Chairman of the Corporate Governance Committee / The Board of Directors / Executive Officers / Company Secretary  
PTT Global Chemical Public Company Limited  
555/1 Energy Complex, Building A, 18<sup>th</sup> Floor,  
Vibhavadi Rangsit Road, Chatuchak, Chatuchak,  
Bangkok 10900

Email : [whistleblower@pttgcgroup.com](mailto:whistleblower@pttgcgroup.com)

Website : [www.pttgcgroup.com](http://www.pttgcgroup.com)

### Whistleblower Policy Procedure

GC has formulated and effectuated the following Whistleblower Policy Procedure:

- (1) Review:** The responsible department reviews the essential information provided according to the established policy and procedure. Even anonymous submissions are considered if that they provide clear reasons and evidence. The review result is reported back to the whistleblower.
- (2) Investigation:** Head of Internal Audit gathers facts about the case, as well as presents mitigation measures for the damage caused by or the impact of the subject of the submission. The submission is also reported to the Audit Committee for its acknowledgement.
- (3) Executive Action:** The President and Chief Executive Officer will form an investigation committee to oversee substantial cases in accordance with the Company Work Regulations to ensure that every party involved is treated fairly.
- (4) Report:** Once the investigation has been completed, the whistleblower will be notified of the outcome if his/her contact information was provided. The Corporate Governance Committee and the Audit Committee will also be notified.

### Whistleblower and Witness Protection

Whistleblowers and any witnesses who collaborate in the investigation will be afforded the following protection according to the Whistleblower Policy:

- (1) A whistleblower, a stakeholder or any person who truthfully collaborates in the investigation will be protected and treated with non-retaliation.
- (2) Information of the whistleblower, as well as any persons involved, will be treated with confidentiality according to company regulations on information classification and security of confidential documents.
- (3) The Company will provide suitable mitigation measures to the whistleblower or the affected party.

### Complaint Statistics

The Company received a total of 114 complaints. They have been categorized as follows:

|   |               |
|---|---------------|
| Voice of Customer                           | 92 complaints |
| Voice from Community                        | 17 complaints |
| Safety, Occupational Health and Environment | 0 complaint   |
| Business Code of Conduct                    | 5 complaints  |

## Progress of the Implemented Anti-Corruption Measures

The Company had prepared reports on the progress of the implemented anti-corruption measures throughout the year. They were presented to the Corporate Governance Committee and the Audit Committee for their acknowledgement. A summary of the reports has been disclosed to shareholders in the annual report.

## Board of Directors and Sub-Committees

### Board of Directors

The Board of Directors is composed of experts from various fields with coveted knowledge, skills and experiences that bring about advantages to the Company. Members of the Board, known as Directors, are appropriately nominated per established criteria, and their appointment requires approval from shareholders. The current Board of Directors comprises 15 members, nine of whom are Independent Directors. The proportion of Independent Directors is suitable for the Company's size and business type, enabling the Board to perform its role efficiently. Board duties and responsibilities are based on applicable laws, the Company's regulations and Articles of Association, shareholder resolutions and good corporate governance. The Board as a whole dedicates its time to perform its duties for the utmost benefit to the Company and its shareholders. The Board also refrains from acting in any capacity that could constitute a conflict of interest with the Company, instilling trust and confidence in shareholders and investors.

The structure of the Board of Directors appears under "Management Structure."

### 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 serving 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 regularly reports its performance to the Board at Board meetings. The four

Sub-Committees also reveal their yearly performance to shareholders using Form 56-1 and in the annual report.

## Nomination and Appointment of Directors, Independent Directors and Chief Executive Officer

When a Director position becomes vacant or when a Director is due to retire by rotation, 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 or could benefit the Company's business strategy according to the present skills matrix. Board diversity, independence and potential Directors' conflicts of interest are also thoroughly considered. Nomination is divided into the following categories:

*Directors:* The Company encourages shareholders to nominate qualified individuals in addition to selecting candidates from the Director Pool of trusted organizations, such as the Thai Institute of Directors. This process assures the wholesome composition of the Board and the utmost benefit to the Company. A former Director may be re-nominated based on his or her performance during the past year, dedication and participation in the various activities and events.

*Independent Directors:* The Company strives to ensure its compliance with the SEC's specifications regarding the suitable number of Independent Directors on the Board. As of December 31<sup>st</sup>, 2018, the Board of Directors comprises 15 members, nine of whom are Independent Directors. The proportion of Independent Directors exceeds the SEC requirement. The definition and qualifications of an Independent Director may be found in the Corporate Governance Handbook and on the Company's website.

*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 the Company's business. In other words, the nominee must be knowledgeable about and capable of managing a business, as well as have relevant 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 for this position is to be appointed by the Board itself.

## *Roles of the Chairman and the Chief Executive Officer*

The Chairman of the Board of Directors and the Chief Executive Officer are not the same person. Their duties and responsibilities are distinct and separate, as described below:

**The Chairman of the Board of Directors** is an Independent Director, whose main role is to oversee the Board of Directors' efficiency, its compliance with good corporate governance principles and the Business Code of Conduct and its independence from management. In addition, the Chairman works in tandem with the President and Chief Executive Officer to determine meeting agenda but refrains from partaking in the day-to-day business management. The Chairman presides over both board and shareholder meetings. He is prohibited from serving on any Sub-Committee. This prohibition is unequivocally prescribed in the scope of responsibilities of the Board of Directors and of Sub-Committees. With a firm and suitable establishment of his scope of duties and functions, the Chairman is able to independently exercise his judgement.

**The Chief Executive Officer** sits at the pinnacle of the corporate hierarchy. In conformity with the Articles of Association, only a Director serving on the Board can be appointed to this office. The Chief Executive Officer is tasked with managing the Company according to the policies and directions established by the Board under the scope of authority set forth in the Articles of Association and per company regulations. The Chief Executive Officer also serves as secretary to the Board of Directors. Furthermore, the Articles of Association mandate that the Chief Executive Officer receive compensation and benefits for his role as the highest-ranking officer in addition to what he earns as a Director. The roles and duties of this position, as well as the said compensation, are made available on our website in both Thai and English.

## *Board Meeting*

The Board of Directors schedules the date and time of Board meetings for the entire year in advance. Each meeting's agenda is clearly established. The Board will call the meeting on every Monday of the fourth week of each month. The Board may also call for special meetings whenever appropriate or when the need arises. Directors receive a Board meeting invitation, draft minutes of the previous meeting and information accompanying the meeting agenda at least seven days prior to the meeting. In 2018

there were a total of 13 Board meetings that were scheduled in advance and there was one special meeting.

The Chairman presides over these Board meetings and affords every Director a chance to participate and express his or her opinion freely. At least two-thirds of all Directors on the Board must be present to constitute a quorum, which must be maintained until voting is complete. Each Director has one vote, and a resolution is passed based on majority votes. The Chairman casts his vote, which is the deciding vote, only in the event of a tie. The Board believes in the importance of 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 a personal interest in an agenda item, he or she is required to refrain from partaking in the decision-making process of that particular agenda item.

After every meeting, the Company Secretary is responsible for completing the minutes of the meeting, which will be presented for the Board's approval as the first agenda item of the next meeting. Once the Chairman places his signature on the minutes, they are approved and are systematically kept as a confidential document with an electronical copy, 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 meetings, in the spirit of good corporate governance, to offer their opinions and guidelines for the Company'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 2018, Non-Executive Directors held two meetings on July 23, 2018 and December 20, 2018 to express any opinions and guidance regarding the operation and management of the Company, while Independent Directors also held two meetings. Summaries of these meetings were presented to the Board for their acknowledgement. The details of Board meetings and Sub-Committee meetings are disclosed in "Directors' Meetings" under "Management Structure."

To easily and swiftly dispatch information and meeting documents, as well as to reduce the use of paper, the Company 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 the Company Secretary regarding meeting-related issues and other important matters.

## Directors' Performance Assessment

### Board of Directors

The performance of the Board of Directors is assessed every year to help Directors review their performance and revisit problems and obstacles of the past year. The three types of assessment, namely group assessment, self-assessment and cross-assessment (assessing another Director), were reviewed in 2018 to make certain of their suitability and alignment with the CG Code issued by the SEC. New Board KPIs were also established according to the CG Code and the international criteria of the DJSI; they encompass four aspects, namely the Company's operating results, the Board's group assessment results, Directors' meeting attendance and Directors' engagement during Board meetings.

Board assessment details are as follows:

1. Group Assessment comprises six categories of questions, namely Board policy, Board performance, Board structure, Board style, Board meeting and Board development. Group assessment was conducted in December of 2018, during which all 15 Directors were in office.

**The Group Assessment of the Board yielded an average score of 94.9%.**

2. Self-Assessment comprises three categories of questions, namely responsibility toward duties, independence, and self-development and teamwork.

**The Self-Assessment of the Board yielded an average score of 95.5%.**

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

**The Cross-Assessment of the Board yielded an average score of 95.3%.**

### Sub-Committees

The Company's Sub-Committees are the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee. They also undergo the annual performance assessment, both at committee (group) and individual levels. In 2018 every Sub-Committee reviewed and improved the assessment questions and criteria to include compliance with good corporate governance.

1. **The Audit Committee** was assessed as a group on the topics of its charter; composition; meetings; training

and resources; responsibilities; relationship with the Head of Internal Audit, auditors and management; reporting duty to the Board and shareholders; and the maintenance of their performance quality. Individually, Directors to the Audit Committee were assessed on the topics of their responsibilities, adherence to ethics and the Business Code of Conduct and dedication to duties and self-development. The results are summarized below:

- Group Assessment: **an average of 93.3%**
- Individual Assessment: **an average of 91.1%**

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: **an average of 93.1%**
- Individual Assessment: **an average of 90.5%**

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: **an average of 98.2%**
- Individual Assessment: **an average of 97.7%**

4. **The Risk Management 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: **an average of 96.0%**
- Individual Assessment: **an average of 99.0%**

The results of these assessments and suggestions made based on them have been presented to the Board of Directors to improve the effectiveness of the Board in a concrete manner. The summary of these results is provided in the annual report. In addition, the Nomination and Remuneration Committee will take the Board's group assessment result into account while considering the Board's annual remuneration, in addition to the Company's operating performance.

## Development of Directors and Executive Officers

The Board of Directors understands the leadership role it plays as a governing body of the Company. More than half of its members have studied or attended lectures on the Thai Corporate Governance Code for Listed Companies 2017 (the "CG Code"). Understanding the benefits of the CG Code and



how its principles could create sustainable value to the Company's business, the Board has adapted its principles to the Company's business. Any principles that are not or cannot yet be adapted have been noted along with the Board's reasons in the Board's resolutions. The Company's compliance with the CG Code has been evaluated to assure the suitability of the outcome or for further development.

To enhance Directors' knowledge and competence, which bolsters the performance of the Board of Directors as a whole, as well as to ready our Executive Officers for internal position rotations and for the succession to the office of the President and Chief Executive Officer and other high-ranking offices, the Board of Directors encourages their participation in pertinent training courses and sees value in the assessment of potential high-ranking Executives to ensure their preparedness for future roles. Below is a summary of our key developmental efforts:

### Orientation for New Directors

Newly appointed Directors must undergo orientation, which includes a presentation on the Company's business nature, data and practices, as well as related rules and regulations, corporate governance, code of conduct and other useful information for the position. Additionally, they receive handbooks and other documents needed to perform their role, namely the strategic plan, Articles of Association, Company Memoranda, annual report, related regulations, Corporate Governance and Business Code of Conduct Handbook and Compliance Policy Handbook.

### Training for Directors

We always encourage our Directors to pursue further education and training opportunities to enhance their competence for the job, which includes the following:

- We encourage our Directors to partake in activities aimed at the promotion and standardization of good corporate governance, as well as to visit operational sites of the GC Group and of our joint ventures both in Thailand and overseas to enrich their understanding of our business and optimize their knowledge and experiences for the benefit of the Company.
- We encourage our Directors to enroll in relevant and beneficial training programs, as well as refresher programs, at the Thai Institute of Directors Association (IOD). In 2018 our Directors participated in the following programs:

| Directors                        | Program / Institute   |
|----------------------------------|---|
| 1. Mr. Pakorn Nilrapant          | <ul style="list-style-type: none"> <li>• Directors Accreditation Program (DAP)/Class 153/2018 (IOD's Program) at the Thai Institute of Directors Association (IOD)</li> </ul>   |
| 2. Mr. Praphon Wongtharua        | <ul style="list-style-type: none"> <li>• IT Governance and Cyber Resilience Program (ITG) Class 8/2018 (IOD's Program) at the Thai Institute of Directors Association (IOD)</li> <li>• Risk Management Program for Corporate Leaders (RCL) Class 13/2018 at the Thai Institute of Directors Association (IOD)</li> <li>• Top Executives (CMA) Class 27 at the Capital Market Academy</li> </ul> |
| 3. Mrs. Arawadee Photisaro       | <ul style="list-style-type: none"> <li>• Director Certification Program (DCP) Class 253/2018 at the Thai Institute of Directors Association (IOD)</li> </ul>  |
| 4. Mr. Supattanapong Punmeechaow | <ul style="list-style-type: none"> <li>• Business Revolution and Innovation Network (BRAIN) Class 2/2018 at the Federation of Thai Industries (F.T.I.)</li> </ul>   |

- We held a lecture for our Board of Directors entitled "Petrochemical Industry Outlook," providing them with the data needed for further analyses and strategic planning, according to the Directors Development Plan pursuant to good corporate governance principles.

### Training for the Company Secretary

The Company encourages its Executive Officers and the Company Secretary to receive further education and training that will benefit their role. The Company and the Board, including the following:

- The Company conducted training for Executive Officers who served as directors at its subsidiaries on the topic of duties and responsibilities of a director pursuant to the law and good corporate governance principles. The goal was to bolster their knowledge, skills and capabilities as directors of the Company's subsidiaries.
- The Company organized a training course entitled "Corporate Governance, Ethics and Liability for GC Executives" by the Thai Institute of Directors (IOD), which was divided into two sessions: "Session I: Directors' Legal Liabilities" was conducted by Warathorn Wongsawangsi, a partner at Weerawong Chinnawat

& Partners Ltd. Meanwhile, "Session II: The Ethical Leadership" was conducted by Dr. Narumon Singhaseni, Chief Strategy and Commerce Officer of Pongrawe Ltd.

### *Talent Management and Succession Plan*

We have systematic succession plans for managerial positions, starting from division managers onward, especially for retiring Executive Officers. These plans prepare talented individuals to take over when needed and ensure business continuity. Further details of these plans are disclosed under Article 8.5.3. in the People Management and Development Policy .

### *Governance of GC and GC Group Companies*

In addition to its main operation, the Company also conducts business through other companies in the GC 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 with the GC Business Principles:

- The President and Chief Executive Officer shall have the authority to formulate policies, guidelines, conditions and methods needed to appoint an employee or another individual as a director to one of the GC Group companies as part of the Company's human resource management regulations. It shall be the appointee's responsibility to do his or her best for the utmost benefit of the organization where he or she serves as director.
- Major policies of GC Group companies 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 shall include, but not be limited to, the management policy; the governance policy; the compliance policy; the financial policy; the safety, occupational health and environment policy; the corporate social responsibility policy; and the human resource management policy.
- The "GC Way of Conduct," which has been established as guidelines for the governance of policies and investments of companies that the Company is a shareholder of, shall serve as guiding principles for a representative of the Company to a GC Group company. Abiding by these guidelines, the representative shall be able to ensure that the company's management, governance and internal control are suitable and aligned with those of the Company's, fostering efficiency and bringing about the achievement of goals.

### *Compliance with Other Principles of Good Corporate Governance*

The Company has always thoroughly adhered to principles of good corporate governance. In 2018, the Company made the following efforts:

- 1) The Board of Directors set its 2019 key performance indicators (Board KPIs) in conformity with the CG Code and criteria of the DJSI.
- 2) The Board's skills matrix was updated to put a greater emphasis on board development (improving Directors' knowledge and capabilities in areas that are needed or lacking) to align Directors' qualifications with the current business type and direction.
- 3) The Company's conduct, under the current business context and condition, was assessed against principles of the CG Code. It was concluded that the Company had complied with most of the CG Code. In addition, principles and guidelines of the CG Code, the CAC and the DJSI had been considered before the review of the 2018 edition of the Corporate Governance and Business Code of Conduct Handbook.

### *Heads of Internal Audit and Corporate Compliance*

At Meeting No. 8/2017, held on September 18<sup>th</sup>, 2017, the Audit Committee appointed Mr. Amorn Putiphawan as Senior Vice President of Internal Audit, effective January 1<sup>st</sup>, 2018. Mr. Amorn Putiphawan has extensive knowledge, skills, experience and qualifications required for the role. He has also undergone all relevant training courses required for internal auditing. In addition, the appointment, termination and rotation of the Senior Vice President of Internal Audit must be approved by the Audit Committee as specified in the Charter of the Audit Committee.

Furthermore, the Company has established the Corporate Compliance Division under the supervision of the Corporate Governance and Corporate Secretary Department. Its role is to monitor and oversee thorough legal compliance by every unit of the Company. Mrs. Rattana Nakasiri, Vice President of Corporate Governance and Corporate Secretary Department, has been appointed to oversee Corporate Compliance. Her duty is to encourage and support compliance activities among Executive Officers and employees of the Company and of other companies in the GC Group.

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

*Dear shareholders,*

The 4 members of the Corporate Governance Committee of 2018 are Professor Somkit Lertpaithoon (Chairman), Colonel Nithi Chungcharoen, Mrs. Watanan Petersik and Mr. Disathat Panyarachun (Directors). Mrs. Watanan Petersik and Mr. Disathat Panyarachun was appointed in replacement of former directors to corporate governance namely, Mr. Auttapol Rerkpiboon and Mr. Don Wasantapruet. The Committee has duly performed the duties set forth in the Corporate Governance Committee Charter and executed the tasks mandated by the Board of Directors. The Committee has held a total of 5 meetings. Below is a summary of the Committee's key developments:

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

- The Committee oversaw the preparation of the annual general meeting of shareholders (AGM) to ensure compliance with applicable laws, the AGM checklist, corporate governance (CG) principles and best practices. As a result, the Company's AGM received the mark "Excellent" with a perfect score of 100 for the seventh consecutive year from the Thai Investors Association (TIA) in 2018.
- The Committee ensured that minority shareholders were given more than 3 months ahead of the 2019 AGM date to propose AGM agenda items and nominate directorial candidates, from September 17<sup>th</sup> to December 31<sup>st</sup>, 2018.
- The Committee supervised compliance management processes to prevent any violation of rules, regulations and laws that govern the GC Group's businesses and to minimize risks that could arise as a result of such violation. The Committee also monitored the adherence of the whistleblower system to the Whistleblower Policy through reports.

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

- The Committee approved the Corporate Governance Plan and the Corporate Compliance Plan for 2019, which had been prepared in accordance with the Corporate Governance Code for Listed Companies 2017 (CG Code) of the Securities and Exchange Commission, the criteria of the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD), and the Company's business direction and strategies. The Committee also reviewed the Company's corporate governance performance regularly.
- The Committee added the Compliance Policy to the latest edition of the Corporate Governance and Business Code of Conduct Handbook to eliminate redundancy and to facilitate the implementation of these interrelated policies. In addition, the Committee also aligned the content of the handbook with the CG Code, the anti-corruption measures of Thailand's Private Sector Collective Action Coalition against Corruption (CAC), and other international criteria, such as those of the Dow Jones Sustainability Indices (DJSI), Asean CG scorecard.
- The Committee reviewed the Corporate Governance Report in the Annual Registration Statement (Form 56-1) and the 2018 Annual Report (Form 56-2) to ensure complete disclosure of information and compliance with good corporate governance guidelines at both domestic and international levels. As a result, the Company continued to receive the mark "Excellent" on the CGR.
- The Committee offered advice during the review of the Company's anti-corruption measures and established the 2019 anti-corruption action plan in conformity with the CAC's criteria.

## *3. Supervising sustainable-development work*

- The Committee oversaw that the Company's sustainable development work was in line with international standards and criteria, including the Dow Jones Sustainability Indices (DJSI), the UN Global Compact and the Carbon Disclosure Project (CDP). The Committee also reviewed every component of the Company's sustainability framework to make certain that it suited the global context and rapidly evolving challenges.

- The Committee reviewed and monitored key performance indicators of the Company's sustainability work to ensure that the Company would maintain its position as one of the top 10 world members in the chemical sector by the DJSI. Moreover, the Committee also offered advice on the Company's work on sustainability to ensure that the economic, social and environmental balance would be achieved.
- Through reports from responsible departments, the Committee oversaw that the Company operated its business with due regard to its responsibilities towards stakeholders' in accordance with good corporate governance principles. The Committee also offered its opinions and suggestions on related matters.
- The Committee encouraged and reiterated the importance of caring for the locals and their communities in Rayong through a number of corporate social responsibility projects (collectively, the Rayong Program). These projects were aimed at providing solutions and meeting the expectations of people living near the Company's home base in Rayong by means of mutual engagement. In addition, under the Giving Back to Society campaign, the Company refrained from presenting souvenirs to shareholders attending the AGM for the third consecutive year in 2018. Instead, it donated 100 Baht for every shareholder in attendance, a total of 498,000 Baht, to purchase medical equipment for Khao Chamao Chalermprakiat 80 Years Hospital in the Province of Rayong.

#### 4. *Performance, assessment and development*

- The Committee pre-set the dates for its meetings for the entire year, arranging at least one meeting per quarter. Ad-hoc meetings were allowed to take place if necessary. In these meetings, the Committee considered and acknowledged the Company's performance and reports, as well as made recommendations to the Board of Directors and management.
- The Committee reviewed and enhanced the 2018 Board Performance Assessment Questionnaire according to the present circumstances, as well as the CG Code and the DJSI's criteria.
- The Committee reviewed and updated its charter in accordance with the Company's current business context and the criteria of domestic and international governing bodies.
- The Committee oversaw the betterment of the Board of Directors in accordance with good corporate governance principles by ensuring the provision of continuous training for members of the Board. The Committee also encouraged them to take various classes at the Thai Institute of Directors and invited experts from outside the organization to give lectures to them.
- The Committee reported its performance and the results of its 2018 individual and group performance assessment to the Board of Directors for their acknowledgement.

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

On behalf of the Corporate Governance Committee

(Signed) Somkit Lertpaithoon  
(Professor Somkit Lertpaithoon)  
Chairman of the Corporate Governance Committee