



CREATING PTTEP'S SHARED VALUE  
FOR THE PUBLIC HEALTH SUPPORT

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### Overview

The concept for a century of sustainable development, originated in the late 1980s is a signaling of the end of capitalist-based systems. Previously, the capitalist-based stems has sought profits to restricted sharing among shareholders, executives, and employees of a particular group. The sustainable development concept is proposed in the Brundtland Report of the World Commission on Environment and Development to the United Nations in 1987. This was the origin of idea to understand the interconnections between social equity, economic growth, and environmental problems, and developed policy solutions that integrated all three areas which can meet the needs of today's generation.

Moreover, the concept has been vigorously developed in various fields such as Triple Bottom Line, Corporate Social Responsibility, Social Entrepreneurship and Creating Shared Value. Sustainable development is a key component of the transition from the 20th century to the 21st century, coupled with the new potential of the internet, network technology and news information.



PTT Exploration and Production Public Company Limited (PTTEP) is the leading Thai energy company with mission to operate globally to provide reliable energy supply and sustainable value to all stakeholders, under its vision "Energy Partner of Choice" through Competitive Performance and Innovation for Long-term Value Creation. The company has defined framework and philosophy of the Sustainable Development (SD) in its corporate strategy. The sustainable corporate management is tied to business growth, environmental and social development as a high-performance organization, integrated Governance, Risk Management, and Compliance, including Stakeholder Value Creation (SVC).

Creating Shared Value: CSV is one of the sustainability strategies of the company together with SVC. The company therefore examines the suitability and possibility of corporate social development projects in accordance with the social needs activity in its operation area which located in various part of Thailand. The Songkhla Petroleum Development Support Base in southern Thailand is also included. It is an important supporting base for petroleum exploration and production in the gulf of Thailand, covering the south eastern coast area from Chumphon to Narathiwat. Also, the S1 project operating area in northern part of Thailand, covers Kamphaeng Phet, Phitsanulok, Sukhothai and Uttaradit provinces. This is in order to develop the value of existing social projects to align with strategy, mission, and philosophy of the company as described above.



### **Creating Value of PTTEP Stakeholders in Common Value of Business and Society**

The idea of Creating Shared Value for business with society or CSV is a concept developed by Michael E. Porter and Mark R. Kramer in 2011. It's proposed to adapt capitalism to conform with the radical change of the 21st century era and encourage business sector to transform social issues to marketing needs for product and service development. The response management to such matters is not the donation and irrelevant assistance to business but it is a way of marketing and economic systems. It is not a conventional CSR task that aims only to reduce damage to environmental and social impacts.

CSV is an implementation that helps in re-creation of competitiveness by solving social problems. According to Porter and Kramer, the business value creation can happen in 3 areas of business: (1) product and marketing (2) value chain management, and (3) role-playing initiatives in co-existence with local communities.

PTTEP has adopted the creation of shared value for business and society as an important mechanism to create long term value for stakeholders. It has divided the related works into 3 groups which are (1) Social Projects (2) Community Enterprises (3) Creating Shared Value of Business and Society. And there are sample of 3 focused projects as follows;

(1) Technical Capability Building and Development in Myanmar is a joint project with the Ministry of Labor of Myanmar to organize the training program for technical knowledge and skills for welders, air conditioning installers and maintenance technicians. 80% of trained technicians have already been employed. In future, the technicians under this project may be employed to work for PTTEP. The project can be considered as the implementation to solve employment problems and shortage of skilled workers of the company and Myanmar simultaneously.

(2) The Flare Gas Utilization for Community Agricultural Product and Environment Project is a project in cooperation with the Department of Mineral Fuels, Ministry of Energy and Nong Toom Community in Kong Krailat District, Sukhothai Province located in Sirikit Field area, the biggest onshore oil field in Thailand. PTTEP implemented a corporate social development project to strengthen villager career, increase community income and support quality of life improvement for people in the community.

PTTEP invested in construction of Product Processing Buildings along with an installation of gas transportation system for the Nong Toom Agricultural Product Processing Center. The excess associated gas which is sold to the Nong Toom Banana Processing Cooperative at the lower price than market rate of Liquefied Petroleum Gas (LPG) serves the Community's need of large amount of cooking gas to process their agriproducts, such as bananas, pumpkins, potatoes and taro, etc.

In addition to saving cost of community product development, this project also helps the community in providing a center for production, distribution, future product development and management as well.

From the output record in the year 2018, the Nong Toom Banana Processing Cooperative has saved the cost up to 34 million baht (compared to selling price of LPG). At the same time, PTTEP can reduce carbon dioxide emissions from incineration which is releasing pollution into the atmosphere.

(3) Hospital Capacity Building project by supporting Songkhla Hospital in construction of operation room with medical equipment for patients who suffer from serious burn of fire or hot water, or “Burn Unit”. The Songkhla Hospital has a capacity of 500 beds, managed by the Ministry of Public Health, serving more than 2 million people in 4 provinces in the lower southern region such as Songkhla, Yala, Pattani and Narathiwat. The hospital served at least 1,500 people from 5 districts of Songkhla province, Muang, Sathing Phra, Ranot, and Chana, as well as the Singha Nakorn district where the PTTEP Petroleum Development Support Base is located. PTTEP is also considered as one of the populations in the service area of the Songkhla Hospital.

When PTTEP found that the hospital had only 10 operating rooms, not enough to serve people in this area, includes family of PTTEP employees, PTTEP contractor employees and PTTEP staffs, itself. PTTEP then has supported to construct 7 specialized operating rooms with medical equipment. It’s an ongoing project from year 2018-2021 with 55 million baht. The construction of surgery operating room and ophthalmologist room have been completed and delivered in 2019.

Construction of general operating room and specific operating services for specialist to elevate hospital capacity under this project can be considered as mutual values sharing. Benefits are delivered for both general public in the 4 southern provinces and PTTEP staff with their families, including subcontractors. This is an example that shows the creating shared value between business and social.

Besides supporting in medical and public health program activities, PTTEP also has exemplary social activities that have been initiated in accordance with the principles of creating shared values. Such as the S-1 Project has generated 20 million baht budget to support the construction of 10 special patient rooms with medical equipment for upgrading services of Lan Krabue Hospital. And another project is the modified motorcycle as ambulance vehicle with

mobile first aid kit in case of emergency. And in normal situations, the motorcycle ambulance is also used to support mobile medical team for 10 Hospitals.

These 2 projects are regarded as the projects that people in the operating area of the company including staffs, contractors working for PTTEP and their families benefit from special patient room building and medical equipment of Lan Krabue Hospital. And they all also benefit from the motorcycle ambulance with mobile first aid kit of the sub-district health centers.

### **The journey of creating shared value**

Creating the common values for business and society as above considered as a value creation initiative. It's related to the company operations both directly and indirectly. This is included the ability to further expansion of solutions for society. Whether it is taking by-products from the crude oil production process to be fuel and upholding community economic, at Nong Tum Subdistrict, Kong Krailat District, Sukhothai province or supporting medical services that can create mutual benefits to local people and the company's employees, as well as the Songkhla Hospital Capacity Building project that can be adapted to be guidelines for CSV in other areas. Including the S1 project, Kamphaeng Phet province, Phitsanulok, Sukhothai and Uttaradit, Nam Phong natural gas production center Khon Kaen Province and Sinphuhorm Project in Udon Thani Province

The above PTTEP social project implementations indicate that the project has been modified from a general CSR work in the form of donations and / or giving to charity that do not intend to specify the outcomes of solving social problems in one matter. Instead, the projects are transformed to create shared values in solving company employment problems and developing labor skills of local people in Myanmar, along with developing capacity of local hospital in Thailand.

These social development projects can be explained in term of support and solving social issues together with fulfilment of company business in the same time. These samples are confirmation of the linkage between business sectors and societies. It is probability that PTTEP will elevate its initiative corporate sharing value, shifting from stakeholder satisfaction to advance competitive strategy.