



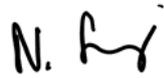
PTT Exploration and Production Public Company Limited

Philanthropy Guideline

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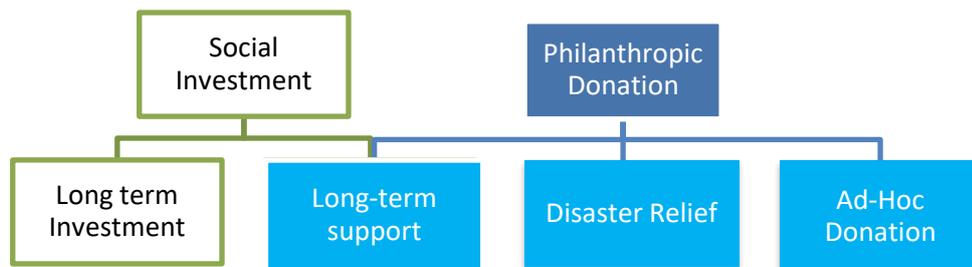
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1. INTRODUCTION

PTTEP has a commitment to acting in a socially responsible manner. A core component of this is supporting community development¹ through social investment. Through its social investment strategy, PTTEP contributes to a range of initiatives from philanthropic donations to long-term investments (Figure 1).

This document has been developed to ensure a consistent approach to philanthropy across the business. This is particularly important given that the resources invested in community initiatives will grow as PTTEP expands its operations.

Figure 1: Investment Types



1.1 Defining Philanthropy

Philanthropy is often considered a type of social investment. However, unlike other forms of social investment, philanthropic donations do not necessarily need to align with the vision and objectives set out by a company’s social investment strategy and may not result in a sustainable positive impact. While social investment refers to the process of strategically investing in initiatives that will produce social and / or environmental community benefits; philanthropy refers to *ad hoc* charitable donations that are made to projects or organizations. Instead, philanthropy is often driven by stakeholder demands and / or requests.

¹ Community development refers to projects that promote economic or social development. Examples include: education, training, culture, healthcare, income generation, infrastructure development and improving access to information. Source: ISO 26000

<p>Box 1. Ways to give:</p> <ul style="list-style-type: none"> • Monetarily • Gift, Goods, Property Donations • Corporate Partnership • Non-commercial Sponsorship • Matching Funds and Grants • Volunteer 	<p>Planned Giving</p> <ul style="list-style-type: none"> • Through Corporate fund or foundation • Through an intermediary or another foundation
	<p>Unplanned Giving</p> <ul style="list-style-type: none"> • Directly to a charitable organization or government • Directly to an appeal or community in crisis • Donating time to a charitable cause (Volunteer)

Similar to other forms of social investment, a budget is defined to establish a proper amount that will be invested in philanthropy (e.g. on an annual basis). Increasingly, companies are including philanthropy in their overall social investment budget – this is being done to better track investments in community initiatives.

In addition, philanthropy should be monitored. Although this did not always occur in the past, best practice dictates that investments (regardless of the type of investment) should be monitored over time. This helps to ensure that the investments in programs and initiatives achieve their desired outcomes. It also helps to reduce a company’s risk – e.g. should the financial investment be misused by an organization.

When done well philanthropy can have positive benefits for a company – e.g. enhanced reputation, improved brand, better relationships with stakeholders – as well as the communities receiving investments.

1.2 Purpose and Objective

Philanthropy can be undertaken in a variety of ways – e.g. grant making, establishment of a foundation, and development of a matching funds program. Regardless of the system selected, it is important that a process is established to guide the selection and distribution of philanthropic donations. Having in place a system will ensure transparency and accountability in decision-making. It will also help to maximize the benefits associated with philanthropic donations. In addition, having a structured system will help to manage stakeholder expectations as the process will clearly spell out what type of activities will receive funding and when.

While most companies invest in generally similar global challenge areas, each company prioritizes and selects a different focus based on its objective and direction. Four good characteristics of philanthropic donation strategy are: an aligned purpose with PTTEP’s; a focus on a sustainable proposition; clear progression through operating milestones; and persistence through the many cycles of iteration of a new business model². The process to identify social investment strategy is outlined in the Social Investment Guideline. Strategic objectives and program shall be adopted as criteria to evaluate the Philanthropic donations without reiterating the process.

Box 2. Commitment and Focus

The PTTEP approach to philanthropic donation reflects our sustainable development commitment and our company direction. When assessing projects, we focus on their positive impact to society in line with company’s CSR vision and objectives. As an Oil and Gas Exploration and Production company, we strive to provide a reliable energy to enable society to develop and grow sustainably.

The purpose and objectives should be communicated clearly to ensure both internal and external stakeholders understand what types of activities and programs PTTEP funds.

Not every philanthropic activity and appeal to PTTEP qualifies as a strategic philanthropy. The remainder of this document provides a step-by-step guide on how to develop and implement a grant system, which can be used to guide how philanthropic donations are distributed.

1.3 Key Terminology

Term	Description
Philanthropy	Charitable giving. It often has little relation to business objectives, even though it may be addressing a community or societal need. Strategic philanthropy, however, is designed to enhance competitive context, aligns social and economic goals and improve a company's long-term business prospects. (http://www.isc.hbs.edu/Creating_Shared_Value.htm)
Community Development	Community development, in the context of social investment, refers to projects that promote economic or social development. (ISO26000)

² Stanford Social Innovation Review, Closing the Pioneer Gap, Winter 2013.

Term	Description
Community Investment	Community investment describes the long-term involvement in community partnerships to address a limited range of social issues chosen by the company in order to protect its long-term corporate interests and to enhance its reputation. <i>(LBG GUIDANCE MANUAL. Volume 1, Page 17)</i>
Social Investment	Social investment programmes are described as the voluntary and/or regulatory contributions companies make to the communities and broader societies where they operate, with the objective of mutually benefiting external stakeholders and the company. <i>(Creating Successful, Sustainable Social Investment Guidance document for the oil and gas industry, IPIECA, 2017)</i>
Commercial Initiatives	Commercial initiatives refer to business-related activities, usually undertaken by departments outside the community function (e.g. marketing, R&D), to support the success of the company and promote its brand and other policies, that also deliver community benefit <i>(LBG GUIDANCE MANUAL., 2018)</i>
PTTEP Group	PTTEP and its subsidiaries

2. SCOPE OF APPLICATION

This Philanthropy Guideline applies to PTTEP and its subsidiaries and covers both domestic and international assets in all locations.

3. PHILANTHROPY PROCESS

The following sections describe the steps involved in establishing a grant making system (Figure 2). This is a process commonly used in the extractive industry section to manage the distribution of philanthropic donations, including on-going requests from stakeholders for funding.

Figure 2: Grant Making Process



Table 1 provides an overview of each step identified in Figure 2. This includes a description of each step as well as the materials required or produced by each step. Each of these steps is described in further detail in the following sections.

Table 1 Description of the Grant Making Process

No.	Step	Description	Materials / Tools
1	Application	Relevant organisations and/ or individuals should submit an application for funding.	Request for funds letter
2	Selection	The request for funds letter should be assessed and requester / stakeholder must be considered according to stakeholder criteria mapping	Authorized person according to DAS evaluate all funding requests.
3	Donation	The successful applicants should be allocated the requested funding.	This will require a confirmation from PTTEP and the successful requester.
4	Donation Result	To ensure that the intended outcomes are achieved.	A donation reporting, thank-you letter/receipt or pictures of the events should be submitted.

3.1 Step 1: Application

The organization or individual is required to submit a request letter with details of the project for PTTEP to consider.

Table 2 identifies the elements that should be included in a letter.

Table 2: Grant Application Information

Section	Title	Description
1	Organization Overview	This section should include key information about the organization. This includes the individual’s name and contact details and organization’s objectives, background and management team.
2	Project or Program	This section should describe the project or program that will receive funding. This should include the following information about the project or program: the likely community or social benefits, the timing of key milestones, the governance or management structure that will oversee its implementation and a breakdown of how the budget will be spent.
3	Donation Result	This information should include achievement of key activities, achievement towards the project or program’s objectives.

Helpful Tip

It is recommended that PTTEP communicate clearly that the organization seeks to invest in specific projects or programs with clear objectives and outcomes rather than into general funds.

As part of the donation, the selection process should be clearly articulated. This should include the timing for review of request letters.

In order for a grant system to be successful it will be important that relevant stakeholders are aware of the grant process. This includes communicating with stakeholders on PTTEP’s donation criteria.

3.2 Step 2: Selection

Once a request letter has been received, it will need to be evaluated by persons authorized by DAS.

The assessment process should include, at a minimum, the following:

1. Evaluation of the Organization
2. Evaluation of the Project or Program
3. Funding amount

3.2.1 Evaluation of the Organization

A background check should be completed on all organizations. This will help to reduce the company’s risk by confirming whether the organization or individual has been involved in any past incidents or allegations of wrongdoing on the part of the organization. This is increasingly relevant in the field of social investment – particularly, given the requirements by governments or other relevant organizations regarding anti-corruption and bribery. It is important that a company does not put itself at risk of being complicity in issues relating to corruption or other forms of wrongdoing.

3.2.2 Evaluation of the Project or Program

If the organizations or individuals pass the background check, the next step will be to evaluate the project or program described in the funding application. PTTEP has focused its donation to 4 types of activities which are activities that promote

1. Basic Needs
2. Education
3. Environment
4. Culture

A series of principles is to guide its approach to social investment activities. These principles have been developed into a set of criteria against which grant applications can be assessed. The criteria are as follows:

1. Defined: The project or program is well defined. The project or program should have a structured process for how it will achieve its objectives, targets, and outcomes. All of this information should appear in its funding request letter.
2. Sustainable: The project or program will create long-term positive outcomes for the community or social wide. It should be clear in the application how the project or program intends to ensure that it or its outcomes are sustainable in the long term.
3. Responsive: The project or program will help to mitigate PTTEP’s social risks. When done well philanthropic donations can have not only a positive outcome for the community and/or society but for PTTEP. Where possible the philanthropic donation should enhance PTTEP’s reputation and position in the community / society and, where possible, reduce key social risks.

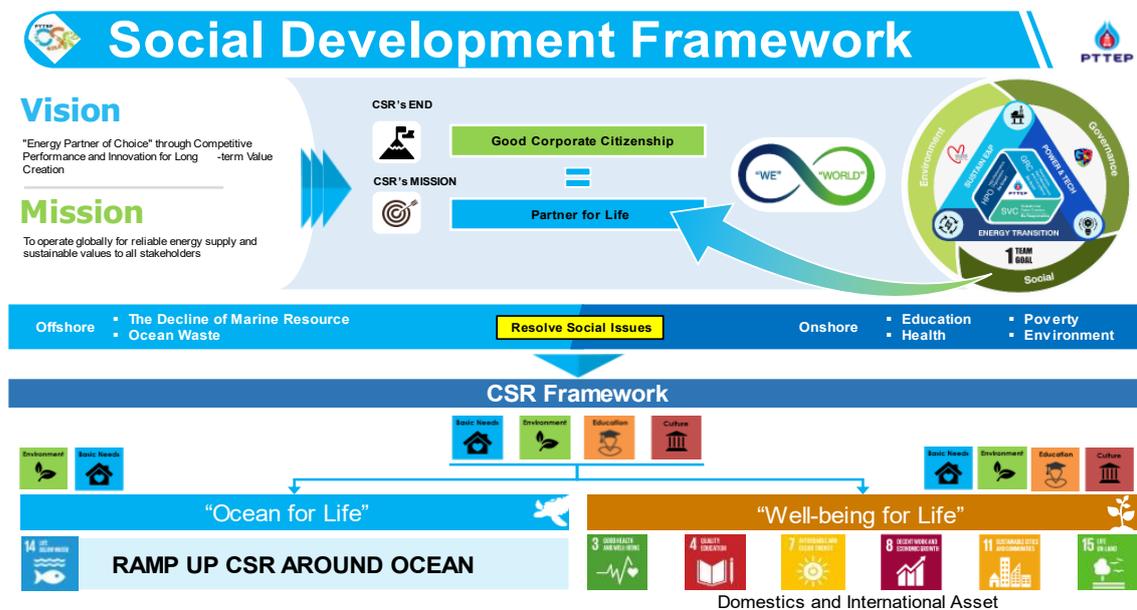
4. Engaging: Stakeholders will be engaged in the development and implementation of the project or program. This is often a key contributor to the long-term sustainability of the project or program. The project should demonstrate in its application how it has and will engage with relevant stakeholders during the development as well as implementation of the project or program. This should include how it will engage with PTTEP.

5. Beneficial: The project or program is expected to result in positive community and / or social benefits. The project or program should seek to generate positive community and / or social benefits. These intended benefits should be clearly articulated in the funding application, including why the benefits are so important to the targeted stakeholder.

6. Voluntary: PTTEP regularly seeks out opportunities for its staff to be involved in social projects. There may be opportunities to contribute to the projects or programs that receive funding. These opportunities should be explored as part of the application process.

Figure 3 provides the PTTEP Social Development Framework which includes the Corporate Social Responsibility vision, objectives and focused strategy.

Figure 3: PTTEP Social Development Framework



Box 3. Example of Project Selection Criteria

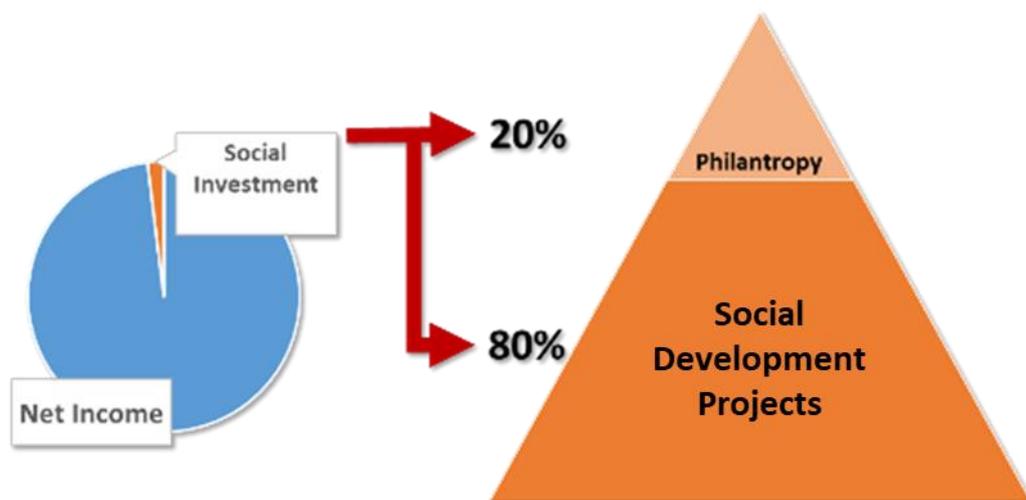
To deliver practical and sustainable benefits to society, PTTEP commits our resource to address global challenges issues within our announced focus areas. While each focus area has its own specific criteria and target, PTTEP adheres to the following principles to fund an initiative:

- *Promote sustainable development by targeting root causes of problems*
- *Offer an opportunity for PTTEP to use its expertise and capabilities*
- *Replicable within E&P sector or across geographical locations*
- *Include plans for long-term sustainability (involve competent local partners and define clear exit strategy)*
- *Strive to collaborate with like-minded partners*
- *Engage PTTEP employees in social development activities*

3.2.3 Funding Amount

PTTEP has applied London Benchmark Group (LGB) Model³ for Social Investment budget allocation. Approximately 2% of annual company’s net income will be allocated to Social Investment with a proportion of 20:80; 20% is for philanthropy and another 80% is for social development projects.

Figure 4: PTTEP Social Investment Budget Allocation



³ Rebranded to Business for Societal Impact (B4S1) since January 2021

3.3 STEP 3: Donation

Once a fund requester has been selected the funds will need to be disbursed to the successful organization or individuals.

PURPOSE: The purpose is to transparently disburse funds to the successful applicant(s).

To facilitate this process, a funding notification should be established. The document should at a minimum spell out the following:

- The amount of funding that will be provided
- The tasks or activities on which the funds will be spent

Once the agreement has been established, the funds will need to be disbursed. It is recommended, where possible, that the funding be transferred electronically. This will help ensure that there is a clear and transparent paper trail documenting the transaction.

3.3.1 Roles and Responsibilities

Different aspects of the PTTEP's philanthropic donation program are decided and managed between the corporate headquarter and the regional offices or operating units (assets). With social responsibility as an integrated part of PTTEP's business model, primary responsibility lies with local management within the given corporate values and priorities and the agreed budgets. In accordance with this guideline, the operational roles for philanthropic donations within the organization are specified as follows:

- Projects involving major resources, more than one region /country: Received at the respective asset level and Business Unit or directly to Corporate CSR, for joint review and coordination on a Group level
- Regional and Business level philanthropic activities: Head of Asset within Business Unit rules and agreed budgets, with all activities to be reported to Corporate and company's sustainability report
- Local appeals in the event of an emergency or disaster: Review and action recommended by local management in close contact with respective local authorities and Corporate Public Affairs Manager. All related responses and other activities by affiliates must be in concert with the PTTEP Philanthropy Guideline.

Donations by Business Units are made for local or public purposes. Thereby, BU giving is restricted to supporting organizations and programs based in their own region, operating in their own region and assisting beneficiaries located in their own region.

3.4 STEP 4: Donation Result

3.4.1 Reporting

The report should state the project outcome. Where possible, photos should be requested for inclusion in corporate reporting – e.g. the company website, annual sustainability report. The budget spent as well as the focus areas of the programs are to be reported in accordance with GRI Standard and LBG Guidance Manual⁴. Both guidelines are available publicly on internet.

Figure 5: LBG Model in Reporting Corporate Contribution



⁴ http://www.lbg-online.net/media/5595/lbg_guidance_manual_vol_1_inputs.pdf

3.4.2 Evaluation

An evaluation helps answer the following questions:

1. What could be done differently next time?
2. What community, society and business benefits were achieved?
3. How effective were the projects or programs in helping achieve these benefits?
4. What was the total amount spent on philanthropic donations?
5. What areas received funding (in line with reporting guideline) and how much?

The outcomes should be stored in a central database. This will help to maintain institutional knowledge over time. It will also provide a starting point when assessing future funding programs. The information generated through the annual evaluation process will feed into the company's annual sustainability report.

4. REVIEW PERIOD

This Philanthropy Guideline shall be reviewed every 5 years.

5. EFFECTIVE DATE

This Philanthropy Guideline shall become effective on 9 August 2022.