

Integration of Sustainability Metric into PTTEP Strategy

Sustainability performance is measured against targets established at Corporate level and with each functional areas at the beginning of the year. In delivering the performance, the significant materiality issues covering ESG were prioritized, and the defined targets were set at Corporate KPI level where CEO and executives are accountable for the achievement of these targets.



2022 Materiality Matrix

1. Energy Transition towards Net Zero
2. Technology and Innovations
3. Governance, Risk Management, and Compliance
4. Safety, Security, Health, and Environment
5. Contribution to Communities and Society
6. Human Resource Preparation
7. Circular Economy
8. Biodiversity Impact Management
9. Supply Chain Management
10. Cybersecurity
11. Human Rights
12. Stakeholder Management

PTTEP top executives drive for long-term company success by incorporating sustainability targets as part of their individual KPIs



In delivering the performance, each top executive sets KPIs related to material sustainability matrix under his/her responsibility. Details on 2022 targets and results of all significant materiality issues are available in [PTTEP website in part of Sustainability](#).

2022 Materiality Issues	Mr. Montri Rawanchaikul Chief Executive Officer	Mrs. Natruedee Khositaphai Executive Vice President, Technology and Carbon Solutions Group	Mr. Chayong Borisuitsawat Executive Vice President, Strategy and Sustainable Growth Group	Mr. Sumrid Summeing Executive Vice President, Finance and Accounting Group	Mr. Suktong Ongvises Executive Vice President, Operations Support Group	Mr. Piya Sukhpanumet Executive Vice President, International Production Asset Group	Mr. Nirandorn Rojanasomstith Executive Vice President, Engineering, Development, and Maintenance Group	Ms. Kanita Sartwattayu Executive Vice President, Domestic Production Asset Group	Mr. Chalongrut Ya-anan Executive Vice President, Geosciences, Subsurface, and Exploration Group
1. Energy Transition towards Net Zero	✓	✓	✓	✓	✓	✓	✓	✓	✓
2. Technology and Innovations	✓	✓	✓						
3. Governance, Risk Management, and Compliance	✓	✓	✓	✓	✓	✓	✓	✓	✓
4. Safety, Security, Health, and Environment	✓	✓	✓	✓	✓	✓	✓	✓	✓
5. Contribution to Communities and Society	✓		✓			✓	✓	✓	
6. Human Resource Preparation	✓	✓	✓	✓	✓	✓	✓	✓	✓
7. Circular Economy	✓	✓	✓		✓	✓	✓	✓	✓
8. Biodiversity Impact Management	✓		✓						
9. Supply Chain Management	✓				✓				
10. Cybersecurity	✓				✓				
11. Human Rights	✓	✓	✓	✓	✓	✓	✓	✓	✓
12. Stakeholder Management	✓	✓	✓	✓	✓	✓	✓	✓	✓

2022 Corporate KPI



1. DRIVE

- Net Income
- Unit Cost
- Daily Sale Volume
- LTIF
- 1P
- 2C
- Key Development Project

60%



2. DECARBONIZE

- GHG Management
 - GHG Emissions Intensity Reduction
 - CCS Project Execution

10%



3. DIVERSIFY

- Scale-up AI & Robotic Ventures (ARV)
- Capture Power Business Opportunity
- Explore CCS as a Service

30%

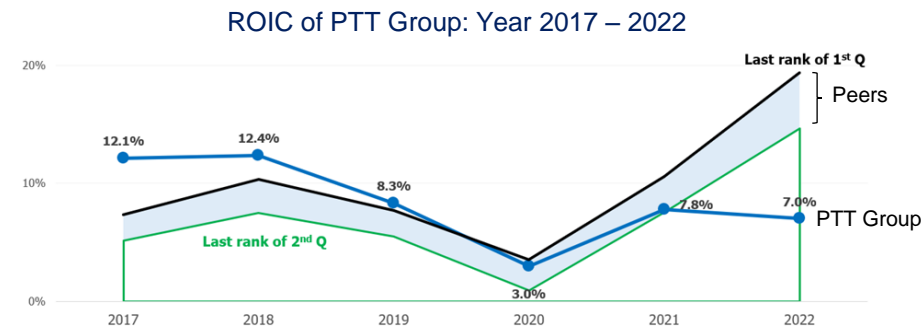


Alignment of Sustainability Metric



PTTEP corporate KPIs comprise financial and relative financial metrics as well as non-financial metrics. The KPIs are set to ensure alignment with the company's long-term strategy. PTTEP top executives incorporate sustainability targets as part of their individual KPIs and set specific focus metrics for each functional area where these KPIs are further adopted by employees. Remuneration for top executives, including CEO, is tied directly to the performance of these KPIs. In addition, CEO's annual variable compensation was calculated using predetermined performance conditions based on corporate KPIs and Economic Value Added (EVA) derived from Return on Invested Capital (ROIC).

As PTTEP operates as a subsidiary of the PTT Group, CEO's KPIs are derived from the financial performance of the PTT Group. These KPIs involve comparing the PTT Group's ROIC with that of its peers in the same industry. The evaluation of ROIC performance is consistent with the compensation plans for both the CEOs of PTT Group and PTTEP. The target for ROIC is set to surpass the returns of a selected group of top-quartile companies in the Upstream Oil and Gas sector. CEO's variable compensation is awarded based on the extent to which these targets are achieved.



Source: <https://www.pttplc.com/en/Sustainability/Sustainabilitygovernance/Corporategovernance.aspx>

2022 Company Sustainability Metrics and Results	CEO (Weight assigned to CEO)	Individual Executives	Employees (Up to VP, relevant functions)
Sustain Growth in Energy Business <ul style="list-style-type: none"> Reserve & Resource Added Strategic Asset Management 	28%	✓	✓
Develop New Business for Energy Transition <ul style="list-style-type: none"> Execution of investment in new businesses 	25%	✓	✓
Strong Financial & Production Performance <ul style="list-style-type: none"> Unit Cost against peers Net Income, Sale Volume Economic Value Added* 	27%	✓	✓
Drive Sustainable Organization <ul style="list-style-type: none"> Top Quartile LTIF in Oil and Gas Sector Productivity improvement through Digital Transformation Sustainability Development** Governance and Compliance 	20%	✓	✓

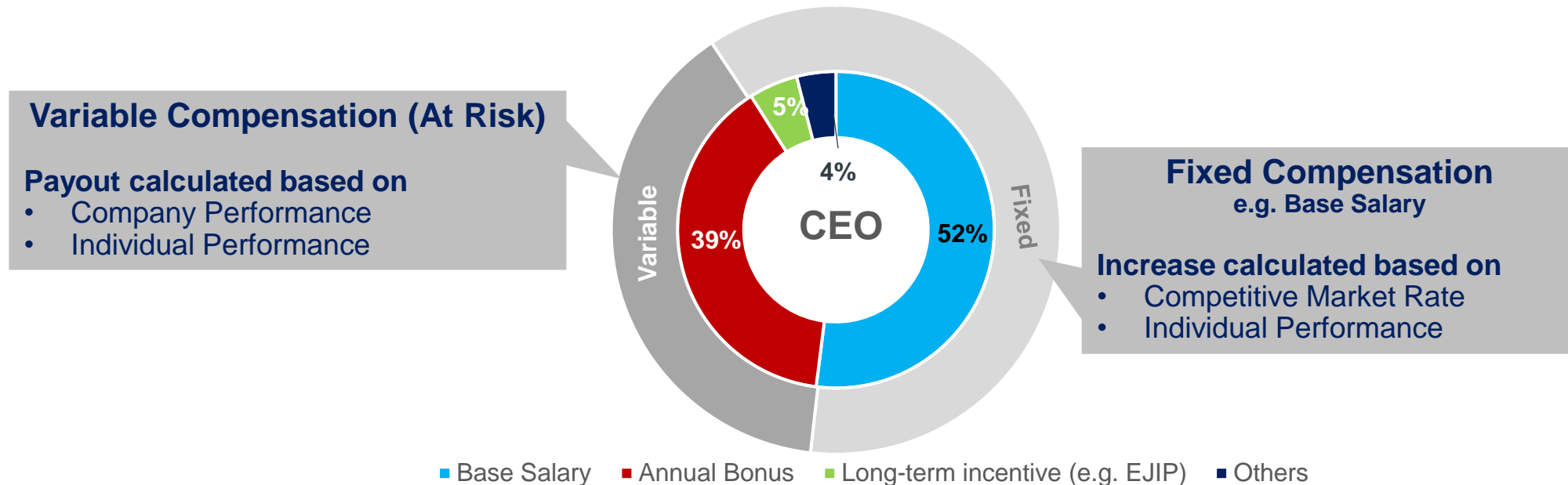
2022 Year End Results for CEO ● Exceed target ● Meet base case ● Meet low case

Remark: * Only for CEO ** Sustainable Development (inc. GHG Emission Intensity, Domestic Hazardous Waste to Landfill, Biodiversity & Community Income Baseline)

(Information as of December 31, 2022)

Lead a High-Performance Organization

PTTEP ensures that the sustainability metrics are embedded in our performance management and appraisal through the performance-based compensation i.e. annual merit increase and variable bonus of the individuals. Merit increase recognizes individual contribution to company success metric. Higher adjustment to base salary is awarded to executives who consistently exceed expectation. The awarded variable bonus based on actual result at year end in comparison of budgeted remuneration approved by the Board of Directors, considering company performance. Executive bonus is defined based on individual and company performance. As PTTEP achieved and exceeded 2022 Corporate targets approved by the BOD, CEO were entitled to full budgeted annual incentive, comprise 39% of total CEO's remuneration. Variable bonus payouts for the other top Executives range from 37% to 39% of their total annual compensation depending on their actual performance results. In 2022 total variable remuneration payout for CEO and top executives was 62,179,590 THB (Refer to Annual Report, Page 194).



Executive Compensation for 2022



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

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

Ratio between the total annual compensation of the Chief Executive Officer and the median employee compensation is at approximately 9.6 : 1. The ratio of the average annual compensation of the executives compared to the average annual compensation of the employees is approximately 7.7 : 1.

PTTEP Executives

2022 Compensation (THB)	CEO	Three PTTEP Executives (EVP)
Salary (Millions THB)	12.3	27.0
Bonus (Millions THB)	9.2	21.2
Provident Fund (Millions THB)	0.8	4.1
Total (Millions THB)	22.3	52.3