

7. Securities and Shareholders

7.1 Capital Structure

As of December 31, 2016, PTTEP's capital structure comprised USD 2,832 million of interest-bearing debt and USD 11,386 million of shareholders' equity, resulting in an interest-bearing debt to shareholders' equity ratio of 0.25 times. Details of the capital structure are as follows:

7.1.1 Securities

Capital Stock

As of December 31, 2016, PTTEP's registered and paid-up capital was THB 3,969,985,400; consisting of 3,969,985,400 ordinary shares at a par value of THB 1 per share.

Debentures

PTTEP has investment-grade credit ratings of Baa1, BBB+, and A- from reputable international credit-rating agencies, namely, Moody's Investors Service ("Moody's"), Standard & Poor's Ratings Services ("Standard & Poor's"), and Japan Credit Rating Agency ("JCR"), respectively. In addition, the Company has also been given a rating of AAA, the highest credit rating, by TRIS Rating Co., Ltd. ("TRIS") which is a domestic credit-rating agency.

In 2016, the Company has neither issued domestic nor international debentures; however, on June 22, 2016, the Company repurchased a portion of its bonds issued in September 2013, on which the coupon rate is 3.707% per annum. The repurchase amount was USD 176.55 million in principal value, consequently reducing the principal outstanding from USD 500 million to USD 323.45 million.

As of December 31, 2016, PTTEP had the following debentures outstanding:

(1) Details of THB debentures (total outstanding THB 27,100 million):

Debt Security	Issued Date	Maturity Date	Tenor	Outstanding (Unit : THB Million)	Rate per annum	Credit Rating ¹
						TRIS
THB debentures, unsecured, unsubordinated	March 27, 2003	March 27, 2018	15 years	2,500 ²	Fixed 4.625%, coupon payment: semi-annually	AAA
	May 29, 2009	May 29, 2019	10 years	5,000 ³	Fixed 4.80%, coupon payment: semi-annually	AAA
	June 6, 2014	June 6, 2019	5 years	8,200 ⁴	Fixed 3.91%, coupon payment: semi-annually	AAA
	June 6, 2014	June 6, 2029	15 years	11,400 ⁵	Fixed 4.82%, coupon payment: semi-annually	AAA

¹ The debentures were last rated by TRIS on April 7, 2016.

² In 2005, PTTEP entered a Cross Currency Swap agreement with a bank to swap THB 2,500 million for USD 60.82 million. Under the agreement, the interest rate was 3.85% per annum. In 2007, PTTEP unwound the swap with the same bank with an interest rate of 3.30% per annum. In 2011, PTTEP entered a new Cross Currency Swap agreement to swap THB 2,500 million for USD 82.92 million. Under the agreement, the interest rate was 3.30% per annum.

³ In 2011, PTTEP entered a Cross Currency Swap agreement with a bank to swap THB 5,000 for USD 161.81 million. Under the agreement, the interest rate was 4.93% per annum.

⁴ In 2014, PTTEP entered a Cross Currency Swap agreement with a bank to swap THB 8,200 for USD 251.07 million. Under the agreement, the interest rate was 3.013% per annum.

⁵ In 2014, PTTEP entered a Cross Currency Swap agreement with a bank to swap THB 11,400 for USD 349.05 million. Under the agreement, the interest rate was 4.989% per annum.

(2) Details of USD debentures (total outstanding USD 1,513.45 million):

Debt Security	Issued Date	Maturity Date	Tenor	Outstanding (Unit : USD Million)	Rate per annum	Credit Rating	
						Moody's	Standard & Poor's
USD debentures, unsecured, unsubordinated	April 5, 2011	April 5, 2021	10 years	700 ¹	Fixed 5.692%, coupon payment: semi-annually	Baa1	BBB+
	June 12, 2012	June 12, 2042	30 years	490 ²	Fixed 6.35%, coupon payment: semi-annually	Baa1	BBB+
	September 16, 2013	September 16, 2018	5 years	323.45 ³	Fixed 3.707%, coupon payment: semi-annually	Baa1	BBB+

¹ PTTEP CIF was the issuer, fully guaranteed by PTTEP. The latest credit rating on these debentures was issued by Moody's on April 4, 2016 and Standard & Poor's on May 5, 2016.

² PTTEP CIF was the issuer, fully guaranteed by PTTEP. The latest credit rating on these debentures was issued by Moody's on April 4, 2016 and Standard & Poor's on May 5, 2016.

³ PTTEP was the issuer. The latest credit rating on these debentures was issued by Moody's on April 4, 2016 and Standard & Poor's on May 5, 2016.

(3) Details of THB Hybrid Bonds (total outstanding THB 5,000 million):

Debt Security	Issued Date	Maturity Date	Tenor	Outstanding (Unit : THB Million)	Rate per annum	Credit Rating ¹	
						TRIS	
THB Hybrid Bonds, unsecured, unconvertible, callable, subordinated debentures with single redemption upon liquidation, PTTEP can defer the distribution at its sole discretion	June 15, 2012	No maturity date ▪ payment upon liquidation or ▪ early redemption subject to terms & conditions	Perpetual	5,000 ²	Year 1-10: 5.85% Year 11-30: 6.10% Year 31-60: 6.85% Year 61 onward: 7.85%, coupon payment: quarterly	AA	

(4) Details of USD Hybrid Bonds (total outstanding USD 1,000 million):

Debt Security	Issued Date	Maturity Date	Tenor	Outstanding (Unit : USD Million)	Rate per annum	Credit Rating ³	
						Moody's	Standard & Poor's
USD Hybrid Bonds, subordinated perpetual capital securities with the issuer's right to defer the distribution at its sole discretion	June 18, 2014	No maturity date ▪ payment upon liquidation or ▪ early redemption subject to terms & conditions	Perpetual	1,000 ⁴	Year 1-5: 4.875% Year 6-10: 5 Years UST + 3.177% Year 11-25: 6M LIBOR + 3.351% Year 26 onward: 6M LIBOR + 4.101%, coupon payment: semi-annually	Baa3	BBB-

¹ The latest credit rating on these bonds was issued by TRIS on April 7, 2016.

² The accounting treatment for Hybrid Bonds is such that they are recorded in Shareholders' equity.

³ The latest credit rating on these bonds was issued by Moody's on April 4, 2016 and Standard & Poor's on May 5, 2016.

⁴ The accounting treatment for Hybrid Bonds is such that they are recorded in Shareholders' equity.

7.1.2 Number of Shares and Shareholders' Voting Rights Affected by NVDR Issuance

An NVDR or Non-Voting Depository Receipt is a trading instrument issued by the Thai NVDR Company Limited, a wholly owned subsidiary of the Stock Exchange of Thailand (SET). NVDRs are regarded as listed securities on the SET. The objective of issuing NVDRs is to promote trading activities in the Thai stock market, by removing obstacles such as the foreign investment limits and other impediments faced by international institutional investors investing in listed securities on the SET. Investors in NVDRs will receive all financial benefits such as dividends, right issues, and warrants, as if they have invested in common shares. The major difference between investing in NVDRs and ordinary shares is the lack of voting rights of the former. NVDR holders generally are not allowed to participate and vote in shareholders' meetings except in the case where the company wishes to delist itself from the SET. In addition, although NVDR is designed mainly to ease foreign investment barriers, the SET does not prohibit Thai investors from investing in the instrument.

As of August 15, 2016, as published on the website of the SET, PTTEP had a total of 253,925,140 NVDRs outstanding, representing 6.40% of the Company's total issued and paid-up capital of 3,969,985,400 shares.

7.2 Shareholders

7.2.1 Top 10 shareholders

As of August 15, 2016, the top 10 shareholders of PTTEP were as follows:

Rank	List of Top 10 Shareholders	Number of Shares	% of Total Number of Shares
1.	PTT PUBLIC COMPANY LIMITED	2,591,860,489	65.29
2.	THAI NVDR COMPANY LIMITED	253,925,140	6.40
3.	CHASE NOMINEES LIMITED	139,462,638	3.51
4.	STATE STREET BANK EUROPE LIMITED	98,273,447	2.48
5.	STATE STREET BANK AND TRUST COMPANY	38,833,222	0.98
6.	SOCIAL SECURITY OFFICE	37,516,877	0.95
7.	THE BANK OF NEW YORK MELLON	30,061,512	0.76
8.	THE BANK OF NEW YORK (NOMINEES) LIMITED	22,797,747	0.57
9.	PEOPLE'S BANK OF CHINA	21,565,200	0.54
10.	HSBC (SINGAPORE) NOMINEES PTE LTD	21,521,406	0.54
	Total number of shares held by top 10 shareholders	3,255,817,678	82.02
	Total fully-paid capitals as of August 15, 2016	3,969,985,400	100

7.2.2 NVDR Holders Owning more than 0.50% of PTTEP's Paid-Up Shares*

Rank	NVDR holder (as of August 15, 2016)	Number of NVDR issues	% of total outstanding shares in underlying stock
1.	CHASE NOMINEES LIMITED	44,793,912	1.13
2.	STATE STREET BANK AND TRUST COMPANY	44,509,851	1.12
3.	STATE STREET BANK EUROPE LIMITED	23,053,932	0.58
	Total shares	112,357,695	2.83

Source: <http://www.set.or.th/set/companyholder.do?symbol=PTTEP-R>

7.2.3 Major Shareholder with Controlling Influence over PTTEP's Policy or Operation

PTT, a major shareholder of PTTEP, takes part in determining PTTEP's policy and operations under the Board's approval. As of December 31, 2016, three out of the Company's 15 directors were either a director or an executive from PTT.

7.2.4 The Company Enters into Shareholders' Agreement with Effect to Security Offering and Issuance or Management Power of the Company

- None -

7.3 Dividend Payment Policy

Under normal circumstances, according to the Company's policy, PTTEP's Board of Directors generally recommends to the shareholders an annual dividend payout of not less than 30% of net income after tax. The Board of Directors, as appropriate, may also decide to pay interim dividends and subsequently inform the shareholders in the next shareholders' meeting. For the Company's subsidiaries, dividend policy is subject to cash flow, future investment plans, and other factors necessary for continuity of their operations, and must be in compliance with related laws and regulations.

Meanwhile, the under terms and conditions of the Company's Subordinated Perpetual Capital Debentures No. 1/2555 THB 5,000 million, issued in June 2012, and Subordinated Perpetual Capital Debentures USD 1,000 million, issued in June 2014; if the Company defers an interest payment on these debentures, the Company shall not declare or make any dividend payments.

Five-year dividend payment history of PTTEP is as follows:

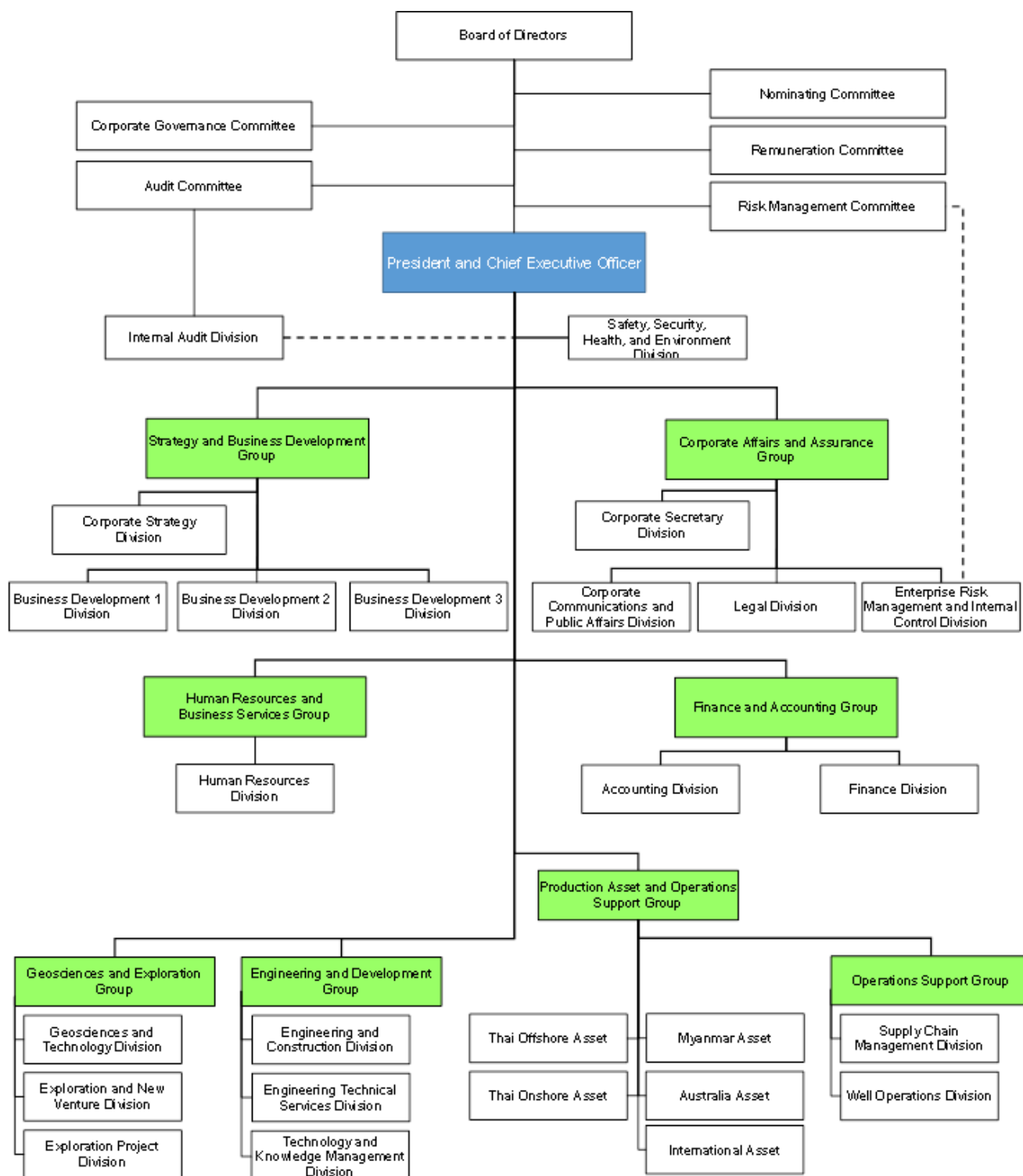
Year	2012	2013	2014	2015	2016
Earnings per Share (THB)	17.08	14.07	5.19	- 8.24	2.76
Dividend per Share	5.80	6.00	4.50	3.00	3.25
Dividend Payout Ratio	38%	40%	82%	N/A**	98%

* Since January 18, 2010, Thai NVDR Co., Ltd. has changed its rule to require a disclosure of names of NVDR holders having over 0.50% of paid-up capital of the underlying securities.

** Dividend Payout Ratio of 2015 is not available due to net loss.

8. Management Structure

As of January 1, 2017



8.1 The Board of Directors

8.1.1 The Board's Structure

PTTEP's Board of Directors (Board) consists of qualified directors who possess a versatility of expertise with appropriate mix of skills suitable for the E&P industry. In 2016, PTTEP reviewed the Board Skill Mix by classifying it to 11 subject matters under 2 categories.

(1) Core Skill: Basic expertise which is necessary for the directors to govern the Company, namely, business judgment, management skill & corporate governance, and business strategy

(2) Specific Skill: Specific expertise or experiences that is useful for the directors to supervise and govern the Company, namely, industry knowledge, accounting, legal, international market, risk & crisis management, economics & finance, SSHE (Safety, Security, Health and Environment), and technology

The directors must not be over 70 years old and shall possess the qualifications according to the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE), laws relevant to public limited companies as well as those of the Securities and Exchange, and rules and regulations of the Securities Exchange Commission (SEC), the Capital Market Supervisory Board (CMSB), and the Stock Exchange of Thailand (SET), and relevant resolutions of the Cabinet. The directors shall also commit and dedicate their time to fully perform the duties and responsibilities. The directors, for example, would be regarded as unqualified if absent from the Board's meeting for more than three consecutive times without a reasonable justification.

The Board structure consists of 15 directors, considered to be appropriate for the Company's operational size. The Board consists of non-executive and executive directors. In addition, the Board shall not comprise independent directors of less than half of the incumbent members. As of December 31, 2016, the Board consisted of 15 directors.

- 14 non-executive directors (93.34% of total members)
- 1 executive director: President and Chief Executive Officer
- 9 independent directors (60% of total members, a ratio which is more than half of the incumbent members as required by law and the Company's CG&BE)

PTT is the only major shareholder of PTTEP, while the minor shareholders are dispersed. The aforementioned Board's component and proportion are therefore considered appropriate to maintain the balance within the Board for the best interests of the Company's shareholders.

Names, biography, qualification, experience, and shareholding of non-executive directors, executive directors, independent directors, and directors from PTT, are disclosed in the "Information of the Board of Directors, Management, Controlling Persons and Corporate Secretary" section as well as in PTTEP's annual report and website.

8.1.2 Authorities and Responsibilities of the Board

Based on the principles of accountability, duty of care and duty of loyalty, the Board has been clearly defined of their roles and responsibilities and required to perform them strictly in line with those stipulated by the laws, objectives, Articles of Association of PTTEP, and resolutions of the shareholders' and Board's meetings. The scope of the authority and responsibilities of the Board are as follows:

- (1) To govern PTTEP's operations in compliance with the Company's CG&BE as well as to be a leader and role model in adopting, advising, communicating, and promoting the CG&BE among the employees and other organizations
- (2) To consider and approve of the statement of vision, mission, and corporate values of the PTTEP Group to ensure that they are effectively applicable and practical
- (3) To consider and approve of the PTTEP Group's strategic plan, business direction, targets, workforce structure, and other significant operations, including regularly monitoring and reviewing operation results to ensure that they are in line with the Company's strategy, operational direction, targets, and policies as planned with emphasizes on mobility and applicability to allow the management to effectively and efficiently manage the business amidst the low oil price environment
- (4) To establish efficient and adequate internal control systems by having a clear set of regulations and work processes as well as having a standardized and reliable accounting system and financial reporting, appropriate and adequate risk management, effective compliance program, and monitoring system
- (5) To consider and approve significant matters as prescribed by the laws or in the Company's affidavits, policies or regulations, as well as matters that may result in corporate obligations
- (6) To consider the cases which are related to conflicts of interest in a prudent and transparent manner and to review the work process to ensure the appropriate check and balance for efficient internal control. In such case, reports of vested interests of oneself and/or those of related persons must be filed, including potential misuse of the Company's properties and execution of transactions with the Company's connected persons in an inappropriate way
- (7) To ensure that the Company has clear and proper regulations, a standardized and reliable financial reporting, an efficient internal control system, and a proper risk management
- (8) To govern and monitor the internal and external auditors to ensure that they perform their duties effectively
- (9) To ensure that the communication and disclosure of information to the Company's stakeholders are performed in an accurate, complete, appropriate, and timely manner
- (10) To ensure that the Company's stakeholders are treated with a fair and equal treatment
- (11) To consider, approve, and appoint specialists from different professional fields to provide the Company with insightful information as well as to act on our behalf on significant matters which can significantly affect the financial standing and reputation of the PTTEP Group
- (12) To consider and approve the Board Performance Target as well as to evaluate performance of the Board, Chairman of the Board, and sub-committees
- (13) To consider and approve the Performance Agreement of the President and Chief Executive Officer (CEO) as well as to evaluate performance and determine remuneration of the CEO. The Board is also responsible for ensuring that the Company has an effective performance evaluation process of the executives

(14) To consider and delegate appropriate authority to the CEO to manage the Company's operations according to the strategic plan, business direction, targets and policies of the organization, as well as to ensure that the Company employs appropriate and effective evaluation tools for performance of the CEO

The Board is permitted to request for information and seek advices and services regarding the Company's business operation from the management. In addition, if deemed necessary and appropriate, the directors may seek advices from external and independent advisors at the Company's expense.

8.1.3 Sub-Committees

8.1.3.1 The Corporate Governance Committee

PTTEP's Corporate Governance Committee has the duties and responsibilities according to its charter as follows:

- (1) To establish the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE) for the Board's approval for implementations throughout the organization
- (2) To promote the CG&BE to the Board, management, and employees to ensure that it is complied with in all areas of the Company's business operations
- (3) To review Business Ethics of the Company as well as practices regarding the Company's Good Corporate Governance to ensure that they are in line with relevant laws as well as practices of and recommendations from leading international organizations before proposing them to the Board for approval and corresponding them with the shareholders
- (4) To govern PTTEP to carry out an assessment on our compliance with CG&BE
- (5) To disclose information regarding the Company's Good Corporate Governance to our stakeholders in the Company's annual report
- (6) To oversee and provide recommendations on the Corporate Social Responsibility (CSR) activities
- (7) To regularly review and update its own charter to ensure appropriateness
- (8) To disclose performance of the Corporate Governance Committee in the Company's annual report
- (9) To perform other duties relevant to the Good Corporate Governance of the PTTEP Group as assigned by the Board

The Corporate Governance Committee consists of at least three directors, all of whom must be an independent director. As of December 31, 2016, the Committee comprised three members as follows:

Admiral Tanarat Ubol	Chairman of the Committee and Independent Director
Mr. Songsak Saicheua	Member and Independent Director
Mr. Piti Tantakasem	Member and Independent Director

According to its charter, the Committee must hold the meeting at least four times a year. In 2016, the Committee held four meetings, while all incumbent directors as well as the Company's Corporate Secretary, acting as the Committee's secretary, attended all the meetings. The Committee has disclosed its annual performance in the Corporate Governance Committee Report for 2016.

8.1.3.2 The Audit Committee

PTTEP's Audit Committee has the duties and responsibilities according to its charter as follows:

- (1) To review the Company's financial reports with the external auditor on a quarterly basis to ensure accuracy and adequacy
- (2) To ensure that Companies' activities are performed in compliance with the securities and exchange laws, SET's regulations, and other laws related to the business
- (3) To review connected transactions or transactions that may lead to conflicts of interest to ensure that these transactions comply with the laws and SET's regulations and that they are reasonable as well as in the best interests of the Company
- (4) To ensure that the Company's internal control and internal audit systems are efficient and appropriate as well as that audit reports, audit approaches and results are performed and noted based on generally acceptable standards and relevant best practices. Also, coordinate the work with the external auditor
- (5) To consider and select the external auditor, approve audit fees, and attend the non-executive meeting with the external auditor at least once a year
- (6) To determine independence of the Internal Audit Division as well as to endorse appointments, transfers, performance appraisal or punishments of the Head of the division. The Audit Committee will appoint an Investigation Committee to investigate the Head of the division if he or she is suspected of noncompliance to laws, Company's rules and regulations and corporate governance.
- (7) To approve the annual audit plan
- (8) To endorse budget, division structure and manpower of the Internal Audit Division for the management to propose to the Board
- (9) To approve charter of the Internal Audit Division
- (10) To approve the Conflict of Interest Form when the Head of the Internal Audit Division has to conduct the audit field work
- (11) To endorse the results from audits which were approved in the annual audit plan as well as special audit request
- (12) Chairman of the Audit Committee or the Audit Committee member has to attend the shareholders' meeting to answer questions regarding the Committees' duties or the appointment of the external auditor
- (13) To annually review and update the Audit Committee Charter

(14) To perform other duties as assigned by the Board

(15) To prepare and disclose the Audit Committee Report in the Company's annual report

The Audit Committee consists of at least three directors, all of whom must be an independent director.

As of December 31, 2016, the Committee comprised four members. One of the members, Ms. Panada Kanokwat, graduated with a degree in accounting and all members are capable with knowledge, expertise, and experience in auditing financial statements. Details are as follows:

Director Name	Position	Financial Statements Audit Experience
Mr. Ampon Kittiampon	Chairman of the Audit Committee	<ul style="list-style-type: none"> - April 2010 - April 2011: Chairman of the Audit Committee, PTT Plc. - May - December 2007: Chairman of the Audit Committee, Rayong Refinery Plc. - December 2005 - April 2007: Member of the Audit Committee, Rayong Refinery Plc.
Mr. Achporn Charuchinda	Member of the Audit Committee	<ul style="list-style-type: none"> - 2013 – 2014 : Member of the Audit Committee, Metropolitan Waterworks Authority - 2007 – 2013: Chairman of the Audit Committee, Bank of Thailand's Financial Institutions Development Funds
Mr. Sethaput Suthiwart-Narueput	Member of the Audit Committee	<ul style="list-style-type: none"> - 2011 – 2012: Chairman of the Audit Committee, TMB Bank Plc. - Experiences in Financial Statement Analysis: <ul style="list-style-type: none"> (1) 2008 – 2009: President, SCB Asset Management (2) 2007 – 2008: Managing Director, Head of Research, SCB Securities
Ms. Panada Kanokwat	Member of the Audit Committee	<ul style="list-style-type: none"> - 2015 – Present: Chairman of the Audit Committee, Asia Biomass Co., Ltd. - 2014 – Present: Member of the Audit Committee, Global Power Synergy Plc. - 2013 – 2014: Member of the Audit Committee, TISCO Financial Group Plc. - 2011 – 2013: Chairman of the Audit Committee, TISCO Bank Plc.

Ms. Panada Kanokwat was appointed as a member of the Committee on April 1, 2016.

According to the Audit Committee Charter, the Committee must hold the meeting on a quarterly basis. In 2016, the Committee held 11 meetings, and 66 agendas were considered. The majority of incumbent directors including Acting Senior Vice President, Internal Audit Division, acting as the Committee's secretary, attended all the meetings. The Committee has disclosed its annual performance in the Audit Committee Report for 2016.

8.1.3.3 The Nominating Committee

PTTEP's Nominating Committee has the duties and responsibilities according to its charter as follows:

- (1) To select and nominate individuals who are qualified to be the Company's directors, the President and Chief Executive Officer (CEO) when there is a vacancy or to replace those whose term have expired, or an Acting CEO when there is a vacancy while the nomination process is still underway, for election by the Board or by the shareholders, considering the Board composition, knowledge, capability, their useful experience to the Company, number of companies in which they are serving as a director, and their conflicts of interest
- (2) To consider the CEO's succession plan and appropriate executive-level management development system to ensure the skills and qualifications as required to achieve the Company's target growth
- (3) To consider Skill Mix qualifications and prepare a list of possible candidates for the Company's directors, CEO, or Acting CEO in advance and/or when there is a vacancy
- (4) To accept opinions or suggestions from the Board to supplement the nomination selection decision before submitting to the Board for consideration and to the Annual General Shareholders' Meeting (as the case may be)
- (5) To consider the annual Board Performance Target and the Performance Agreement of the Board and CEO, to propose them to the Board for approval as well as to set the Performance Evaluation Form of the Chairman, directors, sub-committees, and CEO
- (6) To consider and propose qualified directors to be a member of the Board or the chairman of the sub-committees when there is a vacancy as well as to propose restructuring of the sub-committees as deemed appropriate
- (7) To regularly review and update its own charter to ensure its appropriateness
- (8) To disclose performance of the Committee in the Company's annual report
- (9) To perform other duties relevant to the nomination of directors, the CEO, or Acting CEO, as assigned by the Board

The Nominating Committee consists of at least three directors, in which the Chairman and the majority of the members must be an independent director. As of December 31, 2016, the Committee comprised three members who were all independent directors as follows:

Mr. Piti Tantakasem	Chairman and Independent Director
Colonel Nimit Suwannarat	Member and Independent Director
Mr. Sethaput Suthiwart-Narueput	Member and Independent Director

Mr. Piti Tantakasem assumed the chairmanship in replacement of Mr. Ampon Kittiampon and Mr. Sethaput Suthiwart-Narueput assumed membership in replacement of Mr. Manas Jamveha from September 29, 2016.

According to its charter, the Committee must hold the meetings at least two times a year. In 2016, the Committee held eight meetings, and the majority of incumbent directors as well as the Company's Corporate Secretary, acting as the Committee's secretary, attended all the meetings. The Committee has disclosed its annual performance in the Nominating Committee Report for 2016.

8.1.3.4 The Remuneration Committee

PTTEP's Remuneration Committee has the duties and responsibilities according to its charter as follows:

(1) To consider remuneration of the Board and sub-committees prior to proposing at the Annual General Shareholders' Meeting for approval, using the fair and reasonable criteria or principles, while ensuring that the remunerations are in line with the individual's performance results, the Company's performance, the industry practices, as well as the scope of the duties and responsibilities

(2) To consider remuneration of the President and Chief Executive Officer (CEO), and the salary structure of the Company's executives with fair and reasonable criteria or principles prior to proposing them to the Board for approval. Remuneration of the CEO must be in line with duties and responsibilities as well as his or her performance.

(3) To evaluate performance of the Remuneration Committee and report to the Board for an annual disclosure to the shareholders

(4) To regularly review and update the Remuneration Committee Charter to ensure its appropriateness

(5) To perform other duties as assigned by the Board

The Remuneration Committee consists of at least three directors, in which the Chairman and the majority of the members must be an independent director. As of December 31, 2016, the Committee comprised three members, two of which were independent directors as follows:

Mr. Achporn Charuchinda	Chairman and Independent Director
Admiral Tanarat Ubol	Member and Independent Director
Mr. Manas Jamveha	Member

Mr. Manas Jamveha assumed membership in replacement of Mr. Chakkrit Parapuntakul on April 1, 2016.

According to its charter, the Committee must hold the meeting at least two times a year. In 2016, the Committee held two meetings, and all incumbent directors as well as the Company's Corporate Secretary, acting as the Committee's secretary, attended all the meetings. The Committee has disclosed its annual performance in the Remuneration Committee Report for 2016.

8.1.3.5 The Risk Management Committee

PTTEP's Risk Management Committee has the duties and responsibilities according to its charter as follows:

- (1) To define the policy framework and process for risk management, including recommendations on corporate risk management to the Board and management
- (2) To promote and implement the risk strategy and policy by enhancing the level of risk awareness within the Company through the development of appropriate procedures and commitment of resources
- (3) To maintain an enterprise-wide view of risks which are related to corporate direction and E&P value chain such as exploration risk, development risk, SSHE risk, investment and geopolitical risk, financial risk, organizational capability risk, and law and regulatory risk, as well as to recommend mitigation strategy to manage the risks to keep them within the acceptable level according to clause (1) and to continuously monitor, assess and improve the mitigation strategy in responding to changing of the business environment
- (4) To support risk management function in assessing key risk factors and provide advices on other potential risks which may impact the Company for a continuous and efficient risk management comparable to other leading companies, as well as to assign certain tasks related to PTTEP's risk management to the risk management functions to perform
- (5) To support the monitoring of risks across PTTEP and regularly report to the Board
- (6) To disclose the Committee's performance in the Company's annual report
- (7) To regularly review and update its own charter to ensure its appropriateness
- (8) To perform other duties relating to the Company's risk management as assigned by the Board

The Risk Management Committee consists of at least three directors, while at least one member must be an independent director. As of December 31, 2016, the Committee comprised six members, three of which were independent directors as follows:

Mr. Sethaput Suthiwart-Narueput	Chairman and Independent Director
Colonel Nimit Suwannarat	Member and Independent Director
Mr. Piti Tantakasem	Member and Independent Director
Mr. Pitipan Teparatimargorn	Member
Mr. Wirat Uanarumit	Member
Mr. Twarath Sutabutr	Member

According to its charter, the Committee must hold the meeting at least four times a year. In 2016, the Committee held 14 meetings, while the majority of incumbent directors attended all the meetings. The Committee's secretary, who was the Executive Vice President of the Strategy and Business Development Group and Senior Vice President of the Enterprise Risk Management and Internal Control Division, also attended every meeting (change of secretary during the year). The Committee has disclosed its annual performance in the Risk Management Committee Report for 2016.

8.1.3.6 Independent Directors Committee

PTTEP's Independent Directors Committee has the duties and responsibilities according to its charter as follows:

- (1) To propose to the Board and/or the President and Chief Executive Officer (as the case may be) on significant matters which are beneficial to the Company as well as major and minor shareholders
- (2) To advise the Board and independent directors on their roles and responsibilities for benefits of the Company as well as the major and minor shareholders
- (3) To review the Company's operations to ensure that they comply with the laws relevant to independent directors, as well as to review the definition of independent directors to be lawfully appropriate and complete
- (4) To perform other duties as assigned by the Board, provided that such duties do not affect the Committee's independence
- (5) To regularly review and update the Independent Directors Committee Charter to ensure its appropriateness

The directors who meet all of the qualifications of an independent director according to the CG&BE are considered as an independent director without requiring appointment from the Nominating Committee. As of December 31, 2016, the Committee comprised nine members as follows:

Mr. Prajya Phinyawat	Chairman
Admiral Tanarat Ubol	Vice Chairman
Mr. Ampon Kittiampon	Member
Mr. Achporn Charuchinda	Member
Colonel Nimit Suwannarat	Member
Mr. Sethaput Suthiwart-Narueput	Member
Mr. Piti Tantakasem	Member
Mr. Songsak Saicheua	Member
Ms. Panada Kanokwat	Member

According to its charter, the Committee must hold the meeting at least four times a year. In 2016, the Committee held four meetings, and the majority of incumbent directors as well as the Company's Corporate Secretary, acting as the Committee's secretary, attended all the meetings. There was no compensation paid to the members of the Committee for their meeting attendance. The Committee has disclosed its annual performance in the Independent Directors Committee Report for 2016.

PTTEP's Definition of Independent Directors

The Good Corporate Governance of PTTEP has defined the qualification of the Company's independent directors stricter than those defined by the Capital Market Supervisory Board, specifically in the area of shareholding as clarified in no. (1) below. Our definitions of an independent director, whose qualification is annually reviewed, are as follows:

(1) Holding shares not exceeding 0.5 % of the total number of shares with voting rights of PTTEP, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, including shares held by related persons of such independent director

(2) Neither being nor used to be an executive director, employee, staff, or advisor who receives salary, or a controlling person of PTTEP, our parent company, subsidiary companies, associated companies, same-level subsidiary companies, major shareholders, or controlling persons, unless the foregoing status has ended for not less than two years prior to his or her appointment as the Company's independent director. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit, which is a major shareholder, or a controlling person of the Company.

(3) Not being a person related by blood or legal registration as a father, mother, spouse, sibling, and child, including spouse of a child of the Company's directors, executives, major shareholders, controlling persons, or persons to be nominated as a director, executive, or controlling persons of PTTEP or one of our subsidiary companies

(4) Neither having nor used to have a business relationship with PTTEP, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, in the manner which may interfere with his or her independent judgment, and neither being nor used to be a significant shareholder, or controlling person of anyone having a business relationship with the Company, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, unless the foregoing relationship has ended for not less than two years

The term 'business relationship' under the first paragraph shall include normal business transactions, rental or lease of immovable property, transactions relating to assets or services or granting or receiving of financial assistance. For example, these include receiving or extending of loans, guarantee, providing assets as collateral, and other similar actions which can potentially result in PTTEP or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of the value of connected transactions under the notification of the Capital Market Supervisory Board's governing rules on connected transactions mutatis mutandis. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences.

(5) Neither being nor used to be an auditor of PTTEP, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, unless the foregoing relationship has ended for not less than two years

(6) Neither being nor used to be a provider of any professional services, including those as a legal advisor or financial advisor who receives service fees exceeding two million baht per year from PTTEP, our parent company, subsidiary companies, associated companies, major shareholders, or controlling persons, and not being a significant shareholder, controlling person, or partner of the provider of the professional services, unless the foregoing relationship has ended for not less than two years

(7) Not undertaking any businesses in the same nature and in competition to the business of PTTEP or our subsidiary companies, or not being a significant partner in a partnership or an executive director, employee, staff, advisor who receives salary or holds shares exceeding one percent of the total number of shares with voting rights of a company which undertakes its business in the same nature and in competition to that of the Company or our subsidiaries

(8) Not being a director appointed as representative of directors of PTTEP, the major shareholder or any shareholders who are related to the major shareholder

(9) Not having any other characteristics which cause an inability to express independent opinions regarding PTTEP's business operations

After being appointed as an independent director with the qualifications under (1) to (9), the independent director may be assigned by the Board to take part in the business decision of PTTEP, our parent company, subsidiary companies, associated companies, same-level subsidiary companies, major shareholders, or controlling persons, provided that such decision shall be in the form of a collective decision.

The definition of each of the specific words mentioned is subjected to the Notification of the Capital Market Supervisory Board's RE: Determination of Definitions relating to Issuance and Offer for Sale of Securities.

Business Relationship or Professional Services of Independent Directors for the Company during the Past Fiscal Year

– None –

8.1.4 Performance Appraisal of the Board

The Good Corporate Governance and Business Ethics of PTTEP Group (CG&BE) stipulates that there should be an annual performance appraisal for the Board. In 2016, the appraisal of the Board derived from the score from Board Performance Target, while the Chairman's and sub-committees' would be evaluated by the Board using the corresponding appraisal forms. This allows the Company's directors to review their performance, key issues, and obstacles with which they had faced during the past year as well as to enhance their directorship efficiencies. The Nominating Committee determines the appraisal forms and considers the Board Performance Target prior to proposing to the Board for consideration and approval.

The Board's performance appraisal comprises the followings:

(1) Individual self-appraisal and individual cross-appraisal by the other directors, including four evaluation topics, namely, (1) qualifications, (2) independence, (3) roles and responsibilities, and (4) training and self-development

(2) Appraisal of the entire Board, including six evaluation topics, namely, (1) corporate policies and strategic planning, (2) board performance, (3) management governance, (4) board meetings, (5) board structure and qualifications, and (6) training and development

(3) Appraisal of the sub-committees which includes questions on each of the sub-committee's performance efficiency according to the roles and responsibilities stated in their individual charter

(4) Appraisal of the Chairman which includes questions on the Chairman's performance efficiency according to the roles and responsibilities of the Chairman as stated in the CG&BE under Section 6.3: Roles of the Board of Directors and Management. This includes topics such as acting as the Chairman of the Board's meetings and the Annual General Shareholders' Meeting, setting agendas for the Board's meetings, and performing the others of the Board's meeting-related roles.

The 2016 appraisal included 4 parts as aforementioned with the weight of each topic unchanged from 2015, however, with major modifications as follows:

(1) Adjustment of scoring system: from 1 to 5 (1 = urgent improvement needed, 2 = improvement needed, 3 = fair, 4 = good, 5 = very good) to be 1 to 3 (1 = improvement needed, 2 = fair, 3 = good)

(2) The appraisal of sub-committees was evaluated by each sub-committee member to most accurately reflect performance of the sub-committees. The Board also evaluated each sub-committee but only in the overall scope.

Hence, the 2016 appraisal results were limited to be compared with those of 2015 due to scoring scale differentials.

The appraisal of the Board consisted of two parts, in which each weighs 50%, namely, score from the self-appraisal of the Board and score from the Board Performance Target. Details can be summarized as follows:

(1) The self-appraisal score in 2016 averaged at 2.84 which was within the highest range. The individual cross-appraisal by other directors' score averaged at 2.81.

(2) The 2016 appraisal score of the Board derived from two parts, namely,

(2.1) Score from the Board Performance Target was 3.91, where the score was 3.44 in 2015 (total score = 5).

(2.2) Score from the self-appraisal of the Board averaged at 2.91 (total score = 3).

The overall appraisal score of the Board for 2016 therefore averaged at 4.38 which was higher than 4.18 in 2015.

In addition, the 2016 self-appraisal of the Board included a new assessment part on the relationship between the Board and the management, where the latter also evaluated based on the same set of questions to deliver a two-way communication results. The development plan on the topic in concern would consequently be established as part of the Board Performance Target in the following year and put into practice thereafter.

(3) The 2016 appraisal scores of the five sub-committees were within the highest range as follows:

- (3.1) The appraisal score of the Audit Committee was 3.00.
- (3.2) The appraisal score of the Remuneration Committee was 2.96.
- (3.3) The appraisal score of the Nominating Committee was 3.00.
- (3.4) The appraisal score of the Corporate Governance Committee was 2.73.
- (3.5) The appraisal score of the Risk Management Committee was 2.94.
- (4) The appraisal of the Chairman by the Board was 2.96.

PTTEP reports the score results to the Board for acknowledgement before disclosing them in the annual report. Recommendations from the Board's appraisal will then be used in the future for efficiency improvement of the Board, sub-committees, Chairman, and management in several aspects, such as time management in the Board's meetings, review of human resource management, and succession plan development for critical positions. In addition, the directors will put more emphasis toward self-development by attending trainings relative to the Board performance efficiency, fully supporting the initiatives which would enhance the Company's medium-term and long-term strategic planning.

8.1.5 Performance Appraisal of the President and Chief Executive Officer

The Board specifies that there must be an appraisal of the President and Chief Executive Officer (CEO). As for the current CEO who has assumed his position in late 2015, the Nominating Committee has been assigned to appraise the CEO's 6-month performance as well as year-end 2016 in the following areas.

- (1) Achievement
- (2) Leadership
- (3) Strategic Planning and Execution
- (4) People Management
- (5) Decision Making
- (6) Relationship with the Board, government sector, PTT, and other stakeholders

The Remuneration Committee also conducts the CEO's performance appraisal where the Nominating Committee approves that the CEO's Performance Agreement be measured by the Company's KPI which is also used to determine his or her remuneration in the given year. The appraisal result must also be approved by the Board to ensure check and balance system as well as to allow the Company to monitor the performance of CEO in comparison to his or her preset short- and long-term targets. The appraisal result essentially provides the transparency and justification in consideration of CEO's remuneration, in addition to promoting the Company's Good Corporate Governance and a greater operational efficiency in the future.

8.1.6 The Board's Meeting

The Board's monthly meetings and agendas are scheduled and predetermined in advance each year by the Board itself, while there are normally 12 meetings being held annually on the last Thursday of every month. The Board members have been informed of 2017 meeting schedule since September 2016. Meetings related to the Company's strategic planning, in which the Board has greatly committed its time and priority, are commonly held as an off-site meeting, whereas additional meetings will be held when deemed appropriate. In 2016, there were 16 of the Board's meetings. The Board usually receives meeting invitations from the Corporate Secretary, along with agendas and important documents related to the meetings, to consider at least within 7 working days prior to the meeting date, except in those urgent cases or insufficient information. In addition, the agenda documents are delivered to the directors through a software to facilitate the convenience and timeliness as well as to promote a paperless process.

Generally, the Company's Chairman, the President and Chief Executive Officer (CEO), and the Corporate Secretary are responsible for agenda proposals in the Board's meetings, but, in practice, the Company's directors are also eligible to make the proposals as well.

The Board's meeting agendas are clearly classified, namely, the agendas for approval, agendas for acknowledgement, and the monthly agenda of Performance Review as well as Budget Execution. In 2016, there were 65 and 156 agendas proposed for approval and acknowledgement, respectively, while the important standing agendas are as follows:

Month	Standing Agendas
January	<ul style="list-style-type: none"> - Annual General Shareholders' Meeting Documents Preparation, including: <ul style="list-style-type: none"> (1) Unaudited Annual Financial Statements (2) Dividend Payment (3) Auditor Appointment and Auditor's Fees Consideration (4) Board of Directors' and Sub-committees' Remuneration (5) Appointment of New Directors in Replacement of Those Who Are Due to Retire by Rotation - PTTEP's Board Performance Agreement
February	<ul style="list-style-type: none"> - Annual Registration Statement and Annual Report
March	<ul style="list-style-type: none"> - Annual Strategic Direction and Planning - Annual General Shareholders' Meeting Preparation
April	<ul style="list-style-type: none"> - Election of the Chairman, Appointment of Sub-committee Members and Authorized Directors Who May Sign to Bind the Company
May	<ul style="list-style-type: none"> - Strategic Direction and Annual Manpower Planning
July	<ul style="list-style-type: none"> - Interim Dividend Payment (If any)
September	<ul style="list-style-type: none"> - Board Meeting Schedule
November	<ul style="list-style-type: none"> - Business Plan, 5-Year Investment Plan, and Annual Expenditure Budgeting - Annual Procurement Plan

Month	Standing Agendas
December	<ul style="list-style-type: none"> - Annual Performance Appraisal of PTTEP's Board of Directors, Sub-committees, and the Chairman - PTTEP Corporate Key Performance Indicator (KPI) and Employees' Merit Increase and Annual Special Payment - President and Chief Executive Officer's Key Performance Indicator (KPI) and Performance Agreement

In 2016, there were also agendas for consideration corresponding to the business impacts from the continuous decline in oil price. These included strategic direction and management under low oil price, the Company's safety and technology management, oil price hedging process, cost reduction, business plan and budget adjustments, project investment plans, reorganization in accordance to long-term growth target, 2017 procurement plan, and the Company's Charters amendment such as those of the Risk Management Committee and Nominating Committee.

During each of the meetings, which usually lasted approximately three to four hours, the Chairman would allocate an adequate period of time for each agenda to provide the opportunity for the directors to express their opinions independently. The Company's executives were also invited to attend the meetings to provide necessary information as well as to acknowledge the policies and issues being raised to accommodate the implementation. The Corporate Secretary, who is also appointed as the Board's Secretary, had attended every meeting to administer and provide advice to the Board on related rules and regulations for proper practices, took minutes of the meetings, and kept a complete filing of all the necessary meeting information and documents.

The Board's resolution is based on the majority vote, whereas one director is eligible for one vote. Shall a director have a stake in one of the issues, he or she will not be allowed to attend the meeting and/or to exercise a vote in the particular issue. In the circumstance where the voting is tied, the Chairman of the meeting is entitled to the one additional and therefore final vote.

The issues which are required to receive an approval of no less than three-fourth of the total number of the Company's eligible shareholders attending the meeting are as follows:

- (1) Selling or transferring, in whole or a significant part, of the Company's business
- (2) Purchasing or accepting of transfer of business of other companies or private companies by PTTEP
- (3) Making, amending or terminating of contracts related to hiring of the Company's business, in whole or a significant part, including entrustment of the management to or consolidation of the business with other entities with the purpose of profit and loss sharing
- (4) Amending of the Company's Memorandum of Association or the Articles of Association
- (5) Increasing and decreasing of the Company's capital, issuing of debentures, merger and acquisition, and business dissolution
- (6) In case where the Company or one of our subsidiaries agrees to enter connected transactions or sales or acquisition of the Company's or the subsidiaries' assets, as determined by the Stock Exchange of Thailand's announcement on connected transactions of listed companies (as the case may be)

Minutes of the Board's meetings cover all significant matters in completion. For the issues seeking approval, the resolutions are unanimous. Name of the persons attending or absented from the meetings, name of meetings' attendants, and name and content of those who state his or her opinions, questions, answers, or clarifications are recorded in details, while the reports of the minutes are systematically filed and kept in safety. All directors of the Board usually attend all of the meetings unless an absence deemed necessary. In which case, the director must provide the Boards' Chairman with an absent letter which must be informed to all members before the meeting starts and will be subsequently recorded in the report of individual directors' meeting attendance.

In 2016, the non-executive meetings were held three times which were without presence of the management and were held prior to the ordinary Board's Meeting. The purpose of the meetings was to discuss and clarify some ongoing issues which were of interest, while the results were summarized and acknowledged to the CEO for further evaluation.

8.1.7 Meeting Attendance of PTTEP Directors in 2016

Director's Name		Board	Independent Directors Committee	Non-Executive Director Committee	Corporate Governance Committee	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee	Annual General Shareholders' Meeting 2016
		Total number of meetings: 16 times	Total number of meetings: 4 times	Total number of meetings: 3 times	Total number of meetings: 4 times	Total number of meetings: 11 times	Total number of meetings: 2 times	Total number of meetings: 8 times	Total number of meetings: 14 times	Total number of meetings: 1 time
1. Mr. Prajya	Phinyawat	16/16	4/4	3/3	-	-	-	-	-	1/1
2. Mr. Tevin	Vongvanich	14/16	-	3/3	-	-	-	-	-	1/1
3. Mr. Ampon	Kittiampon ¹	16/16	4/4	3/3	-	11/11	-	5/5	-	1/1
4. Mr. Manas	Jamveha ^{1,2}	15/16	-	3/3	-	-	1/1	5/5	-	1/1
5. Mr. Achporn	Charuchinda ²	14/16	4/4	3/3	-	11/11	2/2	-	-	-
6. Admiral Tanarat	Ubol	16/16	4/4	3/3	4/4	-	2/2	-	-	1/1
7. Colonel Nimit	Suwannarat ²	15/16	4/4	3/3	-	-	-	7/8	10/14	1/1
8. Mr. Sethaput	Suthiwart-Narueput ^{2,3}	14/16	4/4	2/3	-	10/11	-	3/3	14/14	1/1
9. Mr. Piti	Tantakasem ^{2,3}	15/16	4/4	3/3	4/4	-	-	3/3	14/14	1/1

¹ Mr. Ampon Kittiampon and Mr. Manas Jamveha ended chairmanship and directorship, respectively, of the Nominating Committee on September 29, 2016.

² From April 1, 2016, there were appointments of directors as follows:

- Mr. Manas Jamveha assumed directorship of the Remuneration Committee.
- Mr. Achporn Charuchinda assumed chairmanship of the Remuneration Committee and directorship of the Audit Committee.
- Colonel Nimit Suwannarat assumed directorship of the Nominating Committee and Risk Management Committee.
- Mr. Sethaput Suthiwart-Narueput assumed chairmanship of the Risk Management Committee and directorship of the Audit Committee.
- Mr. Piti Tantakasem assumed directorship of the Risk Management Committee and Corporate Governance Committee.
- Mr. Wirat Uanarumit assumed directorship of the Risk Management Committee
- Ms. Panada Kanokwat. assumed directorship of the Audit Committee

³ Mr. Piti Tantakasem and Mr. Sethaput Suthiwart-Narueput assumed chairmanship and directorship, respectively, of the Nominating Committee on September 29, 2016.

Director's Name		Board	Independent Directors Committee	Non-Executive Director Committee	Corporate Governance Committee	Audit Committee	Remuneration Committee	Nominating Committee	Risk Management Committee	Annual General Shareholders' Meeting 2016
		Total number of meetings: 16 times	Total number of meetings: 4 times	Total number of meetings: 3 times	Total number of meetings: 4 times	Total number of meetings: 11 times	Total number of meetings: 2 times	Total number of meetings: 8 times	Total number of meetings: 14 times	Total number of meetings: 1 time
10. Mr. Wirat	Uanarumit ²	15/16	-	3/3	-	-	-	-	12/14	1/1
11. Mr. Songsak	Saicheua	14/16	3/4	3/3	4/4	-	-	-	-	1/1
12. Mr. Twarath	Sutabutr	16/16	-	3/3	-	-	-	-	11/14	1/1
13. Mr. Pitipan	Tepartimargorn	14/16	-	3/3	-	-	-	-	12/14	1/1
14. Ms. Panada	Kanokwat ^{2,4}	14/14	4/4	3/3	-	9/9	-	-	-	1/1
15. Mr. Somporn	Vongvuthipornchai	16/16	-	-	-	-	-	-	-	1/1
Former Director Resigning During 2016										
1. Mr. Chakkrit	Parapuntakul ⁵	-	-	-	-	-	-	-	-	-

⁴ Ms. Panada Kanokwat was elected as director on February 12, 2016.

⁵ Mr. Chakkrit Parapuntakul resigned from directorship and directorship of the Remuneration Committee on January 6, 2016.

8.1.8 Number of PTTEP Shares Held by the Directors

Director's Name	Number of Shares		
	As of December 31, 2015	Changes in 2016	As of December 31, 2016
1. Mr. Prajya Phinyawat	15,000	Acquisition -	15,000
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
2. Mr. Tevin Vongvanich	146,543	Acquisition -	146,543
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
3. Mr. Ampon Kittiampon	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
4. Mr. Manas Jamveha	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
5. Mr. Achporn Charuchinda	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	

Director's Name	Number of Shares		
	As of December 31, 2015	Changes in 2016	As of December 31, 2016
6. Admiral Tanarat Ubol	-	Acquisition	-
		Disposition	-
		Acquisition	12,700
		Disposition	12,700
Spouse	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Minor child	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
7. Colonel Nimit Suwannarat	-	Acquisition	-
		Disposition	-
		Acquisition	40,000
		Disposition	40,000
Spouse	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Minor child	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
8. Mr. Sethaput Suthiwart-Narueput	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Spouse	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Minor child	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
9. Mr. Piti Tantakasem	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Spouse	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Minor child	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
10. Mr. Wirat Uanarumit	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Spouse	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-
Minor child	-	Acquisition	-
		Disposition	-
		Acquisition	-
		Disposition	-

Director's Name	Number of Shares		
	As of December 31, 2015	Changes in 2016	As of December 31, 2016
11. Mr. Songsak Saicheua	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
12. Mr. Twarath Sutabutr	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
13. Mr. Pitipan Teparimargorn	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
	-	Acquisition -	-
		Disposition -	
14. Ms. Panada Kanokwat	N/A	Acquisition -	30,000
		Disposition -	
	N/A	Acquisition -	-
		Disposition -	
	N/A	Acquisition -	-
		Disposition -	
15. Mr. Somporn Vongvuthipornchai	206,927	Acquisition 29,942	236,869
		Disposition -	
	3,500	Acquisition -	3,500
		Disposition -	
	-	Acquisition -	-
		Disposition -	

Director's Name	Number of Shares		
	As of December 31, 2015	Changes in 2016	As of December 31, 2016
Former Director Resigning During 2016			
1. Mr. Chakkrit Parapuntakul	-	Acquisition -	-
		Disposition -	
Spouse	-	Acquisition -	-
		Disposition -	
Minor child	-	Acquisition -	-
		Disposition -	

8.2 The Management

As of January 1, 2017, PTTEP's management, according to the definition of management as defined by the Capital Market Supervisory Board (CMSB), consists of 20 members. Details of their biography, qualification, and past experience are disclosed in the "Information of the Board of Directors, Management, Controlling Persons and Corporate Secretary" section.

List of Names and Number of Shares Held by the Management*, Their Spouse and Minor Child

Name	Position of Management	Number of Shares		
		As of December 31, 2015	Changes in 2016	As of January 1, 2017
1. Mr. Somporn Vongvuthipornchai	President and Chief Executive Officer	206,927	Acquisition	Others -
				EJIP 29,942
			Disposition	Others -
				EJIP -
Spouse		3,500	Acquisition	-
			Disposition	-
Minor child		-	Acquisition	-
			Disposition	-

* The number of shares held by the management may also include shares purchased under the Employee Joint Investment Program (EJIP) which commences from 2013 to 2018 to build a motivation among the staff to work efficiently and effectively, create alignment between the employees, management and shareholders, as well as to establish long-term loyalty and a sense of ownership to PTTEP. Details are disclosed in the "Corporate Governance" section under "Policy on Treatment to Stakeholders - Employee" part.

Name	Position of Management	Number of Shares			
		As of December 31, 2015	Changes in 2016		As of January 1, 2017
2. Mr. Phongsthorn Thavisin ¹	Chief Operating Officer, Production Asset and Operations Support Group	34,362	Acquisition	Others -	49,715
				EJIP 15,353	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
3. Mr. Thiti Mekavichai	Executive Vice President, Human Resources and Business Services Group	47,914	Acquisition	Others -	72,661
				EJIP 24,747	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
4. Mr. Kanit Sangwongwanich	Executive Vice President, Engineering and Development Group	97,247	Acquisition	Others -	118,943
				EJIP 21,696	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	

¹ Appointed as Chief Operating Officer, Production Asset and Operations Support Group (position equivalent to Executive Vice President) on January 1, 2016

Name	Position of Management	Number of Shares			
		As of December 31, 2015	Changes in 2016		As of January 1, 2017
5. Mr. Prapat Soponpongpipat ²	Executive Vice President, Geosciences and Exploration Group	30,049	Acquisition	Others -	50,685
				EJIP 20,636	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
6. Ms. Pannalin Mahawongtikul ³	Executive Vice President, Finance and Accounting Group	4,783	Acquisition	Others -	19,979
				EJIP 15,196	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
7. Mrs. Pranot Tirasai ⁴	Executive Vice President, Corporate Affairs and Assurance Group	133,158	Acquisition	Others -	153,128
				EJIP 19,970	
			Disposition	Others -	
				EJIP -	
Spouse		N/A	Acquisition	-	-
			Disposition	-	
Minor child		N/A	Acquisition	-	-
			Disposition	-	

² Appointed as Executive Vice President, Geosciences and Exploration Group on January 1, 2016

³ Appointed as Executive Vice President, Finance and Accounting Group on January 1, 2016

⁴ Appointed as Executive Vice President, Corporate Affairs and Assurance Group on January 1, 2017

Name	Position of Management	Number of Shares			
		As of December 31, 2015	Changes in 2016		As of January 1, 2017
8. Mr. Montri Rawanchaikul ⁵	Acting Executive Vice President, Strategy and Business Development Group	N/A	Acquisition	Others	N/A
				EJIP	N/A
			Disposition	Others	N/A
				EJIP	N/A
Spouse		N/A	Acquisition		N/A
			Disposition		N/A
Minor child		N/A	Acquisition		N/A
			Disposition		N/A
9. Mr. Chatchawal Eimsiri	Executive Vice President, attached to President and Chief Executive Officer	35,415	Acquisition	Others	-
				EJIP	13,461
			Disposition	Others	-
				EJIP	-
Spouse		-	Acquisition		-
			Disposition		-
Minor child		-	Acquisition		-
			Disposition		-
10. Mrs. Suchitra Suwansinpan ⁶	Executive Vice President, attached to President and Chief Executive Officer	76,054	Acquisition	Others	-
				EJIP	19,740
			Disposition	Others	8,000
				EJIP	-
Spouse		8,000	Acquisition		-
			Disposition		7,700
Minor child		-	Acquisition		-
			Disposition		-
11. Mr. Yongyos Krongphanich	Senior Vice President, Finance Division	80,831	Acquisition	Others	-
				EJIP	18,497
			Disposition	Others	-
				EJIP	-
Spouse		-	Acquisition		-
			Disposition		-
Minor child		-	Acquisition		-
			Disposition		-

⁵ Appointed as Executive Vice President, Strategy and Business Development Group on October 16, 2016

⁶ Appointed as Executive Vice President, attached to President and Chief Executive Officer on October 16, 2016

Name	Position of Management	Number of Shares			
		As of December 31, 2015	Changes in 2016		As of January 1, 2017
12. Ms. Jaroonsri Wankertphon ⁷	Senior Vice President, Accounting Division	53,171	Acquisition	Others -	65,604
				EJIP 12,433	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
13. Mrs. Chanamas Sasnanand	Vice President, Capital and Investor Relations Department	25,564	Acquisition	Others -	35,691
				EJIP 10,127	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
14. Ms. Porntip Jansuksri ⁸	Vice President, attached to Finance and Accounting Group	17,317	Acquisition	Others -	28,588
				EJIP 11,271	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	

⁷ Appointed as Senior Vice President, Accounting Division, Finance and Accounting Group on July 1, 2016

⁸ Appointed as Vice President, attached to Finance and Accounting Group, seconded as Vice President of PTT Energy Complex (EnCo) on October 1, 2016

Name	Position of Management	Number of Shares			
		As of December 31, 2015	Changes in 2016		As of January 1, 2017
15. Mrs. Sirirat Sararattanakul	Vice President, Financial Accounting Department	200,887	Acquisition	Others -	211,874
				EJIP 10,987	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
16. Ms. Kanchanan Panananda	Vice President, Managerial Accounting Department	43,007	Acquisition	Others -	51,486
				EJIP 8,479	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
17. Mrs. Maneeya Srisukhumbowornchai	Vice President, Tax Department	-	Acquisition	Others -	-
				EJIP -	
			Disposition	Others -	
				EJIP -	
Spouse		-	Acquisition	-	-
			Disposition	-	
Minor child		-	Acquisition	-	-
			Disposition	-	
18. Mr. Sakchai Sarawek ⁹	Vice President, Accounting Policy and Solutions Department	N/A	Acquisition	Others N/A	23,522
				EJIP N/A	
			Disposition	Others N/A	
				EJIP N/A	
Spouse		N/A	Acquisition	N/A	4,000
			Disposition	N/A	
Minor child		N/A	Acquisition	N/A	-
			Disposition	N/A	

⁹ Appointed as Vice President, Accounting Policy and Solutions Department, Accounting Division, Finance and Accounting Group on July 1, 2016

Name	Position of Management	Number of Shares				
		As of December 31, 2015	Changes in 2016		As of January 1, 2017	
19. Mr. Anutra Bunnag ¹⁰	Vice President, Treasury Department	N/A	Acquisition	Others	N/A	-
				EJIP	N/A	
			Disposition	Others	N/A	
				EJIP	N/A	
Spouse		N/A	Acquisition	N/A	-	
			Disposition	N/A		
Minor child		N/A	Acquisition	N/A	-	
			Disposition	N/A		
20. Mrs. Thanyaporn Vangvasu ¹¹	Specialist, attached to Finance and Accounting Group	N/A	Acquisition	Others	N/A	145,511
				EJIP	N/A	
			Disposition	Others	N/A	
				EJIP	N/A	
Spouse		N/A	Acquisition	N/A	-	
			Disposition	N/A		
Minor child		N/A	Acquisition	N/A	-	
			Disposition	-		
Management Who Retired or Resigned During 2016						
1. Mr. Kitisak Nualchanchai ¹²	Executive Vice President, Technology and Sustainability Development	54,992	Acquisition	Others	-	77,546
				EJIP	22,554	
			Disposition	Others	-	
				EJIP	-	
Spouse		-	Acquisition	-	-	
			Disposition	-		
Minor child		-	Acquisition	-	-	
			Disposition	-		

¹⁰ Appointed as Vice President, Treasury Department, Accounting Division, Finance and Accounting Group on October 1, 2016

¹¹ Appointed as Specialist, attached to Finance and Accounting Group on May 1, 2015

¹² Retired on January 1, 2017

8.3 Corporate Secretary

The Corporate Secretary plays a major role in coordinating internally among the Company's Chairman, and President and Chief Executive Officer, and management, and externally among companies, our shareholders, and regulators. The Board of Directors has appointed Mrs. Pranot Tirasai, Executive Vice President, Corporate Affairs and Assurance Group (effective from January 1, 2017) and Acting Senior Vice President, Corporate Secretary Division, as the Corporate Secretary and the Board's secretary, the Corporate Governance Committee's secretary, the Nominating Committee's secretary, the Remuneration Committee's secretary, and the Independent Directors Committee's secretary since October 1, 2013. Mrs. Tirasai is a law graduate and knowledgeable in managing corporate secretarial. She also has experience and other qualifications that contribute to efficiency and effectiveness in the discharge of corporate secretarial functions. In addition, she attended the seminars and trainings which were beneficial to her performance. Details of the Corporate Secretary are disclosed in the "Information of the Board of Directors, Management, Controlling Persons, and Corporate Secretary".

The Corporate Secretary has performed roles with fiduciary duties by having responsibility, and duties of care and loyalty, as stipulated in the Securities and Exchange Act, including preparing and safeguarding the Company's documents, namely (1) directors registry (2) notice and minutes of the Shareholders' meetings and (3) agenda, minutes of the Board's meetings, and Annual Reports; safeguarding the Conflicts of Interests Report submitted by the directors and management as well as sending a copy of the report to the Chairman of the Board and Chairman of the Audit Committee, as stipulated by law.

The Corporate Secretary is also responsible for the following duties as required by the Board of the Company.

- Overseeing and advising the Board to ensure that the directors perform their roles in compliance with relevant applicable laws, rules and regulations as well as the Company's objectives, AoA, resolutions from the Board's and shareholders' meeting
 - Organizing meetings of the Board, sub-committees, and shareholders
 - Arranging orientation for and providing advices to new directors
 - Recommending necessary and appropriate training programs to directors
 - Monitoring the Company's business operations of each function to ensure alignment with the directions set by the Board and shareholders and within the conditions set forth by external regulatory bodies overseeing listed companies
 - Governing of subsidiaries, including preparing and safeguarding of their important documents
 - Promoting and educating the directors, management, and employees about the Good Corporate Governance and Business Ethics of the PTTEP Group, which is regularly being revised to be in compliance with related laws and in line with international practices of leading organizations
- Ensuring all shareholders of the Company are being treated fairly, ethically and lawfully as well as promoting good relationship with minority shareholders
- Acting as a Case Coordinator, which is responsible for managing reports submitted through the Case Management System of the Company
- Performing other duties as appointed by the Company

8.4 Remuneration of Directors and Executives

8.4.1 Remuneration of the Board and Members of the Sub-Committees

PTTEP has a sound and transparent policy regarding remuneration of the Company's directors of the Board and sub-committees. The Remuneration Committee, who is responsible for the policy, reviews the remuneration with prudence by taking into consideration remuneration of listed and comparable companies in the industry, performance of PTTEP, duties and responsibilities of the directors, overall economic situation, and the shareholders' opinions. The 2016 Annual General Shareholders' Meeting (AGM) approved the following remunerations for members of the Board and sub-committees, as proposed by the Remuneration Committee.

Remuneration Rates for Members of the Board

- (1) Monthly allowance of THB 40,000 per person per month in a full-month payment
- (2) Meeting allowance of THB 40,000 per person per a meeting attendance
- (3) Bonus for the Board if there is a dividend in that year, totaling 0.1% of the Company's consolidated net profit in that year, but no more than THB 60 million per year, and proportionally to the director's period in the position
- (4) 25% increase in all of the above for the Chairman

Remuneration Rates for Members of the Sub-Committees

This is in association to the Company's five standing sub-committees, namely, the Corporate Governance Committee, the Audit Committee, the Remuneration Committee, the Nominating Committee, and the Risk Management Committee.

- (1) Meeting allowance of THB 40,000 per person per a meeting attendance
- (2) 25% increase for the sub-committee's Chairman
- (3) No remuneration in a case of circulation
- (4) Excluding the sub-committees' members who are in the management from the top executive level down.

Other Remuneration for PTTEP Directors

- None -

Remuneration of Members of the Board and Sub-Committees in 2016

Director's Name		Remuneration							2016 Bonus Paid in 2017 ^{\$}	Total
		Board		Audit Committee	Corporate Governance Committee	Remuneration Committee	Nominating Committee	Risk Management Committee		
1. Mr. Prajya	Phinyawat	800,000	600,000	0	0	0	0	0	1,054,075.29	2,454,075.29
2. Mr. Tevin	Vongvanich	560,000	480,000	0	0	0	0	0	843,260.23	1,883,260.23
3. Mr. Ampon	Kittiampon	640,000	480,000	550,000	0	0	250,000	0	843,260.23	2,763,260.23
4. Mr. Manas	Jamveha	600,000	480,000	0	0	40,000	200,000	0	843,260.23	2,163,260.23
5. Mr. Achporn	Charuchinda	560,000	480,000	440,000	0	100,000	0	0	843,260.23	2,423,260.23
6. Admiral Tanarat	Ubol	640,000	480,000	0	200,000	80,000	0	0	843,260.23	2,243,260.23
7. Colonel Nimit	Suwannarat	600,000	480,000	0	0	0	280,000	400,000	843,260.23	2,603,260.23
8. Mr. Sethaput	Suthiwart-Narueput	560,000	480,000	400,000	0	0	120,000	700,000	843,260.23	3,103,260.23
9. Mr. Piti	Tantakasem	600,000	480,000	0	160,000	0	150,000	560,000	843,260.23	2,793,260.23
10. Mr. Wirat	Uanarumit	600,000	480,000	0	0	0	0	480,000	843,260.23	2,403,260.23
11. Mr. Songsak	Saicheua	560,000	480,000	0	160,000	0	0	0	843,260.23	2,043,260.23
12. Mr. Twarath	Sutabutr	640,000	480,000	0	0	0	0	440,000	843,260.23	2,403,260.23

^{\$} The 2016 Annual General Shareholders' Meeting (AGM) approved bonus for the Board if there is a dividend in that year, totaling 0.1 percent of the Company's consolidated net profit in that year.

Note: Mr. Tevin Vongvanich has returned his PTTEP directorship remuneration in 2016 to PTT Public Company Limited (PTT) according to PTT's President and Chief Executive Officer employment agreement.

PTTEP provides the Chairman with a corporate car to carry out corporate-related purposes while in the chairmanship.

Director's Name		Remuneration							2016 Bonus Paid in 2017 ^{\$}	Total
		Board		Audit Committee	Corporate Governance Committee	Remuneration Committee	Nominating Committee	Risk Management Committee		
		Meeting Allowance	Monthly Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance	Meeting Allowance		
13. Mr. Pitipan	Tepartimargorn	560,000	480,000	0	0	0	0	480,000	843,260.23	2,363,260.23
14. Ms. Panada	Kanokwat	560,000	440,000	360,000	0	0	0	0	746,492.67	2,106,492.67
15. Mr. Somporn	Vongvuthipornchai	640,000	480,000	0	0	0	0	0	843,260.23	1,963,260.23
Former Directors Resigning in 2016										
1. Mr. Chakkrit	Parapuntakul	0	40,000	0	0	0	0	0	11,519.95	51,519.95
Total		9,120,000	7,320,000	1,750,000	520,000	220,000	1,000,000	3,060,000	12,774,470.90	35,764,470.90

8.4.2 Remuneration of the Directors of Subsidiaries and Associated Companies

PTTEP's subsidiaries and associated companies are functional units of the Company in carrying out E&P and related businesses to optimize the Company's benefits, taking into account of the business and investment conditions. The Company assigns our executives to hold a directorship position in our subsidiaries and/or associated companies in order to ensure that they are managed in compliance with the business direction and strategy of the Company.

The Company's executives who are assigned to be directors of the subsidiaries and associated companies either in the E&P business or related business, such as PTTEP Services Co., Ltd., and B8/32 Partners Co., Ltd. do not receive any additional remunerations since it is considered as a part of their duties and responsibilities on behalf of the Company. The executives who are assigned to be directors of subsidiaries or associated companies engaging in other business, for example, PTT ICT Solutions Co., Ltd., and Energy Complex Co., Ltd. however are entitled to an additional remuneration since it is considered as an additional assignment in accordance with the Good Corporate Governance and Business Ethics of the PTTEP Group.

8.4.3 Remuneration of the President and Chief Executive Officer

Remuneration of the President and Chief Executive Officer is defined under the principles which are unbiased, reasonable, justifiable, and transparent. PTTEP's Remuneration Committee is responsible for reviewing remuneration of the President and Chief Executive Officer prior to proposing for the Board's approval. The approval from the Board is based on his or her performance, duties and responsibilities, the Company's performance, remuneration of listed companies comparably in size and industry, and overall economic situation. The President and Chief Executive Officer's remuneration consists of both short- and long-term arrangements such as salary and bonus payment as well as eligibility in the Employee Joint Investment Program (EJIP).

Remuneration of the President and Chief Executive Officer is determined using fair and appropriate procedures, relating to his or her annual performance, and duties and responsibilities.

The ratio of annual compensation of the President and Chief Executive Officer compared to the average annual compensation of the executives is approximately 1.4:1, whereas the ratio of annual compensation of the President and Chief Executive Officer compared to the average annual compensation of all employees is approximately 8.8:1.

8.4.4 Remuneration of the Executives

PTTEP's Remuneration Committee is responsible for the salary structure of the Company's executives. The key principles are to establish an unbiased and reasonable structure, which reflects not only the Company's own business nature and its performance, but also some of the variables which can be compared to and justified by those of other leading companies in the industry. The Board must give an approval to the structure before its implementation.

The President and Chief Executive Officer meanwhile is responsible for reviewing the appropriateness of the remuneration of each of the executives as well as their annual salary increase, taking into consideration his or her overall target based performance and the Company's performance.

To maintain the Company's remuneration competitiveness, PTTEP conducts an annual survey on remuneration of leading companies in the industry. The information gathered through the survey allows the Remuneration Committee to better understand the current market situation to further increase our competitiveness in the job market as well as to be able to provide the Board with thorough explanations particularly when the changes in the salary structure and payment method are drastic.

Remuneration of the Executives

	2015		2016	
	Number	Total Amount (THB)	Number	Total Amount (THB)
Salary	10 ¹	80,943,178	10 ¹	78,142,595
Bonus		15,142,138 ²		35,151,487 ³
Other compensation ⁴		10,663,254		10,228,158
Total		106,748,570		123,522,240

In 2016, compensation (salary, bonus, and contribution to the provident fund) of PTTEP's and the subsidiaries' employees, including wages of the seconded employees, totaled THB 7,259,415,902.

8.5 Personnel

As of December 31, 2016, PTTEP and our subsidiaries had a total workforce of 3,794 employees.

Number of Employees^{*}

Employee Type	Total (Persons)
Thai Permanent Employees	2,101
Thai Contracted Employees	1,283
Non-Thai Contracted Employees	69
Local Employees in Overseas Subsidiaries	330
Seconded Employees from PTT Group Companies and Joint Venture Partners	11
Total	3,794

Remarks: ^{*} Based on the Company's database as of December 31, 2016

¹ Executives, 10 in total, consisted of the President and Chief Executive Officer, Executive Vice Presidents and equivalent, and PTT's executives who have been seconded to PTTEP.

² Bonuses for 2015, paid in January and February 2016

³ Bonuses for 2016, paid in January and February 2017

⁴ Provident Fund

Number of Employees in Each Function Group¹

Function Group ²	Thai Permanent Employee	Thai Contracted Employee	Non-Thai Contracted Employee	Local Employee	Seconded Employee
President and Chief Executive Officer	85	12	0	0	0
Engineering and Development Group	309	152	24	24	0
Finance and Accounting Group	131	97	0	0	0
Geosciences and Exploration Group	171	39	12	13	0
Human Resources and Business Services Group	121	88	1	0	0
Operations Support Group	279	242	21	7	0
Production Asset and Operations Support Group	840	613	8	286	11
Strategy and Business Development Group	63	4	2	0	0
Technology and Sustainability Development Group	102	36	1	0	0
Total	2,101	1,283	69	330	11

Remarks: ¹ Based on the Company's database as of December 31, 2016

² Based on the Company's organization structure as of December 31, 2016

8.5.1 Human Resources Development Policy

To increase the organization capability and accelerate the competency development of our staff for continuous expansion of the Company's business domestically and internationally, PTTEP has developed and improved the capability development systems and process by implementing a competency-based training and development, focusing on 70:20:10 development model (70% On-the-Job Training, 20% Coaching and Mentoring, 10% Formal Training). In 2016, the Company provided training and development programs to employees through the following channels.

(1) In-House and External Training

The Company provides in-house and external trainings, domestically and overseas, to staff and management at all levels. These trainings comprise a wide variety of courses, including technical and functional training, Safety, Security, Health and Environment (SSHE) training, organizational knowledge training, as well as other skills required to increase day-to-day work efficiency, such as computer skills training, foreign language training, business administration, and leadership skills training.

(2) Long-term Training and Development Programs

Long-term training and development programs are aimed to prepare our employees for roles and assignments in the Company's current and future projects. The programs are generally provided to selected employees based on their Individual Development Plan (IDP) in 1-3 years. By this approach, the employees are required to undertake on-the-job training through assignments with the Company's projects or assets or to be temporarily assigned to work with the Company's business partners or services companies in Thailand and overseas.

In 2016, the Company invested in human capital development programs at an amount of THB 44,373,962 with an average of 27 training hours per employee per year and 96 coaching and mentoring hours per employee per year. Meanwhile, with 105 mentors and 308 mentees in technical job trainings, the mentor to mentee ratio was at approximately 1:3 and is expected to continue to increase in 2017. In addition, 613 employees, or 26% of the Company's total permanent employees, had taken on-the-job assignment/job rotation to fulfil competency requirements. As a result, our employees' competency increased at an average of 7% which was higher than the target of 5%.

(3) Master's Degree Scholarship Programs for Employees

The Company provides scholarships to employees to help them pursue master's degrees in world-class universities all over the world in the following fields.

- (1) Petroleum Geosciences
- (2) Petroleum Engineering
- (3) Engineering
- (4) Drilling and Well Engineering
- (5) Business Administration

The Company also provides master's degree scholarships for employees to study in Thailand's reputable institutes as follows:

- (1) Business Administration (Executive), SASIN Graduate Institute of Business Administration of Chulalongkorn University
- (2) Petroleum Geoscience (International Program), Chulalongkorn University
- (3) Petroleum Geophysics (International Program), Chiang Mai University

The Company calculates the Human Capital Return on Investment (HCROI) in several dimensions which include man-hours and cost spent on development activities against total revenue, production, time to autonomy of young technical professionals, and readiness of immediate successors for senior management positions. The results are subsequently used to evaluate and elevate the efficiency and effectiveness of the development activities for continuous improvement.

9. Corporate Governance

9.1 Good Corporate Governance Policy

PTTEP Board of Directors (Board) recognizes the significance of strictly operating businesses under the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE). The Board is confident that the strict adherence will successfully lead PTTEP to achieve the Company's goals of "Growth, Prosperity, Stability, Sustainability and Dignity" as well as to provide a strong support to enhance the confidence of our shareholders and other stakeholders. The Board has assigned the Corporate Governance Committee to govern, supervise and provide necessities to ensure that the Company's operations are in line with the CG&BE and that the good corporate governance is maintained at the level comparable to that of international standards.

In 2016, the Company earned various acceptances through numerous awards and recognitions for our good corporate governance, domestically and internationally. Details are disclosed in the "Awards and Recognitions for Good Corporate Governance" part. The Company also has dutifully continued to comply with the Corporate Governance Principles for Listed Companies of 2012 (CG 2012) established by the Stock Exchange of Thailand (SET), as well as practices comparable to those internationally accepted standards.

9.1.1 Shareholders' Rights and Equal Treatments

PTTEP understands the importance of shareholders' rights and equal treatments; the Company's Good Corporate Governance therefore has included a number of guidelines to assure shareholders of their basic rights which, among others, allow them to trade and transfer the Company's shares, declare the share ownership, and attend the shareholders' meetings in person or through their proxies. In addition, shareholders and their proxies are allowed to participate and vote in significant issues at the Company's shareholders' meeting. These issues are, for example, election of new members of the Board in replacement of those retired by rotation, determination of the Board's remuneration of all forms, appointment and approval of the external auditor and fees, approval of connected transactions, acquisition or disposition of assets which, according to relevant laws, are sizeable, and other issues which are of significance to the Company. Shareholders are also entitled to profit sharing in a form of dividend as well as to receive adequate and timely information from the Company. The Company has only one class of shares, namely, ordinary shares, while one share is equal to one vote. Our efforts to ensure and enhance shareholders' rights are as follows:

(1) **Annual General Meeting of Shareholders:** PTTEP respected and promoted shareholder's rights in Annual General Meeting of Shareholders (AGM or the Meeting) by continuously arranging key activities in 2016 as follows:

Before the Meeting

(1.1) Shareholders were allowed to propose agenda items and nominate qualified candidates for the election of PTTEP directors prior to the AGM from September 8 to December 31, 2015. Shareholders' proposals and the criteria were announced publicly through the SET's portal and the Company's website in advance on September 8, 2015. Shareholders' proposals were then considered using the Company's relevant rules and regulations to ensure that the

proposed agenda items are relevant and truly beneficial to the business. The Nominating Committee was responsible for short-listing of the nominated candidates to the Board for approval. Consequently, the Board would inform shareholders of the resolution together with the rationale for each proposal at the AGM. In 2016, none of such agenda or a candidate for the directors' nomination was proposed at the AGM.

(1.2) PTTEP disclosed the AGM date approximately two months before the Meeting date through the SET and the Company's website. The disclosure was made immediately when the Board determined the date on 28 January, 2016. In addition, the Company disclosed the record date on which shareholders have the right to attend the Meeting and to receive dividend to be on February 11, 2016, subsequently resulting the share registration closing date to be on February 12, 2016.

(1.3) The AGM invitation letter and supplementary documents, both in Thai and English, were published on the Company's website (www.pttep.com) more than 30 days prior to the Meeting, on February 26, 2016. The invitation letter included necessary details of each agenda, which clearly stated type of the agenda, be it for the acknowledgement or approval. The Board's opinions on each agenda item are clearly stated as well as other rules and regulations related to the Meeting. A proxy form, which was stipulated by the Ministry of Commerce, was also included in the invitation letter. A comprehensive list of required documents that shareholders were required to bring to the Meeting, on the other hand, was provided to preserve their rights to attend, while other important attachments included were instructions of the Meeting, voting procedures, and a map of the venue. The AGM invitation letter and supplementary documents, both in Thai and English, were distributed to shareholders by post 17 days prior to the Meeting.

(1.4) PTTEP provided names of the three independent directors in the proxy form to provide shareholders with an option to appoint one of them as their proxy. The Company also informed shareholders about the stake of the independent directors in each agenda item. In electing new directors in replacement of those retired by rotation, an independent director whose term was completed then re-nominated for another term, would be considered as having a conflict of interest (but not a special one). In the agenda to approve the remuneration of the Board, all of the directors would be however considered as having a special interest and therefore were abstained from the voting regardless of the percentage of their shareholding. The Company also provided shareholders with advices of how to use the proxy form which would properly represent their voting right to ensure that they could cast votes on their own.

(1.5) The Company also permitted shareholders to submit questions to the Board prior to the Meeting regarding matters relating to the Meeting or other information relevant to the Company.

At the Meeting

(1.1) The Meeting was held on March 28, 2016 at 14.00 hrs. at the Bangkok Convention Center, 5th Floor, Central Plaza Ladprao, Bangkok. The Meeting date, time, and venue were set up for the convenience of shareholders. The barcode and electronics system were used for registration, vote counting, compilation, and display of each resolution to ensure that the Meeting was carried out with full efficiency and accuracy. Assistants were adequately arranged to facilitate the process. To accelerate the registration process, the registration was opened to shareholders four hours prior to the Meeting. The Company also provided a revenue stamp to shareholders who intended to vote through a proxy.

(1.2) 14 out of 15 PTTEP directors attended the Meeting. The Company's Chairman presided over the Meeting, while Sub-Committee members, the Chief Executive Officer, senior executives from Finance and Accounting Group, and senior executives from other function groups also participated to respond and provide clarifications to inquiries from shareholders. Auditor, external legal advisors (Inspectors), right protection volunteers, including shareholder volunteers to witness vote counting, also participated in the Meeting. The Chairman ensured that the Meeting was carried out according to the Company's Articles of Association (AoA) and agenda items as stated in the invitation letter. The Chairman efficiently allocated time to each agenda item and provided adequate time and opportunity for shareholders to share their views and make in-depth inquiries regarding subjects relating to the Company's operations and the Meeting's agendas prior to the vote casting and resolution.

(1.3) PTTEP clearly provided information on the amount and ratio of shareholders who attended by themselves and proxies, including the procedure, vote casting, vote counting as indicated in the Articles of Association before the start of the Meeting. Shareholders and proxies were required to use voting ballot for voting on each agenda item scheduled for the Meeting whether to agree, disagree, or abstain. For each agenda item, a barcode system was used to tally the votes, while each agenda item was treated and voted separately, to ensure accurate and effective vote-counting procedure. The resolution was clearly reported and displayed in the Meeting as required by relevant laws and the Company's Articles of Association, while volunteers who were selected from shareholders and independent inspectors would be appointed to witness the vote-tallying and sign off on all ballot cards collected, counted, and signed. These cards were for internal reviews after the Meeting adjourned.

PTTEP permitted shareholders who arrived at the Meeting after it was commenced to cast their votes in the agenda that was in the consideration process or had not been considered or voted at the time of their arrival. The Company would also count the shareholders as participants in the Meeting starting from the agenda that they arrived.

(1.4) All information presented at the Meeting was available in both Thai and English, while a translator translating from Thai to English for foreign shareholders who attended the Meeting was also provided to ensure fairness and equality among shareholders.

(1.5) External independent legal advisors, acting as inspectors as well as witnesses, were engaged to oversee the Meeting to ensure the Meeting's transparency and that it was conducted lawfully according to the AoA. Responsibilities of inspectors included examination of documents provided by shareholders or their proxies eligibility of quorum as well as verification of potential conflicts of interest as to whether he/she shall be abstained from voting on the given agenda item, voting procedure, and voting count and as to whether they were in line with the AoA or as informed by the Chairman of the Meeting. The inspectors were also responsible for ensuring ballot collection from attended shareholders, and auditing the vote-tallying. In addition, volunteers, who represented shareholders at the Meeting, were appointed to act as witness for vote-counting procedure for each agenda item.

After the Meeting

(1.1) PTTEP disclosed Minutes of the Meeting together with vote-tallying results from each agenda item to the SET and also disclosed them in the Company's website on the same day immediately after the Meeting.

(1.2) Minutes of the Meeting, in both Thai and English, were accurately and completely recorded, and they covered explanations of the Meeting's voting and vote-tallying procedure, contents, questions, and opinions related to PTTEP's business operations and the Meeting's agenda, as well as clarifications of each agenda item made by the Company's directors and top executives. In addition to the inclusion of directors who attended and who were absent from the Meeting, the Company also recorded the resolution of each agenda, categorized as agreed, disagreed, abstained, and voided (if any) as well as the name and position of the directors and executives. Meanwhile, within 14 days after the Meeting, the final version of the Minutes of the Meeting would be delivered to the Ministry of Commerce, SET, Office of the Securities and Exchange Commission (SEC), and the Company's shareholders to provide evidence of the Meeting as well as to allow shareholders to make objections within the timeline enforced by relevant laws. In 2016, the Company however did not receive any objections or inquiries from shareholders regarding the Meeting. The approved Minutes, video and audio clips of the Meeting were also published in Thai and English in the Company's website.

(2) Disclose of material information which was significant to shareholders: PTTEP ensures that information communicated to shareholders is timely and accurate, not only for the information that is required by related regulations, but also other information which the Company considers as substantial for shareholders to be well informed. The disclosures are made through various channels such as the SET, media or printed media, and the Company's website.

PTTEP clearly discloses the Company's shareholding interests in our subsidiaries and associated companies as well as the controlling shareholder, PTT, to ensure shareholders that our organization structure is transparent, verifiable, and does not constitute any forms of cross- or pyramidal-shareholding structure.

(3) Ensure understanding of the Company's business operation and develop long-term engagement with shareholders: PTTEP continuously organizes various activities for shareholders and society. The Company equally provides the chance to all shareholders to participate. In 2016, major activities were as follows:

(3.1) PTTEP organized activities for shareholders by inviting 100 of them to join the forest plantation activity under the Forest Rehabilitation at Sri Nakhon Khuen Khan Park Project, Bang Kachao, Samut Prakan province.

(3.2) PTTEP organized trips for 240 shareholders to visit our Sirikit Oil Field in Kampheng Phet province to enhance understanding and ensure confidence in the Company's operation. In this event, our executives had a chance to take enquiries about the Company directly from shareholders, while the age limit policy for activity participation was not in effect to promote equal treatment to all shareholders.

(3.3) PTTEP published the quarterly newsletter to provide additional means of communication between the Company and our shareholders. The newsletter included the operational performance, progress of the key projects, Corporate Social Responsibility (CSR) activities, and corporate governance activities. The Company also presented information regarding the Royal Guidance of His Majesty the King Bhumibol Adulyadej on the four moral principles which are correlated with our corporate governance, operation, and anti-corruption measures. The information was publicized on the Company's website and sent to the shareholders who requested.

(4) **PTTEP values and takes care of shareholders equally:** the Company provides a direct communication channel between our minority shareholders and independent directors through e-mails. Shareholders, for example, are able to attain more information from or make inquiries to independent directors regarding their activities, corporate governance, and audit-related issues. In addition, shareholders are allowed to directly contact the Corporate Secretary or Investor Relations Unit of the Company for additional information. The Company operates businesses with optimal efficiency, with a focus on sustainability of the organization, appropriate and consistent returns to shareholders, and long-term relationship with stakeholders. We ensure that all of which are managed and assessed by the use of modern and well-accepted management tools.

(5) **Insider Trading Prevention**

PTTEP puts a great emphasis on controlling the use of our internal information by including this matter in the CG&BE. In addition to being in line with securities laws, policies relating to use of the internal information are regularly reviewed to preserve the integrity and equality among all stakeholders. Key approaches are as follows:

(5.1) The Compliance Department is assigned as the center for monitoring the insider trading prevention program and preparing a list of personnel bearing material internal information (Insider List) which includes directors, management, and related employees.

(5.2) Directors, management, and employees are always informed of PTTEP's regulations and policies regarding insider trading prevention through various communications as well as trainings to ensure that they are understood and strictly followed to prevent one from misusing such information directly or indirectly for his or her personal interests. Disciplinary actions are clearly specified, while the supervisors, who are appointed as the CG leaders, are responsible for advising and encouraging their subordinates to follow suit. In 2016, there was no report of any misuses of internal information.

(5.3) PTTEP requires a group of personnel to abstain from trading of the Company's securities during the silent periods, when material information is being disclosed, which may affect the securities price. These are, for example, release of the Company's financial statements or operating results and investment in new projects as announced in advance by the Compliance Department. These personnel include all directors and senior executives, including all Executive Vice Presidents (EVPs) and Senior Vice Presidents (SVPs), Vice Presidents (VPs) of the Finance and Accounting Group (FNA) as well as other management and employees bearing material internal information. This prohibition also applies to their spouses and minor children. The individuals are also refrained from directly and indirectly selling and/or buying of PTTEP's securities during the periods. Violation of this prohibition is considered as a disciplinary offense.

(5.4) Directors, management holding position of SVPs and above, and VPs of FNA must disclose a complete information regarding their securities possession as well as related activities to the Compliance Department, not only to the SEC, but also to the Board on a monthly basis according to the CG&BE. Shareholding by the directors and senior executives is also disclosed in the Company's annual report as required by the SEC.

(6) PTTEP requires directors, EVPs, and VPs of FNA to immediately report their conflicts of interest to the Company shall there be concerns, either by himself or herself or a related person. The Chairman of the Board and the Chairman of the Audit Committee must then review the report within seven working days after receiving the report from the Corporate Secretary, as stipulated by the Board, the Securities and Exchange Act (Volume 4), B.E. 2551, and the Capital Market Supervisory Board.

(7) PTTEP assembles a set of guidelines to handle conflicts of interest in the CG&BE for the directors, management, and employees to strictly follow. These guidelines require all mentioned to report to the Company regarding conflicts of interest of themselves and their related persons. Shall there be a conflict of interest, the individual must immediately report to the Company and be excluded from participation or abstained from voting in the issues involved.

9.1.2 Roles of Stakeholders

The Board has approved PTTEP's mission which puts an emphasis on significance of the stakeholders' rights. The Company's mission is to operate globally to provide a reliable energy supply and sustainable value to all stakeholders, and we also have a vision to become a leading Asian E&P company driven by technology and green practices. The Company's stakeholders, whether they are internal or external parties, have always been taken into account when decisions are made. Major stakeholders of the Company are, including but not limited to, shareholders, customers, employees, governments, joint venture partners, communities and societies, environment, suppliers, creditors, competitors, customs and traditions, and human rights. The importance of the Company's stakeholders is clearly written in our CG&BE in which practical guidelines with respect to business ethics are established in an effort to maintain the balanced duties and responsibilities between the Company and our stakeholders. Details of the CG&BE are disclosed in the Company's website.

9.1.2.1 Anti-Corruption

Importance

PTTEP's Board of Directors (Board) recognizes the importance of corporate governance, and how it needs to be transparent, fair and free from all forms of direct and indirect corruption, with zero tolerance for any form of corruption, primarily achieved through the use of a mechanism in accordance with our Good Corporate Governance and Business Ethics of the PTTEP Group or CG&BE that has been designed to regulate every area in order to maintain internal consistency, which is considered fundamentally vital to all regulations of the PTTEP Group. All people in the organization, including directors, executives and employees at all levels are strictly obligated to sign and conform to our Commitment of Compliance with the highest standards. The Board also has determined to apply this CG&BE approach to our subsidiaries, while the Company also supports other related parties such as agents, vendors and joint venture partners in upholding the best practices on this matter.

Furthermore, the Board understands that effective anti-corruption measures require good corporate governance with clear management and governance structures as well as adequate and appropriate risk management and internal control, coupled with supervision for effective compliance, as well as independent audit and clear guidelines in all relevant issues as stipulated in the CG&BE by having the Board and management function as an exemplary role model and Corporate Governance Leader (CG Leaders), while the Corporate Governance Committee additionally performs in a role in monitoring compliance. Our CG&BE is written in accordance with internal control principles and published for related stakeholders in Thai, English, and Burmese. It is also posted on the PTTEP Group's website (www.pttep.com). Those who are interested may download the full version for their further study and information. In addition, PTTEP has announced the "Standard of Practices for Anti-Corruption", one of the Company's internal control measures, in order to provide suggested models of conduct for management and employees in circumstances that they may encounter during the course of their work, in order to prevent and minimize corruption risk.

In addition, in order to ensure transparency within the PTTEP Group operations, the Company has insisted on the “No Gift Policy” whereby accepting gifts and other benefits from external parties is prohibited. PTTEP has also clearly communicated this policy to external parties. PTTEP has adopted “Integrity & Ethics” as PTTEP values and is instilling them into all employees across the organization.

Scope of PTTEP Group’s Anti-Corruption Policy

PTTEP’s CG&BE is also treated as anti-corruption policy, which importantly means that it includes all principles, practical guidelines, and clear examples of the issues involved related to anti-corruption measures, such as a good corporate governance structure as stipulated in the Corporate Governance component, practical guidelines for conflicts of interest problems, procurement and contracts issues, anti-money laundering provisions, political neutrality positions, the use and maintenance of data and assets as well as plentiful practical steps and guidelines for anti-corruption in the part of Business Ethics. CG&BE has mandatory conditions with regard to the directors, management and employees of PTTEP and our subsidiaries, as well as with the PTTEP Group’s vendors, who are required to sign an agreement to conduct their business in accordance with our CG&BE.

PTTEP defines corruption based on related principles and laws, at both domestic and international levels, where there are mandatory conditions with which PTTEP Group has to comply. The Company primarily considers that no action must inappropriately entail the use of an individual’s authority or another person’s for undeserved exploitation in order to gain benefits, as such an act is deemed a violation of the laws and/or the PTTEP Group’s regulations. Anti-corruption policy covers all forms of corruption whether conducted as a giver, receiver, or through a designated representative or agent. PTTEP recognizes that certain activities such as political support, not-for-profit donations, sponsorship, or facilitation of payments may be determined risky, as these can potentially be used as a channel for corruption. The definition of “corruption” therefore also extends to include such activities with mala in se. Extra precaution must be taken to ensure all activities are conducted without corruption.

Measures and Principles for Implementation

The implementation of anti-corruption measures is necessarily closely related to internal control systems, risk management, compliance and auditing channels in addition to dedicated cultural and ethical enhancement of the organization, where each topic is under the responsibility of a designated unit. PTTEP utilizes internal control forms and risk management procedures according to the following Three Lines of Defense:

(1) First Line of Defense: The departments with knowledge and understanding of the laws directly related to their operation are to be compliant with applicable laws and regulations. Internal control and appropriate risk management are conducted by the person responsible for the First Line of Defense. The person is required to pass rigorous training in order to ensure that he or she has an adequate level of knowledge and is ready to carry out their duties, being responsible for handling a variety of different situations effectively.

(2) Second Line of Defense: The units which perform duties and/or are responsible for the general laws, regulations and policies of the organization. In 2016, the Corporate Affairs and Assurance Group was set up to serve as the main responsible function in the Second Line of Defense. It comprised a Corporate Governance Unit, Risk Management Unit,

Internal Control Unit, and Compliance Unit, under the same function group to establish a Governance, Risk, Internal Control, Compliance - Management System (GRC MS) for integrated proactive management that would be able to achieve the stated objectives under an adequate internal control procedure. The sections were divided into seven major operations: (1) Leadership and Commitment, (2) Strategic Objectives and Policies, (3) Organization and Resources, (4) Communication and Training, (5) Assessment, (6) Monitoring and Enforcement, and (7) Audit.

(3) Third Line of Defense: The Audit Unit works together with PTTEP's external auditors to perform auditing for the overall system in both the First and Second Lines of Defense.

The units responsible for GRC have conducted internal control assessment sessions on the potential for fraud, which comprise the risk of asset misappropriation, corruption, and fraudulent financial reporting following the evaluation of the adequacy of the internal control system that is issued by the Office of the Securities and Exchange Commission (SEC). The Vice Presidents from each function assessed risks for fraud on the basis of 3 considerations, including pressure, opportunity and rationalization. The results of such assessment indicate that PTTEP has an adequate and appropriate level of internal control, and majority of the function groups have carefully assessed the 3 considerations and adjusted their measures so that they're timely and appropriate.

PTTEP also has other tools to prevent corrupt activities, including:

(1) We assess the risk of corruption by interviewing PTTEP management to prioritize corruption risks, and then use the high risk activities to stipulate internal control measures; for example, we have established a "Standard of Practices for Anti-corruption", an approval process form, along with a process for the monitoring of offering of gifts and other benefits, a reporting process for procurement conflict of interest, a corruption audit plan. This includes the additional internal control measures to prevent corruption in procurement and third-party hiring, for example, the assessment of procurement of high risk contracts and the additional review of possible conflicts of interest among the related persons in the procurement process.

(2) We review and include anti-corruption risks into our Corporate Risk Profile and specify Key Risk Indicators and Mitigation Plans to closely monitor risks as well as report their status to the Risk Management Committee on a quarterly basis.

Continuing to Provide Communication, Knowledge and Training

Our Corporate Governance Committee has a clear plan to inculcate Corporate Governance and Business Ethics, together with anti-corruption policies in everyone in the organization through continuous trainings and activities for all related parties in every dimension. The activities have been designed to accommodate interest and background knowledge to all targets and expanded to cover external parties, e.g., vendors. Achievement indicators for both internal and external parties were set up and reported to the Corporate Governance Committee and the Board on a quarterly basis. These steps were taken to ensure that all parties adhere to the policies thoroughly and efficiently. In 2016, the following operations related to anti-corruption measures were implemented:

Measures for internal parties

(1) Induction for the new Board members, new executives and new employees to the principles of Governance, Risk Management, Internal Control & Compliance (GRC), so that they all clearly understand and adhere to them.

(2) Promotion of GRC to Board members and management to provide related information and case studies that are beneficial to the Board of Directors and management before the start of Board meetings and management meetings whereby the chairman of each meeting would emphasize the importance of GRC and encourage all directors and management to put what they had learned into practice.

(3) Arrangement of GRC full-day courses for employees who had passed the induction course. The courses covered in principle the Company's tools for risk management and internal control, and CG&BE, with a focus on anti-corruption and related issues.

(4) Arrangement for online training on anti-corruption topics for management and employees in order to increase their understanding of the causes, impacts, regulations, risk management, internal control, including standard of practices for anti-corruption. A total of 73.26% of target management and employee have participated in and passed this training. The participation and passing results of the employees of each function group were used as a part of KPIs of the executives in 2016. The results of this training were also reported to the CEO and Corporate Governance Committee.

(5) Conducting CG&BE Workshop for employees in Myanmar at the Yangon office, which was a continued activity from 2015 to promote understanding of CG&BE and apply it to the operation effectively. The workshop was led by the top management of the Myanmar Asset and the Executive Vice President of the Corporate Affairs and Assurance Group in order to underline the importance of CG&BE that top management has placed on it. The exchange of discussion points related to operations was encouraged together with enjoyable activities helped to steer the success of this workshop.

(6) Arrangement for "Compliance Communication" on anti-corruption and use of inside information prevention for management and employees at the Petroleum Development Support Base (Songkhla) and S1 projects, where there were presentation and exchanges of discussions on related topics in order to ensure compliance to the policies by providing clarifications and knowledge. The comments and topics acquired from the session have been used to further develop the related company standards of practice.

(7) Organization of the annual "PTT Group CG Day 2016" with PTTEP serving as the host. The event was held under the title "PTT Group CG Day 2016: See Through the Future". The theme was to focus on transparency in the PTT Group to sustainable growth and it emphasized anti-corruption. The event was aimed at promoting values among all levels of employees of the PTT Group in order to have them get involved with all stakeholders fairly and expand their communications with vendors. The CEOs of the PTT Group confirmed their visions and expressed their commitment to anti-corruption, including expansion of communication among the general public, e.g., schools. Approximately 60 PTT Group vendors participated in this event.

(8) Arrangement of a Whistleblowing Communication system to promote the Company's Whistleblowing channels and create greater understanding of protection and process. The Company continues to disclose cases and penalties on an annual basis (details are shown under "Whistleblowing Reporting and Protection Procedures" part). This is to promote not only anti-corruption, but also the transparency of the values within the Company.

(9) Continuation of organizing communication channels, such as standee/notice boards, newsletters to provide continuous knowledge for the Company's employees at the headquarters and at all of our operating sites.

Measures for external parties

PTTEP has a strong and clear intention to become a leading company in the realm of Corporate Governance (CG) by committing to CG adherence and expansion to external parties. This includes implementation of a clear policy that covers external parties; for example, vendors, partners and representatives of the PTTEP Group. PTTEP encouraged external parties to remain ethical and to avoid corrupt practices by organizing various activities as follows:

(1) Arrangement for a sharing session on Anti-corruption policy by our Corporate Governance Committee member, Mr. Piti Tantakasem, in the SSHE Contractor Forum, where the importance of PTTEP's Anti-corruption policy was explained, including encouraging vendors to become members of the Private Sector Collective Action Coalition Against Corruption (CAC). Nearly 300 management and employees of vendor companies participated in this event.

(2) Organizing a session to explain "Private Sector Collective Action Coalition Against Corruption (CAC)" where the content covered the importance of anti-corruption measures as explained by the advisor of CAC, Thai Institute of Directors Association (IOD) where vendors and top management of PTTEP exchanged points of discussion. The aim of this even is to clarify for vendors the process of becoming a member of CAC, together with describing PTTEP's policies.

(3) Arrangement for a session on GRC for the vendors in the Vendor Symposium on quarterly basis, so that knowledge could be provided continually to vendors.

(4) Publishing the PTTEP quarterly newsletter to provide a means of communication among our shareholders, investors, and the public. This newsletter is on our PTTEP website, where in 2016, there were topics on PTTEP anti-corruption efforts, and the Company's role in coordinating with society to fight against corruption. All the above was done to reassure stakeholders that PTTEP is truly committed to operating business on transparency, fairness, and efficiency.

(5) Communication clearly to external parties PTTEP's "No Gift Policy" whereby the Board of Directors, management, employees of PTTEP now refrain from accepting gifts or other benefits in all business contacts and cases.

(6) Promotion of anti-corruption values in society by participating in various activities during the year in 2016. Details are shown under "Collective Efforts with the Public to Counter Corruption" part.

In addition, the Company has provided channels for external parties to contact the Company for enquiries related to Corporate Governance and Business Ethics through email to the Corporate Secretary Unit at CGPromotion@pttep.com.

Whistleblowing Reporting and Protection Procedures

PTTEP's Board of Directors has established the Reporting and Whistleblowing Regulation for the PTTEP Group to further ensure effectiveness, transparency, fairness, and equivalency to international standards in regard to the complaint handling process. This is meant to provide protection to whistleblowers and those cooperating with the Company in good faith. The procedure is a mechanism which allows an opportunity for both internal and external parties of the organization to report suspicious misconduct or wrongdoing committed by the Board, management, employees, or representatives of the PTTEP Group which might be in violation of laws, CG&BE, anti-corruption policy, and other PTTEP Group regulations.

Investigations of complaints are conducted strictly in an orderly way, in the manner, and within the timeframe and procedure as prescribed in the regulation that is clearly published on both the Company intranet (CG Portal) and the website (www.pttep.com). Any person who acts in violation of or non-compliance with the regulation or treats whistleblowers and related-person unfairly, such as committing defamation, harassment and discrimination is subject to disciplinary action. This is to ensure the transparency and fairness of the complaint handling process. The procedure and timeframe of the complaint handling process are as follows:

- The Corporate Secretary will take into account the information and adequacy of the preliminary evidence before forwarding the complaint to the Company's investigator within seven working days. If this period must be extended, the extension can only be made with the approval from the CEO. Each extension must not exceed seven working days.
- The review procedure and conclusion of the complaint depend on the type of the case. Non-complex cases will be normally be completed within a timeframe of 30 working days, while more complex cases will be completed within a timeframe of 60 working days. If the period is extended due to necessity, the extension can only be made with the approval from the CEO. Each extension must not exceed 30 working days. Investigators of a complaint cannot be individuals who are stakeholders of the complaint. Every complaint received from the whistleblowing channels will be summarized and reported to the Corporate Governance Committee and/or Audit Committee, depending on the case, in addition to the Company's Board of Directors.

Whistleblowing channels of the PTTEP Group to report a complaint are as follows:

- (1) Mail to PTTEP director, supervisor, or the Corporate Governance Section of the Corporate Secretary Division:
PTT Exploration and Production Plc.
555/1 Energy Complex Building A, 33rd Floor,
Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900
- (2) Fax to supervisor or the Corporate Governance Section of the Corporate Secretary Division (+66-2537-4949)
- (3) E-mail to supervisor or the Corporate Governance Section of the Corporate Secretary Division (cg hotline@pttep.com)
- (4) Report through the whistleblowing system, which is available in PTTEP intranet (CG Portal) for employees and PTTEP website (www.pttep.com) for external parties. The whistleblower can follow up on the progress of the reported complaint and request further details and make inquiries. The system will assign an individual Report Number and PIN to the whistleblower in order to ensure strong security and forbid access by unauthorized personnel.

In 2016, PTTEP received a total of nine complaints through the CG Hotline. After reviewing these complaints, the evidence and the witness accounts, the Company's Corporate Secretary Division acknowledged/accepted six of the nine complaints submitted. Complaints from 2016 and 2015 are compared in the table below.

Topic	2015	2016	Change
Number of whistleblowing cases through CG Hotline	5	9	44% (↑)
Whistleblower			
- External reporter	3	4	25% (↑)
- Internal reporter	2	4	50% (↑)
- Anonymous reporter	-	1	100% (↑)
Number of accepted cases after considering evidence and witnesses	3	6	50% (↑)

Results of investigations from the six 2016 cases are as follows:

- There were four cases of wrongdoing. One case was related to the “Use and Protection of Information and Assets” and three cases were related to the “Human Resources” category of PTTEP’s Good Corporate Governance and Business Ethics Policy. The wrongdoers were punished with a verbal warning in two cases, and written warning was issued in the other two cases based on the Company’s guidelines for disciplinary actions.
- The final remaining two complaints were determined to have no grounds for misconduct and were not deemed as cases of persecution or defamation.
- No complaints of violating the anti-corruption policy were filed.
- The results of the complaint investigations were subsequently reported to the complainants, the Audit Committee or the Corporate Governance Committee (as the case may be), and the Board.
- The results of the complaint investigations were used for further improvements of the Company’s internal control measures.

Furthermore, in 2016, the Company performed a control self-assessment (CSA) on PTTEP’s whistleblowing system in order to evaluate its whistleblowing procedures and processes. The assessment results were then applied in process improvement efforts.

Monitoring the Implementation of Anti-Corruption Measures

The Board has assigned the Corporate Governance Committee to monitor implementation of the Company’s anti-corruption policy, which is a part of CG&BE. The Corporate Secretary is responsible for gathering of the information and reporting of the results to the Corporate Governance Committee at meetings on a quarterly basis. The implementation of PTTEP Group’s anti-corruption measures functions with the cooperation of several units serving as the Second and Third Lines of Defense. Each unit has its own individual reporting system, for example, reporting to the Risk Management Committee and the Audit Committee. Additionally, all performance results will be reported to the Board of Directors and Company’s shareholders via the Annual Report.

On June 27, 2016, the Corporate Governance Committee visited S1 Project (Operation Site) at Kamphaeng Phet province to follow up on implementation of the Company's CG&BE. This re-emphasized how much the Company insists on the importance of our anti-corruption policy and this visit also allowed for management to exchange view points on the Company anti-corruption policy.

The Corporate Governance Committee also monitors performance on a yearly basis, following the CG&BE plan and evaluates performance by using Key Performance Indicators (KPIs) to ensure that performance goals are met.

Audit

PTTEP has designated the Internal Audit Division to perform auditing tasks, which include investigation of corruption, by setting out an annual audit plan and undertaking further examination when any related complaint or issue appears. The Internal Audit Division currently has practical guidelines on the investigation of corruption that covers risk assessment, prevention and detection of corruption, as well as practical guidelines used in the investigation process for complaints of corruption.

The Internal Audit Division reviewed the public donation procedure where improvements were suggested and were also completed by owners in 2016. The Internal Audit Division also conducted regular reviews on the internal control system of procurements and contracts, which is in accordance with the Company's corruption risk assessment, and suggests have been made for further improvement.

PTTEP has procedures to regularly review sales and marketing activities in order to monitor and prevent the risk of corruption as well as to provide solutions as needed. The Company sells most of our products to PTT, and the pricing structure is reviewed and specified clearly in the purchase agreement between the two. Sales prices are based on the global market prices on which the mutual agreement between the Company and the joint venture partners are based. The pricing structure requires approval from the Audit Committee and the Board prior to arrangement of the purchase agreement. The Board members who have a vested interest in such an agreement cannot participate in the review session and must abstain from voting on that matter.

Review of Sufficiency and Adequacy of Anti-Corruption Measures

PTTEP believes that, for anti-corruption measures to be effective, they must be reviewed regularly. The units responsible for overseeing GRC must work together to evaluate the effectiveness of the anti-corruption measures and also monitor the process in each of the units. The evaluation results should be used as a reference in outlining the PTTEP Group's operation plans. The results of the evaluation in 2016 led to a revision of the Company's CG&BE, Reporting and Whistleblowing Regulation and stipulation of internal control measures for the units involved with transactions. This was done in order to ensure that clear guidelines were put in place for everyone in the organization to follow and so that such disbursements and expenditures were recorded appropriately with transparency and accountability.

Collective Efforts with the Public to Counter Corruption

PTTEP acknowledges the significance of our role as a listed company by assuring our shareholders and stakeholders with the confidence that the Company's management is transparent, fair, and corruption-free. PTTEP, as a company whose major shareholder is the government, has a responsibility to lead by example, and encourage society in general to adopt better anti-corruption standards. In the past year, the Company proactively took several measures to counter corruption and participated in several activities to help achieve this; for example, Thailand's National Anti-Corruption Day, which was organized at Sanam Luang by The Anti-Corruption Organization of Thailand (ACT), on September 11, 2016, where our CEO, and more than 100 management and employees participated in pledging to combat against corruption. On November 4, 2016, PTTEP also set up and ran an information booth to provide information on PTTEP Corporate Governance and our anti-corruption policy in a public seminar organized by Anti-corruption Strategic Management Course for Senior Executive, Office of the National Anti-Corruption Commission (NACC), at the office of the NACC.

PTTEP became an "Active Level" member of the United Nations Global Compact (UNGC) in 2011, and on April 1, 2015, the Company was promoted by the UNGC to the "Advanced Level" for complying with the UNGC's principles in the areas of human rights, labor, environment, and anti-corruption. The Company considers such international recognition as one of our proudest achievements. Moreover, in 2016, PTTEP became a founding member of Global Compact Network Thailand, in which it additionally supports UNGC's principles.

PTTEP was certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption on July 4, 2014. This certification again highlights our dedication and commitment to fight all forms of corruption. In this same vein, the Company has also continuously felt it to be vital to expand our anti-corruption efforts among our subsidiaries, joint venture partners, vendors, and business partners.

9.1.2.2 Policy on Treatment to Stakeholders

(1) Shareholders

PTTEP respects the shareholders' rights and treats them with equality, while adhering to carrying out the Company's business with the CG&BE in order to achieve the sustainability and create the optimal value for the shareholders. Details are disclosed in the "Shareholders' Rights and Equal Treatments" part.

(2) Employees

(2.1) PTTEP complies with the UN principles by not employing illegal workforce and child labor in every area in which we invest. The following guidelines are described in the Company's CG&BE.

(1) To understand and comply with all laws applicable to the PTTEP Group's operations in the locations where we conduct our business

(2) To understand the local customs, cultures and traditions of the locality in which we operate

(3) To respect the local traditions, cultures and cultural differences, and not to behave in any ways that contradict them

(4) Not to discriminate against any individuals based on our personal relationship with that individual, his or her ethnicity, nationality, gender (including pregnancy, and sexual preference), age, religion, disability, personal views, or any other conditions or characteristics which are not concerned with work

(2.2) PTTEP recruits, selects, and employs employees based on their qualifications, experience and abilities to work in the target positions. According to the Good Corporate Governance and Business Ethics of the PTTEP Group, both internal and external candidates shall be fairly treated during our transparent recruitment process. Our employees are given opportunity to develop and grow in their professional career as well as to join external activities under the Company's policy.

(2.3) PTTEP sets up and regularly reviews compensation and benefits packages to ensure fairness to both the Company and the employees according to our short-term and long-term business performance, pay positioning in petroleum industry in each country, types of work, required skills and expertise, difficulties of work, responsibility and accountability of each position, and the individual employees' performance results in order to attract and retain competent and capable employees.

(2.4) PTTEP provides and regularly reviews welfare and benefits packages to ensure fairness to both the Company and the employees according to our ability to pay at the present and in the long run, focusing on the welfare and benefits which help to enhance the quality of life of the employees and their families. These are, for example, housing interest subsidy program, and healthcare benefits for employees and their families which are comparable to those provided by other petroleum companies in each country. The Company regularly reviews welfare and benefits program to suit the changing social, economic and other obligatory conditions of the business. In addition, the Company also provides psychological and legal consultation services via "Sabaijaidee" program to the employees, their spouses and children to help them guard against anxiety from their family, private life, and work concerns. The services are provided by psychologists and professionals from one of our consulting companies.

The Company has established a provident fund program for our employees to ensure their financial security after resignation and retirement. The fund consists of contributions from both the Company and the employees. The Company makes a monthly contribution at a rate of 15 percent of our employees' basic monthly salary, while the employees contribute 2 to 15 percent of their basic monthly salary. Receiving this fund is subject to the Company's regulations.

The Company has also established the Employee Joint Investment Program (EJIP) which is intended to encourage the employees to invest, on a voluntary basis, on the accumulative buying of the Company's shares on a periodic basis to incentivize performance, create alignment among the employees, management, and shareholders, as well as to establish a long-term loyalty and sense of ownership. This program was commenced on February 1, 2013 and will remain effective until January 31, 2018, carrying over a total period of 5 years. Purchasing of ordinary shares is generally carried out through SET's trading system. Eligible employees shall make a request to the Company to deduct a sum from their basic salary, ranged from 2 to 10 percent, while the Company will contribute another portion equal to 100 percent of the employees' contribution in each month to purchase the shares. Receiving and realizing the share value, on the other hand, is subject to the Company's performance in the long-term.

In addition, the Company has also established the Long Service Awards Program to celebrate and commemorate the long-term commitment and loyalty of our employees who have achieved significant milestone years of service, i.e., 5, 10, 15, 20, and 25 years of employment with the Company. Award recipients are honored at the special event held at our headquarters in June of each year. The purpose of the program is to strengthen corporate employee engagement through recognizing and honoring the commitment and dedication of long-term employees, while promoting long-standing careers within the Company.

(2.5) PTTEP gives priority to human resources development to increase the organization's capability to drive business performance as the Company always considers that human resources is a key to our success. The Company provides opportunities for employees to develop and enhance their knowledge, skills and experience through both short-term and long-term training and development programs. Apart from professional capability and necessary skills building, the Company also embeds the working values to all employees, so they can work with the same standard of expected behaviors to attain the Company's vision and mission. In 2016, our employees attended training and development programs such as ISO 14001 Environment Awareness Course for an average of 27 hours per person per year. Details are disclosed in the "Management Structure" section, "Human Resources Development Policy" part.

(2.6) PTTEP realizes the value and importance of a regular consultation between the Company's employees and their supervisors to solve the problems incurred in day-to-day operation as fast as possible as well as to maintain a good working relationship between them. Shall any conflicts arise between the employees and their supervisors, the employees may file a complaint through one or more communication channels provided. The employees who comply with the provided measure and procedure and act in good faith as well as the relevant witnesses shall be protected, without facing a penalty, termination, or any other negative consequences. The CG Hotline channels have also been established for the employees to raise the issues relating to frauds. The reports received through these channels will be investigated confidentially and made known only to relevant persons to protect the whistleblower.

(2.7) PTTEP conducted the Employee Engagement Survey for the fifth time in 2016 with an objective to understand the factors relating to our employees' engagement with the Company to improve the policies and practices. The result showed that 53% of employees had engaged with the Company, which was 3% higher than last year. The Company has also conducted focus group interview sessions to gather information to establish the improvement plan at both the organization and the function group levels. In 2017, the Company will continue to regularly monitor the progress of such plan and continue to conduct the annual Employee Engagement Survey.

(3) Clients

PTTEP is committed to our mission to be a leading producer and supplier of crude oil, natural gas, condensate and LPG at fair and competitive prices. The Company sells the products under short-term to long-term contracts as well as in the spot markets. The Company assesses clients' suitability by the following four criteria, namely, economic return of the product prices, financial stability, safety standards, and compliance to local laws and regulations of each client. The Company treats all buyers equally for the optimal benefit of all and is also committed to strictly complying with the contracts and regularly coordinating with buyers so that we can produce and deliver quality products as specified in the contracts on time and according to their demand.

(4) Governments

PTTEP conducts business by adhering to the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE). The Company strictly complies with all the laws applicable to our operation in all locations in which we operate.

(5) Joint Venture Partners

Joint venture projects between PTTEP and our domestic and foreign joint venture partners operate under mutual working agreements according to the international standards. These agreements include details regarding the rights and duties of joint venture partners such as the right to be a member of a project's management committee. The committee is responsible for establishing guidelines on the procurement of products and services as well as for developing a strategic plan and an annual budget with a clear scope and approach. The partners also have the right to audit annual financial and accounting records as well as to set appropriate and clear measures, for example, penalty imposed on partners for failures to honor an agreement. The Company meanwhile remains focused on distributing information to joint venture partners and external parties with transparency.

(6) Communities and Societies

PTTEP commits to giving the utmost importance in building sustainable relationships with all stakeholders. We develop and elevate the quality of life for people in the communities where we operate. When engaging with the communities, the Company adopts the Issue and Stakeholder Management System (ISMS) as a tool to analyze social risks which may impact our operation.

(7) Environment

PTTEP strives to achieve excellence and for a leadership position in Safety, Security, Health and Environment (SSHE). Our SSHE Policy is the core of the SSHE management, allowing us to deliver our vision and commitment in SSHE. The Company continues to publicly disclose our SSHE performances indexes, such as Lost Time Injury Frequency Rate, Total Recordable Injury Rate, and Hydrocarbon and Chemical Spill rates in the Company's website. The information is routinely informed to the stakeholders, including company staff, in our annual Sustainability Report as well as reported to the Department of Mineral Fuels. The Company also has the SSHE Management System (SSHE MS) which comprises seven elements and regularly updated 27 standards to be employed throughout all of the Company's operations.

A cornerstone of sustainability is a strong environmental performance. The Company's approach to managing of the environmental impacts concentrates on our green practices, such as having an international standardized environmental management system, eco-efficiency practices for mitigating environmental impacts from our operations, lowering our ecological, carbon and water footprints, increasing biodiversity, as well as creating value added processes to our business. To mitigate environmental impacts from our operations, the Company has implemented and maintained the ISO 14001:2004, a common system to improve the efficiency of environmental management system. The 2014's certification was issued by AJA Registrars under the United Kingdom Accreditation Services (UKAS). The certified sites include the Arthit Project, Greater Bongkot North and South fields of the Bongkot Project, S1 Project, PTTEP 1 Project,

Sinphuhorm Project, Petroleum Core Research Center, PTTEP Petroleum Development Support Base, and in Australia for PTTEP Australasia Project's support base in Darwin and office of PTTEP Australasia (Ashmore Cartier) Pty Ltd. For 2017, the Company is planning to acquire the new revision of ISO 14001 (ISO 14001:2015) certification.

The Company has a green practice roadmap which outlines our strategy to reduce ecological footprint and carbon footprint. The roadmap emphasizes on maintaining the biodiversity of our operating sites as well as improving our business values by reducing costs, improving resource efficiency, and reducing wastes. The Company also follows the 5S program throughout our offices similarly to those implemented within the PTT Group as well as the Group's green supply chain practices which involve green procurement, green logistic and green office to use green and environmentally friendly products. In addition, the Company also encourages all employees to understand our environmentally friendly business practices by organizing fundamental and intensive environmental awareness training courses for them, including existing and new hires as well as the management. Details on our green practices are disclosed in the 2016 Sustainability Report.

For the first time in Thailand, the Company also hosted "Biodiversity and Ecosystem Services (BES) Peer-to-Peer training workshop: Managing Biodiversity and Ecosystem Services issues in the oil and gas industry" arranged by International Petroleum Industry Environmental Conservation Association (IPIECA), International Association of Oil and Gas Producers (IOGP) and the United Nations Environment Programme World Conservation Monitoring Centre (UNEP-WCMC). This workshop was part of a training series developed by IPIECA, aimed at oil and gas professionals to exchange their knowledge on biodiversity and ecosystem services for efficient practice which aligned with PTTEP's green practice roadmap.

(8) Suppliers

As stated in the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE), suppliers are an important part of our businesses. PTTEP therefore employs a policy which aims to treat our business partners equally. Our procurement operations are performed on the basis of equality and fair competition. We also comply with the laws and terms of concerned legal transactions, taking into account the Safety, Security, Health, and Environment (SSHE). Suppliers must follow the operational standards which adhere to the Company's policy. Their employees meanwhile are also required to have good business ethics and respect human rights.

PTTEP Vendor Guide

PTTEP has developed the Vendor Guide to provide our suppliers with the Company's business information and practices, such as the Good Corporate Governance and Business Ethics of the PTTEP Group, Procurement Processes, Contract Management, the PTTEP Vendor Sustainable Code of Conduct and related laws, and the supplier communication channels.

Details of the PTTEP Vendor Guide are available in the Company's website at www.pttep.com > E-Service > Procurement and Contract > PTTEP Vendor Guide.

Vendor Registration

PTTEP maintains the concept of fairness and free competition without trade barriers toward all suppliers. There are 3 channels for the interested suppliers to register with the Company.

(1) PTTEP website: Suppliers can offer their products and services through the Company's website at www.pttep.com > E-Service > Procurement and Contract > Vendor Registration.

(2) The Category & Vendor Management Section: Suppliers can contact the Category & Vendor Management officers during business hours to offer their products and services.

(3) PTTEP Users: Suppliers can directly propose their products and services to the users who may provide the names of the suppliers to the Category & Vendor Management Section for the vendor pre-qualification process.

New Vendor Pre-qualification

PTTEP pre-qualifies the suppliers by screening and evaluating them according to their product and service categories. The evaluation process is performed by the Committee and comprised of three functional areas.

- (1) Technical and QA&QC
- (2) Safety, Security, Health and Environment (SSHE)
- (3) Commercial, Legal and Social

Independently, with equality and transparency, each function of the Committee has the authority to consider and evaluate the suppliers to ensure that they have the qualifications to deliver the products or provide the services needed.

SSHE Contractor Management and Plan

PTTEP has enhanced the measures relevant to the management of suppliers in the SSHE which is one of the Company's core values. The SSHE Contractor Management Procedure and Plan has been implemented to ensure the understanding and improve the SSHE performance of the suppliers. It includes operations guidelines to ensure that correct actions are taken. The Company also encourages the suppliers to strictly comply with the SSHE Contractor Management Procedure and Plan through our annual SSHE Contractor Forum, as an effort to ensure that they correctly understand the SSHE policy, standards, manual and work procedures, and plan of the operations in all locations in which the Company operates.

The Notification of the National Anti-Corruption Commission (NACC) or Por.Por.Chor

According to the notification of the NACC, PTTEP has provided a page at www.pttep.com > E-Service > Procurement Announcement to disclose the information regarding reference prices of procurement transitions for the suppliers and stakeholders.

The Company has also recommended all the suppliers to comply with the NACC's announcement concerning the principles, methods and submission of accounting records by the persons being a party to the contract made with a State Enterprise or State Agency B.E. 2554.

Procurement Sourcing Strategy

PTTEP has prepared a business analysis especially to review the overall procurement performance by using the procurement spending data from the past three years. This data is to be analyzed to identify the supplier classification and risk assessment relating to the operations and market trends. The results from the analysis help to identify critical suppliers who are vital to the Company.

Upon identifying the critical suppliers, the Company uses the analysis to prepare procurement and contract strategy plans for each product and service group. The supply market analysis will then be generated to support future procurement and contractual activities.

The Company needs to submit the procurement and contract strategy plan, including the bidder list, to the Procurement Committee (PC) and joint venture partners (if any) for approval before proceeding with the bidding. (The bidder list and the procurement/contract strategy plan must be internally approved by three parties, namely, the operations, assets, and procurement functions before being submitted to the PC and the joint venture partners to counter balance for transparency purposes.)

Suppliers Selection

For the bidding process, two sealed envelopes and two-stage bidding are required. One envelope is for technical proposal, while the other is for commercial proposal. The technical envelope is opened first for evaluation of the technical aspects, quality and the SSHE. Then for the technically acceptable bidders from the first stage, the process will continue with the opening of the commercial envelope.

The results of the bidding will be submitted to the Procurement Committee (PC), joint venture partners (if any), and the Board (for high value procurement) for approval before contracting activities with the suppliers are initiated.

The Company will only select those suppliers who are technically and SSHE qualified and able to offer the lowest price or the best interest to the Company.

Contract Management and Assessment

As an important and integral part of PTTEP's Contract Management and Supplier Relationship Management (SRM) for operating in the petroleum exploration and production business, the contract holders need to ensure that the suppliers and all relevant parties fully understand and comply with the work plan, contract objectives, SSHE standards, and risks mitigation plan as well as critical key performance indicators (KPIs). They periodically need to assess and follow up on the performance to ensure that the suppliers operate according to the contractual terms regarding the quality, SSHE, and human rights. At the end of the contract management, the contract holders must complete the Contract Closed-out Report to record their performance result, identify area of improvement and development of the supplier's capability for the long-term relationship.

Suppliers Collaboration Initiatives

In 2016, PTTEP aimed to develop an effective supply chain management and supported supplier collaboration initiatives to cultivate good relationships between suppliers and the Company. The objective of the "Vendor Symposium Program" is, not only to allow the vendors to understand our procurement sourcing processes and the SSHE Management System (SSHE MS), but also to establish awareness and knowledge regarding sustainability among the vendors. More than 70 vendors joined the program.

The Company also organized a seminar called “Supplier Day”. The seminar was to encourage suppliers to mutually seek new innovative techniques and technologies to create cost optimization and petroleum development opportunities, apart from maintaining the collaboration and sustainable relationships with suppliers.

The Company, our suppliers and contractors altogether also organized the Corporate Social Responsibility (CSR) with business partners in September 2016 at Sairee Beach, Amphoe Savee, Chumphon province. This CSR program helped to develop collaborations and sustainable relationships with the society and business partners to enhance the productivity and sustainability development driven by safety, technology, and green practices.

Local Content

To enhance the capability of the local suppliers in Thailand to compete with international companies, PTTEP supports domestic procurements and services from the operation areas. This is to increase employment and income generation to support the locals as well as to reduce the transfer of Thai currency to other countries. As a result of our commitment to building long-term relationships with the communities where we operate, the Company has gained from each of the communities a license to operate. Meanwhile, the Company also encourages our suppliers to operate with care and responsibility wherever they are and to support local procurement within their area to lower the cost of goods as well as to support the community.

Whistleblowing

To instill confidence and give protection to the suppliers and related parties from possible retaliation as a result of reporting in good faith of suspicious misconduct or wrongdoing of the directors, management, employees, or persons acting on behalf of the Company that might be in violation of the laws, CG&BE, or other regulations of the PTTEP Group, we have established the CG Hotline channels to handle whistleblowing cases from the suppliers. The suppliers can email to the cghotline@pttep.com, report through “PTTEP Whistleblowing System” at www.pttep.com, or fax at +66-2537-4949.

(9) Creditors

PTTEP recognizes the importance of the Company’s internal and external stakeholders including creditors. This is based on our policy of equitable treatment for all stakeholders, and an integral part of the CG&BE.

Emphasis is placed on accurate, complete, timely, and transparent information disclosure to all of the stakeholders. Information disclosed by the Company consists of financial and non-financial information. Financial information particularly the financial statements is reviewed and audited by an independent auditor in compliance with the Generally Accepted Accounting Principles (GAAP). The information is also endorsed by our Audit Committee as well as the Board of Directors prior to public disclosure.

Regarding creditors, PTTEP’s debentures issuance and all relevant processes are in compliance with the laws, policies and regulations stipulated by the SEC as well as the policies, purposes, and resolutions set forth at the Company’s shareholders’ meeting. The Company agrees to fulfill the obligations stated in the terms and conditions of the debenture and loan agreements and to ensure that the information is accurately and adequately disclosed to all stakeholders. The Company also maintains all of the necessary measures to remedy incidents or other types of impairments which may arise as a result of non-compliance.

(10) Competitors

PTTEP treats our competitors with professionalism, equality, and transparency. The Company, in our greatest effort, tries to avoid all unethical manners and ill-intentions to defame the reputation of our competitors through false or unfair statements or acts. The Company is also committed to complying with local laws and regulations regarding trade competition. Details of the Trade Competition Policy are disclosed in the CG&BE.

(11) Customs and Traditions

PTTEP adheres to local customs and traditions of all the areas and locations in which we operate. Trainings are provided to our employees by knowledgeable and experienced instructors as well as representatives from the Ministry of Foreign Affairs or the Embassy who will provide suggestions and information regarding customs, traditions, sensitive issues, and local practices to the employees who will be transferred there in order for them to understand and behave appropriately.

(12) Human Rights

PTTEP has a human rights policy where the Company is committed to respecting fundamental human rights by complying with all applicable legal requirements, cultures, customs and values in dealing with all of our stakeholders, avoiding complicity in human rights abuses, and strictly prohibiting ourselves from direct and indirect employment of child and forced labor. The Company's Human Rights Policy complies with the UN Universal Declaration of Human Rights and its corresponding covenants, where applicable to the business, including the international principles relating to labor practices and the United Nations Declaration on the Rights of Indigenous Peoples. The Company also actively participates in the United Nations Global Compact (UNGC). Our UNGC Communication on Progress Report has met the criteria required for "Advanced Level" status for two consecutive years.

In 2016, PTTEP together with 14 other Thai organizations who have placed high priority on sustainable development established the Global Compact Network Thailand (GCNT) with the objective of encouraging the Thai business sector to recognize the importance of conducting their business under the UN Global Compact principles.

In addition, the Company is committed to providing fair employment, while ensuring that the employees have a safe and hygienic working environment, whether or not the country in which we invest has local laws on human rights. The Company ensures that no threats exist to employees or those related to the Company's operations. Only ethical partners without any infringements of human rights are employed. The Company also encourages consultation between our executives and employees through the employees' representatives in the welfare committee. Views and suggestions are communicated for improvement of welfare and other benefits to improve our employees' well-being.

(13) Laws

PTTEP respects laws everywhere in which we operate. The Board sets the matters related to the compliance with applicable laws in the Business Ethics of the PTTEP Group. The directors, management and employees are required to understand them as well as strictly abide by laws related to our operations in all areas to enable the PTTEP Group to operate with accuracy and efficiency.

The Company has established the Compliance Department as the center of compliance performance supervision for the PTTEP Group. The Department has a direct reporting line to the Senior Vice President of the Legal Division, the Executive Vice President of the Corporate Affairs and Assurance Group, and the President and Chief Executive Officer, respectively. In 2013, the President and Chief Executive Officer announced the Compliance Policy to express our commitment to full legal compliance as well as to define roles of all managers and employees in promoting of the compliance. The Compliance Program has also been implemented to enhance awareness on compliance-related matters among the Company's employees.

9.1.3 Information Disclosure and Transparency

9.1.3.1 Disclosure of Financial and Non-Financial Information

Information disclosure is a key aspect of good corporate governance. PTTEP gives importance to the information disclosed to the Stock Exchange of Thailand (SET) as well as to the shareholders. At the very least, the information must be accurate, sufficient, timely, and equally available to all parties. The information is prepared according to the Company's Business Ethics Guidelines. The departments which are responsible for providing information and replying to external queries from the SET and general public are the Investor Relations Section (IR) and the Corporate Communications Department.

Our information disclosure consists of financial information and non-financial information. Financial information is disclosed through financial statements which are reviewed and audited by the external auditor to confirm that they are presented accurately, in all material respects, according to the Thai Financial Reporting Standards. The financial statements are subsequently approved by the Audit Committee and the Board prior to being disclosed to the public. The Board reports their responsibilities with respect to the financial statements in the PTTEP Annual Report. In addition to the SET's requirements, the Company also releases unreviewed quarterly and unaudited annual financial statements in advance to allow timely access to the financial information for shareholders and investors. Unless stated otherwise, the information before and after review and audit usually and generally does not contain any significant changes. The Company also discloses non-financial information, such as acquisition and disposal of assets, related party transactions, dividend payments, the management discussion and analysis, risk management, invitation letter for shareholders' meetings, minutes of meetings, annual corporate governance report and the 56-1 Form, as well as other information which is important for investment decisions according to the SET's and SEC's requirements.

Information that PTTEP discloses to SET, the Company's shareholders, investors and the general public are disseminated in both Thai and English in the Company's website which also features other up-to-date information viewed to be of interest to the aforementioned audiences. Key information available in the website comprises petroleum exploration and production projects, investment projects, quarterly and annual analyst meeting presentations, webcasts, roadshow presentations, downloadable excel spreadsheet which contains historical financial information and operating results, historical and latest stock performance, analyst coverage, and news releases. The Company also reports Safety, Security, Health and Environment performance which is included in the annual Sustainability Report. The Company also makes available in the website VDOs and infographic presenting financial information and operating results for those interested.

The Company also publishes a quarterly investor newsletter, Explorer's Journal, which includes information which may be beneficial to our shareholders and investors, such as quarterly performance highlights, project updates, good corporate governance practices, topics on sustainable development, and knowledge sharing on the fundamentals of the exploration and production business. The newsletter is bi-lingual, Thai and English, and available in both hardcopy and electronic formats. The latter can also be downloaded from our website, effectively serving as another communication channel between the Company and shareholders for news and updates.

In 2016, PTTEP disclosed a total of 30 articles through the SET portal and organized the following activities for the shareholders and analysts.

Activities	Amount (Times)
Domestic and overseas roadshows/conferences	13
Analyst meeting	4
Opportunity day (by SET)	4
Shareholders' and investors' site visit	7
Knowledge sharing event for investor	4
Company visit and conference call	50

Apart from the activities above, the Company also participated in events organized by the SET to meet retail investors, such as "SET in the City", and daily telephone correspondence. The information above could also be found at the AGM Meeting, while IR was readily prepared to provide information and answers to questions raised by the Company's shareholders.

The Company understands that disclosure of the information which is accurate, complete, timely and transparent is a key to the CG&BE and therefore is committed to performing our best in this area.

9.1.3.2 Investor Relations

The Investor Relations Section (IR) is responsible for communication of relevant information and news that reflect PTTEP's fair value to analysts, the Company's shareholders, and general investors under rules of the SET and SEC to foster confidence within the analysts and investment community. IR is also entrusted with upholding the corporate image and perception among analysts and investors, while also relied upon to coordinate and to advise over IR related issues to the Company's executives.

Our IR can be contacted through the following three channels.

- (1) By phone: +66-2537-5919, +66-2537-5304, +66-2537-5779, and +66-2537-4446
- (2) By e-mail: ir@pttep.com
- (3) By fax: +66-2537-4444

9.1.4 Board's Responsibilities

The followings are major responsibilities of the Board. Details are disclosed in the "Management Structure" section, "Duties and Responsibilities of the Board" part.

(1) Policy-Making and Operational Direction

The Board is responsible for making decisions regarding PTTEP's operational policies and determination of the corporate vision, mission, and values. The Board is also assigned to be directly involved in the Company's budgetary and planning, and organization development strategy to accommodate continuous changes in the business environment, as well as to provide the management with advices to lead the Company toward our five ultimate goals, being "Growth, Prosperity, Stability, Sustainability and Dignity".

(2) Good Corporate Governance and Business Ethics

The Board is responsible for establishment of PTTEP's CG&BE for all of the directors, management, and employees to adhere to, while operating businesses for the PTTEP Group. This is to ensure that our businesses are operated under good standards, justification and ethics with transparency and efficiency. In addition, the rights of the Company's stakeholders are preserved proportionately to their fair share to maintain the general confidence and acceptance in the Company. The Corporate Governance Section meanwhile has been established to be responsible for matters regarding the CG&BE.

(3) Internal Control and Auditing

The Board is responsible for assuring that the PTTEP Group is equipped with an effective internal control system which is comparable to the acceptable risk levels. The Audit Committee and the Internal Audit Department are assigned to periodically and regularly review and monitor the internal controls as well as to submit the results directly to the Audit Committee to ensure that they are in line with the operational objectives of the PTTEP Group, in compliance with relevant laws and regulations, and in trust of the management, investors, and other stakeholders.

Our internal control system is comparable to those accepted by the international standards, considering the control environment, risk assessment relative to objectives, effective control plans, internal and external provisions of adequate and reliable information and communications, as well as routine monitoring and evaluation procedures.

(4) Risk Management

The Board is responsible for regulating and overseeing the management of risks which can potentially deter PTTEP from achieving our strategic goals. In doing so, the Board has appointed the Risk Management Committee which is a standing sub-committee to monitor and ensure an efficient and effective management of risk for the PTTEP Group as defined by the Risk Management Charter of 2014. The Risk Management Committee has also been assigned to assess the significant risks at the organizational and project levels, evaluate and monitor operational plans, oversee the implementation and revision of risk mitigation to allow for continuous evaluation of risks to ensure that the risks are at acceptable levels, as well as to report the results to the Board on a regular basis.

(5) Prevention of Conflicts of Interest

The Board establishes various management measures to ensure that the management is efficient and transparent and acts in the best interest of the PTTEP Group, by assuring that the Company and our management are without any conflicts of interest. Shall anyone of the Company's directors, executives, or employees have a stake potentially leading to a conflict of interest, he or she must withdraw from participation or be abstained from voting in the given issue. Consequently, a report must be filed to inform the authority of the stake as specified for the directors, management, and employees to follow as our codes of conduct in business ethics.

(6) Compliance

The Board values importance of full legal compliance in all of the areas in which the PTTEP Group operates. The Board also provides the Group with the supports required to conform to the applicable laws as well as to properly manage relevant compliance risks. Compliance is considered one of the keys that allow the Group to function discretely as well as to be able to operate according to our strategy toward the business goals. The Compliance Department has been assigned by the Board to be responsible for this matter.

9.2 Sub-Committees

The Board is responsible for appointing the directors who have expertise and knowledge in certain areas as specified by the Company. Each sub-committee meanwhile is responsible for a specific set of tasks as specified by its respective charters' directors. Qualifications, responsibilities, and service terms of the sub-committees are prescribed by the Company's regulations through the designated charter. All the members of the Audit Committee and the Corporate Governance Committee must be independent directors, while the majority of the members of the Nominating Committee and Remuneration Committee must be independent directors. The Chairman of the Board however is not allowed to obtain any chairmanships or directorships in the sub-committees. In addition, each Chairman of all sub-committees, only with exception of the Risk Management Committee, must be an independent director.

From every meeting, the sub-committees are required to report the results to the Board for acknowledgement as well as to disclose in the 56-1 Form and PTTEP Annual Report of their duties completed over the year.

Currently, the Company has five sub-committees, namely, (1) the Corporate Governance Committee, (2) the Audit Committee, (3) the Remuneration Committee, (4) the Nominating Committee, and (5) the Risk Management Committee. Details of the directors' names, duties and responsibilities, meeting attendance, and remuneration policy are disclosed in the "Management Structure" section. Reports regarding all of the Company's sub-committees meanwhile are disclosed in the "Reports of the Sub-Committees" part.

9.3 Nomination of Directors and Management

9.3.1 Nomination of Directors

When there is a vacancy of a director position, it is a duty of the Nominating Committee to select the candidates that fit with the required skill, experience, and in line with the Company's strategy (Target Skill Mix). This is to ensure that the Board composition is complete, well-rounded, and for the optimal benefit to PTTEP. The Company places importance on the

Board's diversity, gender, independency, conflicts of interest, and transparency. Gap Analysis of Skill Mix and Target Skill Mix are taken into account, while during 2016-2017, the Target Skill Mix at Risk & Crisis Management and Economic & Finance was and will continue to be assigned as the priority. This is to be in line with the Company's Strategic Director 2016-2017 of Reset, Refocus, Renew which emphasizes on risk management, costs reduction for more competitiveness, and refocusing of investment areas in response to the oil price volatility, economic situation, and global demand and supply.

The process begins with the Committee searching through PTTEP's directors' pool along with the State Enterprise Policy Office (SEPO)'s directors' pool which comprises a list of directors from state-owned enterprises who are regarded as highly-qualified in state-enterprising. The Company also seeks advices from our major shareholder, PTT, as well as from the Company's minority shareholders (if any) according to the rules regarding nomination of a person to fill in the positions which are due to retire by rotation in advance.

Election of directors to replace those who are due to retire by rotation must obtain an approval from the AGM by the majority vote which is based on the number of the Company's shareholders with voting eligibility at the Meeting. The election process is as follows:

(1) The Nominating Committee proposes a list of qualified candidates, firstly to the State Enterprise Policy Committee according to the Regulations of the Office of the Prime Minister on State Enterprise Policy and Governance Determination, then to the Board for their review prior to the AGM. The approved proposal also includes comments, if any, from the Board or the State Enterprise Policy Committee. PTTEP's shareholders meanwhile may also nominate other individuals whom they see fit for the director position. The Company provides channels for the minority shareholders to nominate the candidates prior to the Meeting during 8 September – 31 December, 2015. The nominating process is declared through the SET, and published on the Company's website which also includes the nominating procedure for shareholders as well as the Director Nomination Form.

(2) Should the number of the director candidates be less than the number to be elected, PTTEP will propose at the Meeting to elect those candidates as the directors by voting for the individual candidates, under which each of them must receive majority votes.

(3) Should the number of the director candidates exceeds the number to be elected, a ballot is to be held. Each shareholder may vote for as many director candidates as the number of the opened positions, while the voting will then be carried out for each of the individuals. Those with the highest ballots will be elected, as many as the number of the opened positions. Each of them must receive majority votes.

When a director position becomes vacant for reasons other than rotation, the Board may elect a new director, using the three-fourth majority voting rule, with approval from the State Enterprise Policy Committee. The elected director is permitted to remain in his or her directorship for only as long as the remaining term of the predecessor.

9.3.2 Nomination of Management

The Board has granted the President and Chief Executive Officer an authority to select and appoint the individuals who possess the right knowledge, capabilities, and experience to management positions in consultation with the Career Review Board Committee (CRB) and the presence of PTTEP Rules and Regulations for Human Resources Management. The nomination must then be acknowledged by the Board. Exceptions are made to the appointment of the Executive Vice Presidents and the President and Chief Executive Officer, where the Board's approval is required. If the nominee is from outside of the organization, an interview with the interview committee is required. Nomination of the Head of Audit Function requires an approval from the Audit Committee.

9.4 Development of Directors and Executives

9.4.1 Directors Development

Orientation of New Directors

The orientation which is provided to the Company's new directors consists of the following elements.

(1) Presentation by the President and Chief Executive Officer, and executives: This briefing involves the nature and operation guideline of the business, knowledge and techniques regarding to the petroleum exploration and production business of the PTTEP Group, relevant rules and regulations, CG&BE, and essential information for the directors to perform duties with efficiency.

(2) Director Manual: This contains essential information, including the strategic plan, relevant rules and regulations, and CG&BE, which will be beneficial for him or her to perform the director's duties. The Manual is regularly reviewed and updated for the directors to use as a reference.

(3) Plant visit: New directors visit operational sites of the PTTEP Group as appropriate to increase their understanding of the Company's operations.

At the end of each orientation, new directors will evaluate the effectiveness of the orientation for further improvement. The director elected to be the Chairman and/or a member of a sub-committee is also required to attend an extra session to be informed of the important subjects which come with the additional new role, including performing duties of the Chairman and/or a member of a sub-committee with efficiency as well as conducting and leading meetings of the Company's directors and shareholders.

Trainings of Directors

PTTEP's directors are knowledgeable, yet they are ambitious to learn and understand more about the business and their duties as a director. They are always encouraged to attend seminars and trainings organized by the Thai Institute of Directors Association (IOD) as well as those others in the topics related to the Company's business operations. The followings are details of the seminars and trainings attended by 11 of the Company's directors during 2016.

Directors	Courses
(1) Mr. Prajya Phinyawat	- The Power of Culture: From Performance Culture to Winning Culture Seminar by IOD - Anti-Corruption: Leadership Role of the Board by IOD
(2) Mr. Tevin Vongvanich	- Anti-Corruption: Leadership Role of the Board by IOD
(3) Mr. Manas Jamveha	- Anti-Corruption: Leadership Role of the Board by IOD
(4) Admiral Tanarat Ubol	- Board that Make a Difference (BMD 1/2016) by IOD - How to Develop a Risk Management Plan (HRP 9/2016) by IOD - Risk Management for Corporate Leaders (RCL 26/2016 by IOD - Anti-Corruption: Leadership Role of the Board by IOD
(5) Colonel Nimit Suwannarat	- Director Certification Program (DCP 216/2016) by IOD
(6) Mr. Piti Tantakasem	- Boards that Make a Difference (BMD 2/2016) by IOD - Anti-Corruption: Leadership Role of the Board by IOD
(7) Mr. Wirat Uanarumit	- Anti-Corruption: Leadership Role of the Board ๑๑๑ IOD
(8) Mr. Twarath Sutabutr	- Anti-Corruption: Leadership Role of the Board ๑๑๑ IOD
(9) Mr. Pitipan Tepartimargorn	- Anti-Corruption: Leadership Role of the Board ๑๑๑ IOD
(10) Ms. Panada Kanokwat	- Anti-Corruption: Leadership Role of the Board ๑๑๑ IOD
(11) Mr. Somporn Vongvuthipornchai	- Anti-Corruption: Leadership Role of the Board ๑๑๑ IOD - Director Certification Program (DCP) 224/2016

Currently, 12 of 15 of the Company's directors have participated in IOD's Director Certification Program (DCP), while one has attended the IOD's Director Accreditation Program (DAP). As a result, there are 13 out of 15 directors (86.67%) who have attended the two mentioned courses. In addition, the Company has applied an IOD membership for all of the directors and provided them with the information regarding new and updated seminars or trainings to keep the directors consistently informed. Details of the training courses attended by the directors are disclosed in the "Information of the Board of Directors, Management, Controlling Persons, and Corporate Secretary" section.

To continuously provide knowledge and share opinions with the directors, the Company also invited speakers from the management to provide a lecture and exchange opinions with the Board on "Petroleum Act Draft and its Effects on PTTEP" and "PTTEP's Reserves Resource Definition" in 2016. The Company also updates the directors regularly with laws and best practices regarding good corporate governance for an even better understanding.

9.4.2 Management Succession Plan

PTTEP has a systematic succession plan for vacant management positions resulting from retirement and reorganization in the next 5 years to support the Company's business expansion domestically and internationally. The Career Review Board (CRB) Committee is authorized to select and appoint successors for management positions using the Company's Management Success Profile of each business area (Asset Management, Business Development, Technical Support and Business Support) as screening criteria. These profiles comprise of Competency, Personal Attribute, Organization Knowledge

and Experience required for target positions, while Currently Estimated Potential (CEP) is also taken into consideration. Once the successors are identified, their individual short-term and long-term development plans will be created with focus on technique and functional knowledge, managerial skills, and soft skills required according to the corporate values and organizational culture, to ensure that the successors are readily qualified for the target positions by the time of requirement.

9.4.3 Nomination and Succession Plan of the President and Chief Executive Officer

The Nominating Committee has added to its Charter the role to consider the President and Chief Executive Officer's succession plan and appropriate executive-level management's development system to ensure a candidate list with the skills and qualifications in line with the Company's target growth.

The Nominating Committee is responsible for considering the candidates' skills, experience, and various other specific qualifications to bring about the best of interests to the Company as well as looking into their probable conflicts of interest. Subsequently, the Committee will propose the qualified candidates to the Board for approval.

The Company formulates a succession plan for the President and Chief Executive Officer to prepare the Company for the time when the President and Chief Executive Officer is unable to perform his or her duties or when the serving term is completed. The plan helps to minimize the risks and the impacts, potentially resulting from the discontinuity, on the management. The succession planning procedure is as follows:

(1) PTT Group Management Committee (PTTGMC), a committee in which the Company's President and Chief Executive Officer is a director, forms the Group Leadership Development Program (GLDP). The program's primary focus is to enhance the capability of the PTT Group's executives, Senior Vice Presidents and above to prepare them for the possible nomination to become a President and Chief Executive Officer in one of the PTT Group of companies.

(2) PTTGMC, with PTT being the Company's major shareholder, reviews the shortlisted executive names from (1) above and proposes them to PTT's Board of Directors who is responsible to select PTTEP's next President and Chief Executive Officer.

(3) After receiving the candidate names, accompanied by opinions of PTT's Board from (2) above, and comparing with the Company's potential candidates in the executive vice president level, the Company's Nominating Committee will reassess the individual's knowledge, capability, and experience beneficially related to the business, conflicts of interest, and his or her vision to lead the Company to grow according to the strategic plan.

(4) The Nominating Committee proposes the name of the final candidate, together with the opinions and a fair and reasonable package proposed by the Remuneration Committee, to the Board for approval and appointment of the Company's new President and Chief Executive Officer.

9.5 Authority of the President and Chief Executive Officer

9.5.1 Authority under Resolutions from the Shareholder Meetings

The President and Chief Executive Officer is the authorized signatory who may sign to bind PTTEP with external parties under clause 9, paragraph 6, of the Company's Articles of Association registered with the Ministry of Commerce.

9.5.2 Authority under Resolutions from the Board's Meetings of PTTEP

The Board authorizes the President and Chief Executive Officer to act and conduct, on the Company's behalf, normal course of business operations under the stated objectives in our Memorandum of Association, petroleum concessions, and other agreements, including other businesses in which the Company has interests. In addition, the President and Chief Executive Officer is also authorized to be the acting body and conduct the business under PTTEP regulations, namely, the Budgetary, Finance and Accounting Charter B.E. 2555, Regulation on Human Resources Management B.E. 2548, Regulation on General Procurement B.E. 2558, Regulation on Procurement for E&P Business B.E. 255, and Regulation on Project Investment Management B.E. 2557, by applying of the practices comparable to those of other private companies in the E&P business as well as in best interests of the Company. Delegation of the authority is permitted unless the concerned attorney has a direct or indirect conflict of interest with the Company or our subsidiaries in exercising of the authority.

9.6 Corporate Governance Concerning Subsidiaries and Associated Companies

Details are disclosed in the "Policy and Business Operations Overview" section, "Structuring Policy of PTTEP Group" part.

9.7 Directors' Serving Terms and Their Directorship in Other Companies

PTTEP prescribes that one-third of the directors shall be retired by rotation in each AGM. According to PTTEP's Articles of Association, the Board shall consist of no more than 15 members, each with a 3-year serving term. The Board has determined to allow each director or independent director to serve on the Board for no more than nine consecutive years. Any director who has served on the Board for nine years will not be considered for another term. This essentially allows our competent and qualified directors the time to continuously and effectively perform their duties.

A two-term limit, or six years in equivalence, is too stringent for the Company to benefit from the capability and experience which our directors have earned over the years in the position as well as often too soon for the Nominating Committee to best select the replacements for the optimal benefits of the Company and our shareholders.

In terms of the qualifications, the Company's directors shall not assume a directorship or executive-level position in more than four other listed companies at once. Details on the number of directorships held by each of the Company's directors are disclosed in the "Information of the Board of Directors, Management, Controlling Persons, and Corporate Secretary" section. Currently, none of the directors holds a directorship or executive-level position in more than three other listed companies. Similarly, serving term in each of the sub-committees, namely, Audit Committee, Remuneration Committee, Nominating Committee, Corporate Governance Committee, and Risk Management Committee, is equivalent to each of the directors' Board term. For practicality purpose, the Board resolved on October 22, 2015 to adjust this regulation from the previous sub-committees' serving term of three years. This modification has been effective since April 2016.

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

The Chairman, and the President and Chief Executive Officer of PTTEP are of two different directors. The Chairman does not participate in the daily management of the business, providing that conducting and monitoring of the business policies are entirely separated from the daily operational management. Duties and responsibilities of the Chairman of the Board are as follows:

- (1) Lead and supervise the Board to perform its duties with efficiency, and independency from the management
- (2) Determine agendas for PTTEP's meetings with the President and Chief Executive Officer as stipulated in the duties and responsibilities of the Board
- (3) Be the Chairman at the Board's and the shareholders' meetings to ensure that all of the Company's directors carry out their duties as stipulated in the CG&BE

For transparency and appropriateness, the Chairman is not allowed to hold any positions in any of the Company's sub-committees as clearly stated in the charter of the sub-committees. The President and Chief Executive Officer meanwhile is responsible for the Company's daily management with the authority as empowered and granted by the Board.

9.9 Independence of the Chairman

PTTEP considers independency as the first priority in electing the Company's Chairman of the Board. Shall there be none who is suitable for the position, other of the Company's directors will be considered. The current Chairman, Mr. Prajya Phinyawat, is an independent director and has performed his duties with autonomy and discretion (The appraisal score of the Chairman in 2015 was 4.95 where 5 is the highest). The Chairman and his performance are appraised and examined for future improvements by the Board members. Details on the appraisal results are disclosed in the "Performance Appraisal of the Board" part. (The appraisal scale has been revised to 1=need improvement, 2=meet expectation, 3=good which the appraisal score of the Chairman in 2016 was 2.96, close to 3, the highest score).

In addition, all of the Company's directors are allowed to independently express their views with freedom regarding the business operation, whether in the meetings of the Board, sub-committees, or in other occasions. This is to ensure that the management is able to operate the businesses with efficiency, accuracy, transparency, and in the best interests of the shareholders.

9.10 Policy and Practices for the President and Chief Executive Officer, and Executives with Directorships in Other Companies

PTTEP recognizes the value of knowledge and experience which the President and Chief Executive Officer, and executives have gained from holding a directorship in other organizations outside the Company. To ensure a productive, an uninterrupted and effective management, the Company clearly states in the CG&BE regarding the duration which the President and Chief Executive Officer, and executives are allowed, on only-if-necessary and no-harms-done basis, to hold a directorship position in other companies or organizations which are not of their own or families. In addition, the individuals must be given an approval from the Company's authorized personnel as well as accept the condition that they shall not, in every aspect, associate PTTEP and their position held in PTTEP in those external activities. Meanwhile, remuneration of the executives, who are assigned by PTTEP to assume a directorship in the organizations or units in, or related to, the petroleum exploration and production is considered PTTEP's. In other cases assigned by PTTEP, the remuneration is considered theirs. Details on the number of directorships held by each of the executives are disclosed in the "Information of the Board of Directors, Management, Controlling Persons, and Corporate Secretary" section.

9.11 Conflict of Interest Policy

PTTEP, with the following principles, is committed to preventing all potential conflicts of interest to ensure the Company's stakeholders' confidence that our business management is efficient, transparent, and in compliance with the CG&BE.

(1) Directors, management, and employees shall treat the interests of the PTTEP Group with priority and shall not involve or be involved in any activities potentially leading to any conflicts of interest.

(2) Directors, management, and employees shall review and disclose their transactions potentially leading to a conflict of interest to the Company.

(3) Directors, management, and employees shall not participate in considering or voting in any matters in which they have stakes and, if such exists, shall completely disclose the information.

(4) Directors, management, and employees shall strictly adhere to the laws and regulations as required by the SET particularly when involved with connected transactions.

The Company establishes preventive measures of conflicts of interest as follows:

(1) Directors, management, employees, and related persons must avoid financial involvement or engagement in a relationship with outsiders which may result in the PTTEP Group's loss of benefits, conflicts of interest, or operational inefficiency.

(2) Directors, management, and employees who may have a potential conflict of interest regarding procedures relating to a bidding process, and selecting and awarding of a transaction must report to their supervisor or those participating in the given process through the Company's "Conflict of Interest Declaration Form". They must also withdraw themselves from participating in such processes.

(3) Directors, management, and employees must notify the Company immediately shall there be a suspicion or uncertainty that what they or their related persons are involved in or their shareholding in the business which has a transaction with the Company may lead to a conflict of interest.

9.12 Business Ethics

PTTEP is committed to operating ethically as the Business Ethics are regarded as the behavioral framework and guideline for the Company's directors, management, and employees to carry out our business operations effectively, transparently, and ethically, as well as to treat all stakeholders equally. These practices will result in confidence and acceptance in the efficiency and transparency of the Company's business operations, creating a long-term sustainable value for stakeholders.

The Business Ethics of the PTTEP Group is a part of the CG&BE. The Board first established the Business Ethics in 1989, and it has since been revised every year. The current version of the CG&BE was approved by the Board on January 26, 2017, and it is regarded as the highest regulation for operating of the businesses within the PTTEP Group. The CG&BE is available for download from the Company's website.

Business Ethics consist of principles, samples of questions and answers, information for additional study, and the departments which are responsible for each principle. There are 10 ethical issues reflecting our organizational values in operating of the businesses to which all of the Company's directors, management, and employees must adhere.

- (1) Compliance with the Laws, Regulations and Rules, and Respect for Different Customs and Cultures
- (2) Political Neutrality
- (3) Human Resources
 - Workplace Environment
 - Privacy, Equal Treatment and Anti-Harassment
 - Illegal Drugs, Substance Abuse and Alcohol
 - Outside Employment, and Executives and Employees' Participation in Outside Activities
- (4) Use and Protection of Information and Assets
 - Keeping Records, Using, Disclosing and Safeguarding Information
 - Use and Storage of Electronic Data and Information Technology Resources
 - Use and Protection of Intellectual Property
 - Insider Trading and Use of Inside Information
- (5) Conflicts of Interest
- (6) Procurement and Contracts
- (7) Anti-Corruption
- (8) Trade Competition
- (9) Anti-Money Laundering
- (10) Safety, Security, Health and Environment

PTTEP distributes the CG&BE booklets to all of our directors, management, and employees for their reference and adherence. They are also required to sign their name as an accord to be committed to applying the CG&BE principles and carrying them out to the highest working standards. In addition, the booklets are provided to the Company's business partners, regulatory organizations, parties with regular business relationships with the Company, and other interested parties. For the convenience of the Company's shareholders, investors, and interested parties, contents of the CG&BE booklets can also be found on the Company's website under the Corporate Governance section.

PTTEP continuously enhances and promotes the knowledge and understanding of the Company's CG&BE among the directors and personnel. The Board governs the ways which the CG&BE is communicated to the directors and personnel to ensure that they are able to perform and conduct the business according to the CG&BE. Communications also extended to external parties, for example, vendors, joint ventures, and agents of the PTTEP group to encourage ethical culture among the group and society as a whole. The details are explained under "Continuing to Provide Communication, Knowledge and Training" part in "Anti-Corruption" part.

The Board's role is monitoring and evaluating CG&BE activities. The Corporate Secretary is in charge of reporting them to the Corporate Governance Committee and the Board on a quarterly basis to ensure that CG&BE activities achieve the target performance. The Corporate Governance Committee reviewed the 2016 operation plan, while taking into account the 2015 evaluation results, to ensure continuity and efficiency for the development of the following year's operation plan.

9.13 Internal Controls

PTTEP places high importance on continuously enhancing the internal control system based on the updated 2013 COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework to reasonably assure that three business objectives can be accomplished. These objectives are, namely, (1) efficient and effective operations with prudent use of resources and safeguarding of assets, (2) accurate, reliable, and timely disclosure of financial and non-financial information for internal and external uses, and (3) compliance with laws, rules, and regulations as well as the Company's policies and procedures.

PTTEP's internal control system comprises five key components as follows:

(1) Control Environment

PTTEP has a control environment which creates ethical working attitude among our management and employees, along with an atmosphere and awareness of the Company's internal control according to the principles of good corporate governance which aims toward specific corporate objectives: Growth, Prosperity, Stability, Sustainability and Dignity. The Board is responsible for governing and enhancing this internal control system. The Company has appropriately designed the organizational structure, reporting lines, and delegation of work authority.

The Company also focuses on human resources management by developing strategies and processes to attract, develop, and retain competent individuals in line with the corporate objectives. The management and employees are also held accountable for their internal control responsibilities to ensure achievement of the objectives.

(2) Risk Assessment

PTTEP places importance on risk management by appointing the Risk Management Committee who is responsible for regulating and overseeing the effectiveness of the company-wide risk management. The Company has also applied for the ISO 31000 Risk Management concept company-wide, targeting identification and assessment of all risks related to our businesses, including fraud risk or risks which may arise as a result of significant changes within the Company, to appropriately manage such risks in a timely manner.

(3) Control Activities

PTTEP has adequate control activities which are able to mitigate risks to acceptable levels for their respective business environments or business units. A variety of control activities have been established to mitigate these risks; these activities include development of general controls over technology or their deployment through regulations, policies, and working procedures. Control activities are periodically reviewed and improved. The Company also encourages employees to be constantly aware of the importance of conformance to the control activities and compliance with related laws and regulations to ensure that our internal control system is as effective as designed.

(4) Information and Communication

PTTEP realizes the significance of information and communication, particularly information processing processes that are accurate, complete, up-to-date, accessible, protected, verifiable, and consistent for both internal and external uses. The Company also restricts the access to confidential information and permits the access to authorized persons only. The main objective of establishing these processes is to support business operations in making of effective decisions. In addition, the Company has effective internal and external communication systems in place to support the functioning of the internal control system as well as a special communication channel to allow our stakeholders to confidentially report their concerns or complaints.

(5) Monitoring Activities

PTTEP assesses the effectiveness of our internal control system through ongoing evaluations which are built into the Company's daily operational activities, along with separate evaluations to ensure that the system is adequate and appropriate for the current business environment and dynamic risk factors. Subsequently, once the deficiencies are identified, improvement plans will be developed and responsible parties will be assigned to respond with timely resolutions. For separate evaluations, the Company has developed the control self-assessment evaluations on an annual basis at both the corporate and business process levels. The Internal Audit Division, which has a direct reporting line to the Audit Committee, meanwhile has responsibilities to perform independent audits correspondingly.

Details of the 2016 results of the internal control adequacy evaluation are disclosed in the "Internal Controls and Risk Management" section.

9.14 Risk Management

PTTEP's Board and management recognize the importance of strong and effective risk management as changes in business environment are uncontrollable and may impact business of the Company. PTTEP therefore established the Risk Appetite Statement, Metrics & Risk Governance Framework to be the guideline for conducting the business. Risk management meanwhile is considered a responsibility of all personnel, while the Risk Management Policy requires the directors, management, employees, suppliers and contractors to manage risk thoroughly and systematically to ensure our target achievement.

The Company has applied risk management guidelines of the ISO 31000, an international standard for risk management, throughout the Company. Risk management practices are taken into account within the organization at all levels, including the corporate, function groups, divisions, departments, working units, project management, and assets management, as well as processes such as investment and divestment decision making.

The Risk Management Department is responsible for ensuring the adequacy of the risk management system and its effectiveness across the organization. In addition, the Department is responsible for systematically and effectively mitigating the Company's exposure to risks as well as monitoring the results and continuously reporting them to the management, the Risk Management Committee, and the Board. The Risk Management Department is also responsible for cultivation of a positive risk management culture throughout the organization.

9.15 Remuneration of Auditor

9.15.1 Remuneration of Auditor

(1) Audit Fee

In 2016, PTTEP and the subsidiaries, both domestic and overseas, had paid audit fees to the Office of the Auditor General of Thailand (OAG) and other auditing firms for a total of USD 1.2 million.

(2) Non-Audit Fee*

In 2016, PTTEP did not have to pay any non-audit fees to the OAG.

*Remarks: "Non-Audit Fee" - This terminology is commonly used by the Securities and Exchange Commission of Thailand (SEC reporting requirement).

9.15.2 Summary of the Auditors' Report for the Past Three Years (2014-2016)

The OAG expressed an unqualified opinion in the Auditors' Report on the PTTEP's consolidated financial statements for the past three years.

9.16 Other Good Corporate Governance Practices

PTTEP places importance on governing our business operations with the CG&BE as well as almost all of the best practices followed internationally by integrating them with our existing practices. This integration takes place while also taking into account the appropriateness of these international best practices, the current business environment, the benefits for the Company, and, of course, the benefits for our shareholders and stakeholders. Some of the practices that have resulted from our continuous effort to surpass the requirements of CG 2012, which was established by the SET, are as follows:

(1) For an election of a director, each candidate must receive a vote of more than half of the total number of shareholders attending the shareholders' meeting and casting their votes (majority vote) even if the number of candidates is equal to the number of director positions required from the election at the time.

(2) A director, who turns 70 years of age, is immediately disqualified to serve as a director of PTTEP.

(3) PTTEP allows each director, or independent director to serve on the Board for no more than nine consecutive years. Any director who has served on the Board for nine years will not be considered for another term.

(4) The total number of independent directors must not be less than half of the total number of directors.

(5) The right to attend a shareholder meeting must be carefully examined to ensure that granting of a proxy is conducted properly, and that this granting does not interfere with the rights of shareholders attending the meeting.

(6) A Director's Skill Mix is to be reviewed on an annual basis with a clear definition of required skills and experience. The Target Skill Mix is reexamined each year to match with PTTEP strategies and withstand the volatility of economic situation before nomination and development of the director. In addition, PTTEP ensures to take into account Board diversity without any gender and nationality discrimination.

(7) PTTEP has appointed a female director who was graduated from the accounting field and who is qualified as an independent director to become an Audit Committee member. This is beneficial to the Audit Committee in terms of gaining reasonable assurance of the Company's financial statements. In addition, the new Nominating Committee members have been appointed and all the members are independent directors. This is to ensure transparency within director nomination process, prevent conflicts of interest, and assure accordance with the Corporate Governance of the PTTEP Group.

(8) Performance appraisals of the Board and the sub-committees are conducted with integrity using the Performance Evaluation Form and the Board Performance Target. Appraisals include an individual self-appraisal and individual cross-appraisals by other directors, an appraisal of the Chairman, and an appraisal of the Board and each sub-committee. Results of the appraisals are then translated into plans for further performance improvements of the directors.

(9) The Independent Directors Committee had four meetings and there were three Board meetings without management present in 2016 to discuss and exchange opinions on significant and beneficial matters related to the Company and our shareholders. The minutes of the meetings were well reported to the CEO.

(10) PTTEP stated our policy to determine compensation of the CEO and executives to become aligned with the short-term and long-term performance of the Company, including Company financial performance (Tied to Performance). The Company also disclosed the ratio of annual compensation of the CEO to the average of the annual compensation of all employees.

(11) Effective and tailored activities were organized to promote the understanding of the CG&BE for the Company's directors, members of specific committees, executives and employees. The activities expressed clear planning and performance indicators for evaluating knowledge and a system for keeping track of the results. With the Corporate Governance Committee in charge of planning the activities and designing the performance indicators, it also took part in the activities along with executives and employees in order to underline the importance of these activities. The Corporate Governance Committee was also responsible for monitoring to ensure that substantial results were achieved. These activities were also extended to vendors in order to foster a shared good culture in the business sector and society. Details of these activities are available in the "Business Ethics" section of this report.

(12) The Board of Directors led in a significant supervisory role to ensure that all employees had embedded the 6 principles of Corporate Governance of the PTTEP Group in their work process. In 2016, The Board of Directors assigned the Corporate Governance Committee to assess key work processes by using the CG 6 principles as a framework, i.e., business development process, corporate price assumption, oil price hedging process, and impairment process. The Corporate Governance Committee has provided constructive recommendations to the management team for each process under CG principles.

PTTEP has also implemented the following practices.

(1) PTTEP has always felt it vital that the Company's Chairman remain independent, thus has set independence as the first priority for Chairman nomination except there are other qualified reasons to select from other list of directors. The Company place importance and consider the fundamental attributes of business-related knowledge and expertise, working experience, and leadership characteristics as well as performance appraisal results to ensure that the Chairman governs the Company with full independency. More details along this line are discussed in the "Independence of Chairman" section of this report. The current Chairman of PTTEP is qualified as an independent director.

(2) PTTEP's Articles of Association (AoA) stipulates that the number of PTTEP directors shall not be less than five, but not greater than 15. As of December 31, 2016, the Company had 15 directors. This is in line with the Company's AoA, and is reasonable for the current business environment of the petroleum exploration and production industry where experts from numerous disciplines are required in order for the directors to adequately and effectively monitor various areas of the business operations. At present, PTTEP has five sub-committees that are responsible for specific tasks, as described in their respective regulations. All of the Company's five committees' performances are assessed on a yearly basis.

(3) In accordance with the Budget Procedure Act B.E. 2502, PTTEP, a state-owned entity, is required to assign the independent and reliable Office of the Auditor General of Thailand (OAG) to be the Company's external auditor.

(4) Although PTTEP has a free float ratio of less than 40 percent of the total paid-up shares, the Company always puts great importance on protecting the rights of the minority shareholders by organizing several activities to periodically communicate information beneficial to these shareholders as well as to gain acceptance from other external agencies.

(5) PTTEP has specified that a quorum, at the time of the Board passing a resolution, must comprise at least two-thirds of the Board members who are present at the meeting. The Company stipulates that if a director fails to attend a Board meeting three times consecutively, unless an absence is deemed necessary, he or she will automatically be disqualified from the director position. The Company also uses attendance as a performance indicator for the Board Performance Target evaluations. In addition, PTTEP schedules meetings in advance throughout the year, and always makes sure the directors will be available to attend the meetings. These measures collectively are already deemed sufficient, as evidenced by the attendance of the Board meetings in 2016 when the ratio always exceeded the two-thirds. Before voting at the meetings, the Chairman allows all directors to ask questions and discuss various issues in detail in order to ensure that the Board's resolutions have unanimous consent.

(6) PTTEP does not have an Employee Stock Option Program (ESOP) for management. The Company, however, has established an Employee Joint Investment Program (EJIP) to allow the Company's management and employees to voluntarily purchase PTTEP stock every month throughout a five-year period, during which the Company will contribute an additional amount equal to the amount deducted from the payroll of the eligible candidates on a monthly basis. All shares purchased each month are suspended from trading for three years from the date of acquiring them. The objective of the EJIP is to encourage management and employees to become more dedicated and be loyal to the organization as well as to create an increased sense of group ownership in the long run.

(7) PTTEP has not implemented a cumulative voting system as our AoA prescribes that a director is elected through the use of a majority vote. The Company, however, has provided other mechanisms to protect the rights of our minority shareholders, such as allowing them to propose a director candidate in advance during the nomination process.

(8) PTTEP places high importance on distributing the Annual General Meeting (AGM) invitation letter prior to the meeting date to provide the Company's shareholders with adequate time to appropriately review the agenda. To ensure that our shareholders receive full benefits, such as rights to receive their dividend payments from the Company in a timely manner, the meeting is usually held in March every year. For the best interest of the shareholders, the audit of PTTEP's financial statements, however, normally requires relatively more time than other companies due to the complexity of having international

operations across various countries. Currently, the Company is able to distribute the invitation letter in 17 days, and publish it on the Company's website at least 30 days prior to the date of the meeting.

9.17 Awards and Recognitions for Good Corporate Governance

(1) PTTEP was rated "Excellent" and received 5 of the National Corporate Governance Committee's symbols, the highest level, according to the Corporate Governance Report of Thai Listed Companies (CGR) 2016 of the Thai Institute of Directors Association (IOD). The survey criteria of the reports are similar and comparable to those of the ASEAN CG Scorecard Standard. The Company has continuously been rated and placed at this highest level since the first assessment in 2001.

(2) PTTEP received four awards from The Asset Magazine, Hong Kong, namely, (1) Platinum Awards in The Asset Corporate Awards for the eighth consecutive year for demonstration of excellent performance in five aspects of businesses, namely, finance, corporate governance, social responsibility, environmental responsibility, and investor relations, (2) The Asset Best Initiative in Innovation for the second consecutive year (3) The Asset Best Investor Relations Team Award for the second consecutive year, and (4) The Asset Best Initiative in Environmental Responsibility.

(3) PTTEP received Asia's Best CFO (Investor Relations) for the third consecutive year, Best Investor Relations Company (Thailand) for the fourth consecutive year, and Asia's Best Environmental Responsibility for the third consecutive year from the Corporate Governance Asia Magazine, a financial journal focusing on corporate governance in Hong Kong and Asia, at the 6th Asian Excellence Award 2016.

(4) PTTEP received Diamond and Gold Level of the National Occupational Safety and Health Awards for the second consecutive year from the Department of Labour Protection and Welfare, Ministry of Labour.

(5) PTTEP received the ISO 22301 : 2012 certification for Business Continuity Management System (BCMS) which effectively has classified the Company to be an organization with effective and resilience systems in managing business disruptions.

(6) PTTEP received three awards for excellence in the Safety, Health and Environmental Management Awards or "2016 SHE Award" for the Greater Bongkot South Field, S1, and Sinphuhorm projects. The SHE Award is organized by the Department of Mineral Fuels, Ministry of Energy particularly to promote safety, health and environment management systems in petroleum exploration and production.

(7) PTTEP received the Platinum Award in the Best Community Program category for the recognition of PTTEP-LKC DD Free Healthcare Center Project at the 8th Annual Global CSR Summit and Awards 2016 held in Indonesia. The Company has partnered with Dompot Dhuafa which is a leading Indonesian non-profit organization dedicated to social responsibility to serve the Indonesian communities in Northern Jakarta in 2014.

(8) PTTEP received Bronze Stevie Award in the Innovation in Community Relations category from the Asia-Pacific Stevie Awards Program for the Parasite-Free School Program which is the Company's corporate social responsibility project, established in 2009 near our Zawtika Project, in the Republic of the Union of Myanmar. The objective of the program is to reduce the rate of parasite infection among the students, resulting in better sanitary conditions and standard of living. More than 6,000 students have benefited from the program.

(9) PTTEP's Ms. PENCHUN JARIKASEM, the Company's former Executive Vice President of the Finance and Accounting Group, was awarded the Best CFO Award in the Resources Industry category for the fifth consecutive year from the Investment Analysts Association. The IAA Awards which are nominated and voted by analysts and fund managers are presented to the management of listed companies in eight industries, considering demonstration of management excellence, insightful and accurate information, good corporate governance and business ethics, and industry in-depth knowledge.

(10) PTTEP received Sustainability Report Award 2016 in the outstanding category for the fourth consecutive year. This award is organized annually by the CSR Club, the Securities and Exchange Commission, and the Thaipat Institute to encourage registered companies to publicize their Environmental, Social, and Governance (ESG) information for investors and stakeholders.

(11) PTTEP received the SPE Distinguished Corporate Support Award, Northern Asia Pacific at the 2016 SPE Asia Pacific Oil & Gas Conference and Exhibition (APOGCE) Conference for the Company's outstanding support and contribution to the Society of Petroleum Engineers (SPE) in the Asia Pacific through excellence in leadership and commitment of time, energy, and professional resources.

SPE is the largest individual-member organization which provides opportunities for professionals in the upstream segment of the oil and gas industry to enhance their technical and professional competence.

(12) PTTEP received BG Group's Gold Hard Hat Award from BG Asia Pacific Pte Limited. The award is for development and implementation of the Bongkot Major Accident Event Prevention Tool which demonstrates the Company's strong leadership and commitment to improve the safety performance of our oil and gas operations.

(13) PTTEP received the Carbon Neutral Certificate from the Thailand Greenhouse Gas Management Organization (Public Organization) or TGO for being a company with outstanding practices in sustainable development activities for carbon offsetting in the Greenhouse Gas Emission Reduction.

9.18 Reports of the Sub-Committees

9.18.1 The Corporate Governance Committee Report

PTTEP places great importance on adherence of the Good Corporate Governance and Business Ethics of the PTTEP Group (CG&BE), which has continuously been improved, for the Company's business operation. The Board has assigned the Corporate Governance Committee, which consists of at least three independent directors, to govern and ensure that the CG&BE is in compliance with throughout the organization.

In 2016, the Committee convened four times, while all of the incumbent members attended every meeting. The results of the meetings in 2016 can be summarized as follows:

(1) Assessed and reviewed the CG&BE to be in compliance with the laws, practices of international standards and other leading companies, as well as recommendations from well-recognized institutions. All of the results were submitted for the Board's approval

(2) Promoted business operations of the PTTEP Group and performance of the Board, management, and employees to be in line with the CG&BE by monitoring and providing recommendations over the CG&BE-related activities to enhance knowledge and understanding of the CG&BE, as well as over the complaints received through the CG Hotline on a quarterly basis.

(3) Governed PTTEP to has an efficient and adequate system in place to appropriately support the anti-corruption policy, practices, and internal control systems for everyone in the organization to cultivate and for the vendors to uphold the best practices on this matter and abide by the CG&BE of the PTTEP Group.

(4) Considered PTTEP's long-term 2016–2020 Corporate Social Responsibility (CSR) and communication work plan prior to submit for the Board's approval. The Committee also monitored the progress and provided recommendations regarding the CSR and related activities on a quarterly basis to create sustainable growth and attain the trust of stakeholders in all locations in which the Company operates.

(5) Established corporate governance reporting guidelines according to the SET's principles to incorporate the CG Report in PTTEP Annual Report for the stakeholders.

The Corporate Governance Committee reported minutes of all meetings to the Board on a regular basis. In 2016, the Committee abided by its assigned tasks according to the Charter for the Corporate Governance Committee and its amendments with prudence, competence and independence. The Committee properly provided straightforward opinions for optimal benefits of PTTEP, the Company's shareholders as well as stakeholders.

(Signed) Admiral Tanarat Ubol

(Tanarat Ubol)

Chairman of the Corporate Governance Committee

9.18.2 The Audit Committee Report

PTTEP is determined to continue to operate under an effective and efficient management. E&P operation however is relatively high risk, requires relatively large investment, is involved by several parties, and must be in compliance with a large number of complex laws and regulations. The Audit Committee, as a result, is appointed by the Board to review the Company's financial reports and to provide an in-depth and effective oversight of the Company's internal control and internal audit system to achieve the Company's goal. The Audit Committee consists of at least three independent directors and no more than five independent directors, while at least one member shall be a designated financial expert to be able to conduct reviews and evaluations of the financial statements.

In 2016, the Audit Committee convened 11 times to discuss the related matters with the management, the Company's internal auditors, and external auditors. The Committee's 2016 principal activities are as follows:

(1) **Review of Financial Reports**

The Audit Committee reviewed the Company's quarterly and annual financial statements together with the management and the external auditor, namely, the Office of the Auditor General to ensure the accuracy, completeness, and compliance with laws and regulations as well as the generally accepted accounting standards including the International Financial Reporting Standards (IFRS). The Committee also ensured that the statements were sufficient, complete, adequate, and timely disclosed with essential information to serve investors and users of financial statements.

In addition, the Audit Committee provided recommendations regarding the Company's Management Discussion and Analysis (MD&A) to ensure clear and timely information, to give an explanation of the internal management which has significant impact on financial statements, to provide an analysis of the factors having an effect on the Company's operation, as well as to identify of action plans to cope with domestic and international circumstances.

(2) **Review of the Internal Control System**

The Audit Committee provided oversight to ensure that the Company's internal control is effective. The Committee also encouraged implementation of preventive controls and collaborated with the Risk Management Committee by sharing information with each other to improve the internal control system and to ensure that Company's risks remain within the risk appetite, resulting in efficiency and sustainability.

The Committee continuously monitored the Company's operations by encouraging the management to perform a Post-Project Review to gather lessons learned to improve the evaluation and consideration process of future investments.

In addition, the Committee reviewed the Oil Price Hedging process to ensure the effectiveness of the internal control and appropriateness of the Check and Balance system.

(3) **Review of Connected Transactions or Transactions with Potential Conflict of Interest**

The Audit Committee conducted review of connected transactions or transactions with potential conflicts of interest prior to the Board's consideration to ensure their rationality and benefits for the Company and our shareholders, particularly minority shareholders. The Committee also reviewed the disclosure of such information to ensure accuracy and completeness.

(4) Examining Compliance with Laws and Related Regulations

The Audit Committee reviewed the Company and our subsidiaries' performance in terms of their compliance with the securities and exchange laws, SET's regulations, and other related laws. The Committee also encouraged the Company to monitor and study new laws to recognize their practice and consider an effect on the Company's operations as well as to regularly communicate with and provide training to our employees.

The Committee acknowledged the compliance report relating to the Company and the subsidiaries' business operations as reported by the Compliance Department and other compliance audit results as reported by the Internal Audit Division. The Committee also provided opinions to ensure the effectiveness of the Company's compliance process as well as to ensure that the Company and the subsidiaries are in compliance with related laws and regulations.

(5) Oversight of Internal Auditing

The Audit Committee conducted the oversight of internal auditing as follows:

- Approved the annual audit plan which is in line with the Company's key risks and direction
- Reviewed audit results for both in-house audits and joint venture audits
- Considered major audit issues, provided recommendations for audit findings to improve efficiency of the operations and regularly monitored the management's follow-up plans to resolve the issues originating from both internal operations (for in-house audits) and external operators (for joint venture audits)
- Encouraged to summarize recurring joint venture audit findings to discuss with the operators to find preventive measures
- Supported the implementation of a Continuous Control Monitoring System-Procurement to Pay process which is an approach which introduces an information system to monitor and detect irregularities on a continuous basis. This approach alerts the deviations to the management, process owners, and internal auditors, providing them an opportunity to address and resolve the irregularities. This system also enables a collaboration regarding anti-corruption with the public sector.
- Considered a revision of the Audit Committee Charter and the Audit Charter
- Appraised the annual performance of the Head of the Internal Audit Division
- Endorsed budget and reviewed the manpower of the Internal Audit Division

(6) Nominating of/Meeting with the External Auditor

The Audit Committee considered nomination of the Office of the Auditor General to continuously serve as the Company's external auditor and proposed audit fee for the 2016. The Committee also met separately with the external auditor and the Internal Audit Division, in the absence of the management, to acknowledge the external auditor's approach and audit plan as well as to consider the contents of Key Audit Matters and other additional contents in the auditor's report according to the revised Auditor Reporting Standards which are to be effective for the period commencing on or after 2016.

(7) Other Oversight Roles

Economic Forecast Review

The Audit Committee provided recommendations, considering the global economy as well as domestic economy which affected the risks of the Company's overall investment and strategy. The Committee also ensured that the management had continued to follow up on factors that impacted oil prices such as the changing in the future demand to review and analyze long-term strategies for the Company's optimal benefit.

The Audit Committee made their effort to provide practical and valuable recommendations to promote the Company's Good Corporate Governance and to enhance efficiency of the operations, delivering the best performance compared to the industrial peers while preserving the best interests for the shareholders and stakeholders. The Audit Committee has continuously reported all Committee's comments and results of the Board's meetings. The Audit Committee's 2016 performance was assessed by completing a self-appraisal and an assessment by the Board and related parties. The Audit Committee was graded "Very Good" for its performance.

In 2016, The Audit Committee provided the opinions regarding the Company's operations and internal control systems as follows:

- The Company's accounting system and financial reports were accurate, reliable, and disclosed in a complete, sufficient, and timely manner.
- The Company's internal control systems were adequate and suitable. They have also been continuously improved to suit the Company's businesses at the present and in the future, as well as being in compliance with the securities and exchange laws, SET's regulations, and other laws related to the main business.
- The Office of the Auditor General, who is the Company's external auditor, was independent and experienced in auditing of financial reports to ensure accuracy and reliability. The reports were also complete, adequate, and timely disclosed with essential information.
- Based on reviews of the Company's connected transactions or transactions with potential conflicts of interest, the Audit Committee regarded the Company's disclosure of such information as being accurate and complete. The conditions and prices related to the transactions were fair, appropriate, and approved by the management and the Board prior to their execution.

(Signed) Ampon Kittiampon

(Mr. Ampon Kittiampon)

Chairman of the Audit Committee

9.18.3 The Nominating Committee Report

PTTEP's Good Corporate Governance requires the Nominating Committee to consist of at least three directors where most of the Committee members are independent directors, and their terms are equivalent to their director's term. The Committee's main duties and responsibilities are to evaluate the Board's structure and composition which includes an appropriate proportion of directors with essential skill mix for PTTEP's business nature and current circumstances, to set out director nominating process and rules for shareholders to propose names of qualified candidates to be nominated as PTTEP director as well as to consider the President and Chief Executive Officer's succession plan for the Company's continuous and efficient performance.

In 2016, the Nominating Committee convened eight times, where the duties and responsibilities of the Committee can be summarized as follows:

- (1) Reviewed the Board's Skill Mix which includes Core Skills and Specific Skills to cope with the Company's business and short-term and long-term strategic directions
- (2) Specified Target Skill Mix of director nominees by taking into consideration the annual business environment and presented the findings to shareholders for proposing director nominees in replacement of those who are due to retire by rotation
- (3) Compiled PTTEP Directors' Pool to supplement the director nominating process along with the State Enterprise Policy Office (SEPO) and the Thai Institute of Directors Association (IOD)'s Director's Pool and presented the list of director nominees to the Board's and shareholders' meetings for consideration
- (4) Nominated directors as sub-committee members to the Board for election when there is a vacancy
- (5) Considered annual Board Performance Target, set the Performance Evaluation Form of the Board, sub-committees, and Chairman, and reported the assessment result to the Board for acknowledgement
- (6) Regularly reviewed the Nominating Charter, where assurance of an efficient Management Succession Plan system was added to ensure the candidate's skills and qualifications required for PTTEP's target growth

The Nominating Committee has performed its duties and responsibilities with prudence and independence for the best interest of all shareholders and stakeholders. The results of all meetings were regularly reported to the Board for acknowledgement.

(Signed) *Piti Tantakasem*

(Mr. Piti Tantakasem)

Chairman of the Nominating Committee

9.18.4 The Remuneration Committee Report

PTTEP's Good Corporate Governance requires the Remuneration Committee to consist of at least three directors where most of the Committee members are independent directors. The Committee's responsibility is to evaluate an appropriate remuneration for the Board, sub-committees, President and Chief Executive Officer, as well as the salary structure of the Company's senior executives by adhering to fair and reasonable principles, procedures, and structure.

In 2016, the Remuneration Committee convened two times where all members had attended the meetings, and the duties and responsibilities of the Committee can be summarized as follows:

(1) Reviewed the remuneration of the Board and sub-committees on fair and reasonable principles based on their duties and responsibilities, benchmarking with other listed companies of similar industries and business size, PTTEP annual performance, as well as industry and economic environments

(2) Considered the President and Chief Executive Officer's performance and remuneration based on the assigned duties and responsibilities, PTTEP annual performance, and benchmarking with other companies under the PTT Group

The Remuneration Committee performed its roles in a transparent, fair, cautious, and independent manner, while providing straightforward opinions for the best interests of shareholders and stakeholders according to PTTEP's Good Corporate Governance and as specified by the Stock Exchange of Thailand. The results of all meetings were regularly reported to the Board for acknowledgement.

(Signed) *Achporn Charuchinda*

(Mr. Achporn Charuchinda)

Chairman of the Remuneration Committee

9.18.5 The Risk Management Committee Report

PTTEP has focused on effective risk management to enable the Company to achieve the business goal. As petroleum exploration and production business is relatively more complicated in terms of technical and operation procedures, risk management in Safety, Security, Health and Environment (SSHE) has been taken into consideration at all times. In 2016, due to the oil price crisis which affected directly the Company's revenues as well as the bottom-line, The Risk Management Committee (RMC) had to play a more active and significant role in considering the impacts from various factors particularly those related to strategic risks, market risks, financial risks, and investment risks. The Risk Management Committee, as appointed by the Board, consists of six directors of which three are independent, is responsible for overseeing and supporting risk management throughout the organization.

In 2016, the Committee convened 14 times. The duties and responsibilities of the Committee can be summarized as follows:

(1) Governed the continuation of comprehensive risk management within PTTEP Risk Appetite Statement and Risk Limit as well as revised and approved the revision of the Enterprise Risk Management Policy to be in line with the international standard of ISO 31000. The revision covered the areas of managing risk to an acceptable level, and monitoring and reporting of risks, resource availability, and conflicts of interest. To strengthen the Check & Balance, the Committee also endorsed the transfer of Risk Management and Internal Control Division to currently directly report to the President and Chief Executive Officer.

(2) Managed risks under the oil price crisis, focusing on efficient oil price and financial risk management by recommending the setup of cross-functional committee to review and revise hedging objectives and to improve work process including internal control, segregation of duties, hedging committee establishment and electronic application. The Committee had closely monitored these matters and requested to be reported on a regular basis. Other mitigations under the oil price crisis had been continuously monitored, including cost and unit cost reduction (SAVE to be SAFE Program) and production optimization.

(3) Managed strategic risks in response to changes of the environment by adjusting strategic planning session to being agenda-based, stimulating discussions among the directors and top management on strategy and portfolio rationalization, as well as turning strategy to be 3R, i.e., reduce costs for more competitiveness (Reset), refocus area of investments for sustainable growth (Refocus), and develop new technology and study opportunities of other related businesses (Renew). RMC has also considered and endorsed 2017 strategy, key performance indicators, corporate risks and mitigations, five-year investment plan (2017-2021) and 2017 budget, and advised to adjust KPI to be in line with priority of 2017 strategic directions.

(4) Emphasized on long-term risk management specifically investment risks. The Committee considered and screened new investments, divestments, and withdrawal of investments to be in line with PTTEP's growth strategy and portfolio rationalization, while following up on major development projects to mitigate critical risks and create investment values. RMC also advised to improve the efficiency of investment consideration, i.e., consideration of strategic partnering, implementation of standard investment templates, application of lessons-learned checklist for screening of new projects and provision of minority views within the Committees.

The Risk Management Committee reported its findings to the Board on a monthly basis. In 2016, the Committee had performed its duties in risk management systematically, prudently, competently and independently, while providing candid views to all parties for the benefits of PTTEP, and the Company's shareholders and stakeholders.

(Signed) Sethaput Suthiwart-Narueput

(Mr. Sethaput Suthiwart-Narueput)

Chairman of the Risk Management Committee

9.18.6 The Independent Directors Committee Report

PTTEP Board of Directors has appointed the Independent Directors Committee to promote Good Corporate Governance within the Board's functioning for the best interest of the Company and equal treatment to all stakeholders, by providing constructive opinions transparently and independently.

The Independent Directors Committee consists of nine independent directors out of 15 directors from the Board, a selection ratio which is more stringent than the Securities and Exchange Commission (SEC)'s requirement of one-third of the entire Board.

In 2016, the Committee convened four times, and the results of the meetings can be summarized as follows:

- (1) Provided recommendations in the preparation of clarifications of 2016 strategic plan to investors and shareholders, particularly concerning the corporate direction under low oil price, cost reduction, investment plan, project management, and business growth within E&P and other fields
- (2) Recommended the strategic plan between PTTEP's LNG operation with PTT as a value chain by combining the strengths of PTTEP's upstream expertise and those of PTT in trading experience together
- (3) Provided recommendations regarding the Draft Amendment of Petroleum Act for PTTEP's readiness and competitiveness in the upcoming bid round and concession contract expiry to secure the domestic petroleum supply
- (4) Established policies to prevent and monitor insider trading
- (5) Specified Independent Directors Committee meetings in 2017 and reviewed 2016 Independent Directors Committee Report to be disclosed in the annual report
- (6) Provided comments and useful enquiries with independence when considering agendas with connected transactions between PTT and PTTEP to appropriately protect the benefits and rights of minor shareholders. The Committee also promoted transparency and independent decisions in the Board's meetings and ensured that directors with conflicts of interest to the context of the agenda are abstained from the meeting and voting for the best interest of the Company, shareholders and stakeholders.

The Independent Directors Committee has performed its duties by providing beneficial recommendations to the Company and our shareholders to assist the Board to perform with highest efficiency and effectiveness.

(Signed) *Prajya Phinyawat*

(Mr. Prajya Phinyawat)

Chairman of the Independent Directors Committee

10. Corporate Social Responsibility

10.1 Operational Policy towards Responsibility for the Society and the Stakeholders

PTTEP commits to the vision to become a leading Asian E&P company, driven by competitive performance, advanced technology and green practices, creating sustainable values for all of the stakeholders.

The Company has developed the Sustainable Development Policy, also known as the G.R.O.W.T.H Policy, to be adopted across the entire organization. The purpose is to demonstrate the Company's definite sustainability objectives and determination to overcome all of the challenges towards developing and becoming a sustainable organization. For the Sustainable Development Policy, please see the Company's website.

The Company has also developed the Sustainable Development Guideline underlying various aspects that are important to sustainability of the organization in an effort to establish a universal understanding of the Company's approach to sustainability. Harmony in respect to social responsibility among the divisions across the Company is also established by having them operate in accordance to international standards and policies such as ISO 26000, Safety, Security, Health and Environment (SSHE) Policy of the International Association of Oil & Gas Producers (IOGP), and the United Nations' Universal Declaration of Human Rights (UDHR).

As for the stakeholders, the Company has designated each of the divisions to have its own separate responsibility and participation programs for the different groups of stakeholders that they are involved with.

For more details, please see the PTTEP 2016 Sustainability Report.

10.2 Operation and Reporting

PTTEP has adopted the Global Reporting Initiative (GRI) which is one of the world's most prevalent guideline for sustainability reporting to provide information regarding the Company's economic, environmental, and social and governance performance. Information about the Company's capability to reduce greenhouse gas emission, for example, is included in the report. The high standard, comparable to those of financial management, allows the Company to monitor our sustainability effectively. The report includes sustainability data and performance indicators from all parts of the Company's business. This ranges from business planning, corporate risk assessment, internal control process, internal auditing, monitoring and reporting of the Company's performance. In 2016, PTTEP has implemented actions to address these issues as planned.

In addition, the Company has another report dedicated to sustainability. The report is of a standard comparable to the GRI's sustainability reporting as well as those required of the oil and gas industry. The Company's sustainability reporting demonstrates our continuous effort in fulfilling the ten principles of the United Nations Global Compact (UNGC) as well as other reporting standards relevant to the oil and gas industry. The Company fully discloses the information regarding sustainability as it is vital for our stakeholders to be aware of the Company's sustainability performance.

For more details, please see the PTTEP 2016 Sustainability Report.

10.3 Impacts of Business Operation on Social Responsibility

In August 2016, a claim was filed against a PTTEP subsidiary company in Australia, alleging that the oil spill in 2009 from the Company's Montara Field has had an impact on marine environment of the Timor Sea and damaged the livelihoods of seaweed farmers in East Nusa Tenggara in West Timor, Indonesia. The claim was brought as a representative action in the Federal Court in Sydney, Australia. The extent of the class of litigants and the value of the claim are as yet unquantified.

The Company is strongly defending the claim, based upon independent scientific evidence obtained in conjunction with the Australian Department of the Environment in the years following the Montara oil spill. The evidence has concluded that no oil reached the coast of Indonesia and no long-term environmental damage was caused to the flora and fauna of the Timor Sea.

10.4 Projects and Activities for Benefits of the Society and the Environment (After Process)

To be a sustainable organization with a vision of becoming a leading Asian E&P company driven by competitive performance, advanced technology, and green practices, PTTEP believes that the key to our license to operate and license to grow are the sustainability of social and environmental stewardship.

To meet the stakeholder's needs as well as to gain their trust and support, in 2016, the 5-year CSR and Communication Roadmap 2016-2020 was initiated as a guidance with an even greater emphasis on social and environmental stewardship. All CSR projects have been categorized into four themes which are Basic Needs, Education, Environment, and Culture & Sports. Currently, the Company has been focusing on six key environmental CSR projects, namely, Crab Hatchery Learning Center, Forest Restoration Project for Eco-learning at Sri Nakhon Khuean Khan Park and PTTEP Reforestation Project, Waste to Energy Project, PTTEP Love Sea, Love Beach, PTTEP Teenenergy Project, and Underwater Learning Site of H.T.M.S. Project.

For more details, please see the PTTEP 2016 Sustainability Report.

11. Internal Controls and Risk Management

11.1 Board of Directors' Evaluation of PTTEP's Internal Controls

PTTEP's Board of Directors (the Board) and management place a great emphasis on effectiveness of the internal control system. The management appoints the Internal Control Section to annually assess the adequacy and effectiveness of the system, while the Board appoints the Audit Committee to review the assessment results to ensure that the internal control system supports the Company to have effective and efficient operations, provides accurate and reliable reporting, and be in compliance with relevant laws and regulations.

In 2016, the Board endorsed the Audit Committee's report on the assessment result of all of the five components of the Company's internal control system, namely, (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. The report stated that the Company's internal control system is adequate and effective to minimize key risks which are potentially harmful to the business operations. Moreover, when control deficiencies are detected, they are continuously corrected to support business operations to ensure they are in compliance with laws and regulations at all times. In addition, there is an adequate internal control system in place to govern and monitor business operations of the Company's subsidiaries.

The Internal Control Self-Assessment Form provided by the Office of the Securities and Exchange Commission of Thailand (SEC) is employed to assess the Company's internal control system, covering the five components of the framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The assessment results are as follows:

1. Control Environment

PTTEP has appropriate control environment that can be summarized below.

- PTTEP operates businesses under principles of the Good Corporate Governance and Business Ethics (CG&BE), which is regularly updated to ensure compliance with international standards and best practices and considered as the highest internal regulation of the Company. The management and employees at all levels are required to sign the CG&BE to formally acknowledge it and to act accordingly. In 2016, the Company revised the CG&BE by updating the anti-corruption policy to be in line with the Organic Act on Counter Corruption B.E. 2542 (as amended), while ensuring that the CG&BE is well understood by the management and employees through various training courses and activities, such as the Anti-Corruption Online Training and CG&BE Workshop for those working in the Republic of the Union of Myanmar. In addition, joint venture partners, suppliers/vendors and company representatives are acknowledged of the principles and revisions.

- PTTEP establishes a clear segregation of duties between the Board and the management. The Board's task is to develop the corporate operational strategies and govern business performance of the management to achieve objectives set in the strategies. The Board also delegates their power to the management through the group's regulations, appropriately ensuring flexibility and efficiency of the operations. In 2016, the Board closely monitored the Company's business performance and continuously provided the management with advices on several business improvement processes in response to the oil price fluctuation.

- PTTEP organizational structure is designed with flexibility and efficient collaboration in line with the internal control principles, such as segregation of duties, and check and balance. In 2016, to appropriately respond to the market dynamic. The Company had an organizational restructuring, including restructuring of the Enterprise Risk Management and Internal Control Division (CRM), and the Finance and Accounting Group (FNA), as well as establishing of a new business unit for the SAVE to be SAFE Project (S2bS) to manage the Company's budget and spending. The Company also set up the Hedging Committee to manage the risks relating to the oil price fluctuation.

- PTTEP has appropriate reporting-line structures and hierarchy of authorities for the Company's business requirements and responsibilities of the management and employees, while they are clearly defined and documented in the Company's Functional Description and the Delegation of Authority and Signatures (DAS). In 2016, PTTEP standardized DAS to ensure consistency of delegation of authorities for both domestic and international operations (Global DAS).

- PTTEP has an extensive set of resource management regulations and policies which focus on attracting, developing, and retaining individuals. The Company also develops the Individual Competency Development Plan (ICDP) for the management and employees based on the five capability themes which are in line with our business objectives. These five themes are, namely, (1) operating assets, (2) exploration success, (3) development projects, (4) joint venture management, and (5) mergers and acquisitions. The Company also sets level of knowledge and competency for personnel and continuously reviews and updates them for manpower development planning to facilitate business growth and future expansion. In addition, a specific development plan for high potentials, management succession plan, job rotation, and promotion plan have also been developed, while an employee engagement survey is carried out annually to achieve a higher level of employee satisfaction. As for the corporate remuneration policy, the Company employs the pay-for-performance compensation system to retain highly competent individuals.

- In 2016, PTTEP revised the Internal Control Policy and Standard, and the updated documents were subsequently communicated with the management and employees through training courses and activities such as GRC Newsletter, to ensure accurate understanding of the principles, roles, and responsibilities of each individual in relation to internal control principles.

2. Risk Assessment

PTTEP employs an international risk management approach which can be summarized below.

- PTTEP establishes Risk Appetite Statement, Risk Governance Framework, and Risk Metrics to clearly define roles, responsibilities, and authorities relevant to risk management at all levels of the Company, including the Board, the Risk Management Committee, and the management, as well as supporting and operational business units.

- PTTEP develops risk management policy, standard and guideline for the management, employees, and suppliers/vendors to comply to facilitate achievements of the Company's business objectives. In 2016, the Company revised the Risk Management Guideline by including counterparty risk management to minimize the potential default risk of our counterparty and to ensure that all contractual obligations are fulfilled.

- PTTEP manages risks throughout an organization based on the four risk categories, namely, Strategic Planning and Management, Investment and Divestment Decision Making, Operations and Business Process Management, and Capital Project Management. In addition, the Company develops the Risk Profile to identify and assess risks at all levels, ranging from the corporate, function group, division, and department levels down to the asset/project level.

- PTTEP clearly defines business objectives which enable risk assessment for both internal and external risk factors to evaluate the impact and likelihood of those risks. Risk mitigation plans are also developed, executed, and monitored to reduce the level of risk through various measures, including development of the Key Risk Indicator (KRI), which is used to provide an early warning of risks to prevent and develop mitigation plans for risks that can potentially prevent the Company from achieving our business objectives. In 2016, the Company developed and updated the Business Continuity Management System, resulting the PTTEP Headquarters in Bangkok to receive and the PTTEP Petroleum Development Support Base (PSB) in Songkhla to maintain the ISO 22301:2012 certification.

- PTTEP appoints the Operational Risk Committee (ORC) to specifically manage technical and safety risks to ensure efficient management of the Company's assets and projects. In 2016, ORC convened four times. The Company also establishes the Business Continuity Management Committee (BCMC) to provide strategic directions and assist the management to obtain the resources required to support the Business Continuity Management program. In 2016, BCMC convened three times.

- At the corporate level, PTTEP assesses business activities with high exposure to fraud risk which comprises asset misappropriation, corruption, and misstatement of financial reporting. The Company considers historical information, incentives and/or pressure, opportunities, and rationalization of fraud to evaluate of the likelihood to develop a preventive plan to mitigate the fraud risk.

- At the process level, process owners are responsible for managing both fraud and operational risks arising from processes under their responsibilities. In 2016, PTTEP assessed the risk of corruption for four business processes related to government officials.

- (1) Offering of bribes by PTTEP employees or third parties working on behalf of the Company to government officials

- (2) Offering and acceptance of gifts, hospitalities or other benefits to and from government officials

- (3) Payment of travelling and other miscellaneous expenses for government officials

- (4) Donation, sponsorship and offering of social responsible activities to government officials

The Company also continuously updates our internal control measures and developed the Standard of Practices for Anti-Corruption, which is considered as a part of the CG&BE for the management and employees to comply with.

- In 2016, PTTEP revised corporate strategies and business planning to respond to the oil price fluctuation. These are, such as revision of the corporate strategy to be "Reset, Refocus, and Renew", revision of the objective and business process for the oil price hedging process, increase of the frequency for geopolitical report to the Risk Management Committee (RMC) to be on a monthly basis, and addition of the monthly business performance report under adverse oil price market environment to RMC and the Management Committee.

Details of risk management are disclosed in the "Risk Factors" section.

3. Control Activities

PTTEP has adequate and efficient control activities to appropriately manage and mitigate risks to an acceptable level. Our key control activities can be summarized below.

- PTTEP has extensive sets of written regulations and policies with which the management and employees have to strictly comply, whereas the management and supervisors are responsible for governing and monitoring such compliance. In 2016, to ensure higher level of work efficiency within an organization, the Company developed and revised corporate policies, standards and guidelines, such as developments of GFNA Procedures and Grievance Handling Procedure, as well as revisions of Procurement and Contract Management Procedure, Document Management Policy, and Business Continuity Management Policy. Several documents relating to Safety, Security, Health and Environment (SSHE), were also updated.

- PTTEP recognizes significance of control activities at the process level, including segregation of duties and review and authorization of transactions, to ensure that the Company's business operations are efficient and able to prevent fraudulent acts. In 2016, the Company carried out a number of business process improvements to achieve higher level of work efficiency and effectiveness as well as to implement the check and balance system. These were implementations relating to, such as oil price hedging, geosciences review, mergers and acquisitions processes. Several IT systems and processes with a purpose to serve as control activities, such as the Contract Management Intelligence System for the contract management process, were also developed, while the Continuous Control Monitoring System was also implemented for the procure-to-pay process to screen and monitor abnormal transactions.

- PTTEP closely monitors the Key Risk Indicator (KRI) of significant risks and related mitigation plans such as oil price hedging risk on a monthly basis.

- PTTEP develops, configures, and implements the Information Technology (IT) systems and processes, as well as establishes related policies and strategies according to the COBIT 5 which is the business framework for the governance and management of enterprise IT. The Company, as an example, has received the ISO 27001 certification for information security of the exchange server of internal e-mails due to such effort.

- PTTEP places an emphasis on developing IT security policies for general controls activities such as IT governance. The Company also develops controls on right of access to information, such as Segregation of Duties Manual, and controls related to security systems such as firewalls. In 2016, the Company conducted an annual disaster recovery exercise for the critical applications and several workshops, as well as carried out the IT Security Assessment survey to measure employees' understanding of IT security.

- PTTEP governs subsidiaries, associated companies and joint ventures by appointing the Company's management and employees to manage these entities. The Company has developed several standards and procedures, such as International Asset Policy and Procedure and Joint Venture Management Manual, to ensure standardized and efficient business operations throughout the organization. The Internal Audit Division also has the responsibilities to monitor and audit Assets or Projects in which the Company has invested.

4. Information and Communication

PTTEP has effective and efficient information and communication systems for internal and external stakeholders, and they can be summarized below.

- PTTEP determines data and information from internal and external sources, as well as develops the information technology infrastructure to store and manage them to support our business operations. In addition, the Company imposes the use and protection of information and assets as described in the Business Ethics of the PTTEP Group. The Company also establishes the Document Management Policy and PTTEP Rule on Important Document Management to ensure all documents are appropriately managed and categorized. In 2016, PTTEP developed the Corporate Reference Document Center, also known as “FindMe”, to be a centralized data storage system for all of our important documents.

- For internal communication, PTTEP has effective and efficient internal channels to ensure that the management and employees can access to the information essential for their work requirements. The Company has also set up the “Call Tree” network for communication during a crisis. In 2016, the management informed employees of the GRC concept on a quarterly basis to ensure that they can appropriately integrate this concept into their work responsibilities. GRC is an integration of the Company’s assurance processes, which are corporate governance, risk management, compliance and internal control, aiming to improve our business efficiency and effectiveness.

- For external communication, PTTEP establishes business units which are responsible for communicating with each specific group of stakeholders, such as the investor relations, corporate communication, and corporate secretary units. This is to ensure that information disclosed to external stakeholders are accurate, complete, sufficient, and timely. In 2016, the Company provided business-related information, such as the market outlook of the exploration and production (E&P) industry, the exploration theme, and key audit matters to investors. The Company also transmitted E&P facts to shareholders, as well as the Anti-Corruption Policy to suppliers/vendors through various communication channels, such as Contractor Forum, PTT Group CG Day, and Symposium on PTTEP’s Vendor Pre-Qualification & Development. Suppliers/vendors are required to sign a form to accept their acknowledgement of the Company’s Business Ethics.

- PTTEP establishes whistleblowing channels for employees and external stakeholders to accurately, completely, and timely report wrongdoings committed by our directors, the management, employees, or third parties acting on behalf of the Company. Based on the PTTEP Reporting and Whistleblowing Regulation, complaints can be reported through various channels such as letter, facsimile, email, and the Company’s official website.

5. Monitoring Activities

PTTEP has adequate and efficient monitoring systems which can be summarized below.

- PTTEP regularly monitors and assesses internal controls results to ensure that they can appropriately respond to dynamic business environments in terms of corporate, technical, or other business related risks. In 2016, the Company monitored and reported business performance results under the oil price fluctuation to the Risk Management Committee. GRC-related activities were also monitored on a quarterly basis through the annual GRC Plan to effectively implement the GRC concept within the organization.

- PTTEP employs two levels of Control Self-Assessment (CSA), namely, the corporate and process levels. For the corporate level, the CSA is performed based on the Internal Control Self-Assessment Form provided by the Office of the Securities and Exchange Commission of Thailand (SEC) and the internal control questionnaires. For the process level, process owners of business processes with significant impact on the Company are required to assess risks and controls of such processes. Findings from the two levels of CSA are subsequently used to develop improvement plan and follow-ups.
- The Compliance Department (CCC) is responsible for monitoring, reviewing, and reporting two types of non-compliance within an organization, namely, (1) non-compliance with external laws and regulations to be reported to the President and Chief Executive Officer and the Audit Committee on a monthly and semi-annually basis, respectively, and (2) non-compliance with internal regulations and policies to be reported to the Management Committee on a quarterly basis. For any non-compliances with a significant impact on the PTTEP Group, CCC shall immediately report them to responsible parties.
- The Internal Audit Division (CIA) is responsible for auditing and providing recommendations for improvements to ensure adequacy and effectiveness of the internal control system. CIA is also responsible for developing improvement plans to resolve the issues identified and subsequently communicate with responsible parties, while regularly report the findings and improvement progress to the Audit Committee.

11.2 Head of the Internal Audit Division and Head of the Compliance Department

11.2.1 Roles and Responsibilities of Head of the Internal Audit Division

PTTEP has established the Internal Audit Division which has the functional and direct reporting line to the Audit Committee and administratively (dotted line reporting) reports to the President and Chief Executive Officer. Key roles, responsibilities and scopes of work of the Internal Audit Division include the followings:

(1) In-house and Subsidiary Audits

The purpose is to assure that the operations achieve the Company's target. The auditors evaluate and improve the effectiveness of risk management, internal control and corporate governance process.

(2) Joint Venture Audits

The auditors conduct audits on the operators for projects that PTTEP has invested in to ensure that the operators comply with the Joint Venture Agreements and other related contractual arrangements, that they possess appropriate internal control, and that the expenditures charged are fair, equitable and reasonably incurred for the benefit of all involved.

(3) Consulting Services

The auditors pre-determine all scopes of their services with requestors before starting the engagement. Consulting engagements are designed to improve the efficiency and effectiveness of existing processes and to propose additional recommendations on risk management, internal control, and corporate governance. Such recommendations may also include sets of advices on design, aiming at improving control processes.

(4) Fraud Investigation

The Head of the Internal Audit Division is responsible for undertaking the investigation of any reported or suspected fraud, following the Reporting and Whistleblowing Regulation B.E. 2556. The auditors should be alert to deceptive schemes with potential for frauds, or schemes which are likely to lead to other illegal actions. It is also important that the auditor identifies control weaknesses which could potentially create opportunities for frauds as well as provides recommendations for enhancement of the internal control. The actions regarding the prevention, detection, further investigation and prosecution of fraud offenders are however under responsibility of the management.

(5) Special Audit Requests

Special audit requests are not included in the annual audit plan. The Internal Audit Division performs special audits as requested by the Company's management and/or Audit Committee to prevent and mitigate risks which may arise.

Referring to the Audit Committee Charter, the Audit Committee has a duty to determine an internal audit unit's independence as well as to endorse the appointments, transfers, performance appraisal or punishments of the Head of the Internal Audit Division.

Ms. Chaveeporn Chamsang has been appointed as the Acting Senior Vice President of the Internal Audit Division, having functioned in this position since January 1, 2017. The Audit Committee deems that the Head of the Internal Audit Division, under the aforementioned title, is qualified to undertake the responsibility based on her educational background, necessary knowledge, skills, and work experience. She has also been up-to-date in terms of professional knowledge and expertise, primarily through extensive training on internal auditing methodologies, management program, and internal auditor competency development. Such stringent attention to the person holding the title and the supports provided to the entire team highlight the importance which the Company has placed on the efficiency and effectiveness of the Internal Audit Division and excellent performance of the Audit Committee.

Details of the Head of the Internal Audit Division are disclosed in Attachment 3: Details of Head of the Internal Audit Division and Head of the Compliance Department.

11.2.2 Roles and Responsibilities of Head of the Compliance Department

PTTEP has established the Compliance Department which has a direct reporting line to the Senior Vice President of the Legal Division, the Executive Vice President of the Corporate Affairs and Assurance Group, and the President and Chief Executive Officer, respectively. The key responsibilities are to encourage the PTTEP Group to fully comply with applicable laws and to support management in managing compliance risk efficiently through various compliance programs, including providing of communication and training programs, developing and maintaining of the Legislation Database and Compliance Monitoring System, identifying and conducting compliance risk assessment, providing advice upon the new issuance or amendment of the PTTEP Group's internal regulations, coordinating with regulators, and reporting the performance of the compliance programs to the Audit Committee and the management.

Mr. Verasak Manchuwong has been appointed as the Vice President of the Compliance Department, having already functioned in this position since October 1, 2013. More details of the Head of the Compliance Department are disclosed in Attachment 3: Details of Head of the Internal Audit Division and Head of the Compliance Department.

12. Connected Transactions

12.1 Connected Transactions between Related Companies

Connected transactions of PTTEP and/or our subsidiaries with other entities that may result in conflicts of interest in the fiscal year ending December 31, 2016 are as follows:

Connected Company	Relationship	Transaction	Value (Unit: Million USD)	Pricing Policy and/or Reason
PTT Public Company Limited (PTT)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 65.29% of the Company's registered and paid-up capital. PTT's executives who serve as PTTEP's directors are: <ul style="list-style-type: none"> (1) Mr. Tevin Vongvanich (2) Mr. Wirat Uanarumit (3) Mr. Somporn Vongvuthipomchai 	Petroleum product sales: crude oil; natural gas; liquefied petroleum gas; and condensate <ul style="list-style-type: none"> Total income Accounts receivable 	3,659.22 355.07	<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
		Other income includes: <ul style="list-style-type: none"> Income from design, equipment procurement, construction, and natural gas pipeline testing from South Bongkot's central processing platform to PTT's third gas transmission pipeline Income from infrastructure services to support the petroleum development such as warehouse, helicopter, and accommodation for PTT personnel at Arthit and Bongkot projects Income from the jetty and warehouse rental at Songkhla base Income from maintenance of natural gas meters Income from charge to PTT for working area at Arthit Project's production platform according to the Gas Sales Agreement Income from service charges for management's driver according to the agreement between PTT and PTTEP Services (the subsidiary of PTTEP) 		<ul style="list-style-type: none"> The condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.

Connected Company	Relationship	Transaction	Value (Unit: Million USD)	Pricing Policy and/or Reason
		<ul style="list-style-type: none"> Income from meeting room rental at EnCo B building, 16th-18th Floor Income from working area and living area provided on production platform of South Bongkot Field according to Gas Sale Agreement Sharing cost for IPA Exhibition in Indonesia <ul style="list-style-type: none"> Total income 7.74 Accounts receivable 4.47 		
		Gas transmission pipelines construction <ul style="list-style-type: none"> Accounts receivable 27.70 		<ul style="list-style-type: none"> Such amount arises mostly from additional scope of work on gas-pipeline construction. The actual cost of the additional work is under negotiation with PTT. The condition and price setting for construction of gas transmission pipelines follows normal business operations at the arm's length basis conditions for non-related persons or operations.
		Purchase of petroleum product, manpower charge for PTT personnel seconded to PTTEP and other expenses <ul style="list-style-type: none"> Purchasing petroleum products, equipment and services 28.65 Personnel expense 0.96 Other expense; OSRL membership for the year 2016, coffee bean, laboratory rental and donation for Kathin ceremony 0.49 Accounts payables 2.44 		<ul style="list-style-type: none"> The condition and price setting for the purchase of petroleum product, related equipment, related services, and other expenses follows normal business operations at the arm's length basis conditions for non-related persons or operations. Manpower rates based on the actual rates PTT pays to employees seconded to PTTEP.
		The deferred compensation which is the Company's obligation according to Arthit Project's Gas Sale Agreement	1.76	<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.

Connected Company	Relationship	Transaction	Value (Unit: Million USD)	Pricing Policy and/or Reason
Energy Complex Co., Ltd. (Energy Complex)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 50% of Energy Complex's registered and paid-up capital. PTTEP, Energy Complex's major shareholder, holds 50% of Energy Complex's registered and paid-up capital. The Company's executives who serve as Energy Complex's directors are: <ol style="list-style-type: none"> Mr. Thiti Mekavichai Ms. Pannalin Mahawongtikul Mrs. Kesara Limmeechokchai Mr. Anusorn Wuthijaroen 	The Company has signed a three-year lease contract with Energy Complex to rent the office building, storage and common areas at the Energy Complex Center (EnCo). The Company is eligible to extend its lease contract for another three years. <ul style="list-style-type: none"> Total lease and service expenses 17.47 Accounts payable 0.06 		<ul style="list-style-type: none"> The leasing rate refers to the rate appraised by independent evaluators, based on the market rate of office building lease.
		The Company signed a loan contract with Energy Complex under the following conditions: <ul style="list-style-type: none"> Contract period of 13 years and 6 months Expiration date is October 2, 2022 Reference interest rate follows a loan contract between Energy Complex and Krung Thai Bank Plc. dated April 2, 2009 (contract amendment is included). The interest rate as of December 31, 2016 is FDR+2% per year Loans outstanding 16.19 Interest receivable 0.55 		<ul style="list-style-type: none"> The mentioned contract follows the conditions of the loan contract signed by Energy Complex and Krung Thai Bank Plc., dated April 2, 2009 (contract amendment is included) with the financial support of all Energy Complex's shareholders proportionately.
		Income from the Company's personnel seconded to Energy Complex <ul style="list-style-type: none"> Total income - Accounts receivable 0.01 		<ul style="list-style-type: none"> Manpower rates based on the actual rates the Company pays to employees seconded to Energy Complex.

Connected Company	Relationship	Transaction	Value (Unit: Million USD)	Pricing Policy and/or Reason
PTT ICT Solutions Co., Ltd. (PTT ICT)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 20% of PTT ICT's registered and paid-up capital. PTTEP, PTT ICT's major shareholder, holds 20% of PTT ICT's registered and paid-up capital. The Company's executive who serves as PTT ICT's director is Mr. Thiti Mekavichai. 	The Company has signed a contract with PTT ICT for IT services and communications. <ul style="list-style-type: none"> Total expenses 15.85 Accounts payable 2.29 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
		Income from the Company's personnel seconded to PTT ICT <ul style="list-style-type: none"> Total income - Accounts receivable 0.41 		<ul style="list-style-type: none"> Manpower rates based on the actual rates the Company pays to employees seconded to PTT ICT.
PTT Energy Resources Co., Ltd. (PTTER)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 100% of PTTER's registered and paid-up capital. Co-director is Mr. Wirat Uanarumit. 	Manpower charge for PTT's personnel seconded to PTTEP <ul style="list-style-type: none"> Total expenses - Accounts payable 0.0002 		<ul style="list-style-type: none"> Manpower rates based on the actual rates PTTER pays to employees seconded to PTTEP.
		Income from meeting room rental at EnCo B building, 16 th -18 th Floor <ul style="list-style-type: none"> Total income 0.0003 Accounts receivable - 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
PTT Maintenance and Engineering Co., Ltd. (PTTME)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 40% of PTTME's registered and paid-up capital. 	The Company and subsidiaries signed the contracts with PTTME for the following services: <ul style="list-style-type: none"> Rail tank wagons maintenance and repair for PTTEP Siam General maintenance, equipment inspection and other services for PTTEP Siam Total expenses 1.39 Accounts payable 0.04 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.

Connected Company	Relationship	Transaction	Value (Unit: Million USD)	Pricing Policy and/or Reason
Dhipaya Insurance Plc. (TIP)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 13.33% of TIP's registered and paid-up capital. 	Expense for the Company's assets insurance, and our employees' health and life insurance <ul style="list-style-type: none"> Total expenses 10.33 Accounts payable 0.01 	0.07 -	<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
		Income recognized from the excess of insurance premium paid in 2015. <ul style="list-style-type: none"> Total income 0.07 Accounts receivable - 		
PTT International Trading Pte. Ltd. (PTT International Trading)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 100% of PTT International Trading's registered and paid-up capital. 	Income and expense from oil price hedging contracts <ul style="list-style-type: none"> Total expenses 13.78 Total income 13.75 Accounts payable 0.16 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
Trans Thai-Malaysia (Thailand) Limited (TTM)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds more than 10% of TTM's registered and paid-up capital. 	Income from warehousing rental at Songkhla Province <ul style="list-style-type: none"> Total income 0.01 Accounts receivable - 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
PTT Global Chemical Public Company Limited (PTTGC)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 48.89% of PTTGC's registered and paid-up capital. 	Fee for mercury analysis at Mercury Removal Unit <ul style="list-style-type: none"> Total expenses 0.0021 Accounts payable 0.0004 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
Thai Oil Public Company Limited (Thai Oil)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds 49.10% of Thai Oil's registered and paid-up capital. 	Income from meeting room rental at EnCo B building, 16 th -18 th Floor <ul style="list-style-type: none"> Total income 0.0027 Accounts receivable 0.0006 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.
PTT Natural Gas Distribution Co., LTD. (PTT NGD)	<ul style="list-style-type: none"> PTT, the Company's major shareholder, holds more than 10% of PTT NGD's registered and paid-up capital. 	Income from service charges for management's driver <ul style="list-style-type: none"> Total income 0.02 Accounts receivable 0.01 		<ul style="list-style-type: none"> Condition and price setting follows normal business operations at the arm's length basis conditions for non-related persons or operations.

12.2 Preconditions and Reasons for Connected Transactions

PTTEP's Audit Committee reviewed the connected transactions which were recorded during the fiscal year ending December 31, 2016 as summarized above and considered them to be indispensable, fair and justifiable in terms of conditions and price, and/or within the arm's length basis. The transactions were also approved by the management or the PTTEP's Board of Directors (Board) prior to execution.

12.3 Measures and Procedure of Connected Transactions

The Board reviews the transactions potentially leading to conflicts of interest, or those which are connected or related, under proper ethical standards, however only after they are initially screened and examined by the Company's Audit Committee. The transactions are particularly of those falling within the criteria as set forth by the Stock Exchange of Thailand, the Capital Market Supervisory Board, and the Securities and Exchange Commission. The Board's responsibility also includes, when deemed appropriate, public disclosure of accurate and correct information of the transactions which might be questionable. The Company meanwhile has conducted a clear set of policies regarding conflict of interest for our directors and employees to follow and act accordingly, as well as a reporting procedure in presence of the conflict.

Shall any of the directors, employees, or related persons have a vested interest in a transaction that the Company is involved in, he or she will not be allowed to take part in making of any of the decisions or approvals related to the transaction. The transaction, in this case, also remains to be treated under an arm's length basis, fair and justifiable in terms of both price and conditions.

12.4 Policy for and Future Possibility of Connected Transactions

12.4.1 Policy for Connected Transactions

PTTEP treats connected transactions as normal business transactions without any intentions to transfer of benefits between or among the Company and related companies, or persons. The Company strictly adheres to securities and exchange laws and regulations, including those imposed by the Capital Market Supervisory Board, the Stock Exchange of Thailand, or other related supervisory agencies, regarding connected transactions to ensure that, with reasonable business terms and conditions, and use of the market reference prices for instance, the Company's shareholders and stakeholders will be treated equally and in their interests, according to the Company's good corporate governance policy.

12.4.2 Future Possibility of Connected Transactions Potentially Leading to Conflicts of Interest

PTTEP will continue to have connected transactions with related entities in the future. Most of the transactions include normal business, office building-leasing, and supporting business transactions, which can be summarized as follows:

(1) Sales of petroleum products and purchase of fuel: Since the transactions are a normal part of the Company's business and are executed under conditions and requirements as stated in the contracts, they will continue due to their necessity to the operations.

(2) Lease of office buildings: Since leasing of office buildings is reasonable and necessary for the Company's business operations, the transactions will be continued.

(3) Hiring of information and technology services: Since it remains reasonable and necessary for the Company to be supported with information and technology services to operate our business, the transactions will continue.