



PTT Independent Director Qualification

(More restrictions than the Stock Exchange Commission and Stock Exchange's minimum requirements)

PTT independent director must;

- A. Holding shares not exceeding 0.5 percent of the total number of shares with voting rights of PTT, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director.
- B. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of PTT, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the date of being appointed as 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 controlling person of PTT.
- C. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child of other director, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of PTT or its subsidiary company.
- D. Neither having nor used to have a business relationship with PTT, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgement, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with PTT, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of being appointed as independent director.

The term 'business relationship' under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in PTT 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 PTT or twenty million baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board 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.

- E. Neither being nor used to be an auditor of PTT, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of PTT, its parent company, subsidiary company, associate

company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of being appointed as independent director.

- F. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding two million baht per year from PTT, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of being appointed as independent director.
- G. Not being a director appointed as representative of directors of PTT, major shareholder or shareholder who is related to major shareholder.
- H. Not undertaking any business in the same nature and in competition to the business of PTT or its subsidiary company or not being a significant partner in partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of PTT or its subsidiary company.
- I. Not having any other characteristics, which cause the inability to express independent opinions with regard to PTT's business operations.

After being appointed as an independent director with all qualification items A-I specified above, such independent director may be assigned by the Board of Directors to make decisions relating to business operations of PTT, its parent company, subsidiary company, associate company, same-level subsidiary company or any juristic person which may have a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

In case that the appointed independent director is the person who has or used to have a business relationship, or provision of professional services at a value exceeding the specified amount under item D-F, PTT shall be granted an exemption from such prohibition of having or having had a business relationship or provision of professional services at such excessive value, provided that PTT has obtained an opinion of the Board of Directors indicating that after a consideration in accordance with Section 89/7 of the Securities and Exchange Act, the appointment of such person does not affect the performance of duties and the giving of independent opinions, and that the relevant information is disclosed in the notice of shareholders' meeting under the agenda of the appointment of an independent director.

- a) Business relationship or professional services that render such person qualification as independent director
- b) Reason and necessity to having such person as independent director
- c) The Board's observation on nominating such person as independent director

As mentioned in paragraph 1 of E and F, “Partner” means a person assigned by an audit firm or a provider of professional service to give a signature on behalf of such juristic person in audit report or professional service provider’s report.

In addition, the aforementioned qualification must not conflict with any related law or regulations.

In case, the independent directors serve in this position in PTT, its parent company, subsidiary company, associate company, same-level subsidiary company, PTT must also disclose information about such service and the total remuneration of such directors in Form 56-1 One Report.

Roles and Responsibility of PTT’s Independent Directors

1. Recommend essential and beneficial matters to PTT and all its shareholders to the Board or the President & CEO, or both.
2. Advocate roles and responsibility of the Board and provide views commonly expected of independent directors for the benefit of PTT and all its shareholders.
3. Review matters to ensure PTT’s compliance with the law dealing with independent directors, and revise the definition of independent directors for suitability and legal completeness.
4. Take other Board-assigned actions provided that these actions do not compromise their independence.
5. An independent director’s term begins once he or she fulfills all the requirements under the definition for PTT’s corporate governance; it ends when he or she lacks qualifications or completes the PTT term.
6. The independent directors must hold their own meeting at least once a year.

Duties and Responsibilities of the Audit Committee

1. Review and reassess the adequacy of the Audit Committee Charter annually in accordance with PTT strategic objectives. Final approval of the charter resides with PTT Board of Directors.
2. Review the effectiveness and efficiency of governance, risk management and control processes.
3. Review and ensure that PTT financial statement is appropriate and in accordance with the accounting standards.
4. Review and ensure that PTT business processes are in accordance with the Securities Law, the Stock Exchange’s regulations, policy, rules, ordinances, the Articles, the Cabinet Resolutions and the relevant laws.
5. Review and ensure that PTT internal audit system is appropriate including the sufficiency of internal audit budget, resource, and the organizational independence of the internal audit activity.
6. Consider any connected or Conflict of Interest transaction or fraud occurrence that may affect PTT business in accordance with the Stock Exchange’s regulations and rules.
7. Recommend to PTT Board of Directors, the Chief Audit Executive appointment, removal and performance.
8. Recommend to PTT Board of Directors, the external auditor nomination, appointment or termination including its fee.
9. Coordinate with the external auditor and may purpose to review or assess any significant accounting and reporting issues.

10. Report to PTT Board of Directors, the Audit Committee performance at least one time quarterly. For the fourth quarter, the Audit Committee Annual Report must be prepared and submitted to Responsible Ministry of Government agencies and the Ministry of Finance.
11. Report to PTT Board of Directors, the Audit Committee performance on internal audit activity assessment at least one time annually.
12. Disclose the Audit Committee Annual Report and the external auditor annual fee in the PTT annual report.
13. Either the Chairman or a member of the Audit Committee must attend the PTT annual general shareholder meeting.
14. If competent advice or assistance is needed to perform internal audit activity or other the Audit Committee tasks, the Audit Committee can purpose PTT Board of Directors to appoint any independent consultant or expert. The costs and expenses of such services or invitations shall be on PTT's account.
15. Inform the CEO, any breach of the Securities Law, the Stock Exchange's regulations, policy, rules, ordinances, the Articles, the Cabinet Resolutions and the relevant laws to resolve the issue.
16. Meet at least one time quarterly and must hold private meeting with the external auditor at least one time annually.
17. Officially meet with the managements at least one time annually.
18. Perform any designated tasks by the laws or PTT Board of Directors under the Audit Committee duties and responsibilities.

Duties and Responsibilities of the Nominating Committee

1. To determine procedures and criteria for nomination of PTT's directors so as to ensure transparency.
2. To select director nominees to fill vacancies (due to resignation or term completion) for the Board's or the shareholders' meeting's consideration and appointment with due regard for the composition of the Board, expertise, competencies, and experience that would be useful to PTT in compliance with PTT's Board Skill Matrix and the Director's Pool of Ministry of Finance and IOD. Equally important, nominees must have no conflicts of interest with PTT. The qualifications of desirable directors must prove compatible with PTT's business strategies.
3. To appoint the suitably qualified directors to perform duty as Specific Committee, taking into account the compositions of committees in question, suitability, qualifications, knowledge, and competencies. Then, purpose the list to the Board for approval, except for the Nominating Committee which is being appointed directly by the Board.
4. To possess direct responsibility to the Board through their specific areas. The Board is ultimately responsible for PTT's business matters to all its stakeholders.
5. Appraisal performance of the Nominating Committee and report to the Board of Directors in order to disclose in the Annual Report.
6. To report the outcome of the performance of the Nominating Committee in the Annual Report
7. Hold at least two meetings a year.
8. To perform other Board-assigned tasks.

The procedures and criteria for nomination of directors are as follow;

1. The Committee determines the qualifications of the new directors to ensure that they meet the criteria and qualifications as stipulated in the related laws/regulations. The Committee also establishes the procedures for nominating qualified candidates.
2. The Committee summarizes the results of the nomination process and presents a shortlist of qualified candidates for directorship along with supporting reasons to the board.
3. The Board selects the candidates with appropriate qualifications from the list prepared by the Committee and submits the names of the selected candidate(s) to the shareholders' meeting for approval. The list of candidate (s) shall be endorsed by The State Enterprise Policy Committee.

Duties and Responsibilities of the Remuneration Committee

1. To determine guidelines and methods for paying remuneration and propose fair and reasonable remuneration of Directors and Specific Committees to the Board and Shareholder Meeting for approval.
2. To propose the approach for evaluation and remuneration of Chief Executive Officer (CEO) to PTT Board for approval.
3. To acknowledge and recommend the re-structuring of the Company and its departments, including appraisal and remuneration of Chief Operation Officers.
4. To possess direct responsibility to the Board through their specific areas. The Board is ultimately responsible for PTT's business matters to all its stakeholders.
5. To evaluate the performance of the Remuneration Committee and report to the Board of so as to be disclosed in the Annual Report
6. To report the outcome of the Remuneration Committee operation in the annual report
7. Hold at least two meetings a year (enforcement in 2017.)
8. To perform other Board-assigned tasks.

Duties and Responsibilities of the Corporate Governance Committee

1. The duties and responsibilities on Corporate Governance, Operational Risk Management and Internal Control, and Compliance (GRC), Anti-Fraud and Corruption, Sustainability Management (SM) and Corporate Social Responsibility (CSR) include the following matter;
 - 1.1 Advise the Board and the Management on matters dealing with the PTT Good Corporate Governance, Code of Conduct and Code of Business Ethics.
 - 2.1 Review and endorse strategies, objectives, framework, including policies and guidelines annually to be aligned with PTT's strategies and objectives, as well as international practices.
 - 3.1 Monitor the implementation and report to the Board
 - 4.1 Advise the Governance, Risk, Compliance Management Committee (GRCMC)
2. Establish the policy of allowing minority shareholders to nominate directors and propose AGM agenda items.
3. Establish the policies and define the scopes for supervising matters dealing with PTT's whistleblowing mechanism for complaints and anti-fraud and corruption practices.
4. Perform other Board-assigned tasks.
5. Hold at least one meeting each quarter

Duties and Responsibilities of the Enterprise Risk Management Committee

1. To define and review the Company's risk management policy, framework, and the Company's Stakeholder Management framework.
 2. To regulate and support risk management process and Stakeholder Management process to be in line with strategy and business goal, including the changing circumstance.
 3. To provide recommendations, monitor, and evaluate risk management process and Stakeholder Management process to the Corporate Plan and Risk Management Committee (CPRC) (management level) for further implementation.
 4. To review the Risk Management's report and provide suggestions on the potential risks, including specification on control measure or mitigation plan as well as development of risk management system to CPRC in order to ensure efficient continuity.
 5. To review Stakeholder Management's Report and provide recommendation for the Operational Plan with regards to carry out positive results or minimize/ compensate the effects on Stakeholder including improving of Stakeholder Management System for CPRC in order to ensure efficient continuity.
 6. To support Chief Risk Officer (CRO) and Chief Stakeholder Officer (CSO) to achieve the goals of Company's Risk Management and Stakeholder Management.
 7. To report the results of risk management and Stakeholder Management to the Board of Directors at least once a quarter. In case where there are factors or events that might have significant impact on the Company or Stakeholder, the Board of Directors shall be immediately notified.
 8. To consider and provide comments on agendas regarding the commitments by along with a potential of business complication and risk of PTT and Stakeholder significantly which have to approved by the PTT Board of Directors as the PTT Management Committee approve.
 9. To consider and provide comments on investment project agendas as follows:
 - 9.1 Investment projects of PTT and a wholly owned subsidiary of PTT and the investment values more than 5,000 million baht and have to be approved by the PTT Board of Directors.
 - 9.2 Investment projects of non- listed Companies which PTT hold less than 100 percent and the investment values more than 5,000 million Baht and have to be approved by the PTT Board of Directors before PTT representatives vote in Shareholders meeting or Board meeting.
 - 9.3 Investments involving risk which may materially impact PTT or PTT's stakeholders as approved by PTT Management Committee.
 10. To formulate and review PTT's Innovation management policy.
 11. To provide recommendation, monitor and to assess annual and long-term innovation management master plan.
 12. To supervise and promote implementation under the innovation policy and master plan to ensure that the annual operation plan can achieve its goals.
 13. To report the result of innovation management to the Board of Director at least once a quarter.
 14. The Enterprise Risk Management Committee should meet at least once a quarter.
 15. To perform other Board-assigned tasks.
- Nevertheless, The Audit committee and the Office of Corporate Audit are responsible for The Enterprise Risk Management System assessment.