

Report of the Corporate Governance Committee



The current Corporate Governance Committee is made up of three independent directors, namely Mrs. Nuntawan Sakuntanaga (Chairman, replacing Professor Dr. Kittipong Kittayarak from July 3, 2020), Professor Dr. Surapon Nitikraipot (member), and Dr. Thon Thamrongnawasawat (member since October 1, 2019). The Senior Executive Vice President, Corporate Governance and Regulatory Affairs, and the Senior Executive Vice President, Office of General Counsel, serve as secretaries.

Highly valuing business conduct with integrity, accountability, and resistance to all forms of fraud and corruption, the Board stresses PTT's firm commitment to becoming a corporation of transparency and morality under corporate governance (CG), a high ethical standard, a Code of Business Conduct, and PTT Group's scope of sustainability development to upgrade PTT's CG system for relentless efficiency to in turn boost fairness and confidence among all its stakeholders and lead to PTT's sustainable growth.

To this end, the Board has assigned this committee to propose CG guidelines and oversee the conduct of the directors and management to ensure conformance to CG principles, SEC's and SET's CG principles, IOD's recommendations from the Corporate Governance Assessment Report, and the international principles of the Organization for Economic Cooperation and Development (OECD) together with the ASEAN CG Scorecard (ACGS), the Ten Principles of the UN Global Compact (UNCG), and the DJSI Corporate Sustainability Assessment, as well as sustainability management and scope formulation for the oversight of PTT's applicable anti-fraud and corruption tasks.

In 2020, the committee held nine meetings as planned to track and assess CG and anti-fraud and corruption tasks, as well as social, community, and environmental responsibility together with sustainable development plans, as highlighted below:

Information Disclosure and Transparency

- Prepared 56-1 One Report 2020, and disclosed PTT's quarterly performances and material information for shareholders, investors, and the public, complete with material, adequate, credible, and timely details through assorted channels, including SET's publicity channels and www.pttplc.com. The core units taking charge of information distribution were Investor Relations and Corporate Communication and Branding.

- Disclosed sustainability performance data taking into account all stakeholders covering Environmental, Social and Governance (ESG) dimensions through 56-1 One Report 2020 under the topic of driving business towards sustainability, integration of the sustainability performance with the topic of risk management, Management Discussion and Analysis, and Corporate Governance under the applied Global Reporting Initiative (GRI) Sustainability Reporting Standard 2016 and Oil and Gas Sector Disclosure (OGSD). It presented performance data under Integrated Reporting (IR) formats of the International Integrated Reporting Council (IIRC), provided the progress report in compliance with

the Ten Principles of the United Nations Global Compact (UNGC), and reported operating outcomes that confirmed PTT's staunch support for sustainable development goals in line with the scope of the UN Sustainable Development Goals (SDGs) with the applied Recommendations of The Task Force on Climate-related Financial Disclosures (TCFD) in reporting business outcomes related to climate change. Moreover, a third party was commissioned to constantly review the report, with disclosure of the report on PTT's, GRI's, and UNGC's websites. In addition, PTT advocated preparation of this report by PTT Group companies, namely PTTEP, GC, Thaioil, IRPC, GPSC, and OR, in compliance with SEC's and SET's direction of convincing listed companies to disclose performance data on the environmental, social, and governance sides on a par with international practices.

Rights of the Shareholders

- Held the 2020 AGM and provided in advance adequate and timely information on the date, time, venue, and agenda as well as all information relevant to matters needing decisions at the AGM. Informed the shareholders about meeting rules and distributed such information on PTT's website before sending out meeting notices to give shareholders adequate time to study details. Facilitated their full exercising of meeting and voting rights under situation of the epidemic of Coronavirus 2019 (COVID-19). As a result, PTT achieved an "outstanding" score on the AGM Checklist assessment.

Equitable Treatment of Shareholders

- Allowed shareholders to propose additional agenda items and nominate directors for election in advance from September 1 to November 30, 2020, as required by PTT.
- Required all directors and executives to disclose vested interests about themselves and related parties for 2020 so that the Board might review PTT's transactions with potential conflicts of interest and decide in PTT's best interests. Required directors with potential vested interests on any meeting agenda items to abstain, refrain from commenting, and skip such agenda items.
- Required all directors, executives, and employees to report by paper form or electronically report their conflicts of interest for 2020 on the PTT Intranet. No significant conflict was reported this year.
- Required all directors and executives to report their securities portfolios as required by law and assigned the Company Secretary to compile and report these to the Board every quarter.

- Ensured enforcement of the Insider Trading Guidelines by asking the directors and management to refrain from PTT Group companies' securities trading. If such trading is necessary, for transparency they must notify the Corporate Secretary ahead of time.

Responsibilities of the Board

- Assessed Board performance namely overall, self-assessment, cross-assessment, subcommittee assessment, and duty and performance assessment of the Chairman, satisfaction with performance of subcommittees, and chairman of each subcommittee. The outcomes for 2020 were "outstanding".
- Attended training courses to develop competencies in directorship, such as courses hosted by the Thai Institute of Directors (IOD) and other relevant institutes, as well as holding in-house courses and sessions by inviting experts to provide information related to the Board's work.
- Studied business management practices in PTT Group and matters related to energy and related businesses.
- Held one meeting among the independent directors.
- Held one non-executive meeting.

Recognition of Stakeholders

- Endorsed an action plan on PTT's CG and anti-fraud and corruption for 2020 together with the annual goals before cascading to implementation, followed by constant monitoring, with recommendations provided to upgrade PTT's CG on a par with international standards.
- Provided oversight for the review of "PTT Corporate Governance, Ethical Standards and Code of Business Ethics Handbook" regarding the amendment of duties and responsibilities of the Corporate Governance Committee to embrace good corporate governance, operational risk management and internal control, Governance Risk and Compliance (GRC), and the amendment of duties and responsibilities of the Enterprise Risk Management Committee to cover the governance of organizational innovation.
- Assigned the Corporate Governance Policy and advised the Governance, Risk and Compliance Management Committee (GRCMC), in charged with steering CG, operational risk management, internal control, and compliance management. GRCMC also serves as PTT's Anti-Fraud and Corruption Operation Center for State Enterprises.

- Assigned policies and provided recommendations to management on the definition of a PTT Group governance policy. To this end, a PTT Group Way of Conduct was developed to house guidelines, code of practice, and business processes of various aspects of PTT and PTT Group that align and harmonize with one another. PTT Group Way of Conduct then aids the oversight of PTT-invested companies through the implementation and driving of all PTT Group companies to adopt the same standard.

- Advocated and urged PTT's business allies to declare their intention to join Thai Private Sector Collective Action against Corruption (CAC).

CSR and Sustainable Development

- Defined PTT Group Sustainability Management Framework by committing to corporate citizenship that values the three principles of Environmental, Social and Governance as operating policy in tandem with business, and defined a social responsibility towards communities which forms PTT's major groups of stakeholders at all operating sites whose wellbeing PTT aims to raise. PTT's stewardship also covers social network communities across the country under the two-dimensional operations namely development of human resources, communities, and society (Social), and conservation of natural resources and the environment (Environmental). PTT applies PTT group's expertise to the driving of community self-development, particularly support for creating inclusive businesses which stress inclusion of the underprivileged and low-income earners as part of PTT's business.

- Development of human resources, communities, and society (Social) promotes items 4, 7, and 8 of the UN Sustainable Development Goals (SDGs) involving access to quality education, clean energy, economic growth, poverty alleviation, decent vocational skills, and income generation opportunities, as well as sustainable social investment in the form of Social Enterprise (SE) through Sarn Palung Social Enterprise Co., Ltd.

- Conservation of natural resources and the environment (Environmental) promotes item 15 of the UN Sustainable Development Goals (SDGs) involving conservation and rehabilitation of natural resources and the environment through expansion of green urban areas and suburban forests, as well as awareness raised for environmental conservation through PTT learning center.

- Passed assessment by SAM Corporate Sustainability Assessment and qualified as a member of DJSI for the 9th consecutive year with the highest score as Industry Leader in Oil & Gas Upstream & Integrated (OGX) among the 7 out of 54 companies invited to join Dow Jones Sustainability World Index (DJSI World), and among the 2 out of 18 companies invited to join Dow Jones Sustainability Emerging Markets Index (DJSI Emerging Markets). PTT achieved an industry-best score on Materiality, Codes of Business Conduct, Policy Influence, Tax Strategy, Energy Mix, Environmental Reporting, Social Reporting, Human Rights, Human Capital Development, Corporate Citizenship and Philanthropy, and Occupational Health and Safety among the Oil & Gas Upstream & Integrated (OGX) category.

Awards of Pride

Thanks to its firm commitment to operating businesses with CG and social responsibility, coupled with constant sustainability management and improvement, in 2020 PTT earned extensive acclaim from domestic and international entities alike. Awards included:

- The 9th Integrity Award presented by the Office of the National Anti-Corruption Commission (NACC) for the 2nd consecutive year.

- Passed NACC Integrity & Transparency Assessment (ITA) at the "very high" level for the 6th consecutive year; the assessment outcome for 2020 was in the A range.

- Received "Excellent" ranking based on the 2020 survey of listed companies (Corporate Governance Report of Thai Listed Companies 2020) for the 12th consecutive year.

- Received ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) award as a Thai listed company that passed assessment according to the criteria of ASEAN CG Scorecard with the scores of 97.50 upward (ASEAN Asset Class PLCs), ASEAN Top 20 PLCs, and Country Top 3 PLCs (Thailand).