

Communication on Progress for UN Global Compact PTT Aromatics and Refining Public Company Limited

PTT Aromatics and Refining Public Company Limited (PTTAR) recognizes the importance of the rights of all stakeholders by explicitly specifying policy and practical guidelines in our “Good Corporate Governance Handbook” committed by the Board of Directors, management and employees for mutual sustainable benefits.

Policy for Treatment of Stakeholders

The Board of Directors honors the rights of various groups of stakeholders, as laid down in the relevant laws and regulations. The Company takes care to ensure that the aforesaid rights are protected, and that stakeholders are well treated, and so has instituted the following practical policies:

Shareholders : The Company is committed to doing business for the benefit of shareholders in ways that are transparent, offer good returns, provide fair and equitable treatment for all, and promote the long-term growth of the Company.

Employees : The Company supports the development of professional competence among staff, putting the right person in the right position, fair and equitable treatment for all, provision of work benefits, a safe, pleasant work environment, and compensation levels comparable to those offered by other organizations in the same field of business.

Business Partners : The Company treats all business partners equally and fairly, honoring the conditions of its contracts and normal commercial practice. The Company also expects its business partners to abide by the same code of conduct.

Creditors : The Company fulfills the obligations to which it has agreed with its creditors.

Customers : The Company provides satisfaction to its customers by keeping its promises, and providing high-quality goods and services, on time, and at the right price.

Competitors : The Company believes in and practises free-market competition, within a framework of fair, ethical, and legal constraints.

Community, Society and Environment : The Company strongly emphasizes careful, cautious business practices that should not disturb local communities, society, or the environment, and effective measures to support this approach. While strictly complying with all relevant laws and regulations, the Company is also willing to support activities in the communities surrounding the plant on a regular basis and social projects that promote sustainable development.

In addition, PTTAR puts prime concern on equitable treatment within international human right principles, for example, providing a suitable job to an employee who is disabled after an accident, facilitating a disabled reporter to have access to the Company’s top executive and other activities.

PTTAR’s practical guidelines are in line with the 10 universal principles of UN Global Compact as follows:

Human Rights

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.

PTTAR has specified “Practical Guidelines concerning Compensation for Stakeholders who have suffered a Violation of their Rights” in “Good Corporate Governance Handbook” as follows:

“The Company’s practice is to protect the rights of stakeholders who have incurred losses and whose rights have been violated by the Company’s operations. The Company will consider offering compensation at a rate no less than that prescribed by law.”

PTTAR is strongly determined not to be in any official partnership with organizations that violate human rights. Certain measures regarding safety have also been specified in the General Contract Conditions regarding Safety, Health and Environment. Contractors and subcontractors will be taken care of not to violate the rights of others. Concurrently, security measures must be implemented on an international par.

In addition, PTTAR also has many communication channels for stakeholders to file their complaints and voice their opinion as follows:

- A) **Employees** : PTTAR has specified employees’ complaint filing methods in “Staff Manual.” Our employees can also directly communicate with management through the following channels:
 - D2M (Direct to Management), a specific e-mail system which all employees have access to and can get explanations from related management.
 - Management Work Site Visit to employees and contractors working in various operations areas to listen to their opinions, thereby bringing management closer to all levels of employees and witness the real work environment.
 - Welfare Committee, elected from different work sites as employee representatives, is close to problems and can raise issues of concern to meetings participated by management to directly respond to their concerns and mutually solve problems.
- B) **Customers/Vendors** : PTTAR constantly organizes meetings with customers as a channel to provide correct information e.g. monthly coordination meeting. The Commercial Department is in charge of customer relation, as indicated in PTTAR’s Management System, together with customer’s complaint handling.
- C) **Shareholders** : PTTAR’s shareholders can propose their opinion or complaints by directly contacting Chairman of Corporate Governance Committee via post mail or e-mail as specified in the Company’s web site.
- D) **Communities** : Employees from related departments e.g. community relations, environment, operations, etc. will take turns to visit surrounding communities on a daily basis to ask of their livelihood, give detailed information and listen to their opinions or concerns to improve community development plan that can fulfill community needs with the Company’s potential.
- E) **Other Stakeholders** : PTTAR has a convenient two-way communication channel i.e. via e-mail publicized on the Company’s web site under the topic “Corporate Governance.” Shareholders, investors and the public can file their complaints or inquire about the Company from the Board of Directors. All shareholders can also directly contact Chairman of Corporate Governance Committee or Corporate Secretary and Secretary to Corporate Governance Committee.

Labor

3. Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.
4. Businesses should uphold the elimination of all forms of forced and compulsory labor.
5. Businesses should uphold the effective abolition of child labor.
6. Businesses should uphold the elimination of discrimination in respect of employment and occupation.

The Company supports the development of professional competence among staff, putting the right person in the right position, fair and equitable treatment for all, provision of work benefits, a safe, pleasant work environment, and compensation levels comparable to those offered by other organizations in the same industry. Activities to promote conscience on corporate governance have also been organized with periodic assessment of understanding and satisfaction for continual development. PTTAR also appreciates participation of employees in taking care of stakeholders by specifying “Social Responsibility and Caring” and “Ethics” as PTTAR’s core values (i.e. SPEED) and supports employees to join activities with communities around our plants in Rayong and remote areas to nurture “volunteer spirit” for all employees.

Employees are also allowed to elect Welfare Committee for various operations areas as their representatives to raise issues of concern in meetings participated by management to directly respond to their concerns and mutually solve problems.

Environment

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.

PTTAR puts prime concern on prudent business operation, not to affect communities, society and environment by specifying “Practical Guidelines for Environmental and Social Stewardship” in our “Good Corporate Governance Handbook” as follows:

“PTTAR is owned and operated by Thais, and thus considers its main responsibility to be Thai society. It is important that the Company be involved in developing and strengthening living standards in communities so that the residents can rely on their own efforts in the long term. This approach will contribute to the economic and social prosperity of the nation. Employees are, moreover, encouraged to remember their responsibilities to society, both at work and in their private lives. They should subscribe to the higher values of Thai society. The Company has, therefore, formulated the following practical guidelines:

- 1. To develop business practices and conduct activities that are responsible and beneficial to all levels of society for both the short and long terms.*
- 2. To participate in and support activities that fit social and national development policies, both those of a preventive and those of a promotional nature.*
- 3. To promote learning and educational skills for young people and the general public, and to promote awareness, in the community and in Thai society, of the need to conserve natural resources and the environment.*
- 4. To provide accurate information, build understanding, and pay attention to problems in the surrounding communities and the impact corporate operations might have on them so that*

they can be resolved immediately. This constitutes the basis for a harmonious co-existence of the plant and the communities, free of problems and conflicts, and disposed to mutual benefit.

5. To support activities of public benefit, especially programs in the locality where the Company's operations are situated, considering their appropriateness and the long-term value they are likely to offer society and the community.

6. To consider alternatives to the present utilization of natural resources, and to minimize their impact on the environment, society, and the living standards of the people.

7. To adhere to the democratic system, and encourage staff to exercise their right to vote according to the constitution. The Company's policy is to not provide financial support to any politician or political party, either directly or indirectly for the benefit of that politician or political party."

PTTAR makes it a priority in operating the business without causing any impact on society and environment. In case of any impact, the Company will speedily do all possible options to minimize the impact. Prime concern has been put on providing the best raw material and technology from the beginning of project, starting from design phase. Upon the start up of new production unit, PTTAR still maintains the standards in continuously exploring, monitoring and assessing all impact and is ready to update technology to ensure its friendliness with communities, society and environment for sustainable co-existence. With such determination, PTTAR has initiated business innovations for the benefits of society and environment, in concurrence with the creation of sustainable business projects, of which objective is to minimize impact on environment and communities.

In addition, PTTAR has invested in many environmental projects, with efficient mitigation measures, and allowed communities to participate in expressing their opinions to develop environment around the plants. PTTAR has thus been rewarded with Environment Governance Award or White Flag, Green Star, in which communities and Map Ta Phut Industrial Estate Office have examined PTTAR's environmental management on a quarterly basis. All plants eligible for this award must get excellent evaluation score in all 10 aspects.

Anti-Corruption

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

PTTAR has stated "Practical Guidelines Concerning Accepting and Bestowing of Gifts, Assets, or Other Benefits" in our "Good Corporate Governance Handbook" as follows:

"In keeping with the principles of good corporate governance, the Company has determined that Company personnel may accept the following assets or benefits from someone:

1) assets or benefits that are acceptable by law or on the authority of regulations recognized by law.

2) assets or other benefits that are morally permissible, such as from relatives, based on affection and proximity of relationship, and what is normally given to persons in general.

In addition, the Company has established practical guidelines concerning gifts, assets, and other benefits, namely:

1) All persons, at all levels, and/or their families are not to request or receive gifts, assets, or other benefits from contractors, sub-contractors, clients, suppliers, joint venture partners, or anyone involved with the Company's business, no matter in what circumstances.

Such incidents could affect corporate decision-making by way of partiality, or feelings of deference, or conflicts of interest.

2) The Company will be circumspect in offering gifts, assets, or other benefits to other persons so as to avoid impropriety, lavishness, unseemliness, or illegality according to Thai law or the law of the jurisdiction in which the Company is investing.

3) The Company will regularly warn personnel to report the receipt of gifts, assets, or other benefits, and will inform contractors, sub-contractors, clients, suppliers, joint venture partners, and anyone involved with the Company's business concerning this policy."

"Practical Guidelines concerning Exposure of Practices that Harm the Company and Protecting the Rights of Informants" have also been stipulated in PTTAR's "Good Corporate Governance Handbook" as follows:

"The Company offers opportunities for shareholders and all groups of stakeholders to expose the illegal actions of personnel or incidents that could damage the Company. Any such suspicious circumstances may be reported to the Board of Directors through the Audit Committee or an independent director by e-mail or post. The Company must maintain the secrecy of such information so that the informant does not suffer any consequences."
