

## About This Report

The purpose of this 2017 Sustainability Report is to communicate economic, social and environmental material issues, commitments and annual sustainability performances to stakeholders. The report covers the period from January 1 to December 31, 2017 and includes material issues that are both directly and indirectly related to PTT Exploration and Production Public Company Limited (PTTEP) and assets where PTTEP is the operator.

This report follows the internationally accepted framework set by the Sustainability Reporting Guidelines, Oil and Gas Sector Disclosures (OGSD) of the Global Reporting Initiative G4 (GRI G4) Guidelines in accordance Core Option. Other pertinent international sustainability management reporting frameworks include the Oil and Gas Industry Guidance on Voluntary Sustainability Reporting of International Petroleum Industry Environmental Conservation Association (IPIECA), Dow Jones Sustainability Indices (DJSI), AccountAbility's 2008, AA1000 AccountAbility Principles Standard (AA1000APS) and SASB Materiality Map™ of the Sustainability Accounting Standard Board (SASB).

The reporting process and performance content in this report are under the supervision of the Sustainable Development Council. Selected data on safety, occupational health and the environment, and the description on compliance with the accountability principles from the AA1000APS standard on inclusivity, materiality and responsiveness in the process adopted to prepare this report, have been verified with a limited level of assurance by KPMG Phoomchai Audit Co., Ltd. - the details of which are in the Assurance Statement. Financial statements have been audited by the Office of the Auditor General of Thailand, and the Audit Report can be found in the 2017 Annual Report.

## Scope and Reporting Boundaries <sup>(G4-17, G4-23)</sup>

Data on safety, occupational health and the environment in this report is collected from all businesses where PTTEP is the operator, both in and outside of Thailand. There was no significant change from previous reporting periods in the Scope and Reporting Boundaries. Economic and financial data are from the 2017 Annual Report covering all exploration and production projects which PTTEP operates and those in which PTTEP is a joint venture partner. In addition, as PTTEP is a subsidiary of PTT Public Company Limited, PTT Sustainability Report also contains information on PTTEP.

## Stakeholder Engagement and Expectations <sup>(G4-24, G4-25, G4-26)</sup>

PTTEP organizes engagement activities with 6 stakeholder groups which are composed of 1) Government agencies and public organizations; 2) Suppliers and contractors; 3) Employees; 4) Shareholders, institutional investors and analysts; 5) Communities and society; and 6) Independent organizations, industrial associations and press & media. The objective of engagement is to solicit feedback and suggestions on economic, social and environmental aspects. PTTEP uses stakeholder input for continuous improvement of business operations. Stakeholder engagement also provides an opportunity for us to communicate on and address stakeholders' interests.

Government agencies and public organizations



Engagement Approach

- Case-by-case meetings
- Monthly meetings with local government agencies
- Reporting to government agencies
- Participation in the government network
- Whistleblowing through CG Hotline

2017 Performance Summary

- Strict compliance with laws relating to business operation
- Communication with government officials for better understanding of their expectations

Suppliers and contractors



Engagement Approach

- Conference, training, and seminars with suppliers and contractors
- Whistleblowing through CG Hotline

2017 Performance Summary

- Supplier Day
- SSHE Contractor Forum
- "CSR with Business Partners" project to participate in philanthropic activities together with suppliers and contractors
- Supplier collaboration activities to create innovation which will boost business efficiency for both the company and our suppliers e.g. Vendor Symposium

Employees



Engagement Approach

- CEO and employee meetings
- Employee engagement surveys
- Regular email and other online communication (Intranet and website)
- Whistleblowing through CG Hotline

2017 Performance Summary

- Continuous promotion of *EP SPIRIT* among employees
- 2017 Employee Engagement Survey

Shareholders, institutional investors and analysts



Engagement Approach

- Annual shareholder general meetings
- Analyst meetings
- Shareholder and investor roadshows
- Quarterly journals
- Shareholder visits to the company
- Whistleblowing through CG Hotline

2017 Performance Summary

- Collaboration and provision of accurate information to relevant stakeholders through a variety of engagement activities

Communities and society



Engagement Approach

- Monthly meetings with community and civil society groups
- Community field visits
- Public hearings
- Philanthropic activities
- Stakeholder Commitment Survey
- Whistleblowing through CG Hotline

2017 Performance Summary

- Continuous efforts to prevent impacts on communities from operations and development of community projects to address the needs of stakeholders, in line with PTTEP social development strategy

Independent organizations, industrial associations and press & media



Engagement Approach

- PTTEP membership of various organizations
- Website
- Facebook (Social Media)
- Press releases and press conferences
- Seminars
- Whistleblowing through CG Hotline

2017 Performance Summary

- Knowledge sharing on energy issues
- Collaboration with external organizations to prevent social and environmental impacts and create innovation that is beneficial for the company and society at large

## Stakeholders' Opinions <sup>(G4-27)</sup>

In 2017, PTTEP conducted a stakeholder engagement survey to solicit and gather opinions from all stakeholders (stakeholder inclusiveness) regarding the company's sustainability practices through interviews and survey questionnaires. Key findings are:

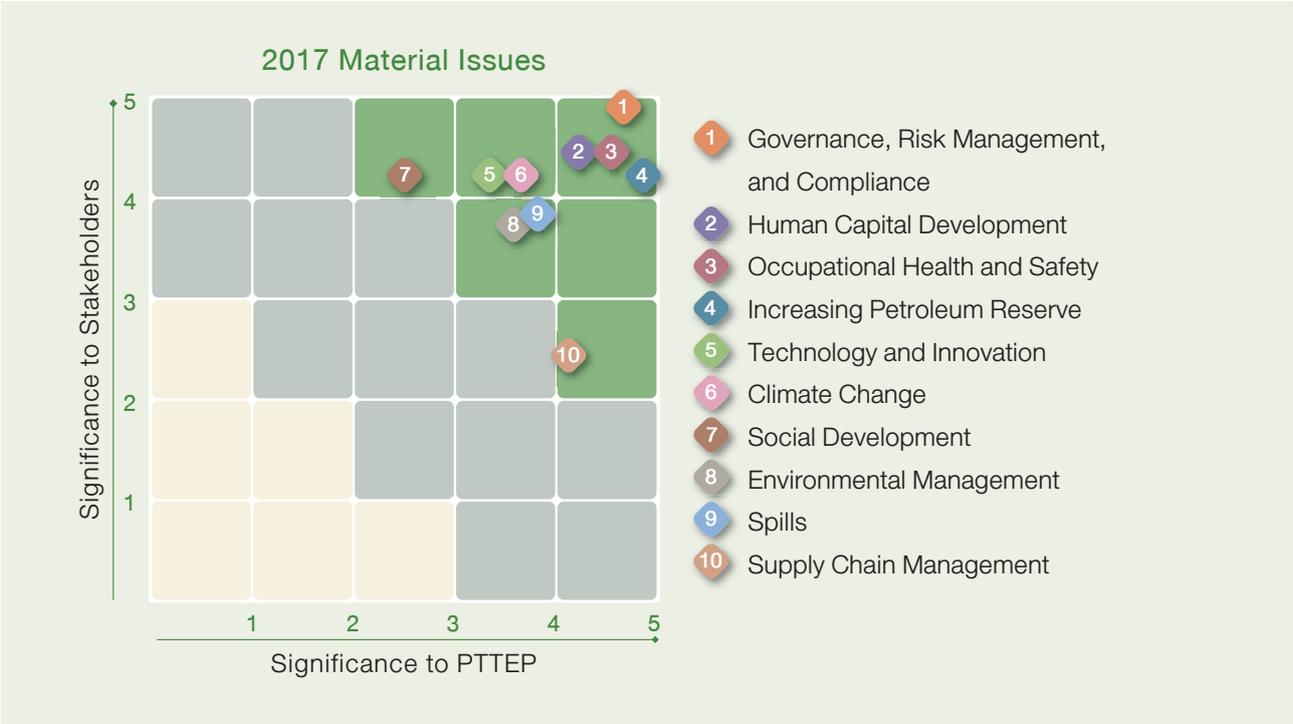
- PTTEP's role is to supply and secure energy for the country now and in the future. PTTEP should increase petroleum reserves and new resources.
- Volatility of oil prices over the past few years has been one of the challenges for the exploration and production industry. PTTEP should reduce and control production costs by utilizing technology and innovation to optimize cost savings and increase operation efficiency.
- PTTEP should focus on enhancing employee competency and developing new exploration and production technologies to maintain its competitiveness.
- PTTEP should emphasize conducting business with integrity and transparency under the free market mechanism.
- PTTEP should place importance on the effective management of oil spill incidents such as impact mitigation, environmental rehabilitation especially concerning coastal management, and effective communication with communities and society at large.
- PTTEP should place emphasis on the energy sector's fast paced transition to a more diversified energy mix by conducting studies and research on renewable energy to address future changes in the energy industry.

## Materiality Assessment <sup>(G4-18)</sup>

PTTEP assessed the 2017 material issues based on the importance level for the company and the level of stakeholder interest as per the GRI G4 Guidelines.



Materiality Matrix (G4-19, G4-20, G4-21)



In 2017, PTTEP identified 10 material issues that are highly significant to both stakeholders and the company. The details of each material issue and its impact boundaries are as follows:

**Material Issues and Boundaries** (G4-19, G4-20, G4-21)

Material Issues	GRI Material Aspects	Chapters	Impact Boundaries <sup>1</sup>			
			PTTEP Internal	Government	Suppliers and Contractors	Communities and Society
Governance, Risk Management, and Compliance	<ul style="list-style-type: none"> <li>● Anti-corruption</li> <li>● Non-discrimination</li> <li>● Compliance</li> </ul>	Promoting Business Integrity	◆	◆	◆	
Human Capital Development	<ul style="list-style-type: none"> <li>● Training and Education</li> </ul>	Developing Our People	◆			
Occupational Health and Safety	<ul style="list-style-type: none"> <li>● Occupational health and safety</li> <li>● Project security and process safety<sup>2</sup></li> </ul>	Ensuring Safe Operations	◆		◆	◆
Increasing Petroleum Reserves	<ul style="list-style-type: none"> <li>● Economic performance</li> <li>● Petroleum reserves<sup>2</sup></li> </ul>	Securing Energy for All	◆	◆	◆	
Technology and Innovation	-	Securing Energy for All	◆		◆	◆
Climate Change	<ul style="list-style-type: none"> <li>● Emissions</li> </ul>	Protecting the Environment	◆		◆	◆
Social Development	<ul style="list-style-type: none"> <li>● Economic performance</li> <li>● Indirect economic impact</li> </ul>	Creating Value for Society	◆			◆
Environmental Management	<ul style="list-style-type: none"> <li>● Energy</li> <li>● Water</li> <li>● Emissions</li> <li>● Effluent and waste</li> <li>● Compliance</li> <li>● Local Communities</li> </ul>	Protecting the Environment	◆		◆	◆
Spills	<ul style="list-style-type: none"> <li>● Effluent and waste</li> </ul>	Protecting the Environment	◆		◆	◆
Supply Chain Management	<ul style="list-style-type: none"> <li>● Procurement practices</li> <li>● Supplier Environmental Assessment</li> <li>● Supplier Labor Assessment</li> <li>● Supplier Human Rights Assessment</li> <li>● Supplier Social Impact Assessment</li> </ul>	Promoting Business Integrity	◆		◆	

<sup>1</sup> PTTEP assessed direct and indirect impacts of each material issues on relevant external stakeholders

<sup>2</sup> Reference from GRI G4 Sector Disclosures - Oil and Gas