

READY FOR

CONTINUED GROWTH



Communication on Progress for UN Global Compact

SPEED

S SOCIAL RESPONSIBILITY
& CARING

P PROFESSIONALISM

E ETHICS

E ENGAGEMENT

D DIVERSITY & TEAMWORK

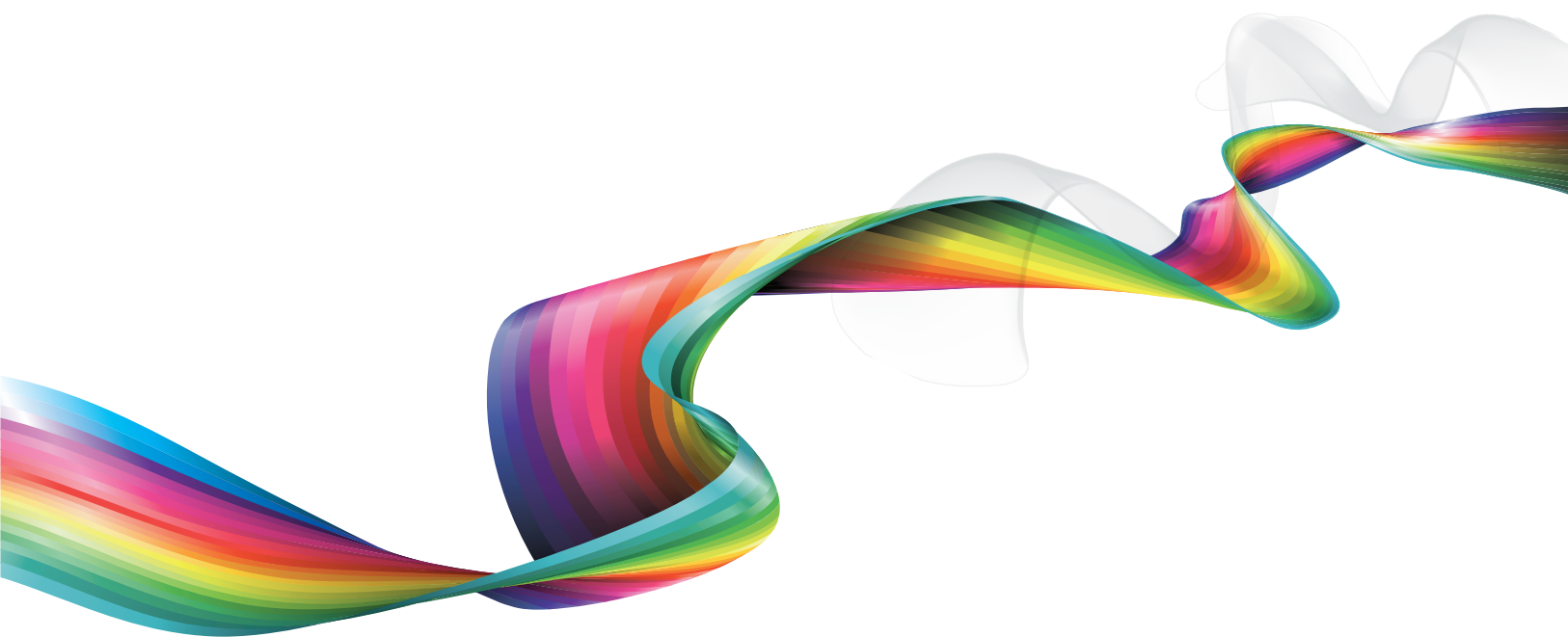
Vision :

To be Asia's leading aromatics and oil refining company with integration to intermediate and downstream petrochemical and alternative energy businesses

United Nations Global Compact Content Index

This report serves as PTTAR's Communication on Progress to the United Nations Global Compact for 2010-2011. The table below contains information or references to sections of the report that address the Global Compact principles.

Subject	UNGC principles	page
• Message from the Chairman	Commitment Statement	6
• Management Structure	Principles 1-10	8
• Organizational Structure		13
• Company Information		14
• Nature of Business		16
• Performance Review	Principles 1-2, 3-6, 10	20
• Corporate Governance Report	Principles 1-2, 3-6, 10	28
• Audit Committee Report	Principle 10	44
• Internal Control System	Principle 10	46
• QSHE Performance	Principles 1-10	48
• Corporate Social Responsibility	Principles 1-10	54
• Activities	Principles 1-10	60
• Awards & Recognitions	Principles 1-10	65
• Abbreviations & Technical Terms		68



PTTAR's Implementations

UNGC Principles	Written Guidelines / Policies	Actions
Human Rights		
<ol style="list-style-type: none"> 1. Businesses should support and respect the protection of internationally proclaimed human rights. 2. Businesses should make sure that they are not complicit in human rights abuses. 		
	<ul style="list-style-type: none"> • Practical Guidelines concerning Human Rights • Practical Guidelines concerning Exposure of Practices that Harm the Company and Protecting the Rights of Informants <p>in the "Good Corporate Governance Handbook" of the Company.</p>	<ul style="list-style-type: none"> • Employees are reminded and encouraged to respect human rights. • Launched health caravans to provide health screening and take care of community health, particularly the mother and child target group. • Community related survey as part of annual EIA (Environmental Impact Assessment) Survey and Report. • Satisfaction survey on significant company's CSR programs • Strongly determined not to be in any official partnership with organizations that violate human rights. • Specified safety measures in the General Contract Conditions regarding Safety, Health and Environment. • Took care of contractors and subcontractors not to violate the rights of others. • Concurrently, security measures must be implemented on an international par. • Had many communication channels for stakeholders to file their complaints and voice their opinion. <p><u>Two-way Communication Channels for Communities</u></p> <ol style="list-style-type: none"> 1. Daily visit to surrounding communities to receive their concerns and provide information. 2. Monthly Tripartite Committee Meeting with communities and public sector representatives 3. Open House to invite focused group to visit and meet company's management as appropriate, aimed to create familiarization to the company's operation and exchange views with community leaders and members.

UNGC Principles	Written Guidelines / Policies	Actions
		<p>4. Annual Community workshop with community leaders to enhance relationships with community, communicate company's information, as well as evaluate and seek recommendations for company's CSR programs and for communication improvement</p>
<p>Labor</p> <p>3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.</p> <p>4. Businesses should uphold the elimination of all forms of forced and compulsory labor.</p> <p>5. Businesses should uphold the effective abolition of child labor.</p> <p>6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.</p>		
	<ul style="list-style-type: none"> • Ethics for Executives and Employees and Ethics in Business in "Good Corporate Governance Handbook." • Policy on no child and forced labor 	<ul style="list-style-type: none"> • Make PTTAR a 'Happy Workplace' where employees are encouraged to take leadership role both inside and outside their workplace, to always learn and to continuously develop themselves. • Launched 'Annual People Survey' to monitor employee relation climate, employee job satisfaction, career path, supervisor, working environment, health & safety, communication. • Employees are reminded and encouraged to bear in mind the fair use of labor. • Encouraged employee participation in social activities, which exemplify employees' initiatives in line with PTTAR's social responsibility policy and values. • Laid down a framework for systematic employee development while focusing on development of all to be both smart and virtuous • Framed the approach and execution of succession plans, with senior executives valuing the designation of people with potential among employees of various levels for further development to take up key positions • Developed executives under the PTTAR Leadership Competency framework with a focus on giving them business and personal skills, acting as a coach and an HR manager

- Developed all employees under Individual Development Plans (IDP), which cover both Core Competencies and Functional Competencies in addition to English skills, which form a policy approach for preparing all employees to master English skills to give themselves more prospects for advancement while sustaining future growth for PTTAR
 - Encouraged employees to be people with virtues, volunteering spirit, and selflessness through participating in social responsibility activities organized by the Company and the Employee Volunteer Club, sponsored by the Company.
 - Organized recreational activities to promote teams and unity among all employees. Management executives together served as a core for driving all employees to join the activities to blend their cultures into one under a common set of values. The Company's other activities also engaged employees' families to promote good family relations.
 - Valued the cultivation of awareness among employees to care for their own safety and colleagues under the so-called CARES safety culture, which stands for Caring, Awareness in safety, Relationship, Everyone goes home safely every day, and Stop if unsafe. CARES was coined by PTTAR to promote accident-free and injury-free operations.
 - Won "CEO with HR Orientation" award at the World HRD Congress 2010, in recognition of the Company's success in merging 2 companies without reducing the headcount. Besides reflecting excellence in expertise and management strategies, this represented a role model for corporate administrators amid a highly volatile world.
 - Won 2009 National Outstanding Business Operator in Safety, Occupational Health, and Workplace Environment awards for the 8th consecutive year.
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UNGC Principles	Written Guidelines / Policies	Actions
		<p><u>Two-way Communication Channels</u></p> <ol style="list-style-type: none"> 1. Direct to Management (D2M) on the Intranet 2. Safety Walk 3. “Brother (CEO) meets Brothers and Sisters” 4. CEO’s monthly communication with all staff. 5. Welfare committee
Environment		
	<ol style="list-style-type: none"> 7. Businesses should support a precautionary approach to environmental challenges. 8. Businesses should undertake initiatives to promote greater environmental responsibility. 9. Businesses should encourage the development and diffusion of environmentally friendly technologies. 	<ul style="list-style-type: none"> • Defined environmental performance as a key performance indicator (KPI). • ISO14000 management system is in place. • Employees are reminded not to take actions which harm society and the environment. • Voluntarily undertook the Environment and Health Impact Assessment (EHIA) on 3 new projects though they were not categorized as having ‘severe’ impact on health and environment. • Prominent environmental projects completed in 2010: <ul style="list-style-type: none"> – Installation of activated carbon absorbers at the storage tanks of Aromatics Complex I and II to trap VOC vapor – Construction of a fuel Vapor Recovery Unit (VRU) and bottom loading at the lorry-loading unit at Refinery – Preparation of a VOC inventory, a voluntary action before enforcement of the law – Improvement of combustion at Refinery gas turbines – The Clean Fuel and Upgrading project, phase 1 – Efficiency improvement of Heat Exchangers and Distillation Trays at Aromatics Complex I • Won "Environmental Governance (White Flag-Green Star) Awards 2009", presented by the Industrial Estate Authority of Thailand

UNGC Principles	Written Guidelines / Policies	Actions
		<p>(IEAT) to plants in Map Ta Phut that had successfully passed 4 assessments per year of environmental and safety management practices.</p> <ul style="list-style-type: none"> • Won “EIA Monitoring Awards 2009”, given by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, for its conformity to measures spelled out in its environmental impact assessment (EIA) and excellence in environmental management, notably its jetty project.

Anti-Corruption

10. Businesses should work against corruption in all its forms, including extortion and bribery.

- Practical Guidelines concerning Anti-Corruption and Conflicts of Interest in “Good Corporate Governance Handbook” of the Company
- Board policy requires reports of share transactions, as well as portfolios of Directors and Senior Management, for the Board meeting’s acknowledgment every month.
- Guidelines for the use of inside information by the Directors, Management, and all employees, including their connected and related persons with access to material information that could affect PTTAR’s share price.
- Directors, executives and employees are to report their conflicts of interest with the Company’s on a yearly basis and whenever there is a transaction.
- Laid out in its corporate governance manual a set of measures for informing about any rumors of possible damage to itself and measures for protecting the informer.
- Shareholders and stakeholders can notify PTTAR and the Board through the Corporate Governance Committee or Independent Directors of any potential illegal actions of a person or any event that may cause damage by e-mail or regular mail. Such information will be kept in strict confidence to protect the informer.
- Directors and Managements must strictly report their portfolios of shares under SEC’s rule.

Assessment of Stakeholders’ Satisfaction

PTTAR regularly conducted satisfaction assessment of stakeholders, of which results in 2010 were as follows:

- Shareholders 94%
- Employees 95%
- Customers 100%
- Communities 86%

A sharp vision

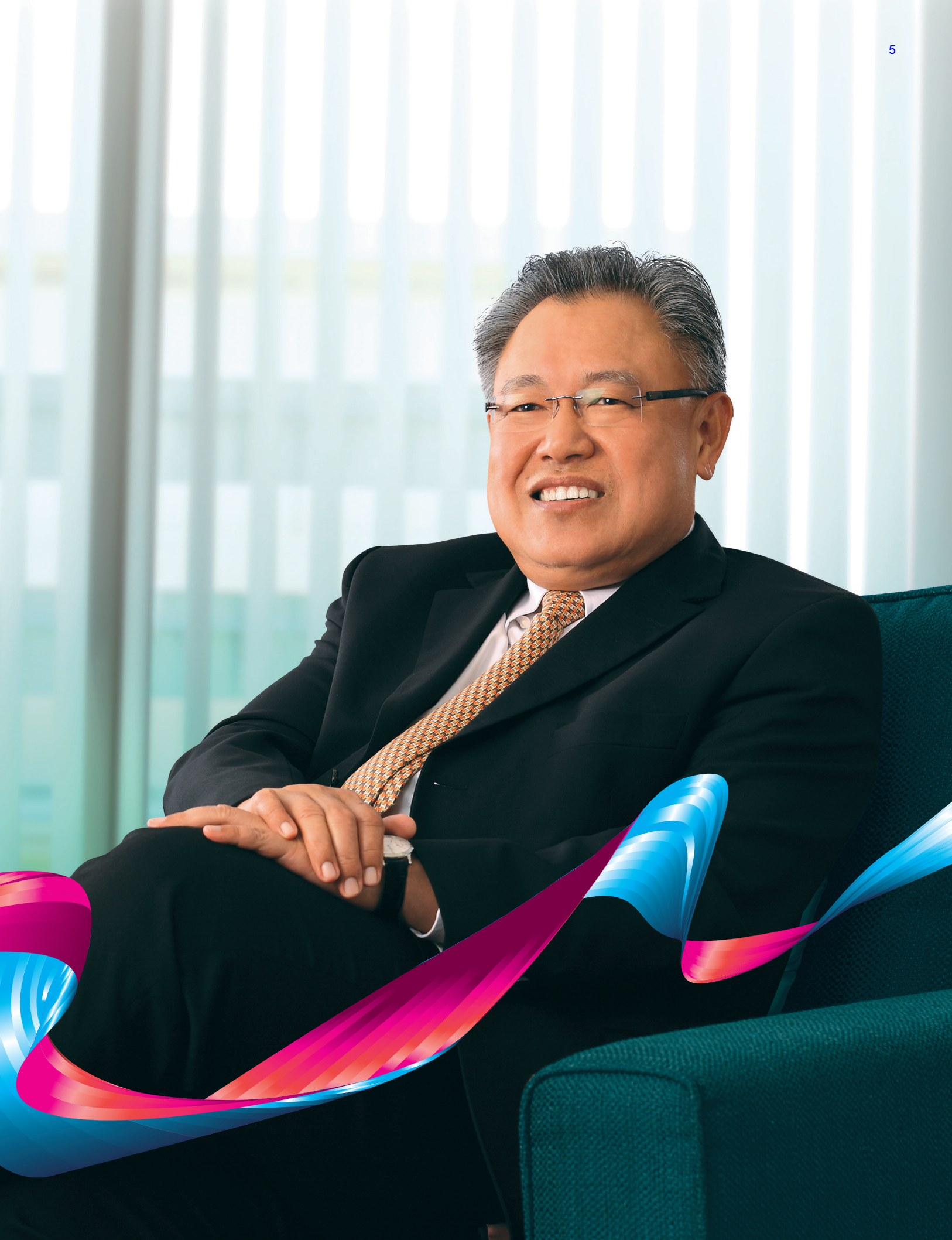
is pivotal to strength

The defining of PTTAR's vision as Asia's leading aromatics and oil refining company with integration to intermediate and downstream petrochemical and alternative energy businesses

has resulted in a clear direction for fully effective, proactive business management

to forge steady growth for PTTAR, equipped with international competitiveness in tandem with the stewardship of society, the environment, and human rights.





Message from the Chairman

Despite the considerable volatility of the petrochemical and refining businesses over the past year caused by the partial recovery of the US economy, 2010 was a year in which PTT Aromatics and Refining Public Company Limited (PTTAR) has fulfilled many goals as planned. As a result, PTTAR derived anew profit of 6,343 million baht for the year, higher than planned. Company total intake amounted to 95.02 million barrels (2% over the previous year), which resulted in a total output of 76.38 million barrels of petroleum products (2.3% over the previous year) and 1.95 million tons of aromatics (2.4% over the previous year).

Since its first year of business, the synergy derived from running a refinery together with aromatics complexes has benefited PTTAR, and in 2010 it amounted to US\$136 million, reiterating our business validity.

As for its financial success, the Company secured 25,700 million baht in additional long-term, revolving loans to support the refinancing of loans maturing in 2011-2012 and/or to serve as a provisional credit line for future businesses, or both, thus extending its average maturity of loans and lowering average interest rates. It also negotiated amendment of conditions under long-term loan agreements worth 9,897.5 million baht. Finally, it repurchased US\$59.15 million in dollar debentures to lower its finance costs for 2010.

At year-end 2010, the Clean Fuel and Upgrading Project Phase 2 registered 85.5% progress and completion is expected according to the plan to produce low-sulfur diesel of the Euro IV standard from 2012 onward. Completed environmental investment projects included combustion improvement at the Gas Turbine Unit, the Vapor Recovery Unit at the refinery, and efficiency improvement of heat exchangers and aromatics distillation column including equipment efficiency improvement projects in the plants to lower fuel consumption as well as to

lower global warming. PTTAR's assessment of environmental impacts and health impacts (EIA/HIA) for its construction projects was voluntarily undertaken out of a commitment to do business with responsibility to the environment and society.

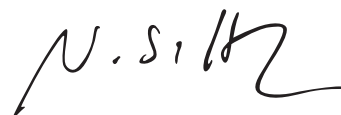
It is pleasing to note that during the year PTTAR achieved an Integrated Management System concurrently for 5 systems, also secured certification under the CSR-DIW corporate social responsibility standard of the Ministry of Industry and was voted by the CSR-DIW panel of experts as the most outstanding "Organizational Governance" out of 111 entries in this category as well.

On 5 May 2010, in an effort to elevate its corporate governance to international practices, PTTAR joined the UN Global Compact while expressing its intention to conform to the 10 international principles covering human rights, labor, the environment, anti-corruption, and respect for intellectual properties. Further, it integrated its own business processes among good corporate governance, internal controls, and risk management. Moreover, PTTAR has fostered its personnel excellence in technical areas, leadership, development creativity, volunteering spirit, and stewardship of all communities and stakeholders in a fair and equal manner.

Apart from integrated production and comprehensive business management upgrading to international acceptance, PTTAR has laid down a solid foundation for risk management along with diligent identification of synergy partners while relentlessly investigating business possibilities and

opportunities for progress – all these to accommodate sustainable business expansion of current and new businesses.

The variety of successes over the past year illustrated PTTAR's conformance to its vision, goals, policies, and strategies with such clarity and precision, together with the commitment by the Board of Directors, the Managements, and all employees to do business in a way that stands up to scrutiny while being socially responsible. Therefore, on behalf of the Board of Directors, I wish to thank you our shareholders, customers, financial institutions, business partners, government agencies, and all other benefactors for consistently supporting us. There is no doubt in my mind that PTTAR's next step is going to be both momentous and strong in the best interests of the shareholders and stakeholders.



(Dr. Norkun Sitthiphong)

Chairman of the Board of Directors

Management Structure



PTT Aromatics and Refining Public Company Limited (PTTAR) is managed by the Board of Directors and four subcommittees ('Committees'), namely the Audit Committee, Nomination and Remuneration Committee, Corporate Governance Committee, and Risk Management Committee.

1. Board of Directors

The Board consists of at least 5 and up to 15 Directors, who can be up to 70 years old. The maximum terms for each Director are 3 consecutive ones. Independent Directors must have number at least a third of the Board's composition or at least 3; for his or her Company shareholding not more than 0.5%, each Independent Director must qualify against a stricter criterion that of Capital Market Supervisory Board.

The Board is empowered to define business policy, strategies, and direction, supervise corporate governance and proper conduct to enable the Company to achieve its goals in line with Company objectives, laws, company's restrictions and resolutions of shareholders' meetings with integrity, prudence, care, ethics, proper conduct, social responsibility and environment. The key is to safeguard the interests of the Company and all its shareholders. The matters listed below, however, require the prior approval of the shareholders:

- 1.1 Selling or transferring significant parts or all of PTTAR's business to other parties
- 1.2 Purchasing or taking over other public companies or companies
- 1.3 Signing, amending, or annulling contracts on the leasing of significant parts of all of its operations.
- 1.4 Assigning other parties to manage Company business or merging business with others to share profits or losses
- 1.5 Amending or making additions to the memorandum of association or Company regulations
- 1.6 Increasing or decreasing capital, issuing debentures, merging, or dissolving Company business.

The Board must have the consent of the shareholders' meeting through at least three-quarters of the total votes of the eligible shareholders in attendance.

As of 31 December 2010, the Board of Directors consisted of 15 people as follows:

1. **Dr. Norkun Sitthiphong**
Chairman
2. **Gen. Somjed Boontanom**
Independent Director
Chairman of Corporate Governance Committee
3. **Dr. Ampon Kittiampon**
Director
Chairman of Nomination and Remuneration Committee
4. **Dr. Chokchai Aksaranan**
Independent Director
Chairman of Audit Committee
5. **Mr. Prasert Bunsumpun**
Director
Nomination and Remuneration Committee
6. **Mrs. Pannee Sathavarodom**
Independent Director
Audit Committee
Risk Management Committee
7. **Mr. Prajya Phinyawat**
Director
Chairman of Risk Management Committee
Corporate Governance Committee
8. **Dr. Wit Jeraphat**
Independent Director
9. **Dr. Witoon Simachokedee**
Independent Director
Audit Committee
10. **Pol. Gen. Sereepisut Tameeyaves**
Independent Director
Nomination and Remuneration Committee
Audit Committee
11. **Mr. Permsak Shevawattananon**
Director
12. **Mr. Tevin Vongvanich**
Director
Risk Management Committee

13. Mr. Nathi Premrasmi

Independent Director

14. Mr. Somchai Poolsavasdi

Independent Director

Corporate Governance Committee

15. Mr. Bowon Vongsinudom

Director

Risk Management Committee

President & CEO

Secretary to the Board

Directors' profiles and experience related to PTTAR's business appear under "The Board of Directors".

2. Independent Directors

Independent Directors must have the following qualifications:

1. Holds no more than 0.5% of all voting shares in PTTAR, its parent company, subsidiary, associated company, major shareholder, or controller. The percentage of shares held includes shares held by related persons.

2. Has never been a Director, staff, employee, adviser with regular salary, controller of PTTAR, its parent company, subsidiary, associated company, equivalent subsidiary, major shareholder, or controller over the past 2 years. This exclude Independent Directors who were former government officials or advisers to government agencies that are PTTAR's major shareholder or controller.

3. Is not related by blood or by law as a parent, spouse, sibling, an offspring, or a parent-in-law of a Management, major shareholder, controller, or a person who will be nominated as a Management or a controller of PTTAR or its subsidiary.

4. Has not had business interests with PTTAR, its parent company, subsidiary, associated company, major shareholder, or controller that may prevent unbiased judgment; has never been a significant shareholder, a controller of those with business relations with PTTAR, its parent company, subsidiary, associated company, major shareholder, or controller over the past 2 years.

(This business connection is in line with the requirements for connected transactions under an announcement of the Capital Market Supervisory Board.)

5. Is not appointed to represent PTTAR's Directors, major shareholder, or shareholder who is related to a major shareholder in PTTAR.

6. Has not been an external auditor of PTTAR, its parent company, subsidiary, associated company, major shareholder, controller, and must not be a significant shareholder, a controller, or partner of an account auditor employing the external auditor of PTTAR, its parent company, subsidiary, associated company, major shareholder, or its controller over the last two years.

7. Has not served as a professional service provider, including legal or financial consultant that commanded over 2 million baht per year in fees from PTTAR, its parent company, subsidiary, associated company, major shareholder, or controller; is not a significant shareholder, controller, or partner of such service provider over the past 2 years.

8. Is not engaged in a similar business in competition with PTTAR or its subsidiary, or is a significant shareholder in a partnership, a Director, staff, employee, adviser with regular salary, or holds more than 1% of the total voting shares of other companies in a similar business in competition with PTTAR or its subsidiary.

9. Does not have any other quality that may prevent him or her from making independent and impartial decisions.

3. Subcommittees

There are currently 4 subcommittees as described below.

3.1. The Audit Committee

This committee consists of at least 3 Directors, at least 1 of whom must command enough expertise and experience to review the credibility of financial statements. The term of each member is up to 3 years. The Committee's Board-assigned duties are as follows:

1. Ensure accurate and adequate financial reports
2. Ensure suitable, efficient, and effective internal control and internal audit system, and deliberate the independence of the internal audit unit, including approval of the appointment, transfer, and employment termination of the head of the unit or any other unit charged with conducting internal audits
3. Ensure compliance with securities and exchange laws of Stock Exchange of Thailand (SET) regulations, or other relevant laws
4. Consider, select, and nominate an independent person as the external auditor together with its fees, and attend at least 1 meeting per year with the external auditor without the presence of the management
5. Consider the disclosure of Company information where connected transactions or potential conflicts of interest are concerned, to ensure compliance with laws and the regulations of SET; it is critical to ensure that such transactions are logical and conducted in the best interests of the Company
6. Prepare a report from the Committee, signed by its Chairman, for publishing in the annual report, with the following contents as a minimum:
 - 6.1 Opinion about the accuracy, completeness, and reliability of financial reports
 - 6.2 Opinion about the adequacy of internal control
 - 6.3 Opinion about compliance with securities and exchange laws, regulations of SET, or laws related to Company business
 - 6.4 Opinion about the suitability of the external auditor
 - 6.5 Opinion about potentially connected transactions
 - 6.6 The number of its meetings and individual attendance records
 - 6.7 Overall opinion or remarks by the Committee on performing duties under the charter
 - 6.8 Other items considered good to know for shareholders and investors under the scope of duties and responsibility assigned by the Board.

7. Review major risk management items to establish a link with internal control

8. Review and propose amendments to the scope, roles, and responsibility of the Committee in line with prevailing circumstances

9. Conduct other duties assigned by the Board with the concurrence of the Committee. In performing such duties, the Committee is directly responsible to the Board.

10. If the Committee detects or wonders whether the following transactions or actions could impact the Company's financial status and performance significantly, it must report them to the Board for rectification within reasonable time in its opinion:

- 10.1 Transactions with conflicts of interest
- 10.2 Frauds, irregularities, or significant defects in internal control
- 10.3 Violations of the securities and exchange laws, regulations of SET, or laws related to Company business.

Name	Position
1. Dr. Chokchai Aksaranan	Chairman of Audit Committee
2. Dr. Witoon Simachokedee*	Audit Committee
3. Mrs. Pannee Sathavarodom	Audit Committee
4. Pol. Gen. Sereepisut Tameeyaves	Audit Committee

Ms. Araya Buraskarn, Vice President, Internal Audit, serves as secretary to the Committee.

* Resigned on 11 February 2011.

The Audit Committee is experienced in reviewing financial statements and in serving on audit committees. Dr. Chokchai Aksaranan was a Chairman of Audit Committee of the Aromatics (Thailand) Plc and served as an Audit Committee member of Thai Asset Management Corporation. He is currently the Chairman of the Audit Committee of MFC Asset Management Plc. Pol. Gen. Sereepisut Tameeyaves was Chairman of the Audit Committee of IRPC Plc. Dr. Witoon Simachokedee has undergone the Financial Statements for Directors (FSD), class 4/2009, and Mrs. Pannee Sathavarodom, the finance and accounting expert, has undergone the Audit Committee Program (ACP), class 32/2010, training with the Thai Institute of Directors (IOD).

3.2 The Corporate Governance Committee

The Corporate Governance Committee appointed by the Board, has the following duties:

1. Consider and propose good corporate governance practices to the Board.
2. Formulate a good corporate governance policy and a code of conduct for employees and for PTTAR's business, and upgrade corporate governance practices to international standards.

Name	Position
1. Gen. Somjed Boontanom	Chairman of Corporate Governance Committee
2. Mr. Prajya Phinyawat	Corporate Governance Committee
3. Mr. Somchai Poolsavasdi	Corporate Governance Committee

Mrs. Puangchao Nakanart, Vice President, Office of the CEO, and Company Secretary, served as secretary to the Committee from 1 January 2010 to 30 September 2010.

Ms. Monwipa Choopiban, Vice President, Corporate Compliance and Communication and Company Secretary, has served as secretary to the Committee since 1 October 2010.

3.3 The Nomination and Remuneration Committee

The Nomination and Remuneration Committee appointed by the Board, has the following duties:

1. Devise transparent criteria and selection procedures for Directors and the President & CEO
2. Recruit and select potentially qualified Directors and the President & CEO
3. Recommend the recruitment of qualified people to serve as Directors for the Board to consider and table for the consideration of shareholders' meetings
4. Define criteria or procedures for the fair and logical compensation of Directors, Subcommittees, and the Management rank of Executive Vice Presidents upward
5. Submit Directors' and Subcommittees' compensation to the shareholders for their approval
6. Appraise the performance and propose compensation for the management rank of Executive Vice Presidents upward for the Board's approval.

Name	Position
1. Dr. Ampon Kittiampon	Chairman of Nomination and Remuneration Committee
2. Mr. Prasert Bunsumpun	Nomination and Remuneration Committee
3. Pol. Gen. Sereepisut Tameeyaves	Nomination and Remuneration Committee

Mrs. Puangchao Nakanart, Vice President, Office of the CEO, and Company Secretary, served as secretary to the Committee from 1 January 2010 to 30 September 2010.

Ms. Monwipa Choopiban, Vice President, Corporate Compliance and Communication and Company Secretary, has served as secretary to the Committee since 1 October 2010.

3.4 The Risk Management Committee

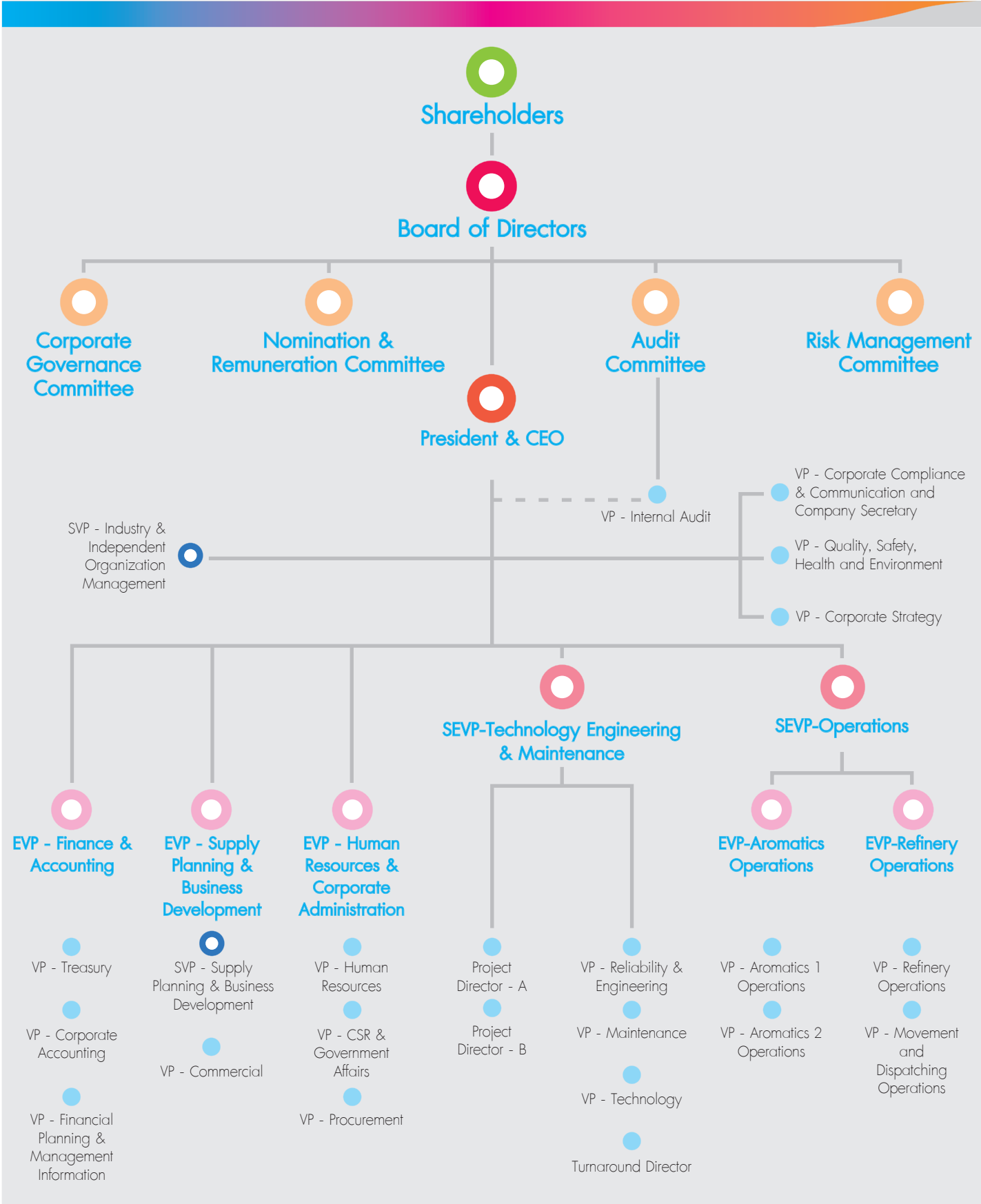
The Risk Management Committee has the following duties:

1. Formulate a policy and recommend approaches for risk management concerning Company business in a suitable and efficient way
2. Ensure compliance with the corporate-level risk management framework
3. Recommend practices for significant risk management, particularly financial risks and fluctuation in product prices so that they may be reasonably acceptable
4. Review risk management reporting and track significant risks to ensure that such management is adequate and suitable.

Name	Position
1. Mr. Prajya Phinyawat	Chairman of Risk Management Committee
2. Mr. Tevin Vongvanich	Risk Management Committee
3. Mrs. Pannee Sathavarodom	Risk Management Committee
4. Mr. Bowon Vongsinudom	Risk Management Committee

Ms. Duangkamol Settanung, Executive Vice President, Finance & Accounting, serves as secretary to the Committee.

Organization Structure



Company Information

Company Name	PTT Aromatics and Refining Public Company Limited
Registration No.	0107550000254
Head Office	555/1 Energy Complex, Building A, 14 th Floor, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900 Tel: +66(0)-2140-4000 Fax: +66(0)-2140-4111-2
Refinery (AR1)	8, I-8 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel: +66(0)-3897-1000 Fax: +66(0)-3897-1099
Aromatics I (AR2)	4, I-2 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel: +66(0)-3897-2000 Fax: +66(0)-3897-2099
Aromatics II (AR3)	98/9 Rayong Highway Road 3191, RIL Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel: +66(0)-3897-3000 Fax: +66(0)-3897-3099
Tank Farm	11, I-4 Road, Map Ta Phut Industrial Estate, Map Ta Phut, Muang District, Rayong 21150 Tel: +66(0)-3897-2000 Fax: +66(0)-3897-2099
Website	www.pttar.com
Investor Information	ir@pttar.com or +66(0)-2140-4000
Nature of Business	Petroleum refining and supply of refined products, manufacturing and sale of aromatics and their derivatives, and businesses of associated companies
Number and Value of Issued Shares	<p>As at 31 January 2011, the registered share capital was Baht 29,938,149,690 made up of 2,993,814,969 common shares at a par value of Baht 10 per share. The registered share capital is made up of:</p> <ol style="list-style-type: none"> 1. Paid-up capital of Baht 29,791,061,610 consisting of 2,979,106,161 common shares at a par value of Baht 10 per share 2. Unpaid capital of Baht 147,088,080 consisting of 14,708,808 common shares at a par value of Baht 10 per share.
Securities Registrar	Thailand Securities Depository Company Limited, The Stock Exchange of Thailand Building, 62 Ratchadaphisek Road, Klong Toey, Klong Toey, Bangkok 10110 Tel: +66(0)-2229-2800, 02-229-2888 Fax: +66(0)-2654-5427
Bond Registrar	Siam Commercial Bank Public Company Limited 9 Ratchadaphisek Road, Chatuchak, Bangkok 10900 Tel: +66(0)-2544-1000
Bond Representative	TMB Bank Public Company Limited 3000 Phaholyothin Road, Chompon, Chatuchak, Bangkok 10900 Tel: +66(0)-2299-1111

Auditor (2010)

Mr. Winid Silamongkol, CPA (Thailand) Registration No. 3378 and/or
Mr. Vairoj Jindamaneepitak, CPA (Thailand) Registration No. 3565 and/or
Mr. Charoen Phosamritlert, CPA (Thailand) Registration No.4068
KPMG Phoomchai Audit Ltd., 50th-51st Floor, Empire Tower, 195 South Sathon
Road, Yannawa, Sathon, Bangkok 10120

Audit Fees

PTTAR paid 2,677,000 baht in audit fees to the auditors' company for the 2010 accounting period.

Top Ten Shareholders

As of 29th October 2010, the names of the Top 10 shareholders appear below:

Rank	Name	Shares	%
1	PTT Plc	1,441,987,368	48.60
2	Chase Nominees Limited 42	164,349,802	5.54
3	Thai NVDR Co., Ltd.	109,487,750	3.69
4	State Street Bank and Trust Company	57,446,044	1.94
5	HSBC (Singapore) Nominees Pte. Ltd.	52,757,535	1.78
6	Norbax Inc., 13	36,160,385	1.22
7	Gerlach & Co-Dimensional Emerging Markets Value Fund	14,786,216	0.50
8	Somer (U.K.) Limited	14,566,400	0.49
9	GPF EQ-TH Fund	14,530,858	0.49
10	Energy and Petrochemical Index Fund	11,502,700	0.39

Shareholding Proportion

Local Institutions / Corporates	58%
Local Individuals	26%
Foreign Institutions / Corporates	15%
Foreign Individuals	1%

Personnel

As of December 31, 2010, PTTAR personnel headcount was 1,117.*

Compensation

Item	Amount (Baht)
Salary	= 748,776,772/Year
Contribution to Provident Fund	= 75,735,349/Year

* Included amount of Company staff, Secondment and Direct Hired

Dividend Policy

The Board of Directors' policy is to propose to the shareholders' meeting an annual payment of dividends, in line with Company performance, of no less than 30% of the net profit after tax and capital reserves, subject to investment plans, necessity, and other future factors.

For 2010, at Meeting No. 3/2011 on 24 February 2011, the Board decided to propose to the Annual General Meeting of Shareholders for approval of the dividend payment for the operating results of the year 2010. The dividend will be paid from the retained earnings after legal reserved at the rate of 0.96 Baht per share, amounting to 2,859,941,915 Baht. 0.61 Baht per share derived from tax exemption profit portion according to Board of investment (BOI) privilege and 0.35 Baht per share derived from 25% taxable profit portion.

Nature of Business

Managing an integrated oil refinery and petrochemical business, PTT Aromatics and Refining Public Company Limited (PTTAR) commands a business structure grouped into the following businesses:

1. Oil Refining and Refined-product Supply Sourcing

As a leader of Thailand's oil refiners and suppliers of refined products, PTTAR owns and operates a most advanced complex refinery, one of the most energy-efficient in Asia Pacific, thanks to the flexibility of refining processes and the ability to supply refined products in

quantities matching customers' demand at low costs. Located in Map Ta Phut Industrial Estate in Rayong, the refinery has a capacity of 280,000 barrels per day of crude oil and condensate intake, with a wide range of high-quality refined products, namely:

- Light products, consisting of LPG, light naphtha, and reformat
- Middle distillates, consisting of jet fuel and diesel
- Heavy products, consisting of fuel oil.

Today, its 3 refining units handle crude oil and condensate refining:

Refining Unit	Capacity (barrels/day)	Detail
Crude Refining Unit	145,000	A complex refinery with hydrocracker and visbreaker units, capable of converting fuel oil into middle distillates. This unit refines crude oil into products, which may include reformat for delivery to the aromatics complex.
Condensate Splitter Unit 1	70,000	This unit produces reformat for delivery to the aromatics complex along with other petroleum products, including light naphtha, LPG, condensate residue, and heavy naphtha. Heavy naphtha is sent to the reformer unit for reformat production for further feeding to the aromatics unit.
Condensate Splitter Unit 2	65,000	This unit produces reformat for delivery to the aromatics complex along with other petroleum products, including light naphtha, LPG, condensate residue, and heavy naphtha. Heavy naphtha is sent to the reformer unit for reformat production for further feeding to the aromatics unit.

2. Production and Distribution of Aromatics and Downstream Products

PTTAR produces and distributes primary aromatics, namely paraxylene, benzene, cyclohexane, orthoxylene, mixed xylenes, toluene with raffinate and heavy aromatics as by-products.

Today the Company runs two aromatics units:

Unit: Ton/Year

Product	Aromatics Complex I	Aromatics Complex II	Total
Paraxylene	540,000	655,000	1,195,000
Benzene	307,000	355,000	662,000
Cyclohexane	200,000	-	200,000
Orthoxylene	66,000	-	66,000
Mixed Xylenes	76,000	-	76,000
Toluene	-	60,000	60,000
Total	1,189,000	1,070,000	2,259,000

Note: PTTAR'S flexible process provide outputs matching market demand

3. Joint-venture Businesses and Associated Companies

To capture business opportunities, PTTAR entered into joint ventures with others operating various projects in support of its own business to generate profits while nurturing sustained growth.

As of year-end 2010, here is a summary of PTTAR's shareholding structures in joint ventures and business affiliates:

Company Name	Nature of Business	Registered Capital (Million Baht)	Paid-up Registered Capital (Million Baht)	% Equity
PTT Phenol Co., Ltd.	Producer and seller of phenol	9,252	8,350	30% (2,505 million baht)
PTT Utility Co., Ltd.	Producer and seller of steam/electricity	6,859	6,859	20% (1,372 million baht)
PTT ICT Solutions Co., Ltd.	IT and communication service provider to shareholders	150	150	20% (30 million baht)
Business Services Alliance Co., Ltd.	Manpower procurement and contract labor provider for PTT and PTT Group	2	2	25% (500,000 baht)



Bowon V.



"I wish to see PTTAR being characterized by concise work processes, **A** (ability) stands for able and competent people who think outside the box when it comes to business opportunities so as to create value and growth, and **R** (reliability) stands for production excellence and safety."

*Mr. Bowon Vongsinudom
President & CEO*



Reliability and Safety

the crux of the industry

As Asia's leading refinery and petrochemical operator with competitive potential upon world-class capacities, PTTAR regards reliability and work safety as vital.

Not only do these qualities underscore work processes, but are ingrained into its personnel under an efficient corporate management system.

Leveraging long years of experience, PTTAR people are its guarantee of success in expansion projects, furthering the Company's business plans. Result? Perpetual growth.

Performance Review

This was another year of successful execution in various aspects of PTT Aromatics and Refining Public Company Limited (PTTAR), summarized below.

1. Organizational Structuring and Development

1.1 Organizational Structuring

In 2010 PTTAR has restructured organization regarding business growth, appointed and transferred Management as appropriate to new organization structure (Detail in "Organization Structure").

1.2 Employee development

The Company has laid down a framework for systematic employee development while focusing on development of all to be both smart and virtuous.

- Framed the approach and execution of succession plans, with senior executives valuing the designation of people with potential among employees of various levels for further development to take up key positions
- Developed executives under the PTTAR Leadership Competency framework with a focus on giving them business and personal skills, acting as a coach and an HR manager
- Developed all employees under Individual Development Plans (IDP), which cover both Core Competencies and Functional

Competencies in addition to English skills, which form a policy approach for preparing all employees to master English skills to give themselves more prospects for advancement while sustaining future growth for PTTAR

- Besides developing employees to become smart, PTTAR encourages them to be people with virtues, volunteering spirit, and selflessness through participating in assorted social responsibility activities organized by the Company and the Employee Volunteer Club, sponsored by the Company.

1.3 Unifying teams under the SPEED values

- Organized assorted recreational activities to promote teams and unity among all employees of the same units and different units alike. Management executives together served as a core for driving all employees to join the activities to blend their cultures into one under a common set of values. The Company's other activities also engaged employees' families to promote good family relations.
- Launched employee satisfaction surveys in various aspects. From these survey outcomes, executives pooled ideas on employees' views for work process and action plan refinement for all executives to push and execute for the benefit of workplace and work processes.

2. Production and Maintenance

2.1 Production

Company petroleum products for the year 2010 was 76,381,000 barrels and aromatic products was 1,947,000 tons.

With no planned maintenance shutdown in 2010, Refinery Plant (AR1) had a mild output reduction in the first quarter for decoking furnace cleaning at the

Visbreaker Unit (VBU), as well as heat exchanger cleaning for long-term efficiency improvement.

Aromatics Complex I (AR2) faced a planned maintenance shutdown, deferred from March to June, since the refining margin for March was considered high because of market demand. Such deferral yielded about 90 million baht. Such maintenance has raised the efficiency of TAC9, resulting in about 13 million baht of benefit each month.

Unit: Thousand Barrels/Day

	AR1	AR2	AR3	Total
Main intake	145	46	54	246
Crude Oil	145	-	-	145
Condensate	-	46	54	101
Product	168.5	53.3	58.5	280.3
Sulfur	0.3	-	-	0.3
LPG	3.0	6.0	5.7	14.7
Naphtha	19.5	15.6	17.2	52.3
Reformate	17.7	0.1	0.2	18.0
Jet Fuel	24.1	-	-	24.1
Diesel	72.8	-	-	72.8
Fuel Oil	31.1	-	-	31.1
Paraxylene	-	9.2	13.5	22.7
Benzene	-	4.6	6.7	11.3
Cyclohexane	-	3.7	-	3.7
Other Aromatics	-	3.1	0.7	3.8
Hydrogen Gas	-	-	2.9	2.9
Condensate Residue	-	11.0	11.6	22.6

Note: Figures are inclusive of connected transactions

In 2010, PTTAR derived a total of about US\$ 136 million in synergistic value among its 3

processing units, against US\$123 million in 2009. These consisted of:

Synergy Benefit	Benefit (US\$ Million)
1. Processing of naphtha derived from AR1 into aromatics in favor of domestic sale	3.7
2. Use of jetty and feedstock tank farm at AR1	2.8
3. Use of nitrogen blanket at the reformat tank to provide more aromatics output	4.5
4. Use of heavy aromatics in place of diesel as fuel oil cutter stock	9.8
5. Use of reformat to produce aromatics in favor of export	49
6. Processing of condensate residue at CRS in favor of export	60
7. Hydrogen transfer from AR2&3 to AR1	6.2
Total	136

PTTAR successfully swapped feedstock (heavy vacuum gas oil and hydro-wax) with Star Petroleum Refining Co., Ltd. (SPRC), starting in May for a total synergy value of about 200 million baht. Below is a summary of processing performance for the year.

2.2 Maintenance

In 2010, PTTAR undertook maintenance work as summarized below:

2.1 Routine maintenance: During the year, it consistently gave top priority to preventive maintenance (PM) and delivered PM work as planned, resulting in 100% in overall PM compliance. As for corrective maintenance (CM), the Company scored 85% in CM Compliance overall. As a result, PTTAR commanded 96.6% in mechanical availability for its 3 plants. In short, the plants ran almost continuously.

2.2 Turnaround management: PTTAR valued this by defining a long-term shutdown plan and had

integrated turnaround teams in place, which gave the turnaround efficiency and flexibility alike amid volatile business circumstances. In June 2010, it registered turnaround success at Aromatics Complex I (AR2) and prepared for another turnaround at Refinery Plant (AR1) in February 2011.

2.3 Maintenance development: PTTAR is committed to internationalizing maintenance work while developing skills, expertise, and competency in parallel. It therefore devised a technical progression scheme to give employees opportunities to continuously develop and grow on their career paths. PTTAR took a proactive approach to maintenance by initiating a Maintenance Excellence Project to drive work to greater efficiency and effectiveness while supplementing PTT Group's core strategies on "Zero Unplanned Shutdown" and "Operation Excellence" for maximum success and benefit.

3. Feedstock Supply and Product Sale

3.1 Feedstock supply

PTTAR secured crude oil and condensate supply through PTT Plc at market prices for a total of 91.7 million barrels for a total value of US\$7,235 million.

Main feedstock	Volume (Million Barrel)	Average price (US\$/Barrel)	Value (US\$ Million)
Crude oil	53.6	79.6	4,266
Condensate	38.1	77.8	2,969
Total	91.7	78.9	7,235

In 2010, PTTAR introduced crude oil and condensate that yielded higher profits than its business plans to its refining processes: Labuan, Bunga Kekwa, Dar Blend, Songkhla, Pyrenees, Belanak, Penglai, ESPO, Pattani, Benchamas, Umm Shaif, and Qatar Marine (all crude oil), and North Arthit, Geragai, Muda, Bintulu, and Benjaia (all condensate). As a result, it derived about US\$20 million in margin over the business plan. PTTAR's synergy with other refineries through joint transportation of crude oil with Star Petroleum Refining Plc, Thai Oil Plc, and Bangchak Petroleum Plc trimmed its expenses by about US\$10.4 million. A summary of benefit derived in 2010 appears below.

Item	Benefit (US\$ Million)
1. Crude oil processing at AR1	13.6
2. Condensate processing at AR2/AR3	6.2
3. Joint transportation of crude oil	10.4
Total	30.2

3.2 Product sale

In 2010, PTTAR sold a total of 57.8 million barrels, grossing US\$4,884 million in revenue. PTTAR's domestic sales of its main products (diesel and jet fuels) accounted for 72% of the refinery's total capacity or a 19% domestic market share. PTT Plc remained its biggest product customer, with its purchase agreement for 70% of the former capacity of the refinery and at least 50% of the additional capacity from Condensate Residue Splitter (CRS) for domestic sale. In addition, PTTAR secured new customers, particularly those of fuel oil, thus giving itself greater flexibility for processing and sale. Petroleum products sold in Asia – China, Singapore, Indonesia, and Vietnam – accounted for about 35% of total petroleum sales.

PTTAR sold a total of 4.04 million tons of aromatics, most of which (79%) PTTAR commanded the highest domestic market shares of 47% for benzene and 54% for paraxylene. The rest was sold to Asian countries (Singapore, Taiwan, Indonesia, Malaysia, China, India, and Korea) and other regions (including Saudi Arabia and the US).

Product	Volume	Average Price	Value	Ratio of value
Petroleum business	(Million Barrels)	(US\$/Barrel)	(US\$Million)	(%)
Domestic	37.2	85.1	3,161	65
Export	20.6	83.6	1,723	35
Total	57.8	84.5	4,884	100
Aromatics business	(Million Tons)	(US\$/Ton)	(US\$Million)	(%)
Domestic	3.24	823	2,679	79
Export	0.80	878	701	21
Total	4.04	834	3,380	100



4. Process Efficiency Improvement and Expansion Project Management

4.1 Process efficiency improvement

- Replaced catalysts at the TAC9 unit to enable conversion of heavy aromatics to more benzene and paraxylene.
- Replaced heat exchangers at the reformer unit to add capacity.
- Replaced reformat distillation tower equipment to a high-performance tray to lower energy consumption.
- Replaced heat exchangers at the condensate splitter to enable more recycling of heat.
- Cleaned equipment at the cyclohexane reactor furnaces to add capacity.
- Reduced the extractor consumption rate at the ED Sulfolane unit to lower energy consumption.
- Raise the Parex unit's capacity by 4% without further investment.

4.2 Expansion Project Management

- **Upgrading Complex Phase 2 (Deep Hydrodesulfurization, DHDS):** This was designed to produce ultra-low sulfur diesel fuel (50 ppm, of the Euro IV standard) under a policy to improve fuel quality, due for enforcement in 2012. At year-end 2010, the project registered 85.55% progress.

5. Financial Performance

This year, PTTAR successfully managed its structural portfolio of loans for greater financial management efficiency, reduction of interest expenses, and greater confidence in its own liquidity to sustain future expansion. To rapidly conduct business under global economic conditions still with dubious recovery, the Company has taken the following steps:

- **Secured additional long-term loans from domestic and foreign financial institutions:** These loans totaled 25,700 million baht in credit line to support refinancing in 2011-2012 or to serve as reserve fund for future business activities, or both. Most of this new credit line is on a revolving basis, which is flexible and aligns with PTTAR's business structure. Such action has not only extended the average total loan maturity period, but also cut the average interest rates by about 0.5% per year, or an equivalent saving of about 300 million baht per year.
- **Negotiated existing loan agreements with bank syndicate lenders of long-term loans (Tranche C and Tranche G, totaling 9,897.5 million baht):** The main conditions under negotiation dealt with the extension of agreements, adjustment of reference interest rates, and modification of part of the credit line into revolving loans. Such action has not only extended the loan maturity period, but also cut the interest rates by about 0.80% per year, or an equivalent saving of interest payment of about 20 million baht in 2010.
- **Buyback of USD Bonds from domestic and foreign institutional investors:** This US\$59.15 million trimmed financing costs, resulting in about 0.60% per year reduction in interest expenses, an equivalent of saving in 2010 of about 5 million baht.

6. Risk Management and Investment Project Management

6.1 Risk management

While the global economy had probably passed its ebb since 2009, the petrochemical and refining business still remained highly volatile because the US economy had yet to fully recover, while many European Union (EU) countries faced sovereign debts, which stunted their economic growth. In addition, the entry of speculators contributed to the highly volatile prices, potentially causing severe losses through oil stocks.

As for the domestic overview in 2010, political unrest dominated the scene, as did conformance to Article 67, Clause 2 of the Constitution concerning projects with severe impacts, volatile foreign exchange rates, and the looming rise in interest rates.

The Board of Directors has appointed the Risk Management Committee to help it defines a policy and approach for efficient risk management.

In 2010, to ensure that PTTAR's performance would achieve its goals, the Risk Management Committee closely monitored and supervised risk management practices in various ways apart from regularly reviewing the risk register. Below is an overview of risk management during 2010:

- **Risks from refining margin and oil price volatility**

1. Entered into a crack spread hedging contract to lower the risks from refining margin volatility, involving a total of 7.2 million barrels (9% of all petroleum products).
2. Entered into a forward contract for Dubai crude to nail down margins for aromatics products as planned, involving a total of 1.4 million barrels (roughly 180,000 tons) (10% of all aromatics products).
3. Entered into a forward contract for Dubai crude to manage fuel costs, losses, and LPG (whose price was government-controlled), involving about 25% of the total volume.
4. Converted the costs of feedstock to align with the actual months of production to lower the volatility of each month's performance.
5. Instituted a risk management policy to accommodate oil price volatility producing stock gains/losses. Under the policy, the management could enter into contracts for maximum on 4.6 million



barrels subject to risks, thus bolstering confidence that the year's performance would suffer no stock loss.

- **Risks from the costs of marine transportation of crude oil**

PTTAR has applied novel tools to manage risks. In 2010, it began conducting partial risk management of its costs of marine transportation of crude oil for 2011, since it had found that over the past couple of years, the costs were highly volatile. PTTAR became the first company in Thailand to manage risks in this way.

- **Risks from the volatility of interest rates and foreign exchange rates**

PTTAR has in place risk management practices to ensure suitable interest-rate levels by converting a part of those floating rates into fixed ones to lower the risks of interest expenses with interest rates on the rise. As a result, today the Company commands about 42% of its loans at fixed interest rates as opposed to 38% earlier in the year. Still, when interest rates remain low, PTTAR is actually benefiting from floating interest rates.

As for foreign exchange rates, the committee monitored and provided risk management guidance to ensure that they stayed at suitable levels. To achieve this, PTTAR gradually purchased dollars in advance proportionally with the Company's expenses while managing its US dollar-denominated loans to make them compatible with its profits and thus lower the volatility of the baht.

- **Risks from conformance to Article 67 of the Constitution**

PTTAR has in place an approach for easing the risks arising from this government policy, particularly on conformance to Article 67,

Clause 2 on filing an appeal against temporary injunction of the Central Administrative Court, particularly a contingent plan for the forced shutdown of the power plant run by PTT Utility Co., Ltd. This would ensure no severe impact on the Company. Eventually, on 2 September 2010, the Administrative Court ended the temporary injunction.

- **Operation risks**

PTTAR values improvement of processing reliability by following up reliability improvement of the PTTUT CUP-2 power plant and planning water supply for its processes, which made its processing reliability in 2010 exceed the goal (99.5% versus 98%). In addition, the Company instituted preventive measures against heavy fires at its plants and accelerated a project to lower Volatile Organic Compounds (VOC) for the benefit of surrounding communities. This project is due for launching in early 2011.

6.2 Notable joint-venture projects

PTT Phenol Co., Ltd. (PPCL)

- PTTAR holds 30% equity (2,505 million baht) in PPCL, which buys benzene and processes it into phenol and acetone at 200,000 and 124,000 tons/year. The completed phenol plant began its commercial operation in March 2009.
- Its bisphenol A (BPA) plant with its own phenol and acetone as feedstock is expected to begin commercial operation in March 2011.

PTT Utility Co., Ltd. (PTTUT)

- PTTAR holds 20% equity (1,372 million baht) in PTTUT, which produces and sells public utilities, including electricity, steam, and industrial water, to PTT Group and nearby industries.

- PTTUT has 3 central utility projects (CUPs):
 - CUP-1: Construction of phase 6 is completed, with a test run underway since May 2010.
 - CUP-2: Commercial production began on 1 January 2009 for this supplier of power and steam to Aromatics Complex II (AR3).
 - CUP-3: Phase 1 began supplying steam in December 2009. Construction of its Boiler, Power Substation, Demineralized water unit, and control buildings was completed in the first quarter of 2010.
- Modified, enhanced, and expanded the scope of program applications to encompass more applications for greater management flexibility, including the SAP system, annual budget preparation, feedstock and product logistics management, plant process efficiency monitoring, plant water and air quality measurement monitoring, and efficiency improvement for off-the-shelf software.

In addition, PTTAR organized drills for SAP disaster contingency plans to test the readiness of its back-up SAP system while rehearsing employees' understanding of the management process during disasters as well as users' roles and duties.

PTT ICT Solutions Co., Ltd. (PTTICT)

- PTTAR holds 20% equity in PTTICT, which has provided information technology and communication services to its PTT Group shareholders.
- PTTAR hired PTTICT under a 5-year contract beginning on 1 July 2006, at the end of which the contract could be extended for 5 years at a time.

Business Services Alliance Co., Ltd. (BSA)

- PTTAR holds 25% equity in BSA, which provides labor and contractor labor supply services to PTT Group.

7. Information Technology

To accommodate and support business operation and add work efficiency, PTTAR has executed IT and communications tasks as summarized below:

- Modified its mobile-trunk communication radio system to accommodate communication among plants for greater management flexibility.
- Modified the speed and security of its information networks for faster and safer data transmission.



Corporate Governance Report



To the Shareholders

The Board of Directors of PTT Aromatics and Refining Public Company Limited (PTTAR) values good corporate governance as a strategic tool for sustainable growth. The Board has assigned the Corporate Governance Committee to oversee its business and ensure that the business is conducted in full and consistent compliance with the good corporate governance policy, PTTAR code of conduct, the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC), and recognized international standards.

In 2010, the Corporate Governance Committee performed its duties as assigned with an emphasis on raising PTTAR's corporate governance practices to international standards as well as promoting morality among employees. The Committee, in addition, treated all shareholders and all groups of stakeholders equally as can be seen in the summary below:

1. Development and promotion of corporate governance to international standards - This is in line with the good corporate governance principles for SET listed companies in 2006, and the rules and regulations of SEC. Moreover, OECD Principles of Corporate Governance have been adopted and used as another benchmark in this area. In this respect, the Corporate Governance Committee advised PTTAR to acquire a membership in UN Global Compact on 5 May 2010. UN Global Compact, an organization under the United Nations working for the promotion of good governance, labor, and environment, calls for corporate citizens to come into an agreement under 10 international principles. To demonstrate compliance with these 10 principles, with emphasis on human rights, labor, environment, and anti-corruption, PTTAR has integrated these principles into its strategies, corporate culture, and day-to-day operations. A document reporting Communication on Progress (COP), which follows the 10 international principles, was compiled in both Thai and English and posted on the website of UN Global Compact and that of PTTAR to make this development wider known among all stakeholders.

In addition to the above, PTTAR arranged for the continuous promotion and communication of corporate governance principles among management and staff through various medias, such as e-mail, internal electronic newsletters, posters, management and staff meetings, and staff activities. This is to encourage compliance with its corporate governance and the international corporate governance principles and to make its communication on corporate governance more efficient and effective. In this respect, a communication process to promote the compliance with PTTAR's corporate governance manual was established and incorporated in its ISO 9001 management system, which had already been certified by the Management System Certification Institute (Thailand) in 2010. This was regarded as an assessment on the compliance by both internal and external parties to assure all stakeholders of transparency in all processes.

2. Assurance of the compliance with corporate governance plan - An annual corporate governance plan covering 3 areas – corporate governance, environmental governance, and corporate social responsibilities – was devised to ensure compliance with PTTAR's good corporate governance policy. The plan requires agreement by the Board, as well as follow up and assessments by the Corporate Governance Committee.

The Corporate Governance Committee is scheduled to meet at least once every 2 months to closely monitor the level of compliance and to provide recommendations for improvements. In 2010, 6 meetings were held, and reports on the results of corporate governance performance were submitted to the Board quarterly to allow the Board to follow up and assess performance.

In 2010, PTTAR also hosted the PTT Group CG Day on 20 September 2010 as part of the PTT Group's annual activity to promote good corporate governance among its PTT Group staff. 7 listed companies in the PTT Group take turns hosting the event, which was initiated in 2007. Under the theme of 'CG : The Code to Growth', the 2010 event focused on the promotion of CG awareness among staff in the PTT Group. Staff members were encouraged to embrace the corporate governance principles in both their work and life.

On the same occasion, a number of the media and outsiders were invited to witness how corporate governance is practiced in the PTT Group. A reporter with a physical disability was well accommodated and was provided the same opportunities as other reporters to carry out interviews with Management, a clear indication of PTTAR's respect for human rights.

Corporate Governance Policy

"The Board of Directors intends to make PTTAR an effective organization in terms of business operations, corporate governance, and excellence in management, providing maximum benefit to the shareholders and stakeholders. PTTAR conducts business with responsibility and fairness to all parties involved, and is transparent and accountable to build maximum trust and confidence for all shareholders and stakeholders."

PTTAR's corporate governance policy covers all six basic elements of good corporate governance, namely:

1. Accountability for own performances – All decisions must be explainable.
2. Responsibility for duties to the maximum capability and efficiency.
3. Equitable treatment of stakeholders – This includes equitable and fair treatment of the environment and natural resources.
4. Transparency in business operations – All operations are open for inspection.
5. Creation of long-term value for the business
6. Ethics and moral conduct in business operations.

In 2010, PTTAR continued to work on the promotion and communication of the principles and practices of good corporate governance so that Management and staff would adopt these principles in their work and daily life. All employees are expected to take responsibility for communicating with all stakeholders, respecting human rights, not violating copyrights, demonstrating awareness of the need for environment protection and energy saving. This includes optimizing the use of resources and acting in compliance with international standards, which will

help PTTAR realize its vision of becoming a leading international organization. PTTAR reviewed and amended the 'Corporate Governance Manual' to update the information and to align the procedures with its continuously improved management standards designed to achieve international standards. 2 amendments were made in March 2010 and January 2011. PTTAR followed the 2006 guidelines of SET's good corporate governance practices for listed companies, summarized below:

1. The Rights of Shareholders

The Company values the rights of shareholders and, therefore, has developed and implemented a set of procedures to ensure all stakeholders that their basic rights are fully protected, as detailed below:

1) PTTAR followed the requirements of the law, combined with guidelines for good corporate governance from SEC and SET, as well as its corporate governance manual when organizing the Annual General Meeting of Shareholders 2010 on 5 April 2010. Shareholders were allowed to exercise their full rights at the meeting. PTTAR received a perfect score of 100 in the assessment of Annual General Meeting 2010, organized by SEC and Thai Investors Association. PTTAR's operation was regarded as "Excellent", as it had been in 2009.

Before the meeting, PTTAR announced a Record Date on 18 February 2010, which was 14 days in advance of the Annual General Meeting, which fell on 5 March 2010, and announced the closing of the registry (share roster) book one working day after the Record Date, to notify shareholders of their rights to attend the meeting and receive dividends. PTTAR posted the meeting invitation and appendices, in both Thai and English, on the www.pttar.com website on 5 March 2010, 30 days before the meeting and notified the shareholders of this through SET. This provided shareholders adequate time to study the relevant information before casting their votes in the meeting in advance of receiving the actual documents, which were delivered to the shareholders starting 15 March 2010, 21 days before the meeting.

The meeting invitation and its appendices posted on PTTAR's website had the same content as those handed to shareholders for use at the meeting. The documents contained the agenda of the meeting,

complete attachments to each item of the agenda, as well as recommendations of the Board, and proxy forms. A list of Independent Directors was also enclosed so that shareholders would have sufficient information of each Independent Director's stake in each item of the agenda in case they would opt to appoint a proxy to the meeting. The invitation letter also detailed documents all shareholders had to present on the meeting day, meeting procedures to protect each person's rights, Annual General Meeting regulations, voting rules, and a map showing the meeting venue.

On the meeting day, PTTAR provided convenience for the shareholders and their proxies equally. Staff members were on hand to examine the documents, and registration points were divided using a barcode system, organized by ordinary and juristic shareholders. Ballots were made to cast votes on each meeting agenda item. Also, shareholders were allowed to register for the meeting 2 hours in advance, making the registration process swift, convenient, and accurate. Even after the meeting had started, shareholders could still register and join the meeting to cast their votes on agenda items which had not been voted on.

All members of the Board of Directors, various Committees, Management, external auditor, and legal consultants were on hand during the Annual General Meeting to address questions posed by the shareholders. The Chairman hosted the meeting and obtained approval of the voting procedure, that is, one share, one vote. The voting and counting of ballots were transparently conducted, using the barcode system to ensure speed and accuracy. Voting was carried out in compliance with PTTAR's rules and the law. Results of each vote count for each item of the agenda were clearly presented in the meeting. A volunteer shareholder was also present and acted as a witness of the vote counting. The Chairman gave shareholders enough opportunities to ask questions and express their opinions freely so that important Company matters could be duly decided, with the assistance of relevant Directors who answered the questions clearly and in enough details. PTTAR's legal advisors also explained relevant legal considerations to the shareholders. The legal advisors and a volunteer

shareholder acted as referees to ensure the transparency of the balloting process throughout the meeting. PTTAR kept all the ballots of important agenda items, according to SET guidelines, and respected the rights of shareholders by not adding to or changing the order of agenda items, or altering important information during the meeting. The Chairman provided sufficient time for the meeting and conducted the meeting properly and transparently, respecting the sequence of the agenda earlier announced in the meeting invitation. PTTAR also provided opportunities for shareholders to exercise their rights in the meeting and freely express their opinions.

PTTAR submitted the minutes of the Annual General Meeting 2010 to SET within 14 days after the meeting, which fell on 19 April 2010, and posted the document on its website so that all shareholders could receive the minutes quickly and other interested parties could access its information. The minutes of the meeting were, moreover, delivered to shareholders who had expressed their opinions in the meeting for verification/correction. Suggestions and recommendations made by shareholders on the questionnaire on the meeting day were also summarized in the shareholders' newsletter as information for absentees. The dividends were paid out to shareholders on 29 April 2010.

2) PTTAR allowed shareholders to submit items which they wished to add to the meeting agenda and to nominate qualified persons for consideration for directorship. Shareholders could do so following the criteria earlier set, that is, submissions must be made 60 days in advance, between 24 November 2009 and 22 January 2010. Questions regarding items on the meeting agenda could also be submitted in advance of the Annual General Meeting through SET channels and PTTAR's website. PTTAR compiled all questions submitted by the shareholders and addressed them in the Annual General Meeting. Minor shareholders could also ask for in-depth information about the business as well as meeting the Corporate Governance Committee and Senior Management in an exclusive meeting ahead of the Annual General Meeting.

The Board meeting no. 1/2011 of 20 January 2011 has approved a modification to adjust the shareholding required to propose additional agenda

items or nominate Directors for election, or both, will now be 4% instead of 5%.

3) PTTAR's provision of information to shareholders exceeds legal requirements. For example, PTTAR routinely provides up-to-date information and posts reports and analyses completed by the management on its website. Shareholders and debenture holders were notified of its developments and information through Shareholders' Newsletter, sent by mail every quarter. PTTAR allows minor shareholders to directly acquire information from the Company Secretary or Investor Relations Division.

4) A Shareholders' Company Visit, organized from 29 to 30 November 2010, allowed 500 shareholders to visit PTTAR plants, thereby increasing the confidence of the shareholders regarding the refinery and the aromatics business, and improving their understanding of the management of PTTAR's environment and community around the refinery and aromatics plants. Based on the assessment, shareholders who participated in this project were 93.57% satisfied with the visit to the operations, compared to 92% in 2009.

2. Equitable Treatment of Shareholders

PTTAR values shareholders and treats them equally through the following procedures:

1) PTTAR gives shareholders opportunities to add items to the meeting agenda and nominate qualified persons for directorships in advance, according to the criteria set by the Board and posted on its website. Shareholders are informed of such criteria through SET. This is to demonstrate that PTTAR treats all shareholders equally and justly. The proposed items to the agenda are screened under its regulations to identify only those topics with true benefits to the business. In addition, nominated persons are selected by the Nomination and Remuneration Committee before submitting the qualified names to the Board for consideration. The Chairman announces the results of the consideration together with the decision rationale at the Annual General Meeting.

2) Shareholders are allowed to submit questions ahead of the meeting through various channels such as mail, fax, or PTTAR's website.



3) Proxy forms listing the names of Independent Directors who have no stake in the meeting agenda are also attached to the meeting invitation so that the shareholders can assign a proxy to attend the meeting and cast votes on their behalf. In the Annual General Meeting 2010, 772 shareholders out of 2,325 meeting participants selected this option.

4) PTTAR has an accurate, complete, and transparent code of conduct for disclosing information, which includes minutes of the Annual General Meeting, financial and general information, as well as important information which may affect the price of its shares. This information is distributed through the channels and media of the SET, PTTAR's website, and news releases by Management. Investor Relations acts as a channel for communicating with investors by telephone at 02-140-4000 extension 4104 and E-mail address: ir@pttar.com. This office provides information and news and also answers any queries regarding PTTAR's activities to investors, shareholders, and analysts. Corporate Compliance and Communication Department is responsible for providing accurate and up-to-date information to the media and general public.

5) PTTAR has clearly defined its organizational structure and limitations regarding the powers and authority of its Management and Executives. It has also made every effort to define relevant policies, rules, and regulations and has produced a manual which acts as a guideline to create checks and balances. Internal Audit Department is independent and has a clearly defined role (as authorized in its charter) by the Audit Committee on 26 October 2009. The department monitors work to ensure that business is conducted

according to appropriate guidelines, is within the boundaries of the related law, and can efficiently achieve goals which PTTAR has laid out. The outcomes of audits are reported to the Audit Committee at least once every quarter.

6) Recognizing the need for equality and fairness among shareholders, PTTAR drew up a guideline, as part of Corporate Governance Manual, for the use of internal information. The Board, Management, and staff, as well as all stakeholders and related persons possessing undisclosed information significant to PTTAR's share price are not allowed to use such information for direct or indirect personal benefit from the sale of shares.

7) PTTAR has in place measures to prevent and examine transactions which may cause conflicts of interest and abuse of inside information. Such measures, incorporated in its policy, guidelines, and working procedures, are:

- The policy and guidelines prohibit Directors, managers, and staff who are responsible for the budget from buying or selling PTTAR's shares 30 days before announcing the quarterly budget and 45 days before announcing the annual budget to ensure equal access to information, and require that Directors, managers, and staff strictly comply with this rule.
- The Board set out guidelines that are in line with the Corporate Governance Manual. All personnel are required to report cases which may conflict with PTTAR's interests and gather evidence to prevent unintentional conflicts of interest. PTTAR's role is to gather information,

report to the Board, and constantly update the information. In Board meetings, if there are any agenda items which may conflict with PTTAR's interests, each Director who is a stakeholder will not attend the meeting, or will abstain from casting a vote on that agenda item.

- PTTAR arranges for a complete disclosure of shareholding of the Board, Senior Management and managers or those at equivalent levels working in Finance and Accounting in the annual report, as defined by SEC and SET.

3. Roles of Stakeholders

PTTAR conducts its business with responsibility for all stakeholders aiming for sustainable mutual benefits. The Board ensures that an effective management system is set up to further ensure that the rights of all stakeholders are protected as required by the law, and that these protections and procedures are clearly written in the Corporate Governance Manual and PTTAR code of conduct. PTTAR takes full responsibility for ensuring that the rights of stakeholders are protected and that all stakeholders are treated equally, including shareholders, staff, customers, business partners, creditors, competitors, the community, the society, the environment, as well as all other stakeholders. PTTAR's business is always conducted with respect for the rights of stakeholders.

In addition, PTTAR encourages participation of all employees in taking care of stakeholders by providing facilitation and information regarding the business to stakeholders and interested parties through telephone, news releases, meetings, exhibitions, and other activities. It is confident that its already-established corporate governance system will lead to sustainable growth. This will consequently create a better understanding about corporate governance among employees, thereby improving their efficiency at work. At the same time, stakeholders also play a part in PTTAR's sustainable business growth by providing useful suggestions and recommendations, such as shareholders' suggestions on social responsibilities or conclusions from meetings and seminars with customers and business partners.

In 2010, PTTAR treated all groups of stakeholders as follows:

- **Shareholders:** In addition to basic shareholder rights mandated by laws, company regulations, and the corporate governance manual, including voting rights, freedom of opinion in the shareholders' meetings, the rights to examine the number of shares, and the right to receive fair compensation, PTTAR allows shareholders to directly ask the Chairman, Corporate Governance Committee questions and provide suggestions and recommendations regarding PTTAR's business. In this regard, channels to communicate with the Chairman, Corporate Governance Committee are provided in all issues of the Shareholders' Newsletter. All suggestions and recommendations are later submitted to the Board. In 2010, PTTAR arranged to provide more informational content regarding corporate governance in each newsletter.

In addition, PTTAR consistently seeks equitable and fair treatment of shareholders and is determined to best represent the interests of the shareholders through transparent business conduct, keeping in mind the added value to the business in the long term. For example, management successfully negotiated the rental of a condensate storage tank, resulting in a reduction of future rental costs of around 150 million baht per year, thereby creating and protecting key benefits for shareholders.

PTTAR arranged a shareholders' Company Visit at the Rayong plant on 29 and 30 November 2010 for 500 persons. Invitations were sent to shareholders who were registered at the end of the last closing of the book on 8 March 2010 and had never paid a visit to PTTAR's plants. The activity was also announced through SET and on its website and was open for interested persons to participate by return mails. A transparent procedure was set up to draw the names of those selected at random to attend. Those selected could check their names on the website and received a notification by phone.

PTTAR allowed shareholders over 65 years of age to appoint a representative to participate in the program, as suggested by shareholders. This year, 3,789 people took part in the activity. Based on the assessment among minor shareholders (holders of 1-100 shares up to one million shares), participants in this project were 93.57% satisfied and also gave useful feedback and suggestions which will be used to improve this project in the future.

- **Employees:** PTTAR values its employees and regards them as a valuable asset. It creates pride and confidence among employees and organized various projects to encourage collective creativity while developing employees' potential to increase their capability for working and surviving amid the volatile economic situation. It is PTTAR's policy to raise staff competency to achieve professional levels, to assign the right person to the right job, and to treat all employees equally and fairly, while providing a good and safe working environment. Employees are compensated at a competitive rate when compared to those in a similar business. Activities are constantly organized to instill an awareness and understanding of good corporate governance, and there are regular assessments to test the correct understanding and employee satisfaction on this topic, so that continuous development can occur. In addition, PTTAR promotes the communication of information about its business throughout the organization, while creating clear channels for staff to directly express their opinions to the management, including the following options:

1. Direct to Management (D2M) on the Intranet – This is a two-way communication between the staff and Management, providing an opportunity for staff to ask all sorts of questions, while creating a good understanding between the Management and staff.
2. Safety Walk – Management members take turns meeting staff in person during a weekly safety walk which provides an opportunity for the Management to hear hands-on opinions

and problems from staff, while also being able to answer questions directly.

3. **“Brother meets Brothers and Sisters”** – President and CEO conducts the quarterly presentation of business results which also provides an opportunity for staff to ask questions and give their recommendations.
4. President and CEO carries out monthly communication with all staff.
5. A welfare committee was established to provide staff representatives to engage in discussions with PTTAR regarding staff welfare. The committee works to assess, monitor, and recommend sufficient and suitable actions to enhance employee welfare.

PTTAR management's policy is to make it a 'Happy Workplace' where employees are encouraged to take leadership both in and outside their workplace, to always learn, and to continuously develop themselves.

- **Customers:** PTTAR seeks to create the highest customer satisfaction in both quality and price. It is determined to develop and maintain sustainable relationships with all customers by setting up a working unit responsible for providing information about products and solutions to customers' problems, while receiving complaints to ensure that PTTAR products and services achieve the highest satisfaction among customers. PTTAR honors its commitments to customers by delivering products and services that are high-quality, timely, and fairly-priced. Quarterly



meetings and visits to customer sites are jointly organized by technical groups, procurement planning, and commercial departments to collect customer opinions and provide customers with clarification about products and services. Moreover, PTTAR does not collude with its competitors to create situations which are unfair to customers. It strictly adheres to contracts, business ethics, and legal requirements. Customer satisfaction reviews are conducted twice a year. In 2010, the assessment result achieved PTTAR's target score of 100% satisfaction, the same as in 2009.

PTTAR has a good relationship with all customers and encourages all customers and business partners to share responsibility for society. For example, it presented a social responsibility case at the 2010 CSR Awards organized by SET which received compliments for its quick assistance to customers. These customers had a technical problem with their production process which impacted the community and the environment until it was solved with PTTAR's assistance.

- **Business partners:** PTTAR respects fair competition in the liberalized market and holds firm to the terms and conditions of contracts as well as code of conduct. It treats its business partners equally and fairly, based on the assumption that business partners also hold similar guidelines for proper business conduct. In addition, PTTAR has, as a template in all procurement, rental, and purchasing contracts, a clause concerning conflicts of interest and audits. This exhibits PTTAR's attempt to search for contractors who conduct business with transparency and good governance. Good corporate governance will prevent Management and staff from influencing, convincing, or giving or taking benefits dishonestly. In addition, all business partners are required to strictly comply with safety, occupational health, and environmental regulations. PTTAR issued a new procurement regulation for 2011 on 18 January 2011 which stipulates that all procurement must be done with consideration of the business partners' ethics, fairness, transparency, and positive responsibility for society and the environment. In 2010, PTTAR joined business partners in merit-making activities on various important occasions.

- **Lenders:** PTTAR honors its commitments to creditors and financial institutions by doing its best in following all contracts. It does not conceal any information or facts which may be harmful to lenders. Should there be any situation that prevents it from performing as required by the contracts, PTTAR will notify and work with lenders to find a solution to the problem together. It, moreover, has a good relationship with lenders and is ready to take part in social responsibility programs organized by lenders, as appropriate.

- **Competitors:** PTTAR honors and supports free trade. It follows the rules of fair and free competition and proper ethics, and acts within the boundaries of the law. Its business ethics forbids employees to engage in improper practices which may lead to the demise of competitors. In recent years, PTTAR has never had any disputes relating to any of its competitors.

- **Community, Society and the Environment:** PTTAR greatly values careful business conduct, taking care not to adversely affect the community, society, and the environment. It always aims to support activities that can help upgrade the quality of people's life while creating a quality community and environment at all operating sites. PTTAR grants particular support to develop the potential of the younger generation in education, culture, religion, sports, and the development of professional skills.

Social responsibility has now been incorporated in PTTAR's organizational core values (SPEED: S = Social Responsibility). Staff are reminded not to take actions which harm society and the environment. They are also encouraged to respect human rights, bearing in mind the fair use of labor. PTTAR supports its staff to take part in community activities around its plant and in Rayong province. Willingness to participate in community activities has now become part of staff annual performance assessment. In time of natural disasters, the recent domestic floods for example, PTTAR staff members were encouraged to lend a hand by donating relief bags in various provinces. Various groups of staff with public spirit regularly organize activities in various forms.

PTTAR recognizes the usefulness of building a network of stakeholders to acquire collective knowledge and experience, such as in the “Shareholders’ Company Visit” project, in which participants took part in a social responsibility program with students who served as Young Environment Ambassadors. Participants also joined news reporters in Rayong province in releasing fish into a natural water source. “Beach Cleaning” is another example of this community effort. On the International Coastal Cleanup Day, the Management and staff as well as their families completed beach-cleaning activities with their counterparts from other plants in the Map Ta Phut Industrial Estate. In the “Dream School, Map Ta Phut Pan Model” project, PTTAR arranged for media people and staff as well as other operators to jointly carry out activities to provide educational support in Rayong province.

PTTAR’s practice in social responsibility corresponds to the guidelines laid out by the Department of Industrial Works on Corporate Social Responsibility toward society (CSR-DIW), which comprises 7 main elements, namely corporate governance, human rights, labor laws, environmental protection, fair business operations, consumer protection, and community development. In 2010, PTTAR participated in the Department of Industrial Works’s project designed to encourage industrial operators to take responsibility for society in their application for certification under CSR-DIW. PTTAR was not only recognized as a CSR-DIW-certified company, but was also voted an outstanding company for organizational governance for 2010 out of 111 companies included in the assessment process. The recognition was based on effective and enterprise corporate governance based on evidence of transparency and readiness for inspection, a permanent PTTAR corporate value.

In addition, as a corporate citizen of Rayong, PTTAR recognizes its duty to contribute to provincial development for Rayong’s balanced growth. Therefore, its key guidelines are to pay in Rayong its building and land taxes, excise tax, local development tax, and signboard tax, and to change company vehicle registration to Rayong registration. Employees are

also encouraged to register their personal cars and pay related tax in Rayong. All these enabled PTTAR to win honorable recognition from the Provincial Administration Organization as an outstanding operator that pays local taxes to add income to local agencies and local administration organizations to improve the quality of life for Rayong residents.

In compliance with Article 67, Clause 2, PTTAR carried out Environmental Impact Assessments and Health Impact Assessments (EIA/HIA) as part of the Clean Fuel Project and Upgrading Project, Vapor Recovery Unit and Biodiesel Project, and Upgrading Project in Aromatics Complex I (AR2). These projects were carried out voluntarily as they are not categorized as part of the 11 types of projects causing severe damage in Map Ta Phut Industrial Estate. To complete these projects, PTTAR conducted a survey and reviewed opinions from villagers around the plant and revealed the results of the assessment through its website in September 2010.

- **The Country:** PTTAR’s successful effort to train, promote, and remind all its staff to honor stakeholders and corporate governance created a sense of citizenship in each individual staff with efficiency, transparency, and responsibility, which is beneficial for the country. PTTAR is committed to building an organizational culture and values that staff can adapt to their work, their family, and society in general. It also supports the dissemination of information and principles of corporate governance to the public through all internal and external channels, for instance, the Disclosure Focus publication in the July 2010 issue of SET.

The Board and the Management of PTTAR recognize the need to take part in various activities to share opinions with various stakeholders. For example, the Chairman of Corporate Governance Committee participated in the annual Kathin religious ceremony, and the Corporate Governance Committee and Management met with minor shareholders who actively followed up business movements and issues that may impact PTTAR. The Board closely followed information and opinions from shareholders on various occasions so that PTTAR was able to use these opinions and suggestions in decision-making and

action-planning. PTTAR also closely followed the issues and solutions to environment problems at Map Ta Phut.

To accommodate the change in Thai accounting standards to the International Financial Reporting Standards (IFRS), enforced from 1 January 2011, PTTAR has investigated the impacts of such change to financial statements, expertise, and skills of personnel, work processes, internal control system, and efficient change management planning. These investigations will make its financial statements clear and transparent while helping financial statements users and regulatory agencies analyze the performance, assess, and compare PTTAR's financial standing with industry peers and competitors on the same footing. Besides, they would provide PTTAR with opportunities to ease cross-border listing and fund raising.

4. Disclosure of Information and Transparency

Disclosure of information is one of the indispensable principles for good corporate governance. PTTAR, therefore, highly values information that may impact the decisions of shareholders and stakeholders. It recognizes and fully complies with laws regarding information disclosure for listed companies. This includes financial and non-financial information, which is disclosed in a complete, accurate, transparent, and timely manner, and in accordance with regulations. The information is available in Thai and English and is disclosed through accessible channels such as SET and SEC channels, as well as PTTAR's website (www.pttar.com). PTTAR strictly follows the laws and regulations of SET and SEC, as well as those of other government agencies. There are regular follow-up actions and inspections of amendments of regulations to ensure that these laws and regulations are correct. This will, at the same time, assure shareholders that PTTAR's business is transparent and appropriate. Investor Relations Division and Corporate Compliance and Communication Department are in charge of proper and complete disclosure of PTTAR information.

In 2010, Senior Managements as well as Investors Relations staff distributed information to investors on various occasions, including at three foreign investors road shows held abroad, 4 financial analysts' meetings, 75 meetings at PTTAR, 500 conference calls, 3 local

investors' meetings, 45 disclosures of information through SET channels and PTTAR's website, 4 shareholders' newsletters, and exhibitions at the SET in the City and Money Expo.

In addition, PTTAR consistently disclosed information to shareholders and the public through the mass media and through the various channels of social networks, both central and local media. Shareholders, investors, and the general public were able to learn about its movements around the clock. When the President & CEO reached his retirement age, PTTAR, to ensure the correct understanding and confidence in its business, organized four integrated programs with both central and local media, two media visits to the plant, four events with media participation, and 4 CEO Meets the Press sessions to announce the quarterly results. Moreover, reporters from television stations, daily newspapers, magazines, and websites were invited to 50 interviews with the CEO and Senior Managements. 100 photo releases, press releases, scoops, and calendar news were extended to both central and local media for dissemination to the public. PTTAR also released 32 pieces of information regarding social activities and CSR initiatives on Facebook under the name Cozy PTTAR and 4 other pieces on PTTAR's general information on Wikipedia. PTTAR also released the news about the President & CEO receiving the Second "Fastest-Growing in Asia" awards, from Platts, Singapore.

PTTAR has now increased social network communication channels to facilitate the more diverse internet stakeholders. Through these channels,



information concerning the way of life of the people residing in Map Ta Phut area is presented, and stakeholders are welcome to express their opinions or to share their information on Wikipedia PTTAR, Blog Map Ta Phut with a view: <http://pttarsocial.blogspot.com> and on Facebook: Cozy PTTAR.

In addition to the various disclosures of information above, PTTAR provides a two-way communication channel which is convenient and fast through an e-mail address, which is included on its website under Corporate Governance. Shareholders, investors, and the general public can file a complaint or forward any news to the Board, and can make enquiries regarding PTTAR by contacting the Company Secretary and the secretary of Corporate Governance Committee at the following e-mail address: corp-governance@pttar.com under Investor Relations, PTTAR can be contacted at ir@pttar.com. In 2010, investors made use of this popular method of communication, with about 1,500 correspondences through e-mail.

PTTAR's financial report has been presented in detail under "The Board of Directors' Report on Its Responsibility to Financial Reports".

PTTAR has a backup system to ensure the security of its information technology in case of an emergency to prevent any loss of information. It announced the application of PTTAR 2010 software to prevent the use of illegal software.

PTTAR has also laid out in its corporate governance manual a set of measures for informing about any rumors of possible damage to itself and measures for protecting the informer. Shareholders and stakeholders can notify PTTAR and the Board through the Corporate Governance Committee or Independent Directors of any potential illegal actions of a person or any event that may cause damage by e-mail or regular mail. PTTAR will keep such information in strict confidence to protect the informer.

Use of inside information and Company securities trading: Since a key policy of PTTAR is to treat all shareholders fairly and equally, it has defined guidelines for the use of inside information by the Directors, Management, and all employees, including their connected and related persons with access to material information that could affect PTTAR's share

price and has not yet been publicized. Under these guidelines, such data or information must not be exploited for self-gains, whether directly or indirectly, from share trading. The SEC-defined Directors and Managements must strictly report their portfolios of shares under SEC's rule. In addition, a Board policy requires reports of share transactions, as well as portfolios of Directors and Senior Management, for the Board meeting's acknowledgment every month.

5. Accountability of the Board

PTTAR has a set of criteria outlining the qualifications of Directors in the corporate governance manual, which has been posted on its website. It must have no less than 5 and no more than 15 Directors, and each Director cannot hold a directorship for more than 3 terms. No less than a third of the total number of Directors and no less than 3 Directors must be Independent Directors. PTTAR's regulations against shareholding in it by Independent Directors are stricter than those required by SEC and SET, a limit of shares not to exceed 0.5%.

The Chairman is not to be the same person as the President and CEO, so that they are independent of each other in order to maintain a system of checks and balances. There is a separation of roles between the Chairman, Directors, Committees, and Managements.

As mentioned in the corporate governance manual, the Board is qualified and knowledgeable in various fields, and consists of at least 3 Directors with expertise in petroleum or petrochemicals, at least one in law, and at least one in finance and accounting. The election of a Directors must be transparent and must comply with the processes of the Nomination and Remuneration Committee and the Board. The Nomination and Remuneration Committee is tasked with proposing the names of qualified persons, accompanied by their profiles, for consideration at the Annual General Meeting, after carefully reviewing the possible candidates against PTTAR regulations. The nominated candidates, as put forward by minor shareholders, are also considered by the committee. As for the replacement of Directors who resign before their terms are completed, the Board will work on the appointment of their replacements at the next meeting.

At the end of 2010, the Board was made up of 15 qualified Directors. Of these, 6 were experts in the petroleum or petrochemical industry, 5 in legal and business administration, 2 in finance and accounting, 2 in safety and security, and the other in economics. 8 of the Board are Independent Directors, over half of the total number. The Chairman is not a member of any committee, and the only management on the Board is the President and CEO. This structure enables the Board to conduct their duties with maximum efficiency, as detailed in "Management Structure".

Roles and Responsibilities of the Board

The Board, in its capacity as the representatives of shareholders, is vital to providing policy and direction to the business. It also monitors PTTAR code of conduct to help the business attain its goals, an arrangement designed to maximize benefits to PTTAR and all shareholders. As a result, the Board is required to carry out more roles and responsibilities than those defined by law in order to set a good example for staff at all operational levels, while also creating confidence among shareholders and investors. Their roles and responsibilities can be summarized as follows:

1) Policy and business strategies

The Board defines policy vital to the business, such as vision, mission, strategy, financial goals, risk management, business planning, and budget proposals, and is responsible for overseeing the business administration and operation to ensure that the management conforms to the approved plan and manage resources efficiently and effectively.

2) Value creation to the business

The Board is responsible for drawing up a policy on enterprise risk management while ensuring that a system or procedures for risk management are in place in order to strategically add value to PTTAR. There must be measures and methods to reduce impacts on the business. The Board is also required to provide recommendations to enhance business performance.

3) Corporate governance

The Board must fulfill its duties to the best of its ability and ensure that business operations conform



to the laws, objectives, regulations, and direction decided at the shareholders' meetings. The Board also makes sure that good corporate governance and code of conduct are being practiced, as well as overseeing the smooth operation and independence of PTTAR's internal controls. The Board makes sure that essential information about PTTAR is disclosed. At the same time, it is the responsibility of the Board to protect the rights and benefits of shareholders and treat them equally, and to oversee potential conflicts of interest. These are explained under the section "Connected Transactions" to ensure the fair treatment of all shareholders and maximum benefit to PTTAR. In addition to encouraging employees to understand, recognize, and practice good corporate governance, the Board should provide support for the integration of the internal control system and corporate governance.

4) Responsibilities for society, the environment, and human rights

It is an essential requirement that the Board align all business operations with social and environmental

responsibility to reduce industrial pollution, as well as promoting the sustainable livelihood of Thai society. This starts with improving the livelihood of the local community around the plant, participating in problem-solving to reduce impacts on the community, respecting human rights, and using fair labor practices, so that the community and the plant can co-exist in the long term.

Subcommittees

To ensure that the Directors oversee business operations most effectively, the Board has appointed Committees to study, summarize, and set standards for various business operations, as well as setting guidelines about various aspects of management. This creates checks and balances, which leads to effective management and maximum benefit for PTTAR. Critical issues are raised for the consideration or acknowledgement of the Board.

PTTAR has 4 Committees: Audit Committee, Corporate Governance Committee, Nomination and Remuneration Committee, and Risk Management Committee. The Nomination and Remuneration Committee has a procedure for the selection of Committee members and implements this procedure consistently when the need arises. The name list of suitable candidates is then submitted to the Board for official approval.

Information detailing the work of the Board and the Committees, as well as their compensation, is listed under "Management Structure".

Management Directors

These Directors are involved in the management of PTTAR, complying with the Capital Market Supervisory Board declaration No. Thaw Chaw 28/2551, which states that Management Directors are also managers, including Directors authorized to sign binding agreements, with the exception of agreements that have already been decided by the Board and are co-signed with other Directors.

In 2010, PTTAR had 3 Management Directors, namely the President and CEO, and 2 other Directors

authorized to sign binding agreements. Further details are available under "Board of Directors".

President and Chief Executive Officer

In the Board's extraordinary meeting no.1 on 29 September 2010 and no. 2 on 1 October 2010, the meetings agreed to appoint Mr. Bowon Vongsinudom as Director, President & CEO, and Secretary to the Board with effect from 1 October 2010, replacing Mr. Chainoi Puankosoom, who retired.

Company Secretary

In meeting no. 8/2553 on 19 August 2010, the Board appointed Ms. Monwipa Choopiban, VP - Corporate Compliance & Communication, to be Company Secretary replacing Mrs. Puangchao Nakanart, who retired from the Company on 1 October 2010. This appointment was carried out under the provisions of Article 89/15 of the Securities and Exchange Act (1999), which was amended by the Securities and Exchange Act no.4 of 2009.

Board Meetings

The Board holds meetings once a month and schedules its meetings a year in advance – more than required by PTTAR's regulations of 1 meeting per quarter. Extraordinary meetings are scheduled as necessary. During 2010, 12 meetings were held for the Board, one for Independent Directors, and one for the Board members without Managements. Each meeting had a clearly defined agenda and contained regular reports of business operations. Board members are required to regularly attend the meetings to acknowledge PTTAR's development and take part in business decisions.

The Secretary to the Board sends meeting invitations containing the agenda and relevant appendices ahead of the meeting to give the Directors enough time to study the information before the meeting. The President & CEO and the Chairman together consider matters and organize them into the meeting agenda in order of importance and relevance. Other Directors can also propose matters to be added to the agenda. In every meeting, the Chairman allows

all Directors to express their opinions openly, suggest discussion topics, or ask questions. Senior Managements also attend the meetings when agenda items relate to their responsibilities to answer and explain situations to the best of their ability. If any Directors have a stake in any agenda items being discussed at a specific meeting, they must not be present at the meeting or cast their votes in decisions related to that item. After the meeting, PTTAR produces written minutes of the meeting, which is certified in the next meeting. The meeting documents are stored on PTTAR's system for filing important documents, ready for examination by the Board or other relevant organizations.

The Independent Directors have provided useful recommendations to the Company and its shareholders, including preparation for the introduction of new accounting standards, knowledge of laws, as well as guidelines and communication channels with minor shareholders.

Further details of the Board meetings are available under "Management Structure".

Board Assessment

It is stated in PTTAR's corporate governance manual that an assessment of the Board, collectively and individually, must be carried out under the performance assessment procedure after the completion of annual operations.

The Board arranged for its performance assessment for 2010 to take place once in order to assess their achievements, problems, and obstacles, and to propose ways for PTTAR to improve its performance. The assessment covered the performance of the Board as a whole and included self-assessments of the 15 individual Directors. The criteria for the assessment are as follows:

- 5 (100 out of 100) = very good
- 4 (80 out of 100) = good
- 3 (60 out of 100) = meets expectations
- 2 (40 out of 100) = average
- 1 (20 out of 100) = needs improvement

In summary, the overall assessment score for the Board in 2010 revealed an average score of 96.71%,

which included assessment in 4 main areas (topics) and 38 subtopics:

Topic	Average Score (%)
1. Board Policy	97.60
2. Board Structure	96.67
3. Board Performance	97.23
4. Board Meeting	95.33

Performance assessment of individual Directors revealed an average score of 96.85%, which included assessment in 6 main areas (topics) and 22 subtopics:

Topic	Average Score (%)
1. Accountability	98.67
2. Responsibility	96.67
3. Equitable Treatment	96.44
4. Transparency	96.67
5. Creation of Long-term Value	92.67
6. Ethics	100

Directors' and executives' personal development

PTTAR's policy encourages all Directors to attend training courses with the Thai Institute of Directors (IOD) and other relevant institutions, such as the Capital Market Academy, and to attend seminars on various topics to accumulate knowledge about the roles and responsibilities of a Company Director.

If a new Director is selected, the President & CEO is required to explain business operations, business

updates, upcoming projects and business ventures, to summarize the last Board meeting, and to advise him or her regarding good corporate governance practices so that he or she can understand the business and perform his or her responsibilities more effectively. PTTAR has a procedure to prepare a new director so that the person can perform his or her duties without delay. It is also the role of the Company Secretary to coordinate the following matters:

1) Collect necessary information on Directors to facilitate the examination process to ensure compliance with the relevant laws and arrange for the deliveries of essential information on Directors' performance, such as recommendation letters, Company regulations, corporate governance manual, Directors' personal history, performance summary, and the annual report.

2) Arrange for meetings with the Chairman, Directors, Senior Management, and Vice President to keep them updated and to equip them with insights of PTTAR's operations.

3) Provide support for Directors and Senior Managements to attend training sessions considered useful for enhancing their performance. This training could be organized by PTTAR, by the regulators, or by independent agencies, such as IOD, which provides courses designed for directorships. SEC requires Directors of listed companies to take at least one of these courses, as well as seminars on various topics, to enhance the Director's knowledge of his or her roles and responsibilities.

PTTAR also provides membership in IOD for all Directors, so that they can receive news and information. It also notifies all Directors of possible training courses which they can attend throughout the year. As of the end of 2010, 7 Directors attended the Director Accreditation Program (DAP), 9 attended the Director Certification Program (DCP), 2 attended the Audit Committee Program (ACP), 2 attended the Financial Statements for Directors (FSD)/ Finance for Non-Finance Directors (FN) program, 3 attended the Role of Chairman (RCP) program, 1 attended the Role

of Compensation Committee (RCC), and 12 attended programs conducted by the Capital Market Academy.

As for succession planning, PTTAR has systematically laid down an employee development structure by grooming executives under a leadership competency approach, focusing on cultivating skills in business management and people management. The Company has framed the approach and execution of its succession plans by the designation of capable employees in all groups for grooming into all key positions. Succession plan development for key positions and internal transfers must follow the overall scheme. All others are developed under individual development plans, covering core competency and functional competency. Details on executive development appear under "Performance Review".

The Board of Directors's report

The Board is responsible for proposing PTTAR's budget. The Audit Committee is assigned to review financial reports and make sure that they are of the highest quality and comply with the generally accepted accounting standards. Company information is disclosed in a transparent and complete manner, and a quarterly report is submitted to the Board. The Board is responsible for the budget as well as financial information appearing in the Annual Report. The financial statements are audited by KPMG Phoomchai Audit Ltd., a licensed auditor. Disclosure of any information, financial or non-financial, is always complete, truthful, and accurate.

Remuneration for Directors and Managements

PTTAR has a transparent policy for the remuneration for Directors and various Committees. The Nomination and Remuneration Committee is in charge of reviewing the remuneration to make sure that it is competitive with companies in the same business group and with leading listed companies. Remuneration considerations are based on the performances of both the individual and the Company, the practices of listed companies of the same scale in the same industry, the scope of

responsibilities, as well as the overall economic situation. Remuneration for Directors follows the decisions approved by the Annual General Meeting. At the Annual General Meeting 2010, shareholders approved the 2010 remuneration for Directors as proposed by the Nomination and Remuneration Committee. Details of the remuneration for Directors and Managements have been disclosed under "Remuneration for Directors".

According to the Thai IOD's survey of Directors' compensation in 2010, PTTAR was categorized under the natural resource group. Comparison of Directors' compensation was made between PTTAR and the group average, with the following findings:

Board of Directors: The Chairman's compensation was 0.13% lower than the group average, Management Directors 0.03% lower, and non-management Directors on par. The Chairman's bonus was 0.53% higher than the group average, Management Directors 1.22% higher, and non-management Directors 0.65% higher.

Committee members: The compensation for the Chairman of the Audit Committee was found to be 0.31% higher than the group average, while those of the members were 0.24% higher. The compensation for the Chairman of the Nomination and Remuneration Committee was 1.41% higher than the group average, while those of non-management members were 1.92% higher. The compensation for the Chairman of the Corporate Governance Committee was 1.07% higher than the group average, while those of non-management members were 1.65% higher. The compensation for the Chairman of the Risk Management Committee was 1.67% higher than the group average, while those of executive committee members were 1.87% higher and those of non-management members were 1.50% higher.

Based on the latest Directors' compensation survey conducted by SET in 2009 and taking into account the entire annual remuneration package reported to SET, PTTAR was categorized under the energy and utilities group. The compensation for the Chairman was reportedly 1.40% higher than the group

average, those of the Directors were 0.64% higher, that of the Chairman of the Audit Committee was 0.42% higher, and those of Audit Committee members were 0.10% higher.

The Nomination and Remuneration Committee evaluates the performance of the President & CEO yearly to determine fair compensation rates and to report the findings for the approval of the Board.

In 2010, SET, SEC, and IOD jointly evaluated the corporate governance of listed companies and completed the annual Corporate Governance Report of Thai Listed Companies (CGR). PTTAR was rated in the 'Excellent' range, winning a symbolic 'five stars' from the National Corporate Governance Committee. Moreover, PTTAR won recognition from SET's CSR Awards committee for 2010 as a company with satisfactory performance in various areas, including Director and Management levels through to staff level, especially in corporate governance. PTTAR was commended for possessing a vision which values all stakeholders, and highlighting transparency both inside and outside it. Its attempt to promote social responsibility among its business partners was also part of the recognition.

The Corporate Governance Committee is still determined to further develop corporate governance to achieve higher efficiency and effectiveness. This is to ensure that corporate governance brings about the maximum benefit to shareholders, PTTAR, and all stakeholders. The Committee aims to upgrade PTTAR's corporate governance to the level comparable to international standards and in wider and more diverse dimensions. It is expected that corporate governance could be integrated into other areas of the Company's operation, such as risk management and internal auditing.

General 
(Somjed Boontanom)

Chairman of the Corporate Governance Committee

Report of the Audit Committee

To the Shareholders

Consisting of 3 Independent Directors chosen from experts in the auditing of financial management, accounting, management, economics, as well as petroleum and petrochemical businesses, the Audit Committee of PTT Aromatics and Refining Public Company Limited is chaired by Dr. Chokchai Aksaranan, with Dr. Witoon Simachokedee and Mr. Nakarin Virameteekul as members.

In 2010, there were two changes to the Committee. First, Dr. Chokchai Aksaranan (Chairman) and Mr. Nakarin Virameteekul completed their Directors' terms at the 2010 Annual General Meeting of Shareholders on 5 April 2010. That Annual General Meeting re-appointed Dr. Chokchai Aksaranan to the Board. Then at meeting No. 4/2010 of 21 April 2010, the Board re-appointed Dr. Chokchai Aksaranan as Chairman of the Committee and Mrs. Pannee Sathavarodom as its member in place of Mr. Nakarin Virameteekul.

Second, the entire Committee completed their Audit Committee terms on 27 December 2010. So, the Board, at its meeting No. 11/2010 of 18 November 2010 and No. 12/2010 of 16 December 2010, re-appointed Dr. Chokchai Aksaranan as its Chairman, together with Dr. Witoon Simachokedee and Mrs. Pannee Sathavarodom as its members for another term. In addition, it appointed Police General Sereepisut Temeeyaves as a fourth member, effective from 28 December 2010.

The Committee performed its duties under the Board-assigned scope, duties, and responsibilities and in line with an announcement of The Stock Exchange of Thailand (SET).

The Committee held 9 meetings during the year with complete attendance each time together with the Management, Internal Audit, and the external auditor on relevant agenda items. In performing its duties, it proved independent and received excellent cooperation from all departments. The Committee clarified and reported summaries of its performance for the year to the Board on 17 February 2011. Below are the highlights.

- **Review of financial statements:** The Committee reviewed the quarterly and annual financial statements for the year 2010 with the relevant members of the Management and the external auditor to ensure proper preparation in essential details under generally accepted accounting practices. It was found that PTTAR's information disclosure was adequate, complete, and useful to the users. Monitoring of the readiness for implementation of IFRS (the new accounting standard) in 2011 as well as its impacts on the financial statements was in place; it was also found that such implementation had no significant impact on PTTAR. In addition, the Committee also held a separate meeting with the external auditor for consultation on matters related to their audit of the financial statements.

- **Review of risk management:** After reviewing PTTAR's risk management practices under the Risk Management Committee's policy and risk management approaches, the Committee was confident that the Company had commanded risk assessment encompassing key risks, as well as efficient systems and risk management plans that could control or mitigate potential impacts on the acceptable achievement of business objectives. The Management was found to have valued risk management and

defined a policy for instituting an internal control system that linked and aligned with corporate risks. Finally, there is a mechanism to continually monitor risk management progress for plan fulfillment.

- **Review of internal controls:** Reviewing the internal control system with the external auditor and the head of Internal Audit, the Committee monitored PTTAR's corrective actions as recommended and concluded that the Company commanded an adequate and efficient internal control system and no significant issue or shortcoming had been identified. PTTAR also recognized the value of a good internal control system and had shown reasonable confidence that its internal controls could support its business execution to fulfill the goals and objectives, apart from conformance to applicable laws and the code of conduct.

- **Supervision of Internal Audit:** The Committee reviewed the independence of Internal Audit and supervised its work to conform to international standards. It approved the annual internal audit plan and revised the plan in line with the corporate environment. It also endorsed Internal Audit's strategic plans and its restructuring to accommodate the role of a skill training and expertise unit that can educate employees on internal control and internal audit, apart from providing helpful recommendations to the efficiency improvement of the internal control system.

- **Review of conformance to the law:** The Committee monitored findings of Internal Audit's inspection of PTTAR's conformance to the law on Stocks and Stock Exchange, SET's requirements, or laws applicable to its business. It was concluded that there had been no issue related to reporting of avoidance or non-conformance to the law.

- **Review of connected transactions:** Together with the external auditor and Internal Audit, the Committee reviewed connected transactions between PTTAR's connected people or businesses of potential conflicts of interest, and concluded that these transactions had been sensibly undertaken in the normal course of business and had disclosed connected transactions in line with SET's announcement, SEC's

requirements, and good corporate governance principles. PTTAR prudently and reasonably eliminated such conflicts of interest while treating all shareholders in the same way.

- **Self-assessment:** Having assessed its own performance against SET's manual on good practices, the Committee concluded that it had performed its duties under the Board-assigned scope, duties, and responsibilities and in line with an announcement of SET.

- **Selection, nomination, and proposal of fees for the 2011 external auditor:** To hire an external auditor that is independent, the Committee nominates Mr. Winid Silamongkol, CPA (Thailand) Registration No. 3378, or Mr. Vairoj Jindamaneepitak, CPA (Thailand) Registration No. 3565, or Mr. Charoen Phosamritlert, CPA (Thailand) Registration No. 4068, all from KPMG Phoomchai Audit Ltd., as the external auditor for 2011. None of the nominees are connected to PTTAR, has no shareholding, and provides no other service apart from auditing. They conducted their previous auditing duties properly, in line with the auditing professional standard, and with a reasonable understanding of PTTAR's business. Finally, their fees are considered reasonable.

In summary, the Audit Committee views PTTAR as being in full conformance to the good corporate governance policy, resulting in its adequately internal control system, complete with an adequate, suitable risk management system. In addition, the financial statements as of 31 December 2010 showed no problems or transactions that affected its financial standing. The Committee considered the financial statements properly prepared, with adequate information disclosure and conformance to generally accepted accounting principles, as well as applicable laws and regulations.

On behalf of the Audit Committee



(Dr. Chokchai Aksaranan)

Chairman

Internal Control System



PTT Aromatics and Refining Public Company Limited (PTTAR) values the internal control system, which the Board has assigned the Audit Committee to review and assess, with a focus on ensuring its adequacy, efficiency, and suitability for business, and its stewardship of properties and prevention of harm, mistakes, or frauds. Also, the accounting system and financial reporting must be accurate and reliable while conforming to applicable laws and regulations. The Audit Committee performs its duties independently.

The Audit Committee reviewed reports on internal controls, particularly to examine the aspects of strategy, finance, and operation to ensure that development of these aspects are consistently efficient and effective. It ensures monitoring and corrective actions, particularly those for key risks affecting job performance, connected transactions leading to potential conflicts of interest, and conformance to applicable laws and regulations to ensure that good corporate governance principles are adequately observed, as is suitable risk management. These practices would result as company overall benefit. The findings of the audit contained no suspected violation by PTTAR Managements of the Securities and Exchange Act and no significant defects. In short, business execution aligns with its policy of valuing internal controls.

The Board's opinions about the internal control system are identical to those of the Audit Committee, as highlighted below:

1. Organization and Environment

PTTAR is committed to be Asia's leading aromatics and oil refining with integration to intermediate and downstream petrochemical and alternative energy businesses. Its vision, mission, and values are clearly stated to serve as a business framework and direction. Its organization structure is characterized by decentralization of power for the flexibility of job performance, suiting prevailing business circumstances. Strategies and goals are defined along with a 5-year business expansion plan and a clear, measurable annual plan. Processing efficiency is constantly improved. Employees are encouraged to observe corporate governance and the PTTAR code of conduct. A good corporate governance manual and corporate values are promoted among all employees, consisting of key topics like honesty, management and treatment of related parties, human resource management with a focus on skill development and competencies to ensure desired capability aligning with business needs and accommodating future business expansion. Activities are in place to promote Knowledge Management and participation in productivity activities to drive the Company toward future success.

2. Risk Management

PTTAR values conformance to the risk management policy while promoting all employees' recognition of the value of risk management, which could affect its goal achievement. The Company commands efficiency improvement in analyzing market information, industry movements, and market prices to ensure good results

of risk management and long-term business planning. It also monitors market situations for feedstock, products, and finance every week. External and internal risk factors are identified along with their potential impacts on goal achievement. So that PTTAR's risks may be acceptable, in place are risk management plans and a clear process to control or mitigate impacts while ensuring preparedness for proper and timely prevention and remedy.

3. Performance Control

The Board appointed 4 Subcommittees (more commonly referred to as 'Committees'): the Audit Committee, Corporate Governance Committee, Risk Management Committee, and the Nomination and Remuneration Committee. These Committees ensure that PTTAR's business aligns with standards and good corporate governance principles alike. The Company focuses on work process management for efficiency and unity, with clear policy definition and work procedures to ensure connection to internal controls so that mechanisms may strictly follow processes and support conformance to Company policy to prevent, detect, or minimize risks. Managements review and monitor performances through indicators (at corporate and operating levels), regularly comparing performances against goals. Finally, in place is an advanced, transparent, and credible process to control information processing in support of business management to ensure accuracy and timeliness.

In 2010, PTTAR attained certification of 5 management systems from MASCI: IMS (R-100 Rev. 1), ISO/TIS 9001:2008, ISO/TIS 14001:2004, TIS 18001-2542 and BS OHSAS 18001:2007. In addition, it underwent assessment by experts at the Department of Industrial Works under the Corporate Social Responsibility project (CSR-DIW) and named an outstanding company for Organizational Governance based on overall criteria of being complete, accurate, transparent, and open to scrutiny of its practices.

4. Information and Communication System

PTTAR values information and communication systems by instituting internally and externally. Advanced technology is applied to information processing and management for efficient assessment of internal controls, finance & accounting reports, and conformance to assorted policies and regulations. Management data systems are managed concerning business performance and communicated to all parties for acknowledgment, understanding, and receipt of such information completely, accurately, adequately in a timely way so that decision-making may be based on accurate and up-to-the-minute information.

5. Monitoring and Assessment System

The Board held 12 meetings in 2010, whereas Management meetings take place every week to consider and monitor performance against corporate and operating indicators to ensure alignment with corporate goals. The Audit Committee held 9 meetings to consider the financial standing and audit findings of the internal control system every quarter of the year and provide key recommendations that affect PTTAR to Managements. Key issues and shortcomings are strictly monitored for correction to ensure that internal control measures and systems are effective and modifiable in time as circumstances change, so as to keep the Company's internal controls updated.

The Audit Committee reviewed the internal control system, assessed by Company Managements and Internal Audit Department, and discovered no significant issues or shortcomings, as endorsed by the external auditor, which considered PTTAR's internal control system adequate and effective.

Quality, Safety, Occupational Health, and Environment (QSHE) Performance



PTT Aromatics and Refining Public Company Limited (PTTAR) values the development of a management system for its quality, safety, occupational health, and environment (QSHE) as well as fair treatment of all stakeholders by defining the following policy.

- Focus on Total Quality Management (TQM) for the entire corporation to make products and provide services of high standards, fitting requirements and addressing customers' expectations
- Improve work processes for continuous efficiency in line with international standards, rules, laws, and agreements related to PTTAR's business, apart from defining suitable improvement measurement criteria
- Define a corporate culture to cultivate awareness among all employees of safety consideration at work and care for one another's safety (CARES) in tandem with QSHE management
- Develop experts to effectively conduct technical safety inspection for the process and engineering lines and require executives to contribute to safety inspection through the so-called Safety Walk Around to prevent work-related accidents
- Manage PTTAR with corporate social responsibility (CSR) and responsibility to all stakeholders while consistently valuing environmental stewardship to prevent problems affecting the general public and promoting the quality of life for communities and related parties, thus leading PTTAR toward sustainable development
- Ensure efficient application of resources and energy to minimize process losses

- Promote all employees' understanding of and participation in assorted management processes, including knowledge management and productivity activities like 5S, experience and knowledge sharing, suggestions for work improvement, and QC for continuous work improvement.

A summary of QSHE performance for the year 2010 appears below.

1. Quality Management

PTTAR achieved MASCI's simultaneous certification for 5 management systems, called the Integrated Management System, which merges the ISO/TIS 9001:2008 (Quality), ISO/TIS 14001:2004 (Environment), TIS 18001-2542, BS OHSAS 18001:2007 (Occupational Health and Safety) management systems into one, and provided training to employees and contract employees about the new system. In addition, PTTAR successfully passed the audit of the CSR-DIW 2010 standard conducted by the Department of Industrial Works and was named by an assessment group of the department and MASCI as the most outstanding plant for corporate governance.

PTTAR consistently promoted productivity activities to bring about self-development, joint learning, and teamwork promotion. This year's outstanding QC group (Boiler005) participated in the 24th Thailand QC Contest, hosted by the Association of QC Headquarters of Thailand and the Department of Industrial Promotion, Ministry of Industry. The group was chosen to represent Thailand for presentation at an international QC event in India, ending up with the popular vote awards.

PTTAR launched a Knowledge Management (KM) and QSHE Day exhibition for its various departments to transfer expertise to fellow employees. The event proved quite a success due to active participation.



500 of shareholders were also invited to the event to view the activities and shared company knowledge management.

2. Safety Management

PTTAR values the cultivation of awareness among employees to care for their own safety and colleagues under the so-called CARES safety culture, which stands for Caring, Awareness in safety, Relationship, Everyone goes home safely every day, and Stop if unsafe. CARES was coined by PTTAR to promote accident-free and injury-free operations. Illustrating its stringent safety performance, the Aromatics Complex I (AR2) won the National Outstanding Business Operator for Safety, Occupational Health, and Work Environment for the eighth straight year (2003-2010).

PTTAR twice volunteered to host Rayong province emergency plan drills: a level-two provincial drill and the evacuation drill for the communities around Aromatics Complex II (AR3). Its experts helped the communities form their own evacuation plans. Also critical is the ability to retrieve marine oil spills. PTTAR hosted a Rayong Oil Spill Emergency Response drill with the environmental conservation association (IESG) and relevant government agencies like the Marine Department and the Royal Thai Navy to test the preparedness for oil spill retrieval.

3. Occupational Health Management

Out of PTTAR's concern for its operators' health associated with new processes, particularly those exposed to hazardous substances, these employees underwent a revised check-up program to proactively guard against health hazards. Besides, PTTAR launched 3 health caravans to provide health screening and take care of community health, particularly the mother and child target group.

Out of the litigation on 76 Map Ta Phut projects to enforce conformance to Article 76, Clause 2, of the

2007 Constitution, PTTAR's 3 projects underwent voluntary EIA/HIA requirements for projects with severe impacts – despite the ruling that they were not. These consisted of the Refinery Plant (AR1) Clean Fuel and Upgrading project, Refinery Plant (AR1) Vapor Recovery Unit (VRU) Installation and Biodiesel project, Aromatics Complex I (AR2) Efficiency Improvement project.

4. Environmental Management

Stewardship of the environment and communities around PTTAR's plants is the duty of all employees. PTTAR values the environment by defining environmental performance as a key performance indicator (KPI). In addition, the Company volunteers its representatives to measure the odor around Map Ta Phut Industrial Estate and nearby communities every Thursday and Saturday to keep watch of offensive odors from plants. Small groups of employees regularly meet and learn about new knowledge.

Strict conformance to the law and environmental measures is PTTAR's core mission. The Company invested in an instrument to continuously measure air



quality and effluent quality and send the readings to the environmental monitoring station of Map Ta Phut Industrial Estate to illustrate its transparency. Such stewardship won an EIA Monitoring Awards for its tanker product loading business from the Office of Natural Resources and Environmental Policy and Planning. Strict conformance to EIA measures and undertaking of assorted projects to cut pollutants contributed to its Environmental Governance (White Flag-Green Star) awards for all 3 PTTAR plants, consistently rated very good by representatives of the communities and government agencies.

On the above-mentioned litigation of 76 projects, the government appointed a 4-party joint panel to ensure conformance with Article 76, Clause 2, of the 2007 Constitution, led by former Prime Minister Anand Panyarachun. PTTAR representatives joined this panel and 2 sub-panels, which illustrated its technical and environmental law expertise, as a part of environmental handling for country. Prominent environmental projects completed by PTTAR in 2010 included the ones below.

- **Installation of activated carbon absorbers at the storage tanks of Aromatics Complex I and II (AR2 and AR3)** to trap VOC vapor, which proved 90% effective.
- **Construction of a fuel Vapor Recovery Unit (VRU)** and bottom loading at the lorry-loading unit at Refinery Plant (AR1) to prevent vapor from spreading, which proved 95% effective.
- **Preparation of a VOC inventory** in processes and provision of leak detect and repair actions at Aromatics Complex II (AR3), a voluntary action before enforcement of the law
- **Improvement of combustion at Refinery Plant (AR1) gas turbines** to cut the release of the oxides of nitrogen due to gas burning, which proved 10% effective; the first 2 units were completed in 2009, and the third in 2010.

- **The Clean Fuel and Upgrading project, phase 1**, was completed in 2009, which proved 30% effective for sulfur dioxide emission; a Deep Hydrodesulfurization (DHDS) unit is under construction to lower sulfur contents in jet fuels and diesel, with a projected start-up in 2012
- **Efficiency improvement of Heat Exchangers and Distillation Trays at Aromatics Complex I (AR2)** was designed to retrieve heat for re-use in processes, lower process fuel requirements, save engine-running expenses, and ease global warming.






Driving the happy organization
**with volunteering spirit
and responsibility
to all stakeholders**

PTTAR's business is done with social conscience. Value is given not only to the development of the quality of life, but also to the stewardship of society and the surroundings. Volunteering-spirited employees are encouraged to join hands in making better communities and society while also nurturing their own firm.

*In short, PTTAR is not contented with making its people smarter,
but with making them more conscientious*

with volunteering spirit through the awareness of Corporate Governance,
with due regard for all stakeholders, is constantly promoted to all.





Corporate Social Responsibility

Conducting its business with awareness of its responsibility to Thai society, PTT Aromatics and Refining Public Company Limited (PTTAR) values the improvement of the quality of life, social stewardship, and caring of the surroundings of its plants. As a socially responsible company, it executes all aspects of business under corporate governance principles while strictly conforming to laws and public regulations and implementing safety and environmental management systems to prevent impacts on surrounding communities. In addition, PTTAR initiated projects and activities to promote living conditions for communities and society so that they may be sustainably self-reliant, and promoted employees' awareness of social responsibility both in their job performance and in public services. After all, PTTAR's first corporate value is Social Responsibility and Caring.

PTTAR has collaborated with public and private agencies to maximize benefit to communities and promoting Rayong social development in an efficient and sustainable way:

- Cooperation among PTT Group companies in establishing a steering committee for the execution of social responsibility and communication in Rayong.
- Cooperation among the operators in Map Ta Phut Industrial Estate, known as "the Community Friend".
- Cooperation among the operators in Map Ta Phut Industrial Estate and other industrial estates – Hemaraj Eastern, Padaeng, Asia, RIL – and Map Ta Phut Industrial Port Office, known as the Map Ta Phut Public Relations Club, formed to gather ideas and conduct social responsibility work.

PTTAR defines communication plans together with continuing, transparent dialogues with communities to establish credibility and confidence, as well as cordial relations. These are described below:



- Visited communities everyday to establish rapport and listen to their views.
- Ensured weekly community visits by groups of operators, maintenance, and environment, health, and safety personnel to discuss PTTAR's operations, environment, and safety.
- Organized forums for the Board and Management to engage in dialogues with community chairpersons and committees to establish familiarity and exchange of views.
- Invited community committees and members to witness PTTAR operations to nurture their appreciation.
- Organized annual seminars of community leaders to implement their recommendations in PTTAR's current and future action plans to suit community needs and corporate capability.
- Kept communities informed through community bulletin boards to communicate PTTAR activities and lead to a healthy corporate image.
- Informed communities in advance of scheduled maintenance or emergency drills.
- Ensure a quick, efficient community environmental complaint-handling system.

In addition, PTTAR has encouraged employee participation in social activities, including the Rom Mai Club (with its hobbies of social development in remote areas of the country), the "Three Baht a Day Project" (formed to upgrade needy, underprivileged schools in remote areas of the country), and the "One Fine Friday group" (formed to share things with underprivileged members of society). These exemplify employees' initiatives in line with PTTAR's social responsibility policy and values.

Below are detailed social activities undertaken in 2010.



Educational Support/Child and Youth Development



- In cooperation with PTT Group, launched a scholarship project for youths and granted scholarships to schools in Map Ta Phut Municipality, Map Kha Phathana Municipality, and Ban Chang Municipality.
- Launched the “PTTAR Get Ready for the University Project”, in which volunteer employees taught chemistry, physics, and mathematics to grade 12 students at Map Ta Phut Phan Phittayakhan School after school hours for one school term to prime them for the university entrance examination.
- Launched an English skill development project in the form of “English For Fun” activities for community students and youths aged 10-12 under the coaching of volunteer employees.
- In cooperation with PTT Group and notable tutorial schools, launched the “PTT Group Get Ready for the University Project”, under which ONET subject coaching was given to grade 12 students of 19 Rayong schools to enhance their likelihood of pursuing undergraduate studies.
- In cooperation with PTT Group, launched the “Petro Camp to Petro Champ Youth Camp” for students at 7 Rayong high schools. 4 students were chosen for undergraduate scholarships at the Department of Chemical Engineering, Faculty of Engineering, King Mongkut’s University of Technology Thonburi, which has offered 4 scholarships annually.
- In cooperation with PTT Group, staged an exhibition to widen the world view of petroleum and petrochemicals among Rayong students.
- In cooperation with PTT Group, launched an activity called “Make Your Dreams Come True” on the National Children’s Day.

Environment

- Volunteer employees built used engine-oil storage for the small-boat fishing group at Suchada Beach to ease environmental problems arising from improper fuel dumping.
- Volunteer employees planted trees with communities to add green areas and for harvesting.
- Volunteer employees cleaned beaches with communities, government agencies, and industrial operators every month and on the International Coastal Cleanup (ICC) Day.
- In cooperation with PTT Group, Map Ta Phut Industrial Port Office, Map Ta Phut Phan Phittayakhan School, Ta Kuan - Ao Pradu community and small fishing-boat group, launched an ecology improvement project at the mouth of the Chak Mak canal by releasing aquatic species, conducting mangrove reforestation, and tree-planting to add green areas and enrich the ecology.
- In cooperation with PTT Group, managed the Green Rayong Project by planting trees in Wat Krok Yai Cha area and planning future development of a public park in honor of HM the King.

Health Care

- The “Sharing with Communities” clinic at Aromatics Complex II provided free medical care to community residents.
- Launched a health caravan to provide free health care and advice to communities, particularly mothers, children, and the elderly.
- Sponsored health check apparatus, including blood pressure monitors, to community public health volunteer groups and community health stations.
- In cooperation with PTT Group, continued the “Sharing with Communities” Clinic at Rayong Gas Separation Plant.
- In cooperation with PTT Group, sent out a monthly mobile doctor team to provide community residents with free medical care.





Occupational Support

- Promoted occupations in communities, trained, and organized study trips to enhance occupation opportunities, including capability and operating standards, including fishermen's trips to fish rearing in cages and housewives' trips to hydroponic vegetable farms.
- Defined guidelines for supporting internal units in the procurement of merchandise and service purchasing to ease community members' businesses with the Company, such as food and snacks for PTTAR activities gardening tasks, employee commuter vans, drinking water, and machine-cleaning rag.
- Promoted recruitment of community members' children and employment of local labor as employees and contract employees.

Sports

- Promoted community anti-drug soccer matches; "PTTAR Volunteers" soccer team took part in a community contest to foster cordial relations.
- In cooperation with PTT Group, organized friendly sports activities with the surrounding communities, with participation by PTT Group executives and volunteer employees.
- In cooperation with PTT Group, the PTTAR Race Club, and Wat Ta Kuan School, launched a Samathi Wisakha Buddhabucha walk-run project to commemorate a religious day and campaign for sound public health. This activity was held simultaneously across the nation on Wisakha Bucha Day.
- In cooperation with PTT Group, hosted the 2010 Rayong Marathon.

Religion/Culture/Ethics

- Launched an annual Summer Mass Novice Ordination Program at Wat Nong Sanom, Tambon Noen Phra, Amphoe Mueang, Rayong, to promote wise spending of time by studying Dharma Vinaya discipline and practicing concentration to grow into smart and exemplary citizens.
- In cooperation with the communities of Map Ta Phut Municipality and Map Kha Phathana Municipality, staged an annual Kathin ceremony at Wat Map Kha, Amphoe Nikhom Pathana, Rayong.
- Consistently sponsored activities for the conservation and promotion of various customs among the communities, including the Khao Lam alms-giving tradition, well-wishing for the elderly on Songkran Day, alms-giving on the end of Buddhist Lent, and Loy Krathong.

Safety

- Conducted emergency drills with communities for their reassurance.
- In cooperation with PTT Group, supported activities of volunteer policemen to ensure their preparedness.



2010 Activities



16 January 2010

16 January 2010: Signed a memorandum of understanding on business cooperation with Map Ta Phut Olefins Co., Ltd. (MOC), to use process offgas derived from Aromatics Complex II, as feedstock for MOC's plant to add value to petrochemical products.



22 January 2010

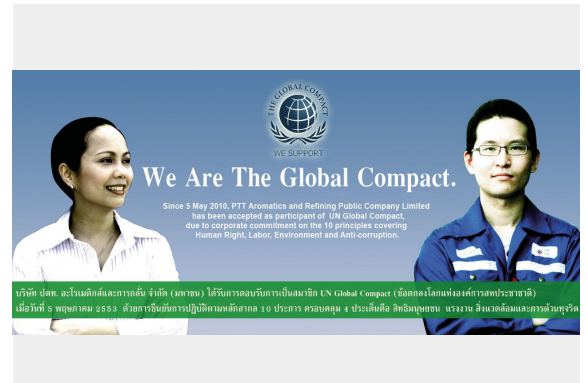
22 January 2010: Signed a loan agreement with Krung Thai Bank Plc for reserve capital for future business expansion or current operations, or both, and for refinancing parts of current loans.



20 February 2010

20 February 2010: Organized a public scoping session on health impacts from various projects, namely Clean Fuel and Upgrading Project Phase 2, Vapor Recovery Unit and Biodiesel Project, and Efficiency Improvement Projects of Aromatics Complex I.

5 May 2010: Joined the UN Global Compact and verified conformance to the 10 international principles covering 4 main areas: human rights, labor, environment, and anti-corruption.



6 May 2010: Joined the 10th Money Expo 2010 event at Queen Sirikit National Convention Center under the theme “The Road to Wealth”.



2 June 2010: Participated in the signing of a memorandum of understanding and took part in a CSR-DIW workshop for industrial operators to bring their organizations up to the ISO26000 standard: Social Responsibility, at Radisson Hotel.



20 July 2010: Signed a contract with Chulalongkorn University on cooperation in petroleum and petrochemical research for efficiency improvement of the distillation column and for value addition to refining process by-products, leading to maximum processing efficiency, efficient use of natural resources, energy saving, and friendship with the community.





7 August 2010

7 August 2010: Joined the Economic Reporters Association in launching the 'Dream School : Map Ta Phut Phan Model School' project at Map Ta Phut Phan Phittayakhan School in Rayong to support learning in Communication, Art, and English while introducing knowledge of corporate governance to school children.



26 August 2010

26 August 2010: Signed a GISMO (Group Integrated Supply Chain Management & Optimization) cooperation among PTT Group's downstream companies to add value to the Group.



13 September 2010

13 September 2010: Signed a 5-year loan worth 200 million US\$ with Bank of Tokyo, Misuho Bank, OCBC Bank, and Sumitomo Bank for refinancing and working capital.



13 September 2010

13 September 2010: Signed an 8-year loan worth 2,000 million baht with Kasikorn Bank Plc for refinancing and working capital

14 September 2010: Signed a 10-year loan worth 7,000 million baht with Krung Thai Bank Plc for refinancing and working capital.



14 September 2010: Signed an 8-year loan worth 3,000 million baht with Thanachart Bank Plc for refinancing and working capital.



20 September 2010: Hosted the PTT CG Group Day 2010 event under the theme “CG: The Code to Growth” at Energy Complex, site of an exhibition to provide information about corporate governance and reflect opinions of PTT Group employees about corporate governance.



22 September 2010: Signed a 10-year loan and a revolving loan worth 9,898 million baht with Krung Thai Bank Plc, Tisco Bank Plc, Government Savings Bank, Bangkok Bank Plc and Thai Military Bank Plc for loan refinancing.





14 October 2010: Participated in the 7th PTT Group P&R Technology Day at Synergy Hall, Energy Complex, where PTTAR's 2 pieces of research were presented to illustrate the power of innovation and new technology to alert all parties about balanced development in 3 dimensions: business, society, and the environment.



27 October 2010: Participated in the PTT Group KM Award 2010 event at Synergy Hall, Energy Complex, to jointly drive the creation of knowledge assets to enhance business competitiveness while forging sustainable operational excellence in line with PTT Group strategies.



18 November 2010: Participated in the SET in the City 2010 event under the theme "SET Your Future", at Royal Paragon Hall, Siam Paragon.



29-30 November 2010: Organized a shareholders' Company Visit to the refinery and aromatics complexes to equip shareholders with a view about PTTAR operations. In addition, visitors participated in the release of aquatic species to the sea in honor of His Majesty the King at PMY Beach Resort, Rayong.

Awards and Recognition



12 February 2010: PTTAR won a "CEO with HR Orientation" awards at the World HRD Congress 2010, held in Mumbai, India, in recognition of its success in merging 2 companies without reducing the headcount. Besides reflecting excellence in expertise and management strategies, this represented a role model for corporate administrators amid a highly volatile world.

Thai Listed Companies in Forbes Global 2000 in 2010						Unit: billion US\$
2010 Ranking	2009	COMPANY	SALES (\$BIL)	PROFITS (\$BIL)	ASSETS (\$BIL)	
196	244	PTT Public Company	47.58	1.79	32.80	
750	955	SCG	7.16	0.73	9.38	
767	887	SCB	2.43	0.62	38.81	
881	1012	Kasikorn bank	2.51	0.45	40.75	
1094	858	Bangkok bank	0.66	0.18	53.15	
1153	1276	Krung Thai bank	2.11	0.36	46.31	
1310	1260	AIS	3.07	0.51	3.45	
1366	825	Thai Oil	8.52	0.36	4.12	
1451	1892	Bank of Ayudhya	1.54	0.20	23.18	
1555	-	PTT Aromatics	6.75	0.27	4.54	
1643	-	Banpu	1.73	0.43	3.04	
1651	-	Thai Smooth as silk	4.84	0.22	7.98	
1668	-	CPF	4.95	0.31	3.44	
1744	1841	Thai Beverage Plc	3.24	0.32	2.31	

Source: Forbes

23 April 2010

23 April 2010: PTTAR was ranked 1,555th worldwide in Forbes ranking of 2,000 large-capital and influential companies of 2010. 14 Thai companies made the list.



8 July 2010: For the 8th straight year, PTTAR won a National Outstanding Business Operator in Safety, Occupational Health, and Workplace Environment awards for 2009. This recognition was for the I-17 and I-20 area of the Aromatics Complex I (AR2).



12 July 2010

12 July 2010: PTTAR won an "Environmental Governance (White Flag-Green Star) Awards 2009", presented by the Industrial Estate Authority of Thailand (IEAT) to plants in Map Ta Phut that had successfully passed 4 assessments per year of environmental and safety management practices.



5 August 2010

5 August 2010: PTTAR received 100 (full) marks on a quality assessment of annual general meetings of shareholders (AGM) for 2010, sponsored by the Securities and Exchange Commission (SEC) and Thai Investors Association.



18 August 2010

18 August 2010: PTTAR won an "EIA Monitoring Awards 2009", given by the Office of Natural Resources and Environmental Policy and Planning, Ministry of Natural Resources and Environment, for its conformity to measures spelled out in its environmental impact assessment (EIA) and excellence in environmental management in 2009, notably its jetty project.



2 November 2010

2 November 2010: PTTAR won the "#2 Fastest - Growing Asia Energy Companies" awards from Platts based on its outstanding assets, revenue, profit, and return on investment at the Platts Top 250 Global Energy Company Ranking Awards event.

10 November 2010: PTTAR was voted by experts and a project task force for the promotion of Corporate Social Responsibility, Department of Industrial Works (CSR-DIW), as an outstanding company in organizational governance. The criteria included overviews of complete and accurate corporate governance practices along with transparent supporting documents; this had consistently been PTTAR's corporate governance guidelines.



10 November 2010

24 November 2010: PTTAR was ranked among the excellent group under the Corporate Governance Report of Thai Listed Companies 2010 Project (CGR), adorned with 5 National Corporate Governance Committee emblems, which signified a 90% score or greater (the top group), conducted by the Thai Institute of Directors (IOD).



24 November 2010

21 December 2010: PTTAR achieved certification of Integrated Management System (IMS), which covered every management system : ISO 9001 Quality Management System, ISO 14001 Environmental Management System, TIS 18001-2542 and BS OHSAS 18001 Safety and Occupational Health Management System – by Management System Certification Institute (Thailand).



21 December 2010

25 January 2011: PTTAR won the certificate of Corporate Social Responsibility, Department of Industrial Works, also known as CSR-DIW 2010 for Refinery (AR1) and Aromatics Complex I (AR2) – signifying their thorough responsibility to stakeholders.



25 January 2011

Abbreviations and Technical Terms

Abbreviation		Technical Terms	
BZ	Benzene	Complex Refinery	A refinery that has manufacturing processes (conversion units or upgrading units) to upgrade lower value hydrocarbon products to higher value products. The type of processing facilities indicates the degree of complexity of the refinery.
TOL	Toluene	Hydro-Skimming	One-step crude oil process yielding clear petroleum products, including gasoline and diesel, at lower proportions than the yields of a complex process.
PX	Paraxylene	Condensate	Liquefied petroleum (lighter than crude oil).
OX	Orthoxylene	High Vacuum Unit (HVU)	A refinery unit that further fractionates the black fuel oil fraction produced by the CDU, which is also known as long residue, to produce a light fuel oil fraction (light vacuum gasoil and heavy vacuum gasoil) and a heavy fuel oil fraction (short residue). In the HVU, separation occurs in the fractionation column at a high temperature and under vacuum conditions to prevent a cracking reaction.
MX	Mixed Xylenes	Light Distillates	Lower-gravity petroleum products, including gasoline and LPG.
ABS	Acrylonitrile-Butadiene-Styrene	Middle Distillates	Medium-gravity petroleum products, including diesel, jet fuel, and kerosene.
BPA	Bisphenol A	Heavy Distillates	Higher-gravity petroleum products, including fuel oil and asphalt.
EPS	Expandable Polystyrene	Naphtha Hydrotreating Unit	A refinery unit that removes sulfur from naphtha in the presence of catalysts and hydrogen.
GPPS	General Purpose Polystyrene	Total Intake	Total volume of processed feedstock/crude oil.
HIPS	High Impact Polystyrene	Utilization Rate	Comparison of the actual to the total capacity in a given period.
LAS	Linear Alkyl Benzenesulfonate	Hydrocracking Unit (HCU)	Diesel processing unit.
LAB	Linear Alkyl Benzene	Hydrodesulfurizer Unit	Sulfur-removing unit.
LPG	Liquefied Petroleum Gas	Measurement units	KBD (Kilo Barrel per Day) : Thousand barrels per day KMT (Kilo Metric Tons) : Thousand metric tons M.BBL (Million Barrels) : Million barrels
MTBE	Methyl Tertiary Butyl Ether	GRM (Gross Refining Margin)	Difference between the price of a given refined product and that of crude oil.
NGL	Natural Gas Liquid	P2F (Product to Feed Margin)	Difference between the price of a given petrochemical product and that of its feedstock.
PC	Polycarbonate	GIM (Gross Integrated Margin)	Difference between the prices of refined/petrochemical products and those of crude oil/feedstock.
PET	Poly Ethylene Terephthalate	Stock Gain/(Loss)	Difference between the accounting sales cost and the market cost arising from the time lag between the sale of a given petroleum product and the period in which the crude oil feed is imported from the Middle East for refining/processing and sale.
Py-gas	Pyrolysis Gasoline	OPEX (Operating Expense)	Expense incurred in business execution (exclusive of capital expenses).
PP	Polypropylene	EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization)	Income before deduction of interest, taxes, depreciation, and amortization.
PA	Phathalic Anhydride	Adjusted EBITDA	EBITDA exclusive of stock gain/(loss) and LCM.
PVC	Poly Vinyl Chloride	LCM (Lower of Cost or Market Inventory Method)	Expense arising from the comparison of the expected value and the cost of stock/inventory, whichever is lower, to reflect a sensible value of stock/inventory at the end of a given accounting period.
PTA	Purified Terephthalic Acid	ROIC (Return on Invested Capital)	Interest derived from investing money in a business.
PE	Polyethylene		
SBR	Styrene-Butadiene Rubber		
SAN	Styrene-Acrylonitrile		
SM	Styrene Monomer		
VCM	Vinyl Chloride Monomer		



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