



PTT Public Company Limited

Corporate Governance and Code of Ethics Handbook

(Revised Version 2)

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SUSTAINABLE GROWTH STRATEGY

HPO





Good Corporate Governance and Code of

Business Ethics are essential
foundation of corporate
sustainable
growth

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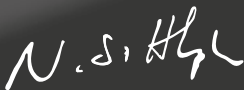
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PTT Public Company Limited Announcement

PTT has established a policy on good corporate governance with the aim of enabling the Board of Directors, management and employees to conduct their business efficiently, through good governance, excellent management, business ethics, transparency and accountability.

Since May 2003, PTT has announced the Good Corporate Governance Principles and the Handbook of the Principles was developed and distributed to the Board of Directors, managements and employees for their acknowledgement, and adoption as working discipline. The Principles have been well accepted by all relevant parties. The board now considers it appropriate to revise and update the essential content presented within such handbook, including the policy, principles, code of ethics and good practices, in order to bring it up to date, and to ensure that it meets international standards. This will allow PTT to develop an appropriate management system that emphasises the best interests of shareholders, whilst take into account the concerns of stakeholders as well as social and environmental responsibilities.

In order to demonstrate a mutual commitment to adhere to the content of this second revision Handbook, as a working guideline, PTT personnel at all levels shall sign to acknowledge that they have studied, understood and embraced them as working guidelines with the aim of preserving PTT's good corporate governance.



(Mr. Norkun Sitthiphong)
Chairman of the Board
of Directors

PTT Public Company Limited
December 2009



(Mr. Chaikasem Nitisiiri)
Chairman of the Corporate
Governance Committee

PTT Public Company Limited
December 2009



(Mr. Prasert Bunsumpun)
Chief Executive Officers
and President

PTT Public Company Limited
December 2009

PTT's Corporate Governance Policy



The intention of the Board of Directors is to enable PTT to conduct its business efficiently, have good corporate governance and excellent management with the aim of benefiting shareholders' interests, taking into account the interest of other stakeholders, maintaining business ethics and transparency. Therefore, the Board of Directors has established a policy on good corporate governance as a guideline to which directors, management and staff shall adhere, as follows:

1

The Board of Directors (“The Board”), management and staff shall commit to PTT’s six Good Corporate Governance Principles, namely Accountability, Responsibility, Equitable Treatment, Transparency, Vision to Create Long-Term Value and Ethics. PTT’s organisation structure shall fairly balances the roles of the Board, management and shareholders.

2

The Board shall perform its duties with dedication, a sense of responsibility and independence, and there shall be clear segregation between the roles and responsibilities of the Chairman and the President.

3

The Board shall play a vital role in formulating PTT’s vision, strategies, policies and plans, while taking into consideration risk factors and establishing appropriate risk management, as well as ensuring that the accounting systems, financial reports and accounting audits are all reliable.

4

The Board shall be the role model for ethics and shall perform their duties in accordance with PTT’s good corporate governance guidelines, as well as overseeing and resolving conflicts of interest and Connected Transactions.

5

The Board may appoint specific committees, as deemed appropriate, to assist in reviewing critical matters.

6

The Board shall perform an annual self-assessment to be used as a framework for reviewing the Board’s performance.

7

The Board shall establish the PTT code of ethics, which the Board, management, and staff, as well as all contract employees must adhere to in conjunction with PTT's rules and regulations.

8

Disclosure of PTT's information, both financial and non-financial, shall be adequate, reliable and timely, so that PTT's shareholders and other stakeholders receive such information in a fair and equitable manner. The Public Relations Department and Investor Relations Department shall be responsible for providing information to investors and the general public.

9

PTT's shareholders shall receive equitable treatment, and have equal rights to access PTT information and appropriate communication channels with PTT.

10

There shall be an appropriate system for the selection and appointment of key management positions at all levels with a transparent and fair nomination process.



General Statement

Corporate visions and strategy plans are the core mechanism to motivate achievement.



Section 1

General Statement



PTT is a leading organisation equipped with good corporate governance, ethics, and transparency, and accountability. In order to continuously develop good corporate governance that complies with Good Corporate Governance Guidelines established by the Stock Exchange of Thailand as well as International Guidelines on Good Corporate Governance, PTT has revised its Corporate Governance Principles as a guideline for business conduct for directors, management and staff. All PTT staff shall adhere to the good corporate governance principles when performing their duties as well as emphasising the importance of compliance with the laws, customs and culture of the countries of investment.

● PTT's Vision

“Thai Premier Multinational Energy Company”

PTT is operating a fully integrated oil and gas business, which encompasses gas-based petrochemicals and total energy services, confident of being a regional leader and a high-performance organisation with social and environmental responsibility, fairness, and optimum stakeholder returns within a good corporate governance culture.

● PTT's Mission

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|--------------------------------|---|
| To the country | To develop long-term sustainable energy by maintaining sufficient energy with up-to-standard quality and fair prices. |
| To the community | To become a good social organisation by protecting the environment in compliance with international standards and to improve standards of living. |
| To the shareholders | To operate a commercial business that yields excellent profits as well as sustainable growth. |
| To the customers | To develop customer satisfaction through high-quality product and service presentation that meets international standards with fair prices. |
| To the trading partners | To cooperate under fair competition that focuses on building relationships and long-term cooperation. |
| To the employees | To support continuous development of professional competency and to ensure that the employees' quality of life is equal to that of other leading companies. |

● PTT's Values



● Instructions for use of PTT Corporate Governance and Code of Ethics Handbook

PTT personnel of all levels must commit to and abide by PTT corporate governance and code of ethics as the discipline of their daily operations. If a case of failure to comply with these principles is discovered and is confirmed by the results of a fair investigation, PTT shall take disciplinary and/or legal action, as appropriate. Exception shall be granted only when specific permissions from supervisors have been received and the Corporate Governance committee has approved the exception.

PTT personnel who comply with professional codes of ethics, particularly engineers, accountants, doctors, pharmacists, and lawyers, must strictly adhere to their professional ethics as they are considered part of PTT's code of ethics.

Personnel must keep in mind that PTT cannot specify written guidelines for every behaviour, circumstance or event in the code of ethics handbook. If PTT personnel encounter difficulties in decision making or operations, they shall first employ their own judgment before proceeding by asking the following questions:

1. Is it against the law?
2. Is it against PTT's policies?
3. Is it against PTT's values or corporate culture?
4. Could it have any adverse effects on PTT's stakeholders?
5. Could it have any adverse effects on PTT's reputation?
6. Could it initiate any undesired corporate culture in the future?

If the answer to any of the above questions is “yes”, personnel should refrain from acting in the situation.

Should any staff members have doubts whether a certain action complies with the good practices or code of ethics presented in this handbook, they should seek advice from colleagues, supervisors, or committees. The management is responsible for advising their subordinates or consulting with the Office of President and Corporate Secretary.

● Complaints

PTT expects all personnel to monitor compliance with PTT's corporate governance and code of ethics and encourages all personnel to raise any questions and concerns they may have regarding these policies. In addition, personnel can report any misconduct or non-compliance, or send their enquiry to the Office of President and Corporate Secretary, the Office of Corporate Audit or the Corporate Human Resources Department.

PTT promises that every enquiry will be treated fairly, transparently and with due care, and fair judgment will be provided in a timely manner. Whistle-blowers will be kept confidential and safeguarded both during and after the investigation.

PTT Good Corporate Governance

Corporate Governance makes connection
between each stakeholder.



Section 2 PTT Good Corporate Governance



● Definition and Meaning

Good corporate governance means establishing a management structure and mechanism within the organisation to create relations between PTT's board of directors, the management, staff and shareholders to serve the best interests of the shareholders, taking into account the interests of all stakeholders. PTT's corporate governance embraces the following six principles:

1. **Accountability** : Responsibility for one's own decisions and actions, and ensuring they can be explained and clarified.
2. **Responsibility** : The performance of duties efficiently and to the best of one's abilities.
3. **Equitable Treatment** : The fair and equitable treatment of all stakeholders.
4. **Transparency** : Ensuring corporate operations can be examined and information is disclosed to the relevant parties.
5. **Vision to Create Long Term Value** : Looking towards the future to create added value for long-term and sustainable growth.
6. **Ethics** : The existence of business ethics and a code of conduct.

● The Importance of Good Corporate Governance

1. To establish a system of management which is transparent and matches international standards in order to strengthen PTT's competitiveness, as well as protect against and eliminate any conflicts of interest.
2. To build confidence among domestic and foreign investors by encouraging communication between PTT and its stakeholders, and to maximise the value of the company's shares.
3. To provide a tool to measure PTT's performance and monitor its operations to improve efficiency.
4. To build a framework that the Board and management shall be responsible for all stakeholders and the management shall commit to utilise their power within delegated authorities.

2.1 Rights of Shareholders

Shareholders have the right as the owners of the company to attend the Shareholders' Meeting to establish the direction of business operations through the Board of Directors elected by the shareholders. Shareholders have the right to make decisions on issues that have an impact on the company. The Shareholders' Meeting is an essential opportunity for shareholders to communicate, express their opinions, pose questions and make decisions on key issues. Shareholders are entitled to attend the Shareholders' Meeting and have adequate time for consideration and acknowledge the resolutions executed therein.

- 2.1.1 PTT shall not act in such a way that restricts access to its information, i.e. PTT shareholders shall receive adequate information on procedures governing the meetings and all items on the agenda, along with complete supporting data, at least seven days prior to the Shareholders' Meeting, and PTT shall provide multiple communication channels for shareholders to raise any questions regarding the Shareholders' Meeting.
- 2.1.2 The Board of PTT shall facilitate the participation of shareholders in the meeting. The meeting venue shall be in Bangkok or nearby provinces that are conveniently accessible and can accommodate all shareholders. The venue must have facilities for disabled persons, a good security system and be ready to respond to any emergency situations.
- 2.1.3 PTT shall not act in such a way as to restrict access to information or attendance at the Shareholders' Meeting. Shareholders shall be able to attend at any meeting session, be given equal opportunities to express their opinions, raise questions relating to the agenda and the issues presented, and to vote at the meeting. The chairman of the meeting shall allocate sufficient time and encourage shareholders to participate in the meeting.
- 2.1.4 Shareholders shall have the right to vote separately on each item on the agenda. Voting procedures and equipment for the election of directors shall be transparent, convenient, efficient and effective. The equipment should be able to compute the results in a timely manner so they can be promptly presented to the shareholders.
- 2.1.5 All managements and directors, including members of specific committees and the corporate secretary, shall attend the Shareholders' Meeting to answer shareholders' questions and acknowledge their opinions.



2.2 Equitable Treatment of Shareholders

Although shareholders do not hold equal amounts of shares or have equal voting rights, their basic rights shall be the same. PTT shall treat each and every shareholder equally regardless of gender, age, race, nationality, religion, beliefs, political opinions, or disabilities. If a shareholder cannot attend the Shareholders' Meeting for any reason, the shareholder shall be entitled to appoint a proxy to attend the Shareholders' Meeting instead.

“

Although shareholders do not hold equal amounts of shares or have equal voting rights, their basic rights shall be the same.

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- 2.2.1 The PTT directors shall protect shareholders' rights and treat each shareholder equally. Every shareholder has the right to receive information and documents either in Thai or in English. Any document provided for foreigners shall be translated into English. Shareholders with eyesight deficiencies shall receive the necessary support.
- 2.2.2 Shareholders shall be entitled to appoint a proxy to attend the Shareholders' Meeting instead of the shareholder himself. Each shareholder has the right to receive a proxy form and instructions to complete the form. Any proxy who submits a completed proxy form to the committee at the Shareholders' Meeting shall be allowed to attend the meeting and vote on behalf of the shareholder. Alternatively, a shareholder may appoint an Independent Director as their proxy and request the background and personal information of each Independent Director for their consideration.
- 2.2.3 The directors of PTT shall encourage minority shareholders to propose additional items for the meeting's agenda and to nominate candidates for the position of director in compliance with applicable laws and PTT regulations. The Office of President and Corporate Secretary shall prepare for any proposals and provide support and advice to shareholders on this matter.

2.3 Responsibilities of Company to Stakeholders

PTT business operations may involve several parties, including shareholders, directors, management, employees, creditors, customers, trade partners, competitors, the community, the country and global society. Each party has different needs and interests. Each policy for each stakeholder shall be established in accordance with their requirements.

- 2.3.1 PTT has divided stakeholders into the following groups: minority shareholders, majority shareholders and institutional investors, creditors, debtors, customers, trade partners, PTT holding companies, PTT personnel, the community and society as a whole. Sufficient communication channels shall be established for each group to communicate their needs and any concerns.
- 2.3.2 PTT has a commitment to its consumers to continuously develop its products and services, and to set fair prices in each circumstance. In accordance with the Consumers Protection law and the Anti-Monopoly law, PTT shall not take advantage of consumers, but shall operate neutrally on its best interests without taking advantage of its trade partners.
- 2.3.3 PTT shall consider the welfare of its persons. Their employment contracts shall be fair. Reasonable remuneration shall be appropriate to the employee's capability and maintaining their motivation. Training and development shall be provided to enhance the performance of employees. PTT shall maintain a high standard of safety and a disciplined work environment. An appropriate compensation plan shall be drawn up if, under any circumstances, a PTT employee must cease working for the company.
- 2.3.4 PTT shall establish a Corporate Social Responsibility unit to provide support and contribute to the community and society as a whole. PTT shall have a plan to protect the environment and maintain safety in its operations, especially if PTT operations produce an adverse effect on the environment. PTT shall have an appropriate plan for responding to accidents and shall prepare sustainable remedial plans to protect the environment and maintain its reputation in the community.

- 2.3.5 The Board shall consistently and continuously address PTT's consideration of and concern for its stakeholders.

2.4 Information Disclosure and Transparency

PTT has an obligation to disclose accurate information of significance to its stakeholders to support their decision-making. Disclosure indicates operational transparency, which is both a key factor for building investor trust and an inspection mechanism for PTT. Therefore, PTT shall emphasise the disclosure of information and expand its communication channels.

- 2.4.1 The Board has a duty to disclose both financial and non-financial information. Such disclosures should be adequate, reliable and current. PTT's shareholders and stakeholders obtain information equally, as the law, regulations and rules of PTT and related state agencies require. PTT shall develop the company's website and regularly update information to ensure its completeness, accuracy and timeliness. Shareholders shall be able to conveniently

and efficiently access all relevant information and contact the business unit responsible for its disclosure.

- 2.4.2 PTT's information must be compiled with care, clarity, accuracy and transparency. Important information should be conveyed in simple and concise language regardless of both positive and negative impact and shall be disclosed on a regular basis

“ PTT has an obligation to disclose accurate information of significance to its stakeholders to support their decision making. Disclosure indicates operational transparency, which is both a key factor for building investor trust.

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- 2.4.3 A Corporate Public Relations Department shall be established to regularly publish useful information for shareholders, investors, staff, related parties and the general public. In addition, an Investor Relations Department shall represent PTT in collaboration with institutional investors, creditors, securities analysts and shareholders through quick, convenient, and accessible communication channels.
- 2.4.4 The Board must ensure that the balance sheet, profit and loss statement and the company's audit report, as well as the Board's report, are prepared and presented to the shareholders at the Shareholders' Meeting for their approval.
- 2.4.5 The Board is required to prepare a summary report of PTT's status and outlook for the annual report along with a statement of the Board's responsibilities in the preparation of the financial statements along with the auditor's report. The board shall also provide a management report supporting the analysis in addition to the financial statements, audit reports, and the meeting attendance records of the directors and/or members of specific committees in annual comparisons.
- 2.4.6 The board shall disclose any changes in PTT's securities holdings in accordance with the regulations established by the Securities and Exchange Commission.

2.5 Roles and Responsibilities of the Board

PTT's Board of Directors shall comprise the persons who have knowledge, expertise and experience considered beneficial to the company. They shall devote their time to their duties and endeavor to perform them well. The Board is appointed by shareholders to oversee the company's operation. The Board in turn appoints the management team in charge of business operations; the specific committees to oversee the delegated specific matters; the company's auditor; and the Corporate Secretary to manage meetings and the compliance with laws and regulations.

2.5.1 Composition, Qualification and Appointment of the Board

The Board of directors, led by the Chairman of the Board, shall direct an control management to ensure the effectiveness and efficiency of operations, achieving the company's targets and adding value for shareholders, the government, the general public and other stakeholders.

- 2.5.1.1 The Board must comprise a minimum of five, but not exceed fifteen members, and must constitute the maximum number of professional, Independent Directors possible, but not less than half of the total number of directors.
- 2.5.1.2 The board members should represent diverse fields. At least three should have expertise in the petroleum business, at least one in law and one in finance and accounting.
- 2.5.1.3 Each director must be qualified under the Public Company law and the Standard Qualifications for State Enterprise Directors and Employees law. Each director must have no record of suspicion concerning any behaviour against the fiduciary duty for public limited company under the law or the regulations and notifications announced by the Securities and Exchange Commission.
- 2.5.1.4 The appointment of board members must be transparent. The Nominating Committee shall initiate the nomination process and nominate candidates for the position of director. The list of candidates and their appropriate resume shall be provided to the Board for consideration and presented at the Shareholders' Meeting for approval.
- 2.5.1.5 The profile of all directors must be disclosed in the Annual Information Disclosure (Form 56-1), Annual Report (Form 56-2) and on the PTT website.
- 2.5.1.6 Within three months after their appointment, newly appointed directors shall be briefed with the necessary and useful information to perform their duties as the company's directors.

2.5.2 Independence of the Board

Directors shall consider, express opinions on, and vote for activities under their authority. The independence of the board must be emphasised in order to protect the company's benefits. If a decision is made under pressure from work, family or any conflict of interest, it may be biased to benefit the director, their family or other contacts. Therefore, any director who is not wholly independent shall not make decisions.

- 2.5.2.1 To ensure that the Board of Directors, led by the Chairman, can effectively and efficiently direct and control management, the roles of Chairman and the President of the Company shall be clearly segregated.
- 2.5.2.2 Independent Directors must have access to financial information and other business matters so they are able to express their opinion independently and protect stakeholders' interests. The Independent Directors' meeting must be held at least once every six months. The Independent Directors shall prepare a report verifying their independence upon their appointment and annually thereafter and information in the report shall be disclosed in PTT's annual report.
- 2.5.2.3 An Independent Director must be qualified under the Securities and Exchange Commission's notification regarding the qualifications and scope of work of the Audit Committee, as well as other qualifications as required by PTT (as defined in the Appendix). The Independent Directors must work equitably on behalf of the best interests of all shareholders and prevents conflicts of interest between PTT and management, major shareholders, or other companies sharing common management or major shareholders. Independent Directors must freely express their opinion in meetings.

2.5.3 Roles and Responsibilities of the Board

The Board shall act professionally on behalf of the shareholders to steer the company in the right directions, make decisions on important matters, and protect the benefits of all stakeholders. Responsibilities of the Board include, but are not limited to overseeing management's operations and results, managing risks, and determining remuneration.

- 2.5.3.1 The Board shall emphasise and devote time to establishing PTT's vision, direction, and strategy. They shall express their views, seeking relevant and useful information for setting direction, and considering potential risk factors in order to ensure that management can implement the determined vision, direction and strategies effectively.
- 2.5.3.2 The Board shall review and endorse the company's strategies and policies including objectives, financial targets and other business plans. It shall regularly monitor the management to ensure they are performing according to the approved business plans in line with the company's direction and strategy.
- 2.5.3.3 The Board shall ensure that the company's accounting system, financial reporting and auditing are reliable, and the processes for assessing internal controls and internal audit are effective and efficient.
- 2.5.3.4 The Board shall ensure that potential risk factors are considered and that risk management procedures are established. The

“ The Board shall emphasise and devote time to establishing PTT's vision, direction, and strategy. They shall express their views, seeking relevant and useful information for setting direction.

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Board shall ensure that the management has efficient risk management processes and systems in place, and is seeking business opportunities that may arise from these risks.

- 2.5.3.5 The Board shall oversee and resolve any potential conflicts of interest, including the Connected Transactions, as well as examine key transactions to best serve the interests of the shareholders and stakeholders as a whole.
- 2.5.3.6 The Board shall establish a proper remuneration system or mechanism for PTT's senior executives to motivate them in both the short and long-term. The Board must conduct an annual self assessment to examine its performance and disclose the results in the Annual Report. The President's performance shall be appraised on a regular basis and his/her remuneration package shall be conform with his/her performance.
- 2.5.3.7 The Board shall provide appropriate communication channels for shareholders and the disclosure of information shall be monitored to ensure high standards of accuracy, clarity, transparency, and reliability.
- 2.5.3.8 The members of the Board shall be leaders and role models for performing duties in accordance with PTT's principles of good corporate governance.
- 2.5.3.9 When the company gains sufficient profits and does not retain cumulative loss, the Board shall propose the distribution of dividends for shareholders' to approve at the Shareholders' Meeting.

2.5.4 Establishment of Specific Committees

To ensure the thorough and efficient examination of key operations, the Board has established the following four specific committees:

- 2.5.4.1 **The Audit Committee** shall comprise at least three PTT directors, with at least one member having financial and accounting expertise. The Audit Committee members must bear independent qualifications in accordance with the Securities and Exchange

Commission (SEC) notification regarding the qualifications and scope of work of Audit Committees. The Audit Committee shall be responsible for auditing and monitoring PTT's operations, financial reporting, and internal control systems; selecting the company's auditors; reviewing conflicts of interest; and overseeing the risk management system

2.5.4.2 **The Nominating Committee** shall comprise at least three PTT directors, at least one of whom must be an Independent Director. The nomination committee shall select appropriate candidates for the positions of director and President, using rigorous and transparent selection criteria and processes to ensure that the candidate is qualified for the position.

2.5.4.3 **The Remuneration Committee** shall comprise at least three PTT directors, at least one of whom must be an Independent Director. The Remuneration Committee shall establish guidelines for fair and reasonable remuneration packages for the Board and the President. The Remuneration Committee shall purpose a remuneration plan to the Board and to shareholders to approve consequently.

2.5.4.4 **The Corporate Governance Committee** shall comprise at least three PTT Independent Directors. The Corporate Governance Committee shall establish guidelines and provide advice to the Board, President, and shareholders on good corporate governance and oversee the implementation of the corporate governance practices whether or not legally binding.

2.5.5 Board Meetings and Receipt of Relevant Documents and Information

Every board member should attend the board meetings on a regular basis. The Office of President and Corporate Secretary are responsible for coordinating the meetings, arranging the venue, and preparing the appropriate documents. Each director shall be informed in advance of the date and agenda of the meeting and receive supporting information.

- 2.5.5.1 The board should fully devote its time and efforts, to concentrating on PTT’s operations and shall hold meetings regularly, at least once a month or more frequently, as deemed necessary. The Corporate Secretary shall coordinate the meetings and prepare the necessary documents and invitations The quorum shall comprise at least half the total number of directors.
- 2.5.5.2 If a director is necessarily unable to attend a meeting, written notice must be submitted to the Chairman of the Board. If a director is absent from more than three consecutive board meetings without an acceptable reason, it shall be interpreted as unwillingness to act as a director of PTT.
- 2.5.5.3 The Chairman, in consultation with the President, approves the meeting’s agenda. The President shall consider proposals from directors for additional important agenda items for the next meeting.
- 2.5.5.4 The Chairman must ensure that the Board allocates sufficient time for management to present information and for directors to discuss important matters.
- 2.5.5.5 The Chairman should ensure that directors receive relevant information at least seven days in advance of each Board meeting to allow adequate time to study, examine, and decide important matters. Exceptions may be made in certain emergency situations.
- 2.5.5.6 The Board can request supplementary documents, information, advice and other services concerning PTT’s operations from senior executives to support the information in each meeting. The Corporate Secretary shall collaborate in the delivery of such

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Any director who may either have interest or involvement in any item on the agenda must not vote or express views on that item and/or shall leave the meeting room when it is discussed.

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information and services. The Board can request, at PTT's expense, independent advice from external advisors as necessary.

- 2.5.5.7 Any director who may either have interest or involvement in any item on the agenda must not vote or express views on that item and/or shall leave the meeting room when it is discussed.
- 2.5.5.8 The minutes of the Board meetings must be clear and contain the resolutions of the meeting and the comments of the Board for reference.

2.5.6 Office of President and Corporate Secretary

The Corporate Secretary is responsible for arranging board meetings and the Annual General Meeting of shareholders to ensure that they are organised in a transparent way and in compliance with applicable law and regulations.

- 2.5.6.1 The Board shall appoint the Corporate Secretary in accordance with the Securities and Exchange Act. The responsibilities of the Corporate Secretary are to assemble documents for meetings, retain and submit a copy of the report of interests filed by directors or executives to the Chairman of the Board and the Chairman of the Audit Committee within seven days. The Corporate Secretary shall be in charge of other tasks as directed by the Capital Market Supervisory Board in accordance with the Securities and Exchange Act. After appointing the Corporate Secretary, the Chairman of the Board shall notify the Office of the Capital Market Supervisory Board within 14 days.
- 2.5.6.2 The Office of President and the Corporate Secretary are responsible for arranging the Board meetings and the Annual General Meeting of Shareholders as well as providing legal advice, training and other useful information to the Board.

2.5.7 Remuneration of the Directors and the President

The Board and President shall not remunerate themselves due to conflict of interest. The Remuneration Committee shall be responsible for determining remunerations and proposing them to the Board and shareholders subsequent for approval.

- 2.5.7.1 The Remuneration Committee is responsible for providing advice to the Board concerning the remuneration of directors and the President. The formulation and structure of such remuneration shall be fair and reflect the board's performance and responsibilities. The package should be attractive enough to retain decent directors, or competitive with the general level in the same industry. The structure of the remuneration shall be clear, transparent, and easy to comprehend.
- 2.5.7.2 Shareholders have the right to consider remuneration structures and policies for each directorial position annually. The Board shall propose remuneration packages as an item on the agenda for shareholders to consider at the Shareholders' Meeting
- 2.5.7.3 The Board and senior executives must disclose the policy, principle and rationale funderlying the director's remuneration in the PTT annual report and financial statements.

2.5.8 Succession Plan

The Board must ensure that PTT has an appropriate nomination process for key management positions at all levels. The President will be selected through a nomination process that will consider both internal and external candidates.

PTT's

Code of Business Ethics

Ethics and Transparency are the heart of PTT.

Section 3 PTT's Code of Business Ethics



● Definition and Meaning

According to the Royal Institute Dictionary B.E. 2525, ethics is “a code of written and non-written behaviours specified by professionals in a particular field to protect and honour their reputations and the status of their members.”

The PTT Code of Business Ethics is a code of frameworks, standards, conducts and behaviours that all PTT personnel, including the Board, executives, and employees at all levels, in all units, shall adopt when operating the business and conducting their work. They shall be applied consistently, with ethical and moral integrity in an orderly manner, with fairness in order to establish firm foundations and maintain PTT's image as an organisation with sustainable growth.

3.1 Ethics for Compliance with Laws and Regulations and Human Rights Principles

Global society is governed by the rule of law. Although each country that PTT invests in or associates with has a different legal system, culture and traditions, they share common Human Rights Principles. PTT and its personnel shall respect and operate in compliance with them.

Good Practices

- 3.1.1 PTT personnel shall understand and abide by laws related to his/her roles and responsibilities. In case of doubt, they must consult the Legal Department. When doubt arises, do not proceed without taking legal advice
- 3.1.2 when PTT personnel perform their duties overseas, they must understand the laws, traditions, customs and cultures of their destination countries before departure to ensure that merchandise, samples, and all belongings; travel documents; trip objectives and designated tasks are legitimate and culturally acceptable.
- 3.1.3 PTT shall systematically collect laws, government rulings and regulations for PTT personnel to study, and provide appropriate legal training for PTT personnel if necessary. PTT directors shall provide orientation and legal training on applicable laws and regulations for executives and employees.
- 3.1.4 PTT shall strictly abide by Human Rights Principles and provide PTT personnel with knowledge and understanding of Human Rights Principles in order that they can apply such principles in their work. PTT shall not support any business that violates Human Rights Principles.

3.2 Ethics for Political Support

PTT is a politically neutral organisation and does not support any political party, group, or politician at the national, international or global level. PTT supports activities that align with the local governing system and encourages its personnel to exercise their political rights in compliance with law. Thus PTT operations will remain free from political and public pressures.

Good Practices

3.2.1 PTT shall be a politically neutral organisation. It is prohibited to utilise its resources directly or indirectly to support the political activities of any political party, group, or politician nor may any body exploit its resources and/or premises for political purposes.

3.2.2 PTT encourages its employees to express, join, support, and exercise their political rights outside office hours, using their personal resources only. PTT personnel are prohibited from using PTT's authority, resources, capital or reputation for fundraising or political purposes.

3.2.3 PTT does not support lobbying on inappropriate, unreasonable or unethical principles such as utilising personal relationships or offering paybacks.

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PTT is a politically neutral organisation and does not support any political party, group, or politician at the national, international or global level.

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3.3 Ethics for Stakeholdings and Conflicts of Interest

PTT personnel shall carry out their duties for the benefit of PTT without regard for personal interest or influence from close relationships. PTT personnel shall always consider their duty to avoid conflicts of interest. If a conflict of interest occurs, PTT personnel shall refrain from involvement in such operations and a replacement will be sought to avoid any accusation of conflict of interest or abuse of authority for personal benefit that may damage PTT. All PTT personnel shall strictly comply with precautionary measures and disclosure policy as directed by PTT.

Good Practices

- 3.3.1 PTT personnel are prohibited from using personal influence or authority in executing transactions between PTT and themselves; any partnership or other legal entity; to which they may belong; or their relatives beyond the ordinary welfare and benefits that PTT personnel deserve. Exceptions may be made if conflict of interest is disclosed and approval is specifically granted or approval is obtained in principle.
- 3.3.2 PTT personnel and their relatives may enter normal business agreements not influenced by PTT personnel and such business terms and conditions shall be conducted at arm's length with PTT or its subsidiaries.
- 3.3.3 Any orders given for self-benefit are prohibited.
- 3.3.4 When agenda items are raised during the meetings, any person with a conflict of interest shall temporarily leave the meeting to allow other attendees to consider, analyse and discuss the item without the influence of such person.

3.3.5 The Board and executives shall consider Connected Transactions between PTT and its subsidiaries or affiliates independently with prudence and, honesty, and ethically taking into account the benefits to PTT.

3.3.6 PTT personnel at all levels shall report every potential conflict of interest that may arise involving themselves and/or their relatives using the designated form provided in this handbook. They shall report to their direct supervisor and submit the report to the Office of President and Corporate Secretary. PTT personnel shall review and assess conflicts of interest as indicated in the annual self-assessment plan.

3.3.7 Directors, executives and the company’s auditors must report any conflict of interest with PTT, its subsidiaries or affiliates, as well as their PTT share holdings or those of Connected Persons in accordance with the rules and regulations established by the Securities and Stock Exchange law.

3.3.8 Secondment to PTT subsidiaries or affiliates is allowed with approval from supervisors, executives or directors, on a case-by-case basis. PTT personnel shall not accept any temporary or permanent external engagements considered as competing with PTT’s business operations or that might cause any conflicts of interest. Exceptions may be made with the specific approval of supervisors and company directors.

3.3.9 The hiring of PTT personnel’s relative shall be undertaken on a transparent and fair basis, as with others with the same qualifications. PTT personnel shall not intervene in, influence or facilitate the hiring of their relatives.

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PTT personnel at all levels shall report every potential conflict of interest that may arise involving themselves and/or their relatives using the designated form provided in this handbook.

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3.4 Ethics for Confidentiality, Safeguarding and Use of Inside Information

Confidential information is not public information; it is information that would adversely affect or severely damage the company if disclosed to the public or competitors. Confidential information includes all information given in trust to PTT from trade partners and customers. PTT is responsible for maintaining the confidentiality of information and may only disclose it to authorised personnel. It is the duty of the person in charge of or possessing the information to strictly maintain confidentiality and safeguard the information.

Good Practices

- 3.4.1 PTT shall establish appropriate levels of confidentiality and applicable procedures. PTT personnel must understand each confidentiality level. PTT personnel shall seal confidential information to keep it from being viewed by unauthorised PTT personnel or the public.
- 3.4.2 PTT personnel shall not disclose confidential information even after their retirement, resignation or termination of their position at PTT.
- 3.4.3 PTT shall maintain customer and trade privacy. PTT personnel shall not disclose private information to the public or other unauthorised PTT personnel unless it is required by law, for court cases, or approved by the Board.
- 3.4.4 Inside information is operational and managerial confidential information that is not yet ready to be disclosed to the public. If such information was disclosed, it would impact PTT, its subsidiaries and affiliates, particularly the trading prices of PTT shares on the stock exchange. PTT personnel must maintain the confidentiality of inside information and shall not disclose, exploit for self gain or to affect PTT's benefit.

3.4.5 PTT personnel shall receive warnings notices and campaigns regarding inside information, especially in relation to important situations such as the issue of company shares or debentures.

3.4.6 When employing candidates who have previously worked with competitors or the government, PTT shall enquire and study any confidential agreements the candidates may have had with their previous employers. PTT shall not force the candidate to

“ PTT personnel must maintain the confidentiality of inside information and shall not disclose, exploit for self gain or to affect PTT’s benefit.

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break their agreement with trade competitors or the government, which might give rise to consequent legal actions.

3.4.7 Information shall only be disclosed by authorised PTT personnel. Unauthorised personnel shall not disclose the information. If any unauthorised person is asked to disclose information, a direct enquiry must be made to the authorised person to ensure the correctness and consistency of the disclosed information.

3.4.8 PTT personnel shall retain information, both on paper and in an electronic format, for at least ten years for future retrieval. For such documents that must be kept in compliance with the law, PTT personnel shall consider the requirements on a case-by-case basis, and safely destroy such documents when their retention period has expired.



3.5 Ethics for Practices with Customers and Consumers

A customer is anyone who purchases goods and services from PTT. A Consumer is anyone who uses products and services manufactured and offered by PTT. PTT aims to foster customers and consumers' satisfaction by providing quality products and service at reasonable prices, as well as being accountable to both customers and consumers.

Good Practices

- 3.5.1 PTT is committed to develop high-quality products, provide quick services and offer comprehensive range of products and services to meet the needs of our customers and consumers continuously. PTT personnel shall completely devote themselves fully to responding to customers' and consumers' requirements for good-quality products and services at a reasonable price, with fair terms and conditions without any restriction of consumers' fundamental rights.
- 3.5.2 PTT must neither deceive nor mislead regarding product or service quality. PTT shall conduct detailed surveys or research studies of its products and services advertising. PTT shall promote the consumer's understanding of its products and services without deception.
- 3.5.3 PTT shall strive to develop the safety of its products and services. PTT shall provide warning labels and product description, inspect safety on PTT premises and strictly and continuously encourage and train its personnel on consumer safety. PTT will take responsibility when any accidents occurs to consumers who use our products or services correctly.

3.6 Ethics for Practices with Trade Competitors

Trade competitors are outsiders with whom PTT competes liberally, adopting a capitalist approach. Competition shall be fair, without information distortion, deception or other malicious means of competition. In some circumstances, PTT may need to cooperate with its trade competitors and such cooperation shall be transparent and not conceal illegal agreements.

Good Practices

- 3.6.1 PTT operates its business by free and fair competition. Untruthful accusations libel, unreasonable or doubtful information to discredit competitors shall not be tolerated.
- 3.6.2 PTT shall promote beneficial cooperation with its trade competitors when it benefits consumers. Cooperation between PTT and its trade competitors shall not take the form of monopolisation, trade cartels, decreasing the quality standards of products and services, or price fixing. PTT personnel shall in all circumstances associate carefully with trade competitors and their personnel and shall not disclose confidential information either intentionally or negligently to trade competitors.
- 3.6.3 Any merger or acquisition between PTT and its trade competitors shall be transparent and after such transaction, PTT shall not use its dominant market power in any way that would harm consumers' interests.

“PTT competes liberally, adopting a capitalist approach. Competition shall be fair, without information distortion, deception or other malicious means of competition.”

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3.7 Ethics for Procurement and Practices with Trade Partners

PTT emphasises procurement as an important process in determining expenses and the quality of products and services that PTT uses for its operations. PTT necessarily set forth procurement procedures to ensure transparency, accountability and yield the greatest benefits to the company. PTT also emphasises working with trade partners who are mutually supportive and reliable. PTT shall share knowledge of its partner selection and business development procedures, PTT shall treat trade partners equally, in fair competition and with respect.

Good Practices

- 3.7.1 PTT personnel who need to procure products and services shall consider needs, value, prices and quality. The procurement process shall be transparent. All vendors shall receive information equally and accurately. The vendor selection shall be made with fair treatment, fair competition and without bias. Selection shall be in accordance with academic standards, with care and suited to the circumstances. Trade partners shall be given the opportunity to produce their products and services for trial and testing, if available.
- 3.7.2 When contracting with trade partners, PTT personnel shall retain documents relevant to negotiations, drafting, contract making and contract monitoring as supporting evidence for a specific period.
- 3.7.3 PTT promotes fair treatment with and among its trade partners. When procuring products and services, PTT personnel should not rush to completion. PTT shall allow trade partners adequate time for preparation. Contracts between PTT and its trade partners shall be fair and drawn up in the presence of a legal advisor.

- 3.7.4 Negotiation with vendors shall be internally transparent and subject to review by executives. PTT personnel shall remain neutral, refraining from any request for or acceptance of benefit relevant to the procurement. PTT personnel shall refrain from close association with the trade partner that might, however slightly influence their decision-making. PTT personnel must also comply with the good practices outlined in the Ethics for Stakeholdings and Conflict of Interest.
- 3.7.5 PTT shall strictly adhere to contractual agreements. If either PTT or the trade partner should fail to comply with the agreed terms and conditions, or circumstances arise that render compliance impossible. PTT personnel shall discontinue their work and communication with the trade partner and immediately report to their supervisor to seek corrective action, if possible and without detriment to either PTT or its trade partner.

3.8 Ethics for the Community and Social Responsibilities

PTT cannot be separate from the community in which it operates and has the responsibility to develop sustainably and give back to the community and society as a whole. PTT considers it one of its duties and key policies to become involved in the development of society and the community by concentrating on social; community and environment development; religious support; conserving and increasing natural resources; educational support for youths; and support, encouragement and strengthening of impoverished communities.

Good Practices

- 3.8.1 PTT will publish information about the business, its social responsibilities and its environmental responsibilities without concealing disclosable information. PTT shall collaboratively and rapidly disclose information to investors, shareholders and public.

- 3.8.2 PTT seriously and continuously strives to fulfil its social responsibilities regarding quality, safety, health and environmental protection, using natural resources efficiently with due regard to the security and environmental awareness of its stakeholders. PTT also supports environmental conservations and the sustainable development of the quality of life in the community.
- 3.8.3 PTT shall consider alternative use of natural resources to alleviate adverse effects on the community, environment and quality of life. PTT supports the reduction in consumption of energy and resources.
- 3.8.4 PTT shall foster awareness of individual social and environmental responsibilities in all personnel at all levels. PTT shall also associate with trade partners who share its concern for social and environmental responsibility. PTT shall lead the efficient conservation of energy for the benefit of future generations.
- 3.8.5 PTT shall use a portion of its profit to support appropriate social and environmental activities that actually benefit community, society and environment. In the case of donation, PTT shall review recipient information and ensure that any donation it makes is for charity purposes, effectively and efficiently used, and adequately documented.

3.9 Ethics for Treatment of Employees

Employees are the most important part of the business. PTT shall recognise all employees without discrimination, regardless of unit or department. PTT promotes unity, harmony and trust in its employees, and encourage them to treat each other with politeness and respect. PTT shall provide a safe and satisfactory working environment and offer appropriate welfare and benefits to employees and use initiative and innovative technology to support their best efforts for PTT's best benefit. All employees shall perform their duties with care; alacrity; diligence; conscientiousness; rationality; smartness; enthusiasm and composure, applying their best professional knowledge.

Good Practices

- 3.9.1 PTT treats its personnel equally without discrimination, regardless of origin; ethnicity; gender; age; race; religion; disability; financial status; family; or educational background, or other status that is not directly related to their working performance.
- 3.9.2 PTT shall provide all employees the opportunity to perform to their best ability with reasonable compensation. PTT shall motivate employees by determination of salaries, bonuses and operating expenses under the company's regulations. In addition, PTT shall provide its employees with opportunities for university education as well as short-term and long-term training.
- 3.9.3 PTT personnel shall perform their duties to the best of their ability and with integrity, fairness and morality. PTT personnel shall not assign any other person to complete their work, either directly or indirectly, except when necessary in specific circumstances or under time constraints when there is no concern over specific capability requirements.
- 3.9.4 PTT personnel shall perform their duties within the chain of command, receiving orders from and being directly responsible to their supervisor. The chain of command should only be crossed if absolutely necessary. PTT personnel shall refrain from making comments about their supervisors and colleagues that could have adverse effects on the person or PTT, and personnel shall be thoughtfully and reasonably open to the opinions of their subordinates and colleagues without prejudice.
- 3.9.5 PTT personnel shall use all company resources, labourers, premises and other facilities to carry out their assignments. Their use for other purposes or beyond the benefit to which he or she is entitled is prohibited.
- 3.9.6 PTT personnel shall be polite and well-dressed and behave in accordance with their roles and the local customs without damaging PTT's image.
- 3.9.7 PTT personnel may use their name and position for charity fund raising that PTT sponsors. However, the use of their position and the company name for personal fund raising is prohibited under any circumstances.

- 3.9.8 Personnel shall cooperate fully with PTT activities organised to promote unity, harmony and cooperation, including those involving corporate social responsibilities.
- 3.9.9 PTT personnel shall not cause trouble, annoyance, assault, or demean other PTT personnel or outsiders. Prohibited behaviors include: sexual assault, insults, verbal or visual obscenity and sexual harassment.
- 3.9.10 PTT supports employees' rights in accordance with the State Enterprise Labor Union Law. PTT shall not interfere with labour union activities except those that are against the law, business ethics or that severely damage PTT.

3.10 Ethics for Internal Control and Internal Audits

PTT recognises that public companies necessarily require effective, accurate, and reliable internal control and internal audit systems. PTT will establish, maintain and monitor internal control systems to ensure that risks are managed at an acceptable level. Internal control systems will be regularly assessed through an efficient internal audit office monitored by the Audit Committee. Management and staff also recognise the importance of Internal Control and Internal Audits.

Good Practices

- 3.10.1 PTT shall establish a good control environment with a positive attitude towards internal control and appropriate assessment of significant risks that may impact the company's objectives, goals and success. PTT shall set up appropriate controls for all levels and functions of the entity and provide adequate, reliable and appropriate information technology and communication to both internal and external parties. PTT shall create a monitoring and evaluation system to ensure that internal controls are

being implemented appropriately, support the company goals and continually improve to reflect changing circumstances.

- 3.10.2 PTT shall establish dedicated units directly responsible for risk assessment and risk management; internal control assessment and compliance reviews. Those units shall recommend improvements in internal controls to suit changing circumstances, business environments and risk factors. Senior and middle executives shall fully cooperate with the implementation of such recommendations for improvement.
- 3.10.3 The Audit Committee shall review the internal control system, risk management system and internal audit system. The Audit Committee shall report the results to the Board of Directors and shareholders.
- 3.10.4 PTT shall establish an independent unit which directly reports to the Audit Committee. This independent unit shall perform efficient internal audits and shall be adequately resourced with qualified Internal Auditors and operate under the Code of Ethics for Internal Audit Professions.
- 3.10.5 PTT shall educate personnel to understand and cooperate with internal control and audit systems. Transaction reports shall be regular, precise, accurate, consistent, up-to-date and appropriately reviewed to ensure that the process is strictly followed.
- 3.10.6 PTT personnel shall support and provide accurate information to the Office of Internal Audit as well as the company's auditors. PTT personnel are responsible for the accuracy of financial information and must report any mistakes or suspicious cases immediately.

3.11 Ethics for Receiving and Offering Customary Gifts, Assets or other Benefits

Giving and receiving gifts is essential for PTT personnel to show they care or appreciate. However, it is unacceptable to offer and/or receive gifts, assets, or other benefits that may bring about obligational difficulties, affect decision making or eventually harm PTT in any way. Bribery and corruption are strictly prohibited.

Good Practices

- 3.11.1 Non-extravagant gifts, assets or other benefits may be given and received so long as they are locally moral, legal and it is a customary local practice. When either the giver or the recipient have any doubts or believe that such gifts, assets or other benefits may not be appropriate, the gift shall be returned. If it cannot be returned, it shall be delivered to the Office of President and Corporate Secretary to be kept in their custody as PTT property.
- 3.11.2 Ethical and legal gifts or assets of appropriate value may be received from persons with whom personnel have associated if it is the general practice and there are no ulterior reasons. PTT personnel must not illegally accept gifts.
- 3.11.3 PTT prohibits its personnel and their family members at all levels, under any circumstances, to solicit or receive gifts, assets or other benefits from contractors, sub-contractors, customers, trade partners or other related parties, which may lead to unfair judgments, impair decision-making or create conflicts of interest.
- 3.11.4 PTT personnel are responsible for reporting any gifts, assets or other benefits they have received. PTT shall frequently communicate its policies related to giving and receiving gifts, assets or other benefits to its contractors, sub-contractors, customers, and trade partners.
- 3.11.5 PTT personnel shall not offer bribes or other similar benefits to other PTT personnel or outsiders, especially government officials. When offering gifts, assets or other benefits to government officers in Thailand and other countries, it must be ensured that such offerings are not against the local law and customs.



3.12 Ethics for Safety, Health and the Environment

PTT emphasises the safety and health of its personnel and the surrounding community. PTT is committed to a high-quality, safe, and healthy environment as a part of its employees' daily lives and supports the efficient and conservative use of resources for the benefit of the entire community and society.

Good Practices

- 3.12.1 Safety is important to PTT and it will establish rules and standards for quality, safety, health and environmental protection that are legal and meet international standards and will require personnel to understand and strictly adhere to them.
- 3.12.2 PTT shall make every effort to avoid and prevent losses from accidents, fire, occupational illness and injury, loss or damage of assets, violation of safety measures, improper working practices and other errors. PTT will maintain a safe working environment and regularly train its personnel on safety and security plans. It is the responsibility of executives and employees to report any accidents and incidents following the required procedures.
- 3.12.3 PTT operates in the energy industry as a professional in petroleum management. PTT shall establish emergency control and prevention plans for all areas in its operations, as well as emergency and crisis management plans to be prepared for any emergencies such as fire or oil, gas, chemical or waste spills and leaks. PTT shall also have a contingency plan for any other crisis that might interrupt operations or damage the company's image and reputation.
- 3.12.4 PTT shall have internal communications with employees, contractors' staff, and relevant stakeholders to educate them on policies, regulations, procedures and precautions related to quality, safety, health and the environment and shall act accordingly to protect their health, assets and environment.

- 3.12.5 PTT is committed to seriously and continuously demonstrating social responsibility by recognising the importance of quality, safety, health and the environment and will maximise the benefits of natural resources for the well-being and safety of all stakeholders. PTT will support social activities to protect the environment and enhance the quality of life in the community in accordance with the principles of sustainable development.
- 3.12.6 If PTT discovers non-compliance with the rules and standards regarding quality, safety, health, and environment, or if unsafe operations that severely affect the environment, are discovered, personnel will be required to temporarily cease such operations and notify colleagues, supervisors and related business units for further actions or plans for resolution. Continuing operations in these circumstance shall be strictly prohibited.

3.13 Ethics for Intellectual Properties and Use of the Information Technology and Communication System

To facilitate smooth business operations and enhance education, as well as promote the company, PTT supports its personnel in conducting research; writing books, manuals, and articles to publish for PTT and external parties; creating innovative media; and developing communications. Personnel shall use PTT information technology and communication channels to communicate with external parties with care and caution, respecting the rights of the owners of intellectual properties.

Good Practices

- 3.13.1 PTT supports its personnel in writing and publishing books, textbooks and articles for various publications, and in developing computer programmes and presentations for education, publication, and expression of opinion. Any returns from such work, as well as associated legal rights would belong to the creator. However, PTT

shall hold the legal rights and returns from any work commissioned by PTT and/or based on PTT information or knowledge within the company.

- 3.13.2 PTT supports its personnel in conducting research and the researcher shall own the related rights and returns from their studies. However, PTT shall own the exclusive rights, patent submission rights, patent exclusive rights, and any benefits, associated with any such research commissioned and undertaken by PTT, based on PTT information or knowledge within the company.
- 3.13.3 PTT personnel shall protect the confidentiality and prevent any leak of the company's trade secrets, secret formulas and secret business methods.
- 3.13.4 PTT encourages its personnel to use the Internet to support their work. Personnel shall not perform any act that might interfere with or cause disruption to others on the computer and Internet system in the office. Personnel shall not use the PTT computer system to release inappropriate information that is against the law, morality, culture or tradition; e.g., causing damage to reputation or property, propagating pornography, sending spam email, disrupting mail forwarding, or advertising merchandise or businesses that are irrelevant to PTT products and services.
- 3.13.5 PTT personnel shall conduct their business using genuine software and, if they must use a computer or software that belongs to outside parties, they shall check for the copyright and consult their supervisor. Installing and using illegal software in the office is strictly prohibited.
- 3.13.6 PTT personnel shall safeguard their passwords and not disclose them to others to prevent unauthorised access to the computer system. Accessing unfamiliar websites should be avoided since it may cause damage to the PTT computer system.
- 3.13.7 If PTT personnel request access to the PTT information technology system for temporary staff or a contractor's employees, they shall oversee such person's use of the computer and be held responsible for any consequent damages.
- 3.13.8 PTT shall review, supervise, monitor, investigate and control the use of its information technology system by its personnel to ensure PTT's information system security.



Appendix

Definition: PTT Independence Directors Qualification

1. PTT directors must hold shares in their own name, or in the name of a related person (as defined by section 258 of the Securities and Exchange Act), representing no more than 0.5 per cent of the total voting share of PTT, its subsidiaries, affiliated companies or any legal entity that might be in conflict with PTT.
2. An Independent Director must not participate in management or be an employee, a contractor, an advisor receiving a regular salary, an auditor, a legal consultant, any other type of professional consultant or a controlling entity of PTT, its subsidiaries, affiliates, or any legal entity that may be in conflict with PTT. The qualified Independent Director must have had no interest or stake in the aforementioned parties for a period of at least two years prior to PTT directorship.
3. An Independent Director must have no business relationship (e.g., client, trade partner, creditor, trade creditor, debtor or trade debtor) and have no interest or stake, directly or indirectly, in either the finances or management of PTT, its subsidiaries, affiliated companies, or any legal entity that may be in conflict with PTT and could distort their independent judgment.
4. An Independent Director must not be a relative of, or have a relationship with, executives, major shareholders of PTT, its subsidiaries, affiliated companies, or any legal entity that may be in conflict or which might distort independent judgement. An Independent Director must not be appointed as a representative to protect the interests of directors and/or a major shareholder.

Definitions: Transactions Involving Conflicts of Interest

Related party refers to any executives, major shareholders, controlling entity, or person appointed as a controlling entity of PTT, or its subsidiaries including affiliates and close relatives of the aforementioned persons.

Connected Transaction refers to any transactions in which PTT or its subsidiary engages with PTT's related parties or a transaction in which a subsidiary engages with a subsidiary's related parties. Connected Transactions can be classified into six categories as follows:

1. **A normal business transaction** is a transaction related to assets/services under PTT's normal business operations and which follows general trade terms and conditions such as the sale of petroleum products, procurement of raw materials, and the offering of services.
2. **A transaction that supports normal business** is a transaction related to assets/services that support smooth business operations, such as providing transportation, advertising, technical assistance, and management contracts.
3. **The lease/sublease of short-term assets** is leasing or subleasing assets that are not included under normal business conditions and which have contract period of less than three years.
4. **Transactions related to other assets or services.**
5. **Financial assistance to subsidiaries and affiliates** such as cash flow in the form of a loan, or collateral for which PTT receives returns such as the market interest rate.
6. **Other Connected Transactions than stated in (1) to (5) above**

A subsidiary refers to:

- (A) A legal entity in which PTT holds more than 50 per cent of total voting shares.
- (B) A legal entity in which the legal entity under (A) holds more than 50 percent of total voting shares.
- (C) A legal entity whose shares are held in stretches starting from the holding of a legal entity under (B), in which each stretch of such share holding represents more than 50 per cent of such legal entity's total voting shares.
- (D) A legal entity in which PTT, or any legal entity under (A), (B) or (C), holds directly or altogether more than 50 per cent of the total voting shares.
- (E) A legal entity in which PTT or any legal entity under (A), (B) (C) or (D) has authority in terms of establishing financial policy and management in order to generate benefits from its activities.

An affiliated company refers to:

- (A) A legal entity in which PTT or its subsidiary holds altogether more than 20 per cent but not exceeding 50 percent of the total voting shares.
- (B) A legal entity in which PTT or its subsidiary has judgement authority regarding its financial policy and management, but does not have sufficient holdings to enable PTT or its subsidiary to control policy or be considered a subsidiary or joint venture.

General Trade Conditions refer to fair prices and conditions that will not lead to a transfer of assets, as described below.

1. Prices and conditions that PTT or its subsidiaries may be offered or that PTT or its subsidiaries may offer to others.
2. Prices and conditions that related parties may offer to others.
3. Prices and conditions that PTT is able to prove are being offered by other companies engaging in similar business.

Definitions in Practices: Receiving Gifts, Assets or other Benefits

Other benefits means any item of value, including discounts, entertainment, services, training, or other items of a similar nature.

To receive assets or any other benefits on an ethical basis means to receive assets or any other benefits from a relative or from any person on a traditional, customary, or cultural occasion or on an occasion on which the customs practised in the society require such giving.

Relative means ascendant, descendant, sibling of full or half blood, uncle, aunt, spouse, ascendant or descendant of spouse, or an adoptive child, or parent.

Definition in Practices: Information Technology and Communications

Information Technology and Communications (ICT) refers to the combination of information technology and communications covering communication systems, namely radio, television, facsimiles, telephone, and other communication tools with computer systems, software, databases and services providing information, as well as communication systems which can be shared and connected.

Definition of Qualifications and Key Roles of an Internal Auditor

An internal auditor shall have qualifications and authority as follows:

1. **The Internal Auditor** demonstrates independent judgement in auditing in accordance with the professional standards of internal auditors.
2. **The Internal Auditor** has the right to audit assets and activities including the accounting books, supporting documents, correspondence and other relevant reports.
3. **The Internal Auditor** has the right to request the staff of the audited department to clarify and provide relevant information.
4. **The Internal Auditor** shall report the results of PTT's internal control assessment to the Audit Committee at least once a year.

Definition of the Notification of the N.C.C. Commission concerning the provisions in respect of the acceptance of property or any other benefits on an ethical basis by state officials B.E. 2543

By virtue of the provisions of Section 103 of the Organic Act on Counter Corruption B.E. 2542

1. **A state official is eligible to receive assets or benefits from others as follows:**
 - 1.1 Assets or benefits, which conform with the laws or regulations issued under the laws:
 - 1.2 Assets or benefits on an ethical basis, namely:
 - Received from a relative based on his/her wealth.
 - Received from other persons at an amount not exceeding Baht 3,000.
 - An amount similar to that which a member of the general public would receive.

2. **In the event that a state official receives property or any other benefit from a giver abroad, and is obliged to accept it to maintain a good relationship between them but the giver does not expressly say that it is for personal use, or the value of the item exceeds Baht 3,000, the state official shall act as follows:**
 - 2.1 The recipient must promptly report to their supervisor or, if the recipient is the President, he/she shall report to the board.
 - 2.2 If the recipient is a director, he/she shall report directly to the N.C.C. Commission. Should the supervisor, the board, or the N.C.C. Commission deem there to be no reasonable grounds to allow the recipient to accept the gift for personal use, the recipient shall hand it over to the supervisor who shall treat the assets or benefits as corporate assets and inform the Office of President for record-keeping purposes.

3. If the assets or benefits were not accepted in accordance with the previously described ethical basis and the recipient accepted the gift without reasonable grounds (i.e. to maintain a relationship), the recipient shall act as follows:
 - 3.1 The recipient shall promptly report the acceptance to the President for consideration. If the recipient is the President, he/she shall report to the Board. If the recipient is a director, he/she shall report directly to the N.C.C. Commission.
 - 3.2 The recipient shall promptly return the gift to the giver if the President, the Board, or the N.C.C. Commission directs that its acceptance was irregular. If it is not possible to return the item, the recipient shall promptly hand it over to PTT and send a copy of the report to the President for records-keeping purposes.
4. The provisions of the notification under (1.) shall apply to the acceptance of property or any other benefit by a person who has ceased to be a state official for less than two years.
5. A state official who breaches the provisions under the announcement (1.) above shall be subject to imprisonment for up to three years, or a maximum fine of Baht 60,000, or both, under section 122.

PTT's Conflict of Interest Disclosure Form

In accordance with PTT regulations and Principles of Good Corporate Governance, which instruct personnel how to carry out their duties according to the highest standards, personnel at all levels must disclose any transactions which represent a conflict of interest against PTT.

This report is classified as (Please indicate X in)
 Annual Report Incident Report

I have read the PTT Public Company Limited Corporate Governance and Code of Ethics Handbook (Revised Version 2.) I fully understand the information in this disclosure form would hereby like to report the matter(s) as follows:

(Please indicate X in and provide any necessary additional information)

- I **do not** have any interests that might cause a conflict of interest against PTT.
- I **have** an interest or interests that might cause a conflict of interest against PTT with details below
 - There are transactions with general agreements between PTT or PTT associates and
 - Myself , under my own name
 - Myself, under other names (please specify).....
 - My relatives* or my agent
Name (Mr/Mrs/Miss)..... Surname.....
Relationship.....

(* Relatives refer to spouse, father, mother, children)

I hereby, report the following: (Please attach additional documents, if any)

1. Details of report
2. Corrective actions taken, if any.

Signature :
(.....)

Position :

Date :/...../.....

Supervisor's opinion * :

Signature :
(.....)

Position :

Date :/...../.....

Department Manager's opinion, Office of President and Corporate Secretary:

Signature :
(.....)

Position :

Date :/...../.....

Remark * :

- * In the case of staff below division level, the authorised supervisor is the department manager
- * In the case of staff below division level who do not report to any department, the authorised supervisor is the person one level higher than the department manager.
- * In the case of departmental management and higher, authorised personnel are the Executive Vice President or a supervisor one level higher in rank.
(If you have any enquiry, please contact extension 3860)

Acknowledgement and Conformity Form

I have received and read this PTT Public Company Limited Corporate Governance and Code of Ethics Handbook. I understand, acknowledge and will comply with these practices.

Signature :
(.....)

Position :

Business Unit :

Date :/...../.....

(COPY)

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