

# GROWTH ON TRACK

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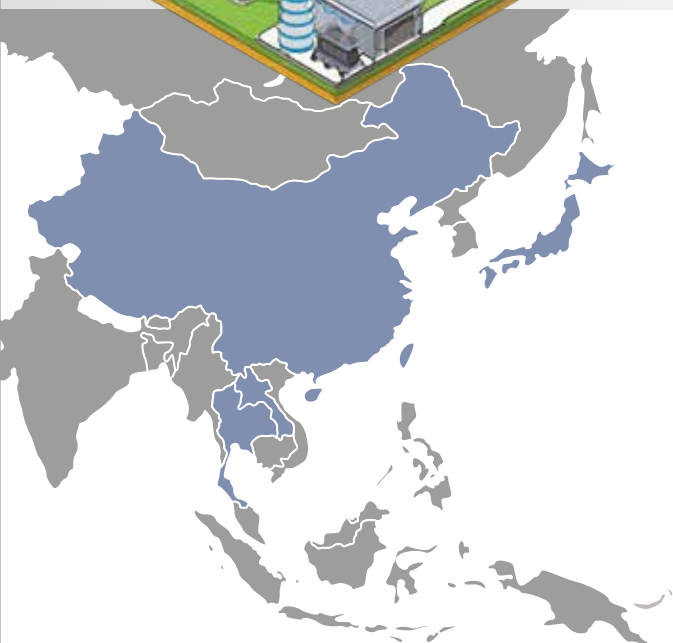
Details of the Company  
and Its Subsidiaries,  
Associated Companies  
and Joint Ventures

Additional information is available in the Annual Registration Statement (Form 56-1)  
posted on [www.sec.or.th](http://www.sec.or.th) or [www.banpupower.com](http://www.banpupower.com)



# GROWTH ON TRACK

Banpu Power Public Company Limited (BPP), a leading Asian power-generating company operating both conventional and renewable power businesses across Asia-Pacific



BANPU POWER'S POWER PLANTS  
(Thailand, Lao PDR, China and Japan)

Deploying High Efficiency,  
Low Emissions (HELE) technology  
in conventional power plants



## 2,789 MWe

total equity-based power generation capacity  
from both operational power plants and  
projects expected to achieve COD\* by 2023

## Over 4,300 MWe

targeted total power generation capacity  
by 2025

## A minimum of 20 percent

targeted proportion of renewable-based  
power generation by 2025

\*Commercial Operation Date

Continuously expanding investment in renewable power plants, in accordance with the Company's greener strategy



Being adaptive to new energy, technology, and innovation trends in power business to create sustainable return for stakeholders



**27 power plants/projects**  
in Thailand, Lao PDR, China and Japan

**14 power plants**  
achieved COD\* with a total equity-based power generation capacity of 2,068 MWe

**13 projects**  
under development expected to achieve COD\* between 2018 and 2023

**1,903 MWe**

total equity-based power generation capacity of the conventional power plants that achieved COD\*

**165 MW**

total equity-based power generation capacity of the renewable power plants that achieved COD\*

**THB 6,419 million,**

total revenue, a year-on-year increase of 16 percent

\*Commercial Operation Date



## POLICY AND BUSINESS OVERVIEW



**Banpu Power Public Company Limited** or Banpu Power (BPP) was established in 1996 as a subsidiary of Banpu Public Company Limited. Listed on the Stock Exchange of Thailand in October 2016, Banpu Power owns and operates both conventional and renewable power businesses across Asia, including Thailand, Lao PDR, China and Japan.

Over the past 20 years, Banpu Power has been striving to improve its operational capability in both investment and management of its power businesses. Strengthened by Banpu Group's insight, capability and extensive experience in management coupled with the management team who has great expertise in the power business, the Company has also focused on research and innovation to enhance

operational capability, while utilizing advanced technologies that are safe and environmentally sound.

As of 31 December 2017, Banpu Power held the total equity-based power and steam generation capacity of 2,068 MWe from operational power plants and 721 MWe from projects under development and acquisition process. Banpu Power aims to achieve its equity-based generation capacity of over 4,300 MWe, of which a minimum of 20 percent will be renewables-based, by 2025.

In addition, Banpu Power is committed to conducting its business in an ethical, socially responsible and environmentally friendly manner as well as generating sustainable value to shareholders, customers, business partners, employees and communities, while being a good corporate citizen in all countries where it operates.

## VISION

To be recognized as a pioneer Asian power company with a strong reputation for sustainable development, friendly community relations, and respect for the natural environment



## MISSION

- To develop, own and operate both conventional and renewable power businesses using the most efficient technologies available for sustainable growth in pursuit of a position of leadership in Asia
- To conduct all business in an ethically, socially and environmentally responsible manner
- To create sustainable value for shareholders, customers, business partners, employees, and communities while being a good corporate citizen in all countries of operations

# FINANCIAL HIGHLIGHTS

		For the year ended 31-Dec-17	For the year ended 31-Dec-16	For the year ended 31-Dec-15
<b>Financial Position</b>				
Total Assets	(Million THB)	47,698	42,963	29,200
Total Liabilities	(Million THB)	7,913	5,082	17,730
Total Shareholders' Equity	(Million THB)	39,785	37,881	11,470
Issued and Paid-up Share Capital	(Million THB)	30,484	30,457	12,972
<b>Operational Results</b>				
Sale Revenues	(Million THB)	6,419	5,542	5,630
Cost of Sales	(Million THB)	(4,879)	(3,605)	(3,586)
Gross Profit	(Million THB)	1,540	1,937	2,044
Administrative Expenses	(Million THB)	(1,169)	(1,101)	(824)
Dividend Income from Other Company	(Million THB)	21	16	4
Management Fee and Others	(Million THB)	672	649	526
Interest Income	(Million THB)	49	94	56
Net Gain (Loss) on Exchange Rate	(Million THB)	(85)	(21)	(1)
Interest Expenses	(Million THB)	(102)	(420)	(221)
Other Financial Charges	(Million THB)	(4)	-	-
Share of Profit from Joint Ventures	(Million THB)	3,682	3,513	1,895
Profit before Income Taxes	(Million THB)	4,604	4,667	3,478
Income Taxes	(Million THB)	(362)	(395)	(555)
Profit for the Year	(Million THB)	4,242	4,273	2,923
Profit Attributable to Non-Controlling Interests	(Million THB)	(88)	(135)	(849)
Profit Attributable to Owners of the Parent	(Million THB)	4,155	4,138	2,075
EBITDA	(Million THB)	5,410	5,575	4,251





		For the year ended 31-Dec-17	For the year ended 31-Dec-16	For the year ended 31-Dec-15
<b>Financial Ratios</b>				
Gross Profit Margin	(%)	24	35	36
Net Profits to Total Revenues	(%)	65	66	33
Returns on Assets	(%)	9	11	8
Returns on Equity	(%)	10	17	16
Interest Coverage Ratio	(Times)	10	4	14
Net Debt to Equity	(Times)	0.1	0.0	1.1
<b>Data per Share</b>				
Earnings per Share	(THB)	1.36	1.73	2.46
Book Value per Share	(THB)	13.06	12.44	13.62
Dividend per Share	(THB)	0.60*	0.67	4

\*The total annual dividend of THB 1,829 million for the Company's performance of the year 2017 at the rate of THB 0.60 per share of which THB 0.30 was paid as an interim dividend to the shareholders holding 3,048,235,000 shares in the amount of THB 914 million. Therefore, the remaining of dividend payment for the year 2017 performance will be paid to the shareholders holding 3,050,881,700\*\* shares at the rate of THB 0.30 per share, totaling THB 915 million, which is considered to be the declaration of dividend at the rate of 44 percent of the Company's net profit.

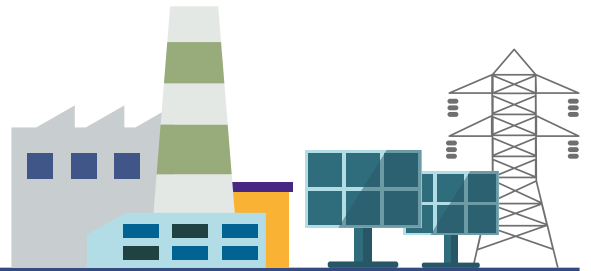
\*\*No. of the Company's share at present has not yet included the ordinary shares that may increase from the exercising of the right to purchase the ordinary share No. 4 on 30 March 2018 of the right to purchase the newly issued ordinary shares of the Company, issued and offered to the directors and employees of Banpu Group, excluding the Company and its subsidiaries (BPP-W) and the Employee Stock Option Plan for Directors and Employees of the Company and its subsidiaries (BPP-ESOP).

**Remark:** Financial figures are based on the consolidated financial statement.



# OPERATIONAL RESULTS

	For the year ended 2017	For the year ended 2016	For the year ended 2015
<b>SALES VOLUME</b>			
<b>Power sold (GWh)</b>			
Zhengding power plant	419.74	424.12	411.80
Luannan power plant	509.60	503.55	512.99
Zouping power plant	566.99	567.85	531.16
Solar China	173.00	27.50	-
<b>Total power sold (GWh)</b>	<b>1,669.33</b>	<b>1,523.02</b>	<b>1,455.95</b>
<b>Steam sold (Million Tons)</b>			
Zhengding power plant	0.88	0.89	0.81
Luannan power plant	1.23	1.21	0.97
Zouping power plant	3.25	2.93	2.76
<b>Total steam sold (Million Tons)</b>	<b>5.36</b>	<b>5.04</b>	<b>4.54</b>
<b>TOTAL REVENUE (Million Baht)</b>			
<b>Revenue from power sold (Million Baht)</b>			
Zhengding power plant	730.19	717.91	812.26
Luannan power plant	1,030.36	1,038.00	1,228.30
Zouping power plant	1,110.34	1,096.92	1,201.91
Solar China	659.44	102.75	-
<b>Total revenue from power sold (Million Baht)</b>	<b>3,530.33</b>	<b>2,955.58</b>	<b>3,242.47</b>
<b>Revenue from steam sold (Million Baht)</b>			
Zhengding power plant	457.26	492.67	500.56
Luannan power plant	505.56	479.03	398.50
Zouping power plant	1,557.01	1,265.93	1,159.14
<b>Total revenue from steam sold (Million Baht)</b>	<b>2,519.83</b>	<b>2,237.63</b>	<b>2,058.20</b>
Other income	369.09	348.44	329.23
<b>Total Revenue</b>	<b>6,419.25</b>	<b>5,541.65</b>	<b>5,629.90</b>
<b>Equity Income from JV</b>			
BLCP power plant	1,486.90	2,064.15	2,094.61
Hongsa power plant	2,234.65	1,473.92	(177.93)
Solar Japan	(2.94)	(6.28)	(11.27)
Shanxi Lu Guang power plant	(36.36)	(18.61)	(10.22)
<b>Total Equity income</b>	<b>3,682.25</b>	<b>3,513.18</b>	<b>1,895.19</b>



	For the year ended 2017	For the year ended 2016	For the year ended 2015
<b>GROSS PROFIT MARGIN (%)</b>			
Zhengding power plant	21	38	40
Luannan power plant	25	44	39
Zouping power plant	16	27	32
Solar China	57	41	-
<b>Total gross profit (%)</b>	<b>24</b>	<b>35</b>	<b>36</b>

## Group Operations Map





## BOARD OF DIRECTORS' REVIEW



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"In 2017, Banpu Power has placed great importance on the greener operations. Renewable power proportion has been increased to balance conventional and renewable power generation."

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Assoc. Prof. Dr. Naris Chaiyasoot  
Chairman of the Board of Directors



### **Dear Shareholders,**

After being listed on the Stock Exchange of Thailand in 2016, Banpu Power Public Company Limited, throughout the past year, has been stepping forward and expanding our conventional and renewable power businesses to establish energy security in the Asia-Pacific region.

With strong determination to embrace stable growth and sustainable development in tandem with social and environmental responsibility, in 2017, Banpu Power has placed great importance on the greener operations. Renewable power proportion has been increased to balance conventional and renewable power generation.

Banpu Power has improved and enhanced operational efficiency built upon our Management and staff's

rich experience and expertise of over 2 decades. Driven by our robust financial performance and strong ties to the leading power companies, Banpu Power bears great potential to pursue project development in order to generate added value to our assets and expand power generating capacity as targeted.

On this occasion, the Board of Directors would like to express our deepest appreciation to our stakeholders and all parties involved, both in Thailand and overseas, for the unwavering support and encouragement. We pledge to operate our business with good governance, transparency and accountability, full potential and professionalism to accomplish our vision to create sustainable growth and become a prominent regional leader in power industry.



## CHIEF EXECUTIVE OFFICER'S REVIEW



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"Banpu Power will pursue our main strategy to achieve conventional and renewable power generating capacity target of over 4,300 MWe, with a minimum of 20-percent renewable portfolio by 2025."

---

**Mr. Sutee Sukruan**  
Chief Executive Officer

### Dear Shareholders,

2017 recorded Banpu Power's important milestones from the successful floatation of our power business on the Stock Exchange of Thailand as Banpu Power Public Company Limited to business expansion via various projects that are either operating or under development. It can be said that such a great success would not have been possible without confidence and support from all investors. Therefore, I would like to take this opportunity to extend to you a heartfelt thanks for your trust. And from today we will keep moving forward steadily in strengthening our businesses and creating sustainable value for our stakeholders.

Our "Greener Strategy" has been an integral part of our business and investment expansion, which in the past year yielded more fruitful results compared to 2016. The total equity-based capacity from solar power plants and projects rose to 385.4 MW, reflecting significant growth of renewable portfolio. We will

further expand our investments in conventional and renewable generation assets in the Asia-Pacific region, particularly in the countries with growing power demand where we have operations, including Thailand, Lao PDR, China, and Japan. We are also on the lookout for investment opportunities in the CLMV countries in order to achieve our power generating capacity target of over 4,300 MWe by 2025.

### Summary of Our Financial Performance in 2017

The continuity of our operations and business expansion after being listed on the Stock Exchange of Thailand has brought impressive returns. Despite the dramatic Thai baht appreciation against US dollar in 2017, Banpu Power still reported net profit of THB 4,155 million including translation exchange loss of THB 85 million. This was partly due to the increased profit contribution from the smooth and effective

#### Remark:

Mr. Voravudhi Linananda retired as Chief Executive Officer, and Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No.12/2017 on 20 December 2017, while Mr. Voravudhi Linananda remains Director, effective from 1 January 2018.

commercial operations of all 3 production units of the Hongsa Power Plant in Lao PDR with a continuous satisfactory level of Equivalent Availability Factor (EAF), which reached 87 percent in the second quarter. Moreover, the BLCP Power Plant's stable operational performance yielded high profit despite the planned maintenance outage while solar power plants in China and Japan; namely Hui'en, Deyuan, Xingyu in China, and Awaji in Japan have fully operated. Banpu Power recently acquired the rights to develop the Yamagata Iide Solar Project in Japan with a 200-MW capacity, which is scheduled to commence commercial operations in 2023. This is in line with our strategic plan focusing on achieving targeted growth and greener power generation business.

In 2017, Banpu Power recorded the share of profit totaling THB 3,682 million, a 5-percent increase compared to THB 3,513 million in the prior year. The share of profit included THB 2,235 million from the Hongsa Power Plant in Lao PDR, soaring 28 percent from 2016, and THB 1,487 million from the BLCP Power Plant in Thailand, a 38-percent drop over the previous year. Excluding the unrealized exchange rate translation, the total share of profit was THB

5,060 million, reflecting a significant increase driven by the Hongsa Power Plant's greater efficiency in power generation and distribution. The total revenue increased by 16 percent to THB 6,419 million, including THB 5,760 million from 3 Combined Heat and Power plants (CHP) in China: Luannan, Zhengding and Zouping and THB 659 million from the 6 solar power plants in China, which have started commercial operations as scheduled. Although in 2017 the power plants in China were affected by rising coal prices which shot up by 54 percent, we managed to earn profits with EBITDA (earnings before interest, tax, depreciation and amortization) of THB 5,410 million, a 3-percent drop from THB 5,575 million in the previous year.

At year end, Banpu Power had the total equity-based generating capacity of 2,068 MWe, increasing by 134 MWe over the past year, from fully operational power plants comprising 1,903 MWe from conventional power plants and 165 MW from renewable power plants. The power projects that have already entered into an agreement and are under development yielded the total generating capacity of 721 MWe. Those projects include conventional power projects



in China that deploy the High Efficiency, Low Emissions (HELE) technology; namely the Shanxi Lu Guang Project (Units 1 and 2) which is under construction and the expansion of Luannan CHP Plant phases 2 and 3, which are expected to commence commercial operations in 2018 and 2019, respectively. Additionally, the solar power projects in Japan with an equity-based capacity of 221 MW are scheduled to commence their commercial operations between 2018 and 2023.

### **Strategies and Future Directions**

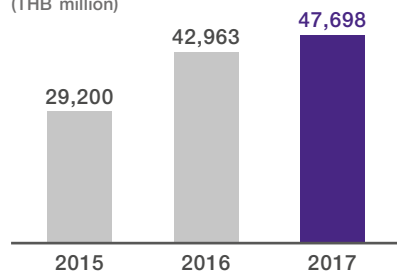
Banpu Power will pursue our main strategy to achieve conventional and renewable power generating capacity target of over 4,300 MWe, with a minimum of 20-percent renewable portfolio by 2025. We also focus on the investments in potential countries in the Asia-Pacific region. Our management and staffs over 2 decades experience and expertise, robust financial performance, strong ties with Banpu Public Company Limited, coupled with our partnerships with leading companies in power industry and local governments have paved the way for sustainable growth and long-term value creation for all stakeholders.

Meanwhile, Banpu Power realizes the importance of incorporating the Greener Strategy into our operations in compliance with the 23<sup>rd</sup> session of the Conference of the Parties (COP23) to the UN Convention on Climate Changes (UNFCCC). In addition to deployment of HELE technology in our conventional power plants, we are expanding investments and development in renewables.

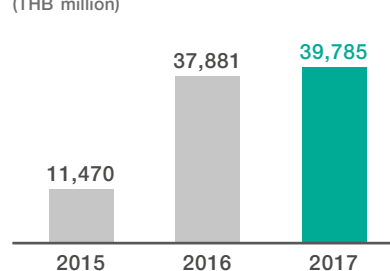
The crucial strategy that we have always put at the heart of our operations is ethical business conduct and social and environmental responsibility based on the sustainability development approach. We not only prioritize maximizing value and return for shareholders, customers, business partners, employees and communities, but are also committed to being a good corporate citizen in every country where our business is operated. Apart from this, we are ready to adapt our business to new energy trends, technologies and innovations related to power business to enhance future energy stability and security as a sustainable regional leader in the power industry.

# KEY FINANCIAL RESULTS

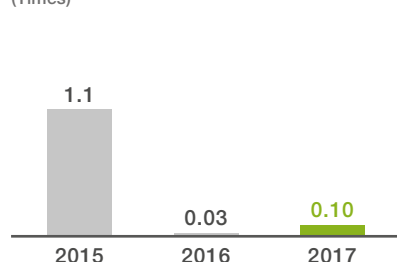
**Total Assets**  
(THB million)



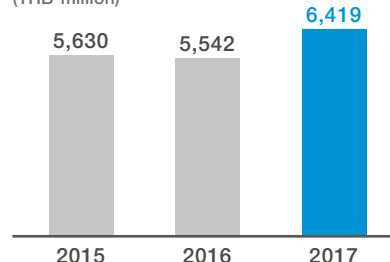
**Total Shareholder's Equity**  
(THB million)



**Net Debt to Equity Ratio**  
(Times)



**Total Revenues**  
(THB million)



## Total Assets

Total assets as of 31 December 2017 was at THB 47,698 million, an increase of THB 4,735 million or 10 percent compared to the previous year. The increase was mainly from additional investment of Solar business in Japan and China at THB 3,571 million and CHP expansion in China at THB 2,600 million, a decrease of THB 1,237 million of loan to other companies during the year, which was reclassified to be loan to subsidiary after the completion of ownership transfer of solar power projects in China, and also a decrease of THB 149 million of deposits at financial institutions of subsidiaries in China.

## Total Shareholder's Equity

Shareholder's equity as of 31 December 2017 was at THB 39,785 million, an increase of THB 1,835 million or 5 percent compared to the previous year. The increase was mainly from THB 4,155 million as net profit of 2017, the paid-up share capital as a result from the exercise of BPP-W<sup>1</sup> and BPP-ESOP<sup>2</sup> during the year, a change in fair value of hedged financial instruments, and an increase from non-controlling interests of THB 351 million. A decrease from the dividend payment is THB 1,676 million and a loss on foreign exchange rate translations of subsidiaries financial statements is THB 915 million.

<sup>1</sup> The right to purchase the newly issued ordinary shares of the Company, issued and offered to the directors and employees of Banpu Group, excluding the Company and its subsidiaries

<sup>2</sup> The issuance and offering of newly issued ordinary shares of the Company under the Employee Stock Option Plan for directors and employees of the Company and its subsidiaries

## Net Debt to Equity Ratio

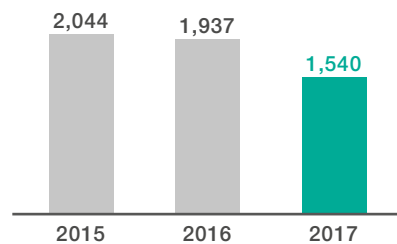
Net Debt to Equity ratio for the year 2017 was 0.10 time, based on the net debt at THB 4,092 million while shareholder's equity was THB 39,785 million. Total liabilities in 2017 was THB 7,913 million, an increase of THB 2,831 million compared to total liabilities in 2016. This is mainly from an increase of THB 2,625 million in both short-term and long-term loan from financial institutions to be used for project development in the pipeline.

## Total Revenues

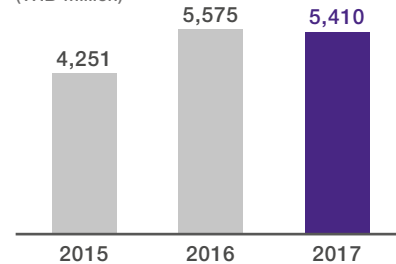
Sales revenue reported at THB 6,419 million, consisting of revenue from CHP business at THB 5,760 million and from China Solar business at THB 659 million, an increase of THB 878 million or 16 percent from the new operational solar power plants in China during the year, including an increase of sales volume of both power and steam as well as the increase in power tariff and steam price which had been adjusted from the previous year. Average power tariff was CNY 0.38 per KWh compared to CNY 0.36 per KWh in 2016. Average steam tariff was CNY 94 per ton compared to CNY 84 per ton in 2016. The adjustment of power tariff and steam prices reflected significant increase of coal cost during the year.



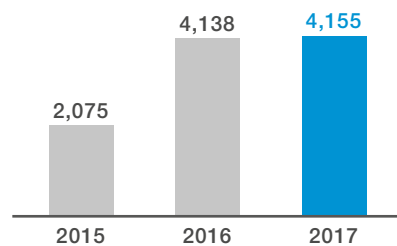
#### Gross Profit and Gross Profit Margin (THB million)



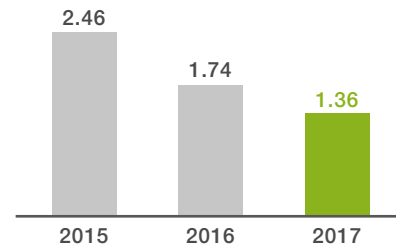
#### EBITDA (THB million)



#### Net Profit (Loss) (THB million)



#### Basic Earnings per Share (THB/Share)



#### Gross Profit and Gross Profit Margin

Gross profit as of 31 December 2017 reported at THB 1,540 million, a reduction of THB 397 million or 20 percent from 2016. Although the 2017 revenue increased compared to 2016, but there was an impact from significant increase of coal cost for CHP in China during the year. Therefore, the gross profit margin (GPM) was 24 percent compared to 35 percent in 2016, or a decrease of 11 percent.

#### EBITDA

Earning before interest, tax, depreciation and amortization (EBITDA) was THB 5,410 million, a decrease of THB 165 million or 3 percent compared to 2016. Major contribution came from significant operational improvement of Hongsa, though China CHP reported lower EBITDA, impacted by the increase of coal cost and lower equity income from BLCP that underwent Extended Major Overhaul (EMJ) for 10 weeks in Q417.

#### Net Profit (Loss)

Net profit for the year ended 31 December 2017 reported at THB 4,155 million, an increase of THB 17 million contributed by equity income from Hongsa reflecting significant improvement in operation efficiency and availability though China CHP and BLCP reported lower profit as a result of high coal cost. Also, BLCP reported lower equity income due to planned maintenance. The reported net profit already included FX translation loss of THB 85 million.

#### Basic Earnings per Share

Basic earning per share as of 31 December 2017 was THB 1.36 per share, a decrease of THB 0.38 per share compared to last year. During the year 2017, there was an increase in registered capital from the exercise of BPP-W and BPP-ESOP which resulted in number of fully-paid shares in 2017, 3,048,355,000 shares in total.

#### Remark:

2016: Number of fully-paid shares was 3,045,692,000 shares.

2015: Number of of fully-paid shares was 1,297,199,500 shares.

# SUMMARY OF MAJOR CHANGES AND DEVELOPMENTS IN THE PAST YEAR AND MAJOR CURRENT EVENTS

## On 30 January 2017,

the Company entered into an investment agreement for the acquisition of 100 percent of interest via Banpu Renewable Singapore Pte. Ltd. through a TK structure in Japan to develop 2 new solar projects in Shirakawa, Miyagi Prefecture, with a 10-MW generation capacity, and in Kurokawa, Fukushima Prefecture, with an 18.9-MW generation capacity.

## On 27 February 2017,

Deyuan solar project in China, with a generation capacity of 50 MW, successfully commenced its commercial operation.

Then on 30 March 2017, Banpu Power signed an investment agreement to acquire 100 percent investment rights to develop Xingyu solar project with approximate capacity of 10 MW in Shandong Province, China. The investment was worth about CNY 60,000,000.

And on 11 July 2017, the Company reported the progress of Xingyu solar farm in Shandong Province, China, which increased its total capacity to 10.30 MW and successfully started its commercial operation. Currently, the solar farms in China represent the total generation capacity of 152.09 MW as detailed below:

1

**HUINENG, with a capacity of 21.50 MW,**  
commenced its commercial operation in July 2016

2

**JINSHAN, with a capacity of 28.95 MW,**  
commenced its commercial operation in September 2016

3

**HAOYUAN, with a capacity of 20 MW,**  
commenced its commercial operation in October 2016

4

**HUI'EN, with a capacity of 19.70 MW,**  
commenced its commercial operation in January 2017

5

**DEYUAN, with a capacity of 51.64 MW,**  
commenced its commercial operation in February 2017

6

**XINGYU, with a capacity of 10.30 MW,**  
commenced its commercial operations in July 2017

## On 23 February 2017,

the Board of Directors meeting approved the first dividend payment for the operating profits during 1 January - 31 December 2016 for the total annual dividend of THB 2,367,546,665. Previously, an interim dividend had been paid out to shareholders holding 2,397,199,500 eligible shares, at THB 1,606,123,665 in total. Thus, the remaining 2016 dividend was further paid to the shareholders holding 3,045,692,000 eligible shares at a dividend rate of THB 0.25 per share or THB 761,423,000 in total. The dividend payment was appropriated from the corporate income tax-exempted profit, on which shareholders are not entitled to tax credits. The dividend was paid on 26 April 2017.

## On 7 March 2017,

Banpu Renewable Energy Co., Ltd. (BRE), Banpu's wholly-owned subsidiary sold its 100-percent capital of Thai Solar Consultant Co., Ltd. to a project developer at THB 10,000,000.



### On 3 April 2017,

the Annual General Meeting of Shareholders approved the following activities:

- The allocation of annual profits at the rate of 5 percent as legal reserves for the total amount of THB 219,000,000, resulting in an increase of the Company's legal reserves to the total amount of THB 1,124,200,000
- The cancellation of the warrants representing the right to purchase the newly issued ordinary shares of the Company issued and offered to directors and employees of Banpu Group (excluding the directors, the management, and employees of the Company and its subsidiaries) which were not allocated within the prescribed period pursuant to the Terms and Conditions in the amount of 21,200,000 units, and the reduction of the Company's registered capital by THB 212,000,000, from THB 30,956,920,000 to THB 30,744,920,000
- The issuance and offering of the Company's newly issued ordinary shares under the Employee Stock Option Plan for Directors and Employees of the Company and its subsidiaries (BPP-ESOP) in the amount of not exceeding 30,000,000 shares with a par value of THB 10 per share; and the increase of the Company's registered capital in the amount of THB 300,000,000 from THB 30,744,920,000 to THB 31,044,920,000 to reflect the increased registered capital resulting from the BPP-ESOP plan. The capital increase was registered with the Ministry of Commerce on 25 April 2017.

### On 17 July 2017,

the Company entered into an investment agreement for the acquisition of 100 percent of interest via Banpu Renewable Singapore Pte. Ltd. through a TK structure in Japan to develop 2 new solar projects: Hiroshima solar project in Hiroshima Prefecture, with an 8-MW generation capacity, and Kesennuma solar project in Miyagi Prefecture, with a 20-MW generation capacity.

In addition, on 1 November 2017, the Company entered into an investment agreement for the acquisition of 51-percent interest for development rights in a new solar project named Yamagata lide, with a capacity of 200 MW. Banpu Power also has the right to acquire additional 34-percent interest once the construction has commenced and the remaining 15-percent interest when the project commences its commercial operation. Totally, Banpu Power owns 13 solar projects with a total capacity of 358.4 MW, including 233.3 MW equity-based capacity.

### On 11 May 2017,

Zouping Peak CHP Co., Ltd., a 70-percent owned subsidiary of Banpu, signed an asset exchange agreement with Xiwang Group Co., Ltd., its joint venture, to invest in a combined heat and power plant in Shandong, China worth CNY 220,000,000 (approximately THB 1,104,000,000). This expansion will increase its generation of power and steam by 25 MW and 220 TPH respectively, making Zouping Power Plant reach the total capacity of 125 MW and 670 TPH.

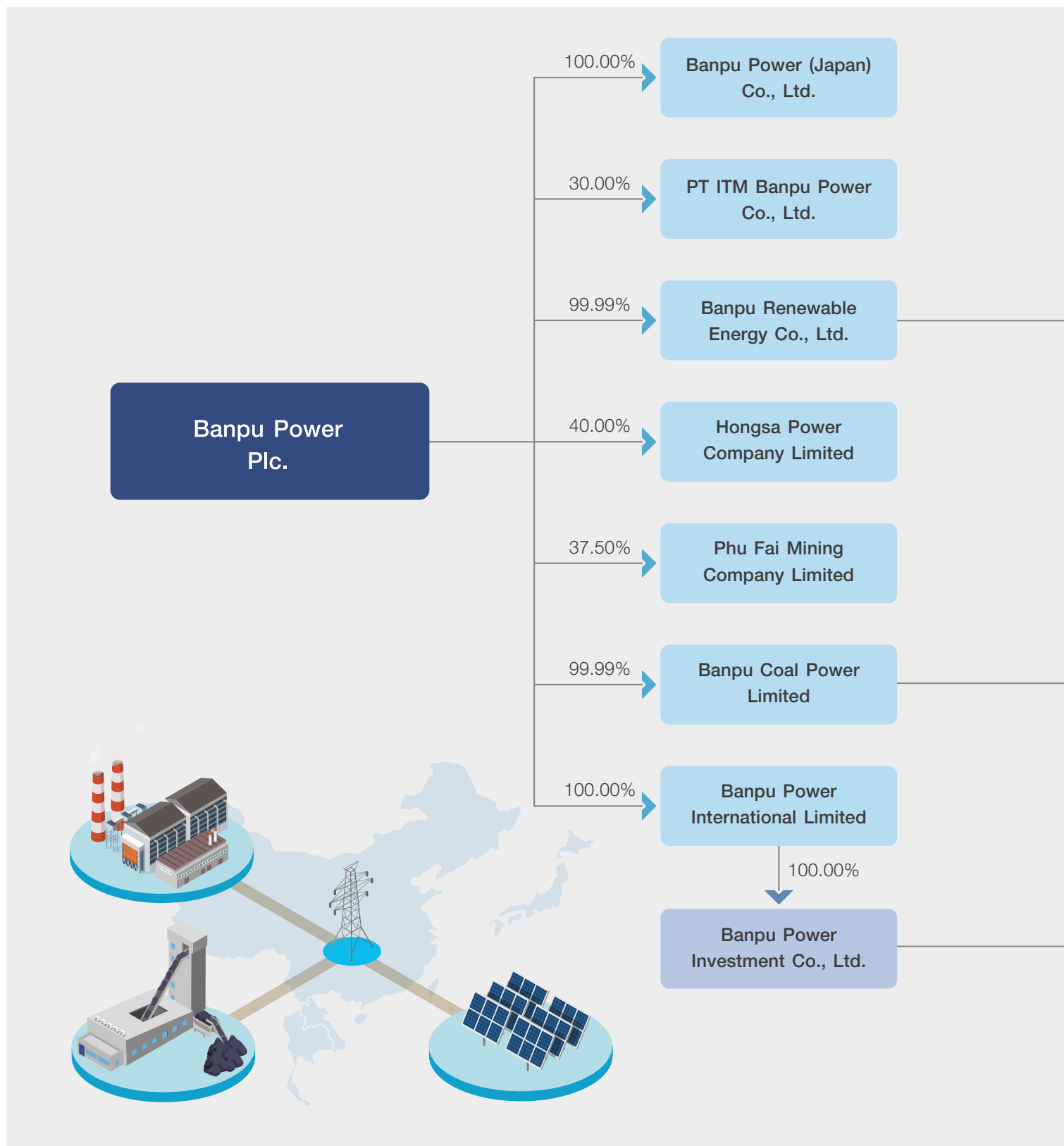
### On 21 February 2018,

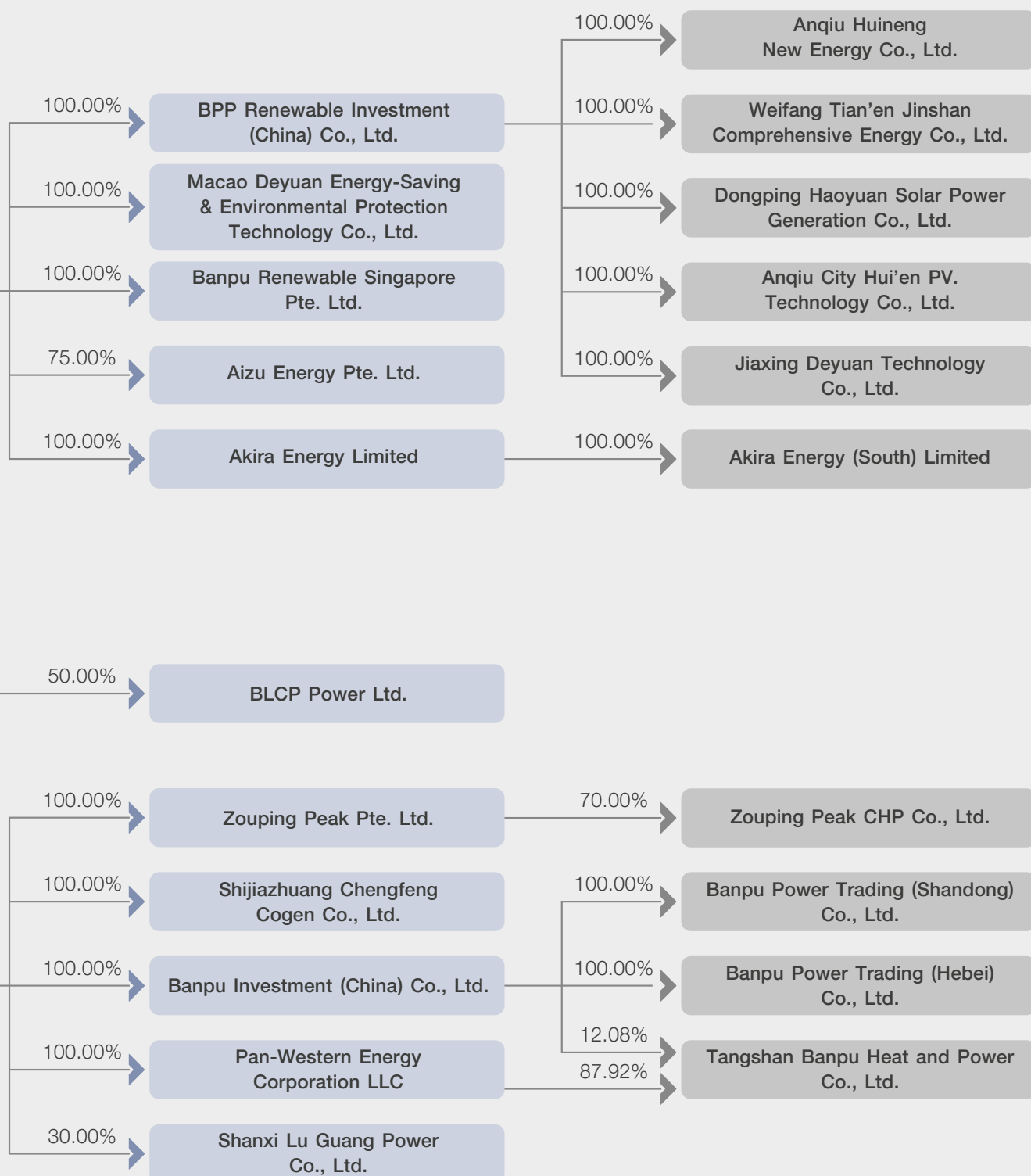
the Board of Directors Meeting passed a resolution to approve the Company's dividend payment at a rate of THB 0.60 per share for the 2017 operating results during 1 January - 31 December 2017, of which THB 0.30 per share was paid out as interim dividend to shareholders for 3,048,235,000 shares on 27 September 2017. Thus, the remaining THB 0.30 dividend would be further paid out. The Meeting proposed the Company to pay THB 0.30 per share dividend to shareholders for 3,050,881,700 shares from accumulated profits and operating profits during 1 July - 31 December 2017 that were appropriated from the corporate income tax-exempted profit, on which shareholders are not entitled to tax credits. The dividend payment is scheduled on 26 April 2018. The number of shares excludes the shares that may be increased from the exercise of rights to purchase newly issued ordinary shares under BPP-W and BPP-ESOP plans, which will occur in March 2018.

# BANPU POWER GROUP STRUCTURE

As of 31 December 2017

(Entities with 10 percent or more shares held by Banpu Power)

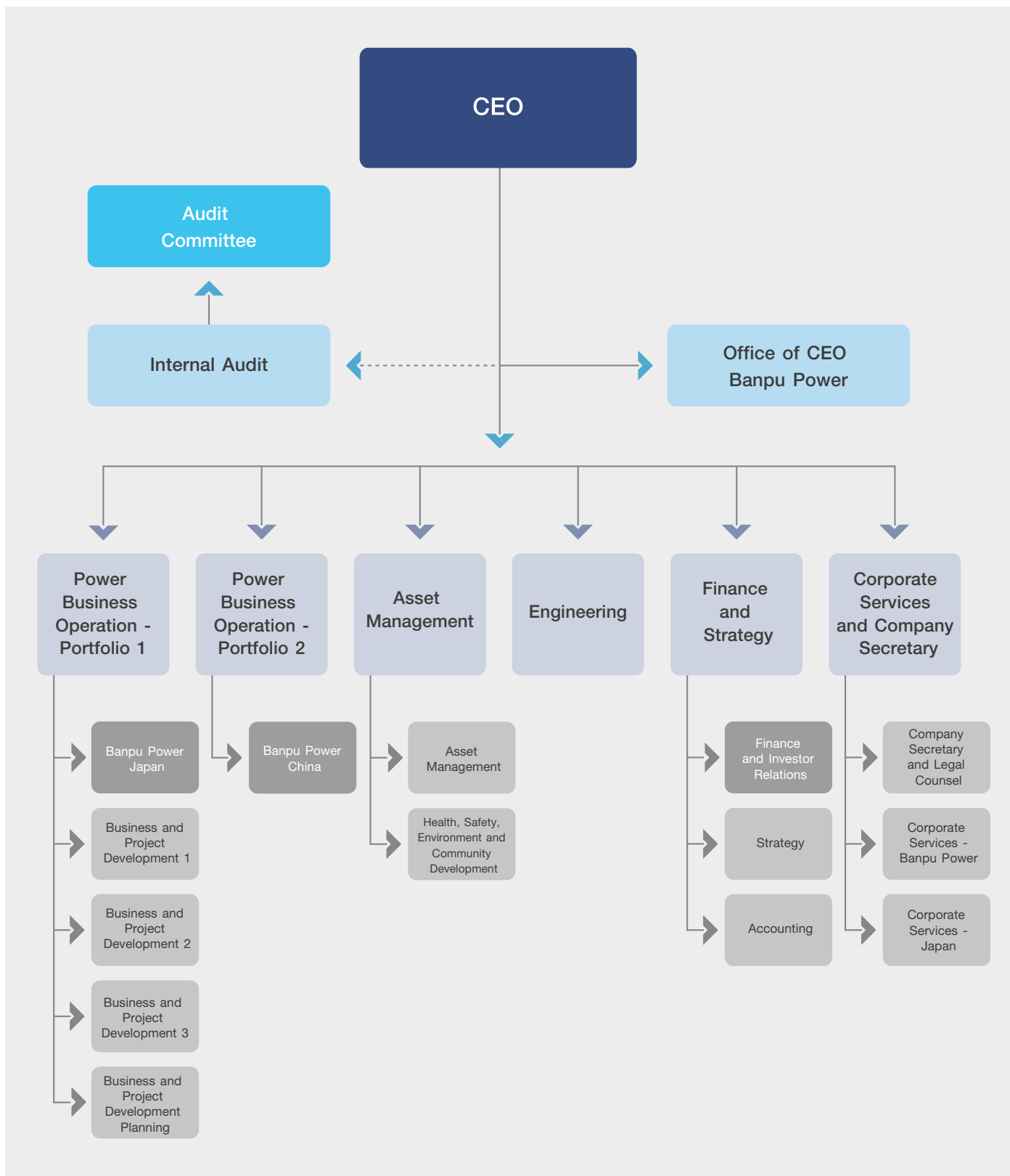






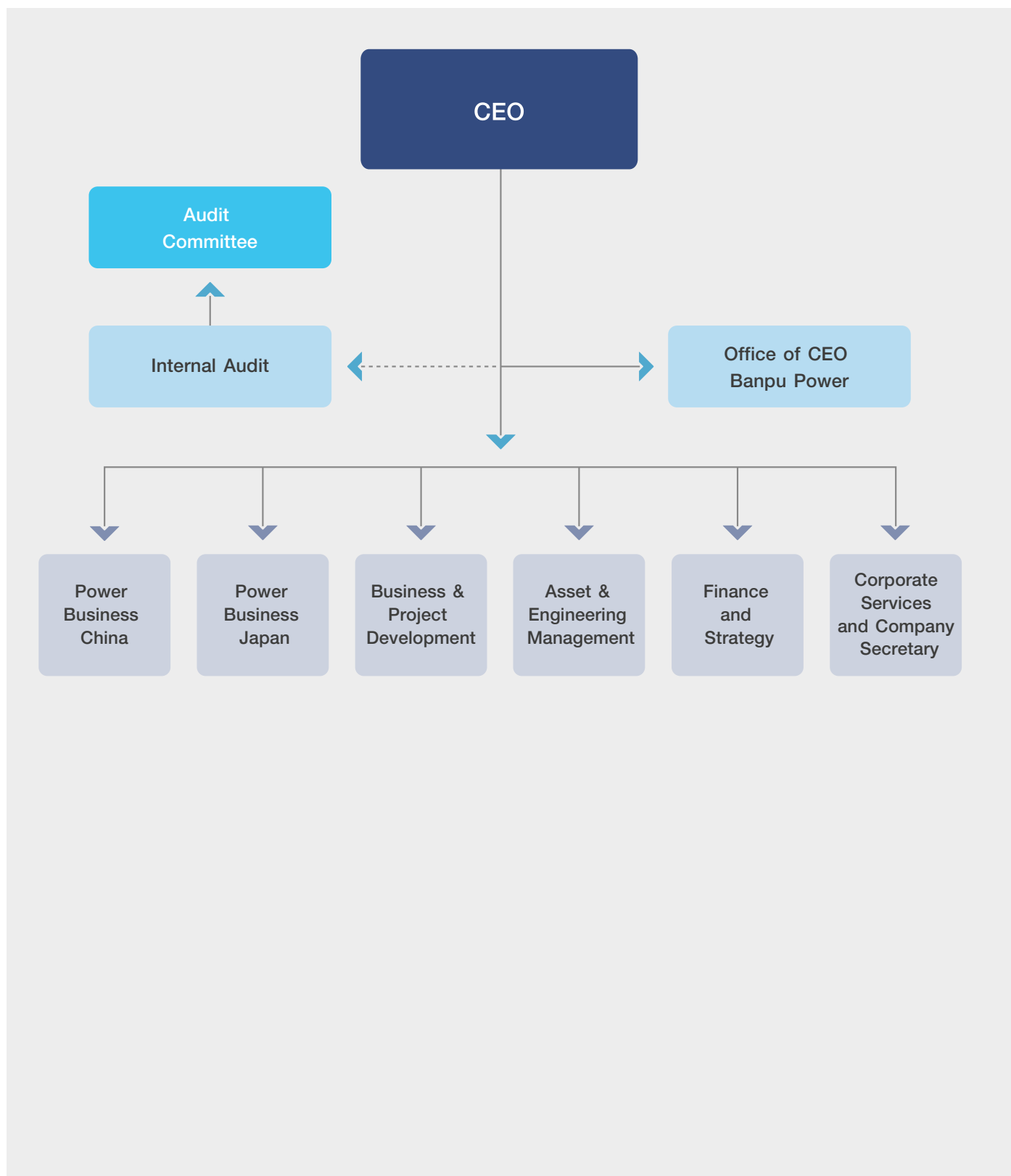
# ORGANIZATIONAL STRUCTURE

As of 1 January 2018





As of 2 February 2018





# MANAGEMENT STRUCTURE

The management structure of the company as of 31 December 2017 consisted of the Board of Directors and the executive officers. The Board of Directors consists of independent directors, non-executive directors, and executive directors. The independent directors account for 33 percent of total number of board members.

The Board set up 3 sub-committees, namely, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee.

The Board also requires that Chairman of the Board, Chairman of the Audit Committee, Chairman of the Corporate Governance and Nomination Committee, Chairman of the Compensation Committee and all directors in the Audit Committee be independent directors.

## 1. The Board of Directors consists of:

1. Assoc. Prof. Dr. Naris Chaiyasoot  
Chairman of the Board of Directors/  
Independent Director
2. Mr. Chanin Vongkusolkrit  
Director
3. Mr. Metee Auapinyakul  
Director
4. Mr. Rawi Corsiri  
Director
5. Mr. Yokporn Tantisawetrat  
Independent Director
6. Prof. Dr. Bundhit Eua-aporn  
Independent Director
7. Ms. Somruedee Chaimongkol  
Director
8. Mr. Voravudhi Linananda  
Director
9. Mr. Akaraphong Dayananda  
Director

**Note:** Mr. Akaraphong Dayananda (person number 9) resigned as Director and Mr. Sutee Sukruan was appointed as Director to replace Mr. Akaraphong Dayananda by the Board of Directors Meeting No.12/2017 on 20 December 2017 for the remainder of the term of Director from 1 January 2018 to the date of the Annual Shareholder's Meeting in 2020, effective from 1 January 2018.

## Authorized Signatory Directors on Behalf of the Company

Any 2 of the following 6 board members, namely Mr. Chanin Vongkusolkrit, Ms. Somruedee Chaimongkol, Mr. Akaraphong Dayananda, Mr. Voravudhi Linananda, Mr. Metee Auapinyakul, or Mr. Rawi Corsiri, are authorized to jointly sign on a document affixed with the Company's seal.

**Note:** Mr. Sutee Sukruan was appointed as Director to replace Mr. Akaraphong Dayananda by the Board of Directors Meeting No.12/2017 on 20 December 2017 with authorized signatory on behalf of the Company, which registered at Department of Business Development on 3 January 2018.

## Duties and Responsibilities of the Board of Directors

The Board of Directors is accountable to shareholders with respect to managing the Company and supervising its management so that the firm achieves its goals and shareholders' value are maximized. The Board also makes sure that the Company's business operations are in compliance with the Code of Conduct while optimizing the stakeholders' benefits.

The Board of Directors has a duty to comply with the laws, objectives and regulations of the Company and with resolutions of the shareholders' meetings. It must perform duties with integrity and acts in the interests of shareholders for both short and long term. The Board also complies with rules and regulations of the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Commission (SEC) and the Capital Market Supervisory Board established according to the Securities and Exchange Act, B.E. 2535 as amended by the SEC Act (No.5), B.E. 2559.

In 2015, the Board formulated the “Banpu Power Public Company Limited’s Board of Directors’ Practice” to be used as guidelines for the Board of Directors. The handbook consists of definitions, composition and criteria of the Board, directors’ qualifications, terms of office and retirement of directors, duties and responsibilities of the Board as well as Board meeting and voting procedure.

The Board entrusts the Chief Executive Officer to run the Company’s business and to supervise the Company’s operations in compliance with the practice.

The Board also formulated the Charter of the Audit Committee, the Charter of the Corporate Governance and Nomination Committee and the Charter of the Compensation Committee as guidelines for these sub-committees.

The Board organizes an orientation session for new directors to make them realize what the Company expects of them. During the orientation, the new directors learn about their roles and responsibilities, the Company’s corporate governance policy and practices, its business and operations, and risk management. In addition, they have the opportunity to visit different operational units. After attending the orientation, the new directors will be equipped for their new roles as directors.

The Board of Directors has a policy to broaden all directors’ horizons on corporate governance, industrial outlook, businesses, new technology and innovations. Directors are encouraged to attend seminars or trainings held by the Thai Institute of Directors (IOD) and other reputable institutions to maximize their effectiveness and performance. In addition, the Board jointly holds seminars with the management to disseminate knowledge, experience, and information about technologies directly related to the Company’s business. The Board also provides a platform for the executives to exchange experience and useful information about new energy technologies gained from attending seminars among directors.

The Board annually holds a seminar on the strategic plan for the directors to consider and propose their opinions on the strategic plan and corporate

management, which is not only useful for corporate development and setting strategic direction, but also builds a good relationship among the directors, executives and employees.

The Board of Directors requires that the Board itself be subject to a performance evaluation once a year. Starting from 2017, the performance evaluation of individual directors and the independence of directors have been conducted. This duty is entrusted to the Corporate Governance and Nomination Committee, who is in charge of designing evaluation schemes.

The Board requires the 3 sub-committees to conduct their self-evaluation. The Corporate Governance and Nomination Committee is responsible for setting the evaluation form based on the same standard, focusing on the specific roles and responsibilities of each committee outlined in its charter. Starting from 2017, each committee will yearly submit the self-assessment forms as part of their performance report to the Board, and report the summary of their operating performance to the Board meeting on a quarterly basis.

## 2. The Audit Committee consists of:

1. Mr. Yokporn Tantisawetrat  
Chairman of the Audit Committee
2. Assoc. Prof. Dr. Naris Chaiyasoot  
Member
3. Prof. Dr. Bundhit Eua-aporn  
Member

The Audit Committee’s term of office is three years from September 2015 to the date of the Annual General Meeting of Shareholders in 2018. All members of the Audit Committee have expertise, experience and a strong understanding of accounting and finance, and Mr. Yokporn Tantisawetrat is a committee member who has sufficient expertise and experience to review the accuracy and credibility of the Company’s financial statements.

The Audit Committee Meeting No. 5/2016 held on 10 May 2016 appointed Mr. Prapat Manorat, who has a good understanding of the Company’s business and management as the Secretary to the Audit Committee.

### Duties and Responsibilities of the Audit Committee

The Audit Committee has a duty to review the Company's financial statements, its adequacy of internal control and risk management systems, and compliance with applicable laws and regulations. The Audit Committee is also required to prepare a report or to give opinions to the Board of Directors for approval or for submission to the shareholders' meeting, as appropriate.

In 2017, the Company additionally entrusted the Audit Committee with "a duty to review and oversee the Company's compliance with Anti-Corruption Policy".

### 3. The Corporate Governance and Nomination Committee consists of:

1. Assoc. Prof. Dr. Naris Chaayasoot  
Chairman of the Corporate Governance and Nomination Committee
2. Mr. Chanin Vongkusolkit  
Member
3. Mr. Rawi Corsiri  
Member

The Corporate Governance and Nomination Committee's term of office is three years from September 2015 to the date of the Annual General Meeting of Shareholders in 2018.

In the Corporate Governance and Nomination Committee's Meeting No. 1/2017, Ms. Nittaya Chatsirikul, who has expertise, experience and a good understanding of Banpu Power's business, was appointed as the Secretary to the Audit Committee. The Secretary is responsible for arranging meetings and filing legal documents and regulations related to corporate governance and nomination.

### Duties and Responsibilities of the Corporate Governance and Nomination Committee

According to its charter, the Corporate Governance and Nomination Committee has 2 main duties.

1. To review the Corporate Governance Policy and the Code of Conduct and monitor compliance with the policy and practices within the Code of Conduct
2. To nominate directors and the Chief Executive Officer, review a succession plan in order to nominate appropriate persons to fill the management positions (for Vice President level and higher), and submit recommendations to the Board of Directors for approval or for submission to the shareholders' meeting, as appropriate

### Nomination of Directors

The Corporate Governance and Nomination Committee will nominate new directors to fill vacancies caused by the expiration of the term of office or other reasons

### Nomination Procedure

Nominations are conducted according to the following procedures:

1. The Committee reviews the appropriate structure and composition of the Board of Directors to strengthen its status.
2. The Committee reviews general and specific qualifications of independent directors, adds new nomination criteria and qualifications to suit the Company's requirements and circumstances, and ensures compliance with SET's requirements. The Corporate Governance and Nomination Committee will subsequently submit the nominations to the Board of Directors for approval before seeking a resolution at the Annual General Meeting of Shareholders and making an official appointment.

For the nomination of executives, the Corporate Governance and Nomination Committee monitors a succession plan covering CEO and senior management to ensure that the Company will have competent management with appropriate expertise and experience to fill important positions in the future.

In 2017, the Corporate Governance and Nomination Committee considered a succession plan to select and nominate high potential candidates from both

within and outside the organization as a new CEO to succeed the former CEO, whose term expired due to retirement.

#### **4. The Compensation Committee** consists of:

1. Prof. Dr. Bundhit Eua-aporn  
Chairman of the Compensation Committee
2. Ms. Somruedee Chaimongkol  
Member
3. Mr. Metee Auapinyakul  
Member

The Compensation Committee's term of office is three years from September 2015 to the date of the Annual General Meeting of Shareholders in 2018.

In the Compensation Committee's Meeting No. 1/2016, Ms. Nittaya Chatsirikul, who has expertise, experience and a good understanding of Banpu Power's business, was appointed as the Secretary to the Compensation Committee. The Secretary is responsible for arranging meetings and filing legal documents and regulations related to remuneration.

#### **Duties and Responsibilities of the Compensation Committee**

The Compensation Committee has a duty to provide advice related to compensation management to the Board of Directors for approval or for submission to the shareholders' meeting as appropriate.

#### **5. The Management** consists of:

1. Mr. Voravudhi Linananda  
Chief Executive Officer
2. Mr. Somsak Sithinamsuwan  
Senior Vice President - Office of  
Chief Executive Officer
3. Mr. Vanchai Lertsaroj  
Senior Vice President - Office of  
Chief Executive Officer
4. Ms. Jareeya Chirdkiatisak  
Senior Vice President - Power Business  
Operations Portfolio 1
5. Mr. Chairat Chanhom  
Senior Vice President - Power Business China

6. Ms. Bubpachart Meecharoen  
Senior Vice President - Corporate Services  
and Company Secretary
7. Mr. Banchob Kitchpanich  
Chief Finance Officer

**Note:** - Mr. Voravudhi Linananda (person number 1) retired as Chief Executive Officer, and Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No. 12/2017 on 20 December 2017, effective from 1 January 2018.

- Mr. Somsak Sithinamsuwan (person number 2) was appointed as an executive in Banpu Group, effective from 1 January 2018.

- Mr. Vanchai Lertsaroj (person number 3) resigned from the Company, effective from 1 January 2018.

- Ms. Jareeya Chirdkiatisak (person number 4) was appointed as an executive in Banpu Group, effective from 2 February 2018.

- Mr. Chairat Chanhom (person number 5) was appointed by the Company to be Senior Vice President - Power Business China to replace the old title as Vice President - Power Business Operations Portfolio 2, effective from 2 February 2018.

#### **Duties and Authority of Chief Executive Officer**

The Board of Directors sets operational goals for the CEO and evaluates his performance annually for the consideration of the CEO's compensation. The CEO then evaluates the performance of executive officers and senior management in light of the goals and evaluation criteria linked closely with the Company's strategic plan and annual operating plan and the CEO's operational goals. This information is used to set appropriate and attractive compensation packages and incentives. (For more information, please see 56-1 Form: CEO's duties and responsibilities)

#### **6. The Independent Directors, who account for 33 percent of the Board,**

are as follows:

1. Mr. Yokporn Tantisawetrat  
Independent Director
2. Assoc. Prof. Dr. Naris Chaiyasoot  
Independent Director
3. Prof. Dr. Bundhit Eua-aporn  
Independent Director

Banpu Power defined the qualifications of "Independent Directors" according to the Notification of the Capital Market Supervisory Board No. TorJor.39/2559, dated

16 November B.E. 2559. (For more information, please see 56-1 Form and the Notification of Capital Market Supervisory Board No. TorJor.39/2559, dated 16 November B.E. 2559, revised from the Notification of Capital Market Supervisory Board No. TorJor.4/2552 dated 20 February, B.E. 2552).

## 7. Company Secretary

The Board of Directors appointed Ms. Bupachart Meecharoen as the Company Secretary, effective from 1 January 2017. The whose duties and responsibilities are as stipulated in the Securities and Exchange Act (No. 5), B.E. 2559, an amendment of the Securities and Exchange Act, B.E. 2535. The Company Secretary is responsible for organizing meetings for the Board

of Directors and shareholders, ensuring compliance with the meetings' resolutions, and advising the Board on rules and regulations to which it must comply. Additionally, the Company Secretary is responsible for preparing and keeping the register of directors, Board meeting invitation letters, Board meeting minutes, the Banpu Power Annual Report, invitation letters to attend the shareholders' meeting and records of its minutes, the report on conflict of interests of directors or executive officers and other duties required by the Securities and Exchange Commission, Thailand, the Capital Market Supervisory Board and the Stock Exchange of Thailand. (See the qualifications of the Company Secretary in Form 56-1 on Details of the Board of Directors and the Management).

# MARKET AND COMPETITION

## Marketing Policy

### 1. Coal-Fired Power Plants in Thailand

#### Competitive Strategies

In recent years, Thailand has realized the significance of environmental sustainability demonstrated in higher legal protection and standards, not to mention civil protests against coal-fired power plants in many areas all over the country. Banpu Power Public Company Limited is fully aware of the importance of environmental protection and community acceptance as well as strict compliance with all laws and standards. The Company has invested in the efficiency improvement of power plants and continuous equipment maintenance to reduce pollutants. It also supports and promotes community activities and a mutual understanding, resulting in a strong relationship with the community.

Apart from that, the Company has been preparing to submit proposals to respond to the government's policies and satisfy public sector's electricity needs when there are bid openings while taking into consideration of different fuel costs, appropriate technologies as well as national power reserves. This opportunity includes project development in the Eastern Economic Corridor (EEC).

#### Major Competitors

- Major domestic power producers include Electricity Generating Plc., Ratchaburi Electricity Generating Holding Plc., Global Power Synergy Plc., Glow Energy Plc., B.Grimm Power Plc. and Gulf Power Generation Co., Ltd.
- International power producers and investors

### 2. Power Business in China

The Company capitalizes on market opportunities by producing and selling steam and high heat steam at full capacity in winter when there is a higher demand for steam and high-temperature steam. The Company

also emphasizes enhancing production efficiency to lower production costs. However, the global coal market incurred an impact on coal prices in China resulting in low domestic prices in the first half of 2017, but the prices increased significantly in the latter half, driving the average price close to hit the highest peak of the past 4 years. Although the Chinese government announced the price adjustment in July 2017, the true coal costs still was not reflected. This factor affected the Company's operating results. Nevertheless, the Company was able to make profits by stressing careful cost control and effectiveness management. It also has a plan to expand its power generation capacity in response to the growing steam demand driven by greater local economic growth.

In 2017, the Chinese government enforced stricter environmental policy and pollution control. In October 2017, the government initiated a plan to reduce particulate matter (PM) pollution in winter by 15 percent over the past year's baseline in the regions where there is high coal combustion and limit on the use of coal as a major fuel in factories. The plan does not affect the Company's overall capacity as its operations are in full compliance with current standards. Moreover, it already has plans to improve and augment environment control equipment to comply with new environmental standards that will be in full force in the future.

Solar power tariff structure consists of 2 components: on-grid tariff and on-grid subsidy. In addition, in some areas the power plants receive additional subsidies from the local governments. The on-grid tariff, which complies with the standard electricity price of combined heat and power plants determined by the National Development and Reform Commission of the People's Republic of China, shall be adjusted according to changes in coal prices. Under a feed-in tariff scheme, on-grid subsidy will be adjusted according to changes in on-grid tariff to guarantee stable price for the electricity generation enterprise.



## Competitive Strategies

In China, combined heat and power plants and solar power plants enjoy support from the government because they are more efficient and better at pollution control than other power plants. The government also provides such incentives as guaranteed sales to local electricity authorities, exclusive rights to sell steam and heat in permitted zones, and local government subsidies. These factors are considered in determining the Company's competitive strategies as follows:

- **Quality Service and Customer Relations Management**

The Company places top priority on quality and service. It emphasizes production and generation stability and readiness to supply electricity and steam to customers, especially distribution of steam supply in winter. The Company maintains a good relationship with its customers on a basis of integrity and mutual benefits so it earns customers' trust and respect. In the meantime, the Company entered into contracts with steam industry customers to allow the adjustment of steam prices when fuel prices exceed the price specified in the contract. In doing so, the Company can mitigate the impact of increasing fuel costs.

- **Cost Management**

To achieve effective cost management, especially the costs of coal or other fuels, strategies are put in place, for instance, buying coal when the prices are low and reserving the extra coal for future use when the prices get higher, and enhancing production efficiency to reduce production cost.

- **Adaptability to Change**

The Chinese market is always prone to change prompting the Company to closely monitor the market trends and accordingly adapt to particular situations in order to be ready to grasp business opportunities or mitigate adverse effects. For example, Zhengding Combined Heat and Power Plant has managed to sell chilled

water in summer apart from selling steam and hot water. The power plant's products are adjustable depending on various factors such as steam surplus or greater demand for power from the electricity grids.

- **Monitoring and Maintenance of Equipment in the Solar Cell System**

The Company is in the process of developing an O&M Data Center that will be used for managing operations and maintenance.

- **Management of Relationships with Local Governments and Communities**

The Company maintains a good relationship with local governments on the basis of mutual benefits in providing public utility service (power and steam) to local communities, building trust and equity as well as lending continued support to community activities. The Company has been well-accepted by both the state and communities as an exemplary enterprise in the locality. Even when the Company had been affected by external factors, it was still fully supported by the local governments through subsidies or permission to increase steam price when coal prices soared.

- **Clear National Energy Policy**

Thanks to China's clear energy policy framework and management system, the investment risk is low. The Chinese government has set standard pricing for renewable energy and feed-in tariff (FIT) scheme that offers guaranteed purchase at a fixed rate during the full lifetime of renewable energy power plants and has provided subsidies for solar power generation since 2013. Apart from that, the government has a plan to set up a carbon trading experiment to support the carbon reduction policy and encourage investments in renewable energy.

## Major Competitors

- Other domestic and international power producers and investors

### 3. Power Business in Lao PDR

Banpu Power holds 40 percent and 37.5 percent stocks in Hongsa Power Company Limited (HPC) and Phu Fai Mining Company Limited (PFMC), respectively. The proportion of investment in generating capacity equals to 751 MW, the majority of which will be supplied to the Electricity Generating Authority of Thailand according to long-term Independent Power Producer (IPP) agreement, and some will be supplied Lao PDR. Since 2016, the Hongsa Power Plant has fully commenced its commercial operations of all 3 production units.

#### Competitive Strategies

- The Company is well-aware of potential impacts on communities from Hongsa Power Plant. The Company thus embraces commitment to promoting community's participation as well as improving the quality of life in those communities. Such commitment has resulted in a variety of initiatives, namely development of public utilities, water and electricity supply, road construction, relocation of some parts of the community and construction of new accommodations for those relocated, and occupational development program.
- In 2017, the Company made investments into many areas to improve efficiency and potential readiness to generate and distribute electricity. It has also prepared to procure additional equipment for repair and maintenance tasks.

#### Major Competitors

- International power producers and investors

### 4. Power Business in Japan

The Company has invested in solar power plants in Japan, with the total installed equity capacity of 12.6 MW and over 220.7 MW capacity under construction.

#### Competitive Strategies

The Company has diversified its investment into solar power business in Japan and prepared to evaluate potential investment opportunities and development regarding potential partners, teams and workforce. Supports from the government and financial institutions are crucial factors accelerating the Company's business growth.

- **Short Project Development Period**

The Company's solar power plants were able to start commercial operations and power distribution, and yield profits and investment return in a shorter period than coal-fired power plants.

- **Capacity in Investment Management**

The Company has strategies to collaborate with alliances in seeking investment opportunities and managing of financial costs incurred by various resources, in full commitment to achieve long-term investment goals.

- **Clear National Energy Policy**

The Company's projects are operated at low risk and in alignment with the country's clear energy policy and energy management system, namely a feed-in tariff (FIT) scheme that offers guaranteed purchase at a fixed rate throughout the full cycle of power plants.

#### Major Competitors

- Japanese and other international power producers

## Marketing and Competition in Power Business

### 1. Competition in the Power Business Sector in Thailand

In 2017, Thailand saw a positive economic expansion, and economic recovery signals were apparent in the fourth quarter. The government expected that the economy would grow by 3.9 percent. Export and tourism sectors were still the main drivers. The private sector had better adapted to the situation, and the public investment in mega-projects would contribute to consumption in the second half of the past year.

The total power generating capacity in 2017 was 42,433 MW, increasing by 2 percent over 2016. The peak demand of power reached 28,578 MW in May, 1,959 MW or 7 percent higher than the peak demand of 26,619 MW in 2016. The Electricity Generation Authority of Thailand (EGAT)'s gross energy generation and purchase in 2017 was 174,561 GWh, lowering from the previous year by 13 percent due to incentives to encourage business activities in public and private sectors. The proportion of electricity generated from different sources was as follows: 60 percent from natural gas, 18 percent from coal, 2 percent from hydro-power, 12 percent from imports, 7.8 percent from renewable energy resources and 0.2 percent from oil.

**Source:** 2017 Data, from January-November 2017 (Energy Planning and Policy Office, Ministry of Energy: EPPO)

### 2. Competition in the Power Business Sector in Lao PDR

Unlike other Southeast Asian countries, Lao PDR's power generating capacity is solely from hydro-power since the country has no oil and natural gas reserves, and coal is scarce. The situation started to change in 2016 after the full commercial operations of all units at the Hongsa Power Plant, which is the first coal-fired power plant in Lao PDR. Due to the lack of coal, there is no further plan for new construction of coal-fired power plant during 2016-2020. In 2017, Lao PDR has a total installed generating capacity of approximately 6,700 MW, 5,800 MW from the under construction projects, and another 5,000-6,000 MW from the projects under study. However, Lao PDR remains a major importer in the region, and it has entered into bilateral agreements with Thailand, Vietnam and Cambodia to supply electricity of 9,000 MW, 5,000 MW and 200 MW, respectively by 2025.

**(Source:** Department of Energy Business (DEB), October 2017)

### 3. Competition in the Power Business Sector in China

The power industry in China has shown growth in the increase of power consumption as follows:

	Units	2017	2016	2015
Growth rate in power consumption in all sectors	Percent	6.6	5	0.5
Growth rate in power consumption in industrial sector	Percent	3.5	2.6	(1.4)
Growth rate in generating capacity	Percent	7.1	8.2	10.1
Total generating capacity	Megawatt	1,793,979	1,677,123	1,549,389

**Source:** National Energy Administration of the People's Republic of China (NEA)



#### 4. Competition in the Power Business Sector in Japan

The power industry in Japan has shown growth in the increase of power consumption as follows:

	Units	2017	2016	2015
Growth rate in power consumption in all sectors	Percent	0.87	1.19	(1.20)
Growth rate in power consumption in industrial sector	Percent	1.14	0.19	(1.90)
Growth rate in generating capacity	Percent	2.76	4.97	5.95
Total generating capacity	Megawatt	275,480	268,082	287,477

**Source:** Japan's Ministry of Economy, Trade and Industry (METI)

**Notes:**

\* Growth in power consumption of the year 2017 from January to September 2017

\*\* Anticipated total generating capacity of the year 2017 (excluding the generating capacity of the nuclear power plants which are during temporary shutdown)

# REVENUE STRUCTURE

For the previous 3 years ended 31 December

## Banpu Power Public Company Limited and its Subsidiaries

Products/Services	Conduct by	% of shareholding	2017		2016		2015	
			Revenue (THB Million)	%	Revenue (THB Million)	%	Revenue (THB Million)	%
Sales Revenue:								
1. Power	BIC	100.00	2,870.89	44.72	2,852.83	51.48	3,242.47	57.59
	BPPRIC <sup>1</sup>	100.00	659.44	10.27	102.75	1.85	-	-
2. Steam	BIC	100.00	2,519.82	39.25	2,237.63	40.38	2,058.20	36.56
3. Other Revenue <sup>2</sup>	BIC	100.00	369.10	5.75	348.44	6.29	329.23	5.85
Total Sales Revenue			6,419.25	100.00	5,541.65	100.00	5,629.90	100.00
Participating Profit (Loss) from Investment in Associated Companies (Equity Method) <sup>3</sup>			3,682.25		3,513.18		1,895.19	
Total Revenues and Share of Profit from Associated Companies			10,101.50		9,054.83		7,525.09	

**Note:**

<sup>1</sup> BPPRIC is the 100-percent subsidiary of BPP, invested in Solar power business in China with the first year of revenue generation in 2016 and the full year revenue generation in 2017

<sup>2</sup> Other revenue primarily consisted of revenue from hot water and cold water as well as subsidies from the PRC government for compliance with environmental standards. In addition, to the extent that power and steam tariffs do not sufficiently reflect an increase in coal prices, we may receive subsidies from the PRC government on a case by case basis.

<sup>3</sup> The Company did not realize sales revenue from its Joint Ventures of Power Business its shareholding is not more than 50 percent, i.e., BLCP Power Plant (50 percent held by the Company) and Hongsa Power Plant (40 percent held by the Company).

# RISK MANAGEMENT AND RISK FACTORS

To achieve business goals and objectives, Banpu Power and its subsidiaries place great importance on risk management to reduce the likelihood of risks or mitigate their associated consequences, and to gain business opportunities that add value to the Company. Business risk management is under the supervision of all levels of management, and the review of risk management is reported to the Audit Committee and the Board of Directors on a quarterly basis.

## Risk Factors

The principal risk factors that might hinder the Company from the achievement of goals and sustainable growth, or cause impacts on stakeholders in 2017 are as follows:



## 1. Strategic Risks

### 1.1 Risk in Strategic Planning and Implementation

In response to the fast-changing global economy, energy situation, and technologies as well as the higher expectations of investors and stakeholders, the Company has created systems and processes to manage the risk in strategic planning. It periodically reviews the Company's strategy to revise its vision, direction and business strategy to appropriately respond to change and launch a counteractive plan in preparation for future uncertainties. The meeting is held on a monthly basis to assess scenarios and trends based on the comparison of information from credible institutions and sources, and to develop a systematic economic forecasting tool for accurate business decision making and future planning.

### 1.2 Risk in Human Resource Management and Personnel Development to Facilitate Future Growth

To facilitate future growth, the Company has not only improved the recruiting and personnel development

processes, but also reviewed the organizational structure and analyzed the workforce and HR development plans to align with its long-term strategies for future business expansion. Additionally, the Company has implemented a succession plan by developing knowledge and expertise of its personnel to prepare them for their future senior management positions. This has been carried out through individual development plan, job rotation, and in-house knowledge sharing activities in order to ensure that its personnel have relevant knowledge and abilities to the Company's business and can lead the Company to achieve sustainable growth.

### 1.3 Corporate Reputation Risk

The Company prioritizes the management of corporate reputation and image risk since unfavorable reputation could have immediate and tremendous effects on the Company, in both the short and long terms. The Company accordingly focuses on its sustainable development by carrying out every production process with the utmost care and responsibility to all stakeholders and in compliance with laws and regulations, international standards, the code of conduct and good corporate governance while being a good corporate citizen in every country where it operates. It has also engaged in CSR activities focusing on educational development for children and youth, which is considered a foundation to sustainable development of the society and country. In addition, the Company has developed effective communication strategies to provide quick and accurate information and create better understanding with stakeholders through many projects, for instance, BLCP's projects to promote organic farming at Ban Khot Hin-Khao Phai, marine life breeding, and crab net making; and the Hongsa Power Plant's projects on health monitoring for the local residents and highland agriculture development.

## 1.4 Risk from Investing in New Business

In managing this risk, Banpu Power has strived to ensure that its new investments create total value for the Company no less than that anticipated prior to the acquisition. The Company has set a clear investment process where external experts in each field provide support in a feasibility study and due diligence. Moreover, the Investment Committee, comprising management and experts, carefully considers and provides opinions on new investments regarding their alignment with the Company's growth strategies, return on investment according to the Company's criteria, and investment risk assessment. The Company also focuses on the management to achieve the synergy between the Company and the new entities via resource planning, staff capacity development, and appropriate restructuring to facilitate change management, which will ensure smooth investment and sustainable growth and secure investment return according to the strategic plan. In 2017, the Company adapted its strategies to the changing energy trends and technologies by effectively balancing conventional and renewable power generation together with deploying highly advanced technologies which are safe and environmentally friendly. The Company's investment strategy is to focus on high-quality power generation assets in the countries where the energy sector has an impressive growth rate, and balanced integration of conventional and renewable power generation. Apart from the existing operations in Thailand, Lao PDR, China and Japan, the Company is considering and planning about the investment opportunities in other countries in Asia. The priority is put on such countries whose energy sector has high growth potentials as Vietnam and Indonesia.



## 2. Financial Risks

### 2.1 Risk from Nonfulfillment of Securing Financial Resources as Planned

Banpu Power addresses this risk to ensure that the Company has sufficient capital at an appropriate ratio to its financial structure and is able to create satisfactory growth according to its investment plan. Financial strategy has been devised in accordance

with the Company's strategic plan. Various scenarios relating to both internal and external sources of funds are carefully analyzed. The Company places great emphasis on maintaining good relationships with financial institutions in order to ensure continued access to funding, which allows the Company to efficiently and constantly manage cash flow. The Company also strictly observes its agreement with the financial institutions.

### 2.2 Exchange Rate Risk

The Company follows risk mitigation plans to reduce impacts associated with fluctuating exchange rates at both corporate and group levels in Thailand, Lao PDR, China, and Japan. The Company strives to create a balance between its foreign-currency assets and liabilities and has adjusted its foreign currency forward contracts based on its estimated revenues, expenses, and loan payments. Other financial instruments are chosen as appropriate to ensure that the Company can mitigate negative impacts of volatile exchange rates to an acceptable level.

As of 31 December 2017, the Company's short-term loans from Chinese financial institutions amounted to 114.39 million in Chinese Yuan Renminbi (approximately THB 573.60 million) and 1,750 million in Thai Baht, which shall be repaid within one year. Banpu Power's subsidiaries in China also received long-term loans without collateral from Chinese financial institutions in the total amount of USD 3 million, CNY 143.07 million (approximately THB 717.44 million) and THB 2,100 million.

### 2.3 Interest Rate Risk

The Company manages interest rate risk by closely monitoring the trend of interest rates in the world's markets as well as in Thailand. The Company allocates its debt portfolio, both short and long term contracts, for loans with fixed and floating interest rates corresponding to their types of investments. The Company has chosen financial instruments to create alternative sources of funding to appropriately manage its financial structure in each country of investment. For example, interest rate swaps are



being used to reduce the interest rate risk from fluctuations in consistence with the trend.

As of 31 December 2017, the interest rates on the Company's loans from financial institutions ranged from 1.70 percent to 5.22 percent per annum, and the weighted average interest rates on long-term loans were at 0.97 percent per annum for Thai Baht loans, 4.69 percent per annum for US Dollar loans, and 4.87 percent per annum for Chinese Yuan Renminbi loans, respectively.



### **3. Operation Risks**

#### **3.1 Risks in Coal-Fired Power Business in Thailand**

##### **3.1.1 Risk in Power Purchase**

The BLCP Power Plant is an investment under the Independent Power Producer (IPP) scheme; therefore, the electricity generated is solely supplied to the Electricity Generating Authority of Thailand (EGAT) according to a long-term Power Purchase Agreement (PPA) with EGAT. Accordingly, the risk in power purchase is low, and the price is stable as it is stipulated in the agreement that the electricity price is adjustable to changes in fuel prices, Thai Baht exchange rates, and inflation rate.

##### **3.1.2 Risk in Fuel Supply**

Coal is the main fuel source for power generation of the BLCP Power Plant. The power plant entered into a long-term contract to purchase coal from major and reliable suppliers, with clearly specified amount and quality of coal, to ensure sufficient supply for electricity generation in accordance with the PPA signed with EGAT. Thus, the risk associated with the failure to access good-quality coal is low. Nevertheless, under certain circumstances, it may be necessary for BLCP to procure coal outside of the said contract. For example, the supplier may be unable to deliver coal as planned due to an event of force majeure such as flooding in Queensland, Australia. In such cases, BLCP may purchase coal from other suppliers in the coal market. To

date, the amount of coal purchased outside of the long-term contract has never exceeded 5 percent of the amount of coal needed each year, which is relatively low and has no significant impact on the performance of the power plant. In addition, the BLCP Power Plant has closely and regularly monitored coal production and coal prices.

#### **3.2 Risks in Coal-Fired Power Business in the Lao PDR**

##### **3.2.1 Risk in Power Purchase**

The Company's investment in the Hongsa Power Plant (HPC) is under the Independent Power Producer (IPP) scheme with international contracts to both EGAT and Électricité du Laos EDL; therefore, risk in selling electricity is low. Moreover, electricity price is stable because it was specified in the agreement that price may be adjusted to correspond with changes in fuel prices, Thai baht exchange rates, and inflation rate.

##### **3.2.2 Risk of Power Plant Operation**

There is a potential risk that the Hongsa Power Plant may fail to commence its operations as planned. The causes may arise from machinery, equipment, or people as the plants are still in the initial phase of commercial operations. The Company has addressed the risk by closely and carefully monitoring the operations, improving system stability, preparing adequate and appropriate critical spare parts for the power plants, and enhancing staff's capacity through trainings and knowledge sharing among the companies in its group. Compared to 2016, the Hongsa Power Plant, in the past year, achieved smooth operations and significantly greater efficiency.

##### **3.2.3 Risk in Fuel Supply**

In sourcing its fuel supply, the Hongsa Power Plant has leased a lignite mining concession from the license holder awarded by the government of Lao PDR. Prior to the start of the project, a study was conducted to assess quantity, quality,

and production and transportation plan for the coal supplied to the plant throughout the project period. The risk in accessing quality coal is thus low and the cost can be controlled in correspondence with the plant's generation plan. In addition, the Company has prepared a coal reserve plan to cope with operational disruptions that may arise, including poor climate conditions, natural disasters, transport delays, accidents, and others.

### **3.3 Risks in Power Business in China**

#### **3.3.1 Risk in Power and Steam Purchase**

The power business in China is faced with higher risk than that in Thailand since there is no signing of a long-term power purchase agreement. Nonetheless, thanks to the Company's highly efficient Combined Heat and Power (CHP) plants, it enjoys support from the government for sole distributor rights to supply steam and heat in designated areas. The plants have also been accorded privileges to supply electricity to local electricity authorities, which effectively helps manage the risk. On top of that, there are amendments of relevant rules and regulations in compliance with the new Chinese government's energy efficiency and environmental conservation policies, which affect the Company's power business in China. In response to the policy change, the Company has implemented various risk management measures, such as improving the efficiency of energy usage within the plants and controlling environmental impacts. In 2017, the Company's revenue from power business in China increased due to higher sales of electricity and steam than anticipated.

#### **3.3.2 Risk from Volatility in Coal Price**

Uncertainty of policy on coal business in China, the world's largest coal consumer, resulted in coal price fluctuations in 2017, with a gradual increase since February. China's policy to reduce 500 million tonnes of coal production in 5 years caused coal prices to soar. The Company has managed this risk by closely monitoring the coal

prices and ensuring its purchasing management is in accordance with its operating costs and production plan. The Company also entered into an agreement to sell electricity to some clients by defining the price structure of electricity and steam, which can be adjusted according to the actual fuel costs at that time.

#### **3.3.3 Risk from the Construction and Project Management**

The Company addressed the risk from the construction and project management by closely monitoring project progress and coordinating with contractors to ensure that the construction works meet the quality standards agreed in the contract. Consequently, in 2017 its solar power plant in Shandong Province successfully commenced the commercial operations with a 10 MW capacity, which increased the total generating capacity to 152 MW. Moreover, the Luannan Power Plant is undertaking capacity expansion of phases 2 and 3, which are under construction, and expects to achieve commercial operation dates in 2018 and 2019, respectively. Meanwhile, Shanxi Lu Guang Project, 30 percent owned by Banpu Power, is under the adjustment of expected commercial operation date.

#### **3.3.4 Risk of Grid Curtailment of Solar Power**

Generally, solar power providers in China must enter into a purchase agreement with power purchasers in the areas where the plants are located till the end of the contract, under which the purchasers may deny power purchase at any amount without liability.

In early 2017, the grid curtailment was announced in Shandong province during the Chinese New Year holidays, for 6 days, which affected Jinshan, Huineng, Hui'en, and Haoyuan projects.

This incident is used as a statistical reference for the Company's budget planning for 2018.

### 3.3.5 Risk from Delayed Compensation

It is widely known among solar power business operators in China that they will receive actual compensation 2 years after the central government has announced the compensation rate.

This incident is used as a statistical reference for making investment decisions from the start and is included in the 2018 budget planning.

### 3.3.6 Risk from Land Use Permit Application to Local Governments

License application procedure in China varies from province to province because of the mismatch between the number of solar power projects and the state human resources. The Company responds to this risk by setting up a preventive measure which requires the project sellers to complete license application procedure prior to receiving installment payments. Besides, the Company closely monitors project progress through the supervision of representatives appointed by the Company.

## 3.4 Risks in Power Business in Japan

### 3.4.1 Risks Relating to the Solar Power Plant in Japan

The major factors affecting solar power generation are the intensity of the solar irradiation and system loss. The Company manages these risks by using statistics of the solar irradiation to estimate the minimum power generating capacity of the solar farm and compare with the actual amount of power output. In addition, the Company deploys state-of-the-art technologies for power plants to ensure that system loss is within acceptable limits, and carries out continuous maintenance of the power plant.

## 3.5 Occupational Health, Safety and Environment Risks

### 3.5.1 Occupational Health and Safety Risks

- Nowadays, there are many risk factors affecting business operations, such as natural disasters, political unrest, fire incident, terrorist acts, and

epidemics. These factors can disrupt progress and affect all stakeholders. Consequently, in 2017, Banpu Power together with its parent company started to integrate Business Continuity Management System (BCM) within its operations. The aim of putting BCM to use is to properly respond to emergency situations, to minimize adverse impacts, and to guarantee continuity in business operations. BCM includes information system backup and necessary recovery, emergency operation procedures, communication, and planned regular drills to prepare everyone, both operational staff and the management, for emergencies.

- Banpu Power's business, consisting of conventional power plants, combined heat and power plants and solar power plants, involves the use of power generation equipment, construction, maintenance and a lot of contractors. This poses some risks of accidents at work. Banpu Power adopted Banpu Group's policy and campaigns to promote safety culture. The Company has arranged safety workshops for safety supervisors, management, and new recruits to educate them on safety before starting any work. There are also regular reviews, integration of safety practices into business processes, and maintenance program for assessment of machinery and equipment safety and effectiveness.

- In 2017, BLCP Power Plants, a joint venture of Banpu Power, implemented the Process Safety Management (PSM) to mitigate safety risks and severity of risk impacts on the production process, focusing on processes that can have a catastrophic impact, such as those relating to hazardous chemicals or fuels. Additionally, campaigns are regularly held to raise safety awareness among the staff ranging from following safety rules, incident reporting, and creating incentives for contractors who carry out safety operations.

- Hongsa Power Plant, a Banpu Power joint venture in Lao PDR, is facing the risk of being

a newly-open power plant as in its initial phase of operations, machinery, equipment, or staff expertise may not be of full potential. The Company manages this risk by collaborating with business partners to further invest in improvement of effectiveness and production processes as well as seeking cooperation from the Electricity Generation Authority of Thailand, the expert in power plant operations and maintenance.

- Combined heat and power (CHP) plants in China, namely Luannan, Zhengding and Zouping, have been in operations for such a long time that there are safety risks because of possible deterioration in machinery and equipment as well as old timer workers whose work habits may not comply with safety practices. In 2017, a consultancy company was engaged to assess efficiency and readiness of the plant's machinery and equipment in order to improve their efficiency and safety. The Company also organized workshops for the management and supervisors to better equip them with necessary knowledge and understanding of safety best practices.

- Solar power plants in China and Japan encounter the risks from construction processes, such as ground leveling, transportation and solar panel installation. However, these processes bear low risk of fatal accident. Furthermore, the Company has set criteria for selecting contractors based on safety policy and procedure. There is internal control to constantly improve safety standard. Throughout the past year, no fatal accident occurred in the Company's solar power plants.

### 3.5.2 Environmental Risks

- **Air Pollution Risk:** This risk is a common risk for conventional and combined heat and power plants. The quality of air emitted by the plants and the ambience in the surrounding communities must meet the air quality standards; otherwise, it can be harmful to the communities. The Company addresses this risk by determining air quality indices, namely sulfur dioxide, nitrogen oxide

and particulate matter. At its power plants in Thailand, Lao PDR, and China, the Company has incorporated various technologies, including Low NO<sub>x</sub> burners, and circulating fluidized bed (CFB) to reduce sulfur dioxide and nitrogen oxides during combustion. Fly ash is eliminated by electrostatic precipitators (ESP); and flue gas desulphurization (FGD) system, both semi-dry and wet, to reduce sulfur dioxide and nitrogenoxides are reduced by selective non-catalytic reduction (SNCR), and selective catalytic reduction (SCR). The power plant chimneys were also designed to be high enough to dilute pollutants in order to reduce impact on surrounding communities. A continuous emission monitoring system (CEMS) and air quality monitoring system (AQMS) were installed in surrounding communities to ensure that ambient air quality meets the standards required by law in all air quality indices. In particular, the Company has improved its air treatment system at the power plants in China to meet the much stricter air quality standards and to reduce urban air pollution. The Company has set its 5-year plan 2013-2018 with a budget of approximately USD 43 million, which could reduce air pollution within the legal limits required by the Chinese government. In the past year, the quality of air emitted from the stack and in surrounding communities met the legal standards.

- **Water Pollution Risk:** This risk arises when the quality of water discharge fails to meet legal standards in such key indicators as temperature and turbidity. Accordingly, the Company set up a wastewater treatment to meet the government standards. The water quality has been examined by internal assessment and external consultants who collect samples for analysis and submit report to government bodies on a regular basis. There are constant assessment of chemical and fuel tanks and water treatment system as well as an emergency drill which is held annually to respond to chemical spill situation. In such situation, the Company shall quickly and effectively mitigate impacts and recover work systems. Apart from

that, the Company stresses the importance of water management and conservation to mitigate risk from water shortage in the production process. There are improvements of equipment and processes in order to reduce water use and, in a way, keep balance of water use in power plants.

- **Risk of Hazardous Wastes:** All business sections of Banpu Power take appropriate measures, such as separation of wastes for recycling and waste disposal, to ensure the proper management of waste, especially for the hazardous waste. The Company stresses full compliance with the local laws, and in some cases, it may sell such wastes as used lubricants and automobile batteries to government-authorized buyers for recycling. As for fly ash from coal-fired power generation, the Company sold it to buyers who recycle it as building material. The Company also separated fly ash according to size in order to meet the market needs and to increase the sales price, or to be recycled as bricks in promotion of community development activities.

- **Risk of Climate Change:** As natural disasters caused by climate change may disrupt business continuity, the Company has prepared for such situations by developing an emergency response plan including an annual emergency drill, and applying a Business Continuity Plan (BCP). Climate change is a global challenge that requires cooperation from all parties to reduce greenhouse gas (GHG) emissions. Following the 21<sup>st</sup> Conference of the Parties (COP21) to the UNFCCC in 2015, the participating countries made strong commitments to reduce their own greenhouse gas emissions. This resulted in stricter environmental laws and regulations in many aspects such as quantity and intensity reduction in GHG emissions and improvements of efficiency and replacements of fuel use. In the future, Emission Trading Scheme (ETS) will be implemented, and the Company will need to absorb the cost if it fails to meet emissions standards. To mitigate this risk, the Company set up a special unit to assess and

monitor changes in environmental laws both locally and nationally in response to legal changes. Such changes include required modification of boilers to accommodate other fuels, baseline emissions reporting, and reduction of GHG emissions per production unit by percent within 2020 compared to the baseline 2012 levels. These legal changes enabled the Company to invest further in clean energy projects, promoted by the government. In the past year, Zouping Power Plant's boilers were modified, making it possible to turn waste gases from a business partner's steel production process into fuel to replace coal. In other power plants, there is feasibility study on modifying boilers to use other kinds of fuels in place of coal if required by the government in the future. For Shanxi Lu Guang Power Plant, a joint venture project which is under construction, the Company opted for High Efficiency, Low Emissions (HELE) technology so as to decrease GHG emissions. Furthermore, legal changes concerning climate change will provide the Company opportunities to acquire more investment licenses in alternative energy projects promoted by the government, such as solar, wind and hydro power. In 2017, the Company has an installed solar power capacity of 164.7 MW. The Company also has a plan to increase its renewable portfolio to 20 percent of the total capacity by 2025.

- **Risk from Stakeholder's Acceptance:** Since the stakeholders of power plants, who either reside inside or outside of project areas, may have concerns regarding impacts of the power plants, it is necessary for the Company to communicate prompt and accurate information with them. The Company has conducted a Stakeholder Analysis and Engagement at the operational unit level. It was found that the communities surrounding the plants are major stakeholders because the power plants have direct impacts on them in economic, social, and environmental aspects as well as the way of life. On the contrary, community resistance may



impact the operations of power plants. Therefore, communication and clarification of information to create mutual understanding between the power plant projects and communities are of utmost importance in order to gain their acceptance throughout the project period. A community development unit is set up at all operation levels, and baseline data collection, stakeholder analysis, and a whistleblowing system have been used for the improvement of working process. There are communication channels and procedures for communicating the power plants' performance with the communities via meetings and site visits. These enabled the Company to devise a community development plan which truly responds to the community's needs.



#### 4. Risks in Compliance with Applicable Laws and Regulations

The Company places great importance on the management of corporate reputation and image risk since unfavorable reputation could have immediate and immeasurable effects on the Company, in both the short and long terms. The Company accordingly focuses on its sustainable development by carrying out every production process with the utmost care and responsibility to all stakeholders and in compliance with laws and regulations, international standards, the code of conduct and good corporate governance. It also aims to be a good corporate citizen in every country where it has operations; it has engaged in CSR activities focusing on educational development for children and youth, which is considered a foundation to sustainable development of the society and country. In addition to this, the Company has developed effective communication strategies to provide quick and accurate information and create better understanding with stakeholders through numerous projects such as the organic farming at Ban Khot Hin-Khao Phai, marine life breeding, and crab net making undertaken by BLCP; and the Hongsa Power Plant's projects on health monitoring for the local residents and highland agriculture development.

#### 4.1 Risks from Regulatory and Policy Changes in the Countries Where the Company Has Invested

As the majority of Banpu Power's assets are operated overseas, there are risks from regulatory and policy changes in particular countries. In the past year, there were significant regulatory and policy changes in China and Japan which directly affected the Company. The Company mitigated such risks as follows:

##### China

- Due to the current air quality in China, the government has set new emissions standards for coal-fired power plants, which will become effective in 2021 as follows:
  - 1) Dust emission must not exceed 10 milligrams per cubic meter.
  - 2) Sulfur dioxide (SO<sub>2</sub>) must not exceed 35 milligrams per cubic meter.
  - 3) Nitrogen (NO<sub>x</sub>) must not exceed 50 milligrams per cubic meter.

The local governments may apply the new measures when they are ready by 2021. Furthermore, the Chinese government limited coal-fired plants' average coal consumption rates at less than 310 grams per kWh, which will be effective from 2021. The Company has spent more investment to align its air pollution control with the new standards. It has also improved the efficiency of production process to lower average coal consumption to be less than 310 grams per kWh. Ultra-supercritical technology has been deployed at the Shanxi Lu Guang Power Plant Project, whose average coal consumption rate is less than 310, and a controlling system was designed to control air pollution emissions to meet the above-mentioned emissions standards.

- The Chinese government issued the Management Method on Combined Heat and Power (CHP) Generation to promote reduction of air pollution and improvement of energy consumption as well as accelerating CHP deployment in the industrial sector. According to the new policy, the Chinese

government supports the projects which make use of pressure from HELE technology for heat generation during the winter. The Company's power plants, which deploys CHP technology, will enjoy benefits from the policy for they will be approved for new expansion and obtain government support on sales price and purchase quantity.

- The Chinese government restricted the size of coal-fired power plant projects. The size has to correlate with power demand, and water resource and environmental conditions must be taken into consideration. This policy commanded closure of old coal-fired power plants that were below standards on efficiency, safety and quality. While strictly controlling approval procedure of coal-fired power plants, it also denied or delayed permission for construction of new ones that did not align with power demand. The Chinese government's restricted policy did not have a substantial impact on the Company's operations because its current power plants completely meet all the standards prescribed by the laws and regulations. In addition, the Company's new power plant project, Shanxi Lu Guang, uses the advanced technology "ultra-supercritical system" to meet the emissions standards.
- In 2015, the Chinese government launched the electricity system reform that commanded electricity grid owners to charge electricity users according to state-determined price, and prohibited them from gaining profit from the difference between the buying and selling prices. This policy limits monopolies and increases competition by cutting cost and enhancing quality, resulting in lower power price that is fair to both corporate and individual customers. The Power Transmission and Distribution Pricing Reforms were initially enforced in 12 provinces, and are expected to be enforced across the nation by 2018. This policy did not have a negative impact on the Company's power plants in 2017 as the Company had entered into the power purchase agreement. However, after opening up to free market in 2020, the Company will be able to secure wholesales contract for the majority of its power capacity and the surplus capacity will be sold to the competitive markets in the form of power tariff and dispatch.
- The Chinese government announced an Instruction on Setting Up Renewable Energy Exploration and Utilization Target Oriented Guidance System in order to promote a study and a use of renewable energy in accordance with energy development strategy. The strategy sets the targets for the share of renewable energy sources at 15 percent and 20 percent of total energy consumption in 2020 and 2030, respectively. The policy may impact the working hours of the Company's coal-fired power plants in the future but will benefit its solar power projects in China.
- The Chinese government issued a draft document soliciting opinions on reduction of Feed-In Tariff (FIT) and subsidies for solar power generation from 2017 onward. The new scheme may affect the Company's future revenues in solar power business. To address this risk, the Company has prepared to reduce project development costs.
- In May 2017, the National Development and Reform Commission (NDRC) and involved ministries jointly announced a clean heating system for winter season in the northern region of China. This is a 5-year plan for 2017- 2021 covering 28 Northern cities focusing on clean heating with renewable energy sources to replace coal in small-scale steam and hot water production systems in the northern part of China, which provides only steam and hot water. The heating system in CHP plants as used at the Zhengding Power Plant is a coal-fired central heating system that serves the whole community and is an effective way to balance environmental conservation, cost management to maintain future sustainability for big cities and should eventually be the basic heating system for both urban and rural areas.
- The new policy to replace coal with natural gas specifically targets local small-scale steam and hot water productions. It is one of the measures



to promote clean-heating rather than a substitution for central CHP heating. However, the Zhengding Power Plant has been undergoing a feasibility study to shift from coal to natural gas. Preliminarily, it was found that the costs for natural gas power generation is twice as expensive as those for coal. In addition, natural gas shortage due to inadequate reserve probably adds the costs to small-scale natural gas consumers.

## Japan

- The Japanese government changed the electricity pricing structure from FIT method throughout the life cycle of a power plant project to auction method new projects applying for license after 1 April 2017. This might result in decreased economic return on those projects; however, the Company has mitigated this risk by improving competitive advantages such as finance cost reduction or joint project development with business alliances.

## 4.2 Risk from the Hongsa Power Project Court Case

The Company places top priority on managing the risk from the Hongsa Power Project court case by setting up a special working team, comprising the representatives from the Board of Directors and the executives in order to track progress of the legal department and team of lawyers and has closely analyzed the pending situation. Current situations and related progress are reported to the Board and the executives. The priority is put on promoting understanding and confidence among stakeholders. On 9 September 2014, the Appeals Court dismissed the case for the reason that the Defendants (Banpu Power, Banpu International Ltd., Banpu and Banpu's executives) had acted in good faith before and after the joint development agreement was entered into, and that the Defendants did not commit any wrongful acts against the Plaintiffs. The Appeals Court also found that it was the Plaintiffs that breached the joint development agreement, and that the Defendants had no obligation to return to the Plaintiffs the 13 documents containing the information relating to the

Hongsa Power Plant and the Hongsa Lignite Mine. The Plaintiffs have now filed a petition to the Supreme Court of Thailand against the judgment of the Appeals Court, and the Defendants have filed a counterclaim and a counter petition to the Supreme Court of Thailand. This case has been in the Supreme Court hearing since 2015, the Civil Court has scheduled the reading of the judgment of the Supreme Court on 6 March 2018. Banpu Group's executives firmly believe in the Company's good faith in the development of the Hongsa Power Project.

# INTERNAL CONTROL

Banpu Power Public Company Limited places importance on risk management as well as adequacy and effectiveness of internal control in all major business activities in order to achieve successful operations and sustainable growth. The Board of Directors and executives embrace good governance and transparency in their management with a balanced organizational structure, clearly written policies and procedures, an effective risk management system, an adequate system of internal control, a safe and efficient communication and data management system, and an appropriate monitoring system.

The Audit Committee works independently on reviewing and assessing the adequacy and appropriateness of the internal control system and the effectiveness of auditing process. The Committee has reviewed the internal control adequacy assessment form prepared by the management before submitting to the Board of Directors for consideration. Furthermore, the Committee oversees the appropriateness of the internal control system through the operations of internal audit and risk management units, which cover Banpu Power's business activities to ensure transparency and full

compliance with laws and regulations. The Company also ensures that all related party transactions are transparent and financial reports and related reports are accurate and reliable, which helps improve the Company's creditability in terms of its ability to achieve its mission and strategies.

The Board of Directors' Meeting held on 26 January 2018 assessed the internal control system using the internal control adequacy assessment form according to the Office of the Securities and Exchange Commission's (SEC) framework, which is based on that established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013). The COSO framework for internal control consists of control environment, risk assessment, control activities, information and communication, and monitoring activities. The overall assessment demonstrated that the Company has an adequate, appropriate, and effective internal control system. The Company's internal control system can be summarized into 5 components, along with proper risk management system that cover all levels ranging from corporate to activities, which can ensure that the Company will be able to achieve its goals.



## 1. Control Environment

Banpu Power is committed to promotion of sound, effective and efficient internal control environment to achieve its business goals. The Company has an appropriate management structure, with a clear chain of command and authorization levels to ensure that management and operations are effectively executed. Well-defined responsibilities in major operating units have been installed to enable checks and balances. Major policies and procedures are regularly updated in response to changes in the internal and external environment.

The Company aims at achieving standards on recruitment and management of human resources while maintaining the corporate culture and providing reasonable and appropriate compensation based on performance. Human resource development is carried out through individual development plans, succession plans and staff rotations. The Company also focuses on good corporate governance and the Code of Conduct to ensure that performances of its executives and employees are transparent and governed by integrity and ethics. A whistleblower channel is established to receive complaints and grievances regarding corporate governance and business ethics.



## 2. Risk Assessment

The Company places a high priority on the management of risks from changes caused by both internal and external factors that affect its business activities at various levels ranging from department, business unit, to corporate level. The CEO and the management jointly devise risk management approach as well as oversee and monitor the overall risk management. The management and all staff members also take part in assessment and monitoring of risks caused by internal and external factors in all areas of risk, such as strategy, operation, finance, compliance, information technology and corruption.

Aside from this, there is an assessment of likelihood and the impact of the risks. The risk management team under the Asset Management department is responsible for progress monitoring of risk mitigation plan and measures carried out by Banpu Power, its subsidiaries, and joint ventures, and in charge of reporting the progress of risk management to the management and the Audit Committee on a quarterly basis. In 2017, Banpu Power Group initiated the development of risk indicators to monitor its business activities and formulated an appropriate risk mitigation plan which will be implemented in 2018.



## 3. Control Activities

The Company has been operating its business under an effective internal control system; all policies and procedures were explicit written. It oversees and monitors the operations to ensure compliance with action plans, policies and procedures. There is a clear and appropriate segregation of duties, with an effective system of checks and balances, precise delegation of management and decision-making authority, and Key Performance Indicators (KPI) aligning with the Company's goals. The Company's assets are safeguarded to prevent them from personal abuse. The Company also has an appropriate and effective IT control system. Moreover, a policy on related party transaction has been clearly established, aiming for the benefits to the Company, in the similar manner to the transactions at arm's length basis.



## 4. Information and Communication

The Company has developed an effective and secure IT system and data compilation and an Enterprise Reporting System as a key data center to provide accurate, complete and reliable information for timely decision-making of the executives and the related staff members. Rights to access information is clearly defined and controlled. The Company offers a variety of communication channels, including website, intranet, and Google mail, to facilitate effective information exchange within and outside of the Company. Additionally, it has aligned its IT Master Plan to fit digital technology.

Apart from that, the Company has an information gathering and collection system for the Board of Directors in deliberation process to provide accurate, complete, effective and timely information. For internal communication, there are various effective communication channels, such as emails, public relations activities and meetings, to enhance collaboration and concerted efforts to achieve the Company's goals. For external parties, the Company's Investors Relations is responsible for information disclosure and communicating with all stakeholders via the provided channels.



## 5. Monitoring Activities

The Company has implemented a monitoring system both at the management and operation levels. There are regular reviews and monitoring of operation results by supervisors and executives, and executive meetings are held to oversee and monitor whether the results meet the predefined goals. The Internal Audit Department is responsible for reviewing and assessing the adequacy and efficiency of the Company's internal control system. Banpu Power also hired Banpu Public Company Limited, to provide internal audit services according to the Management Service Agreement focusing on the major operations (Risk - Based Audit). The audit services also include providing recommendation on the improvement of processes and monitoring the results to ensure appropriate and timely mitigation. The internal audit reports are regularly submitted to the management and the Audit Committee.



# SUSTAINABLE DEVELOPMENT



Banpu Power Public Company Limited upholds sustainability in its business operations while maximizing benefits to all stakeholders, including shareholders, customers, competitors and the society. The Company endeavors to strike a balance between business growth, social and national economic development in tandem with the environmental balance through in- and after-process CSR activities. In addition, the Company places great importance on corporate governance to achieve a stable growth by adhering to integrity, transparency, and strict compliance with applicable laws in all countries where it operates.

Banpu Power has adopted Sustainable Development Policy and goals from Banpu Public Company Limited, its parent company, and applied them to best fit its power business context. Particularly, Banpu Power's definition of sustainability is clarified as sound strategic planning and execution, change and risk agility, and full legal compliance. All these contribute to the Company's long-term growth and sustainability, thus, creating value for all stakeholders while balancing the economy, society and environment. The Company has developed clear indicators for sustainable development and set a monitoring and evaluation system to ensure successful implementation

of the policy so as to enhance business competitive capacity and create value for all stakeholders. The policy has been put into practice through the following activities.

## 1. Enhancing Competitive Capacity

### • Human Resources Development:

Banpu Power is dedicated to the continuous improvement of employee capacity as it considers all employees as the greatest asset in leading the Company toward stability, sustainability, and success. The Company also underlines respects for human rights and fairness to all employees without discrimination. It fosters "Banpu Spirit", its parent company's corporate culture, which consists of 4 core values: Innovation, Integrity, Care and Synergy, along with "Banpu DNA", the inherent traits in all employees, including Professionalism, Adaptability, Positive Creativity, Flexibility and Mobility. The Company not only provides its employees with opportunities to learn and fully develop themselves but also promotes leadership and enhances their functional competencies in preparation for power generation business.

- **Developing Operational Excellence:**

The Company emphasizes flexibility and efficiency in business processes throughout the supply chain with innovations to ensure continuous and secured power generation that meets quality standards. In the production process, high efficiency, low emissions (HELE) technologies have been deployed and periodically improved. In addition, the Company takes great care toward its customers by delivering products that meet their needs and reinforcing customer relationship management while seeking new investment opportunities in renewables such as wind, hydro and solar power. Additionally, Banpu Power promotes knowledge management in the organization by arranging knowledge sharing activities and Innovation Awards Recognition every year for outstanding innovative projects from the operational to corporate level. For example, Hongsa Power Plant has improved its machines both in the power plant and coal mining to increase Equivalent Availability Factor (EAF). Consequently, in the past year, Hongsa Power Plant received an Innovation Award for its project to improve the conveyor system to ensure smooth production and reduce downtime.

## 2. Creating Value for Stakeholders

- **Corporate Governance:**

By adhering to good corporate governance as stated in its vision and mission, Banpu Power has formulated Corporate Governance Policy and the Code of Conduct to ensure that performances of its directors, management, and employees comply with best practices, which will lead to business success while maintaining business ethics for the maximum benefit of all stakeholders.

- **Anti-Corruption:**

The Company has Anti-Corruption Policy and has set practices to prevent corruption. In its Code of Conduct, the Company stated practices regarding giving and receiving bribery, gifts and

business entertainment. It is prohibited to give or receive any benefit from those with whom the Company is doing business, e.g. trading partners, contractors, suppliers, advisors, government officers, customers, labor unions or any other external parties in any attempt to persuade them to commit a fraudulent action. Executives and staff should refrain from giving gifts or gratuities to, or receiving them from any trading partner or others with whom the Company is doing business. Gifts given or received during festive occasions are excluded from this requirement provided that they have an appropriate value and are not related to any business commitment. The Company also has a committee to set a company-wide rule for receiving gifts regarding the type and price of the gifts, for example the gifts received during such occasion as New Year festival. The Company has set a registration system for the gifts given to the management and staff to be used for different purposes.

Apart from this, the Company has set Whistleblower Policy to receive complaints and protect those filing complaints. It efficiently and responsibly provides a channel for employees to report wrongdoing or misconduct and guarantees that the reports will be kept secret. Employees and any individuals can file their complaints by sending a letter to the Secretary of Banpu Power Corporate Governance and Nomination Committee or submit the complaints via [www.banpupower.com/complaints\\_handling](http://www.banpupower.com/complaints_handling).

- **Compliance with Laws and Regulations and Systematic Auditing Process**

The Company strictly adheres to the Principles of Corporate Governance and all applicable laws and regulations, including international standards of practice. It has set a procedure to ensure compliance with laws and the Company's policies through various processes, for instance, corporate compliance, internal audit and quality assurance review (QAR), which is also a means to improve its internal procedure.

- **Risk Management**

Banpu Power realizes the importance of effective risk management, which enables the Company to rapidly respond to internal and external changes. The Company has adopted Banpu's Risk Management Policy & Manual as a guideline on risk management and adapted into its own risk management policy. The Company has a system to monitor the prevention and management of risks and a report on risk management is submitted to the Audit Committee on a quarterly basis.

- **Occupational Health and Safety**

The Company places the highest priority on occupational safety owing to the risks and hazards in power plant operations caused by unsafe working conditions and lack of safety awareness. The Company hence aims to create a safety culture by setting three following goals:

- 1) Zero Incident by preventing and correcting unsafe behaviors or working conditions
- 2) Zero Repeat by identifying and solving the root causes to prevent recurrence of the incidents
- 3) Zero Compromise by strictly conforming to safety standards, rules and regulations.

- **Environment**

The Company aims at creating a balance between business development and environmental preservation. It has set clear practices, which comply with the international standards for an environmental management system, for every production unit. Prior to launching any project, an environmental impact assessment will be conducted to set appropriate measures to prevent and reduce impact on the environment according to the laws and regulations. The Company emphasizes the use of an integrated approach to reduce or utilize resource consumption, prevent the site from impacts, and handle appropriate environmental management throughout the supply chain. With regard to its production, the Company has implemented practices to lessen possible environmental impacts according to the environmental impact assessment and its operating results are periodically reviewed by

non-governmental organizations to assure project compliance with standards, laws and regulations throughout the project life cycle. Additionally, the Company has set a mechanism for environmental risk review to prevent reoccurrence and enable continuous improvement.

- **Community and Society**

The Company strives to create sustainable value for the communities and society in which it has operations and considers this as its CSR in-process. It stresses the engagement of local communities and government sector in all operations from a feasibility study phase, operational phase, to the end of the project. The Company has conducted a stakeholder analysis to create sustainable value in all respective communities. Banpu Power also keeps its commitment to the communities including employment opportunities, infrastructure development, tax payment to support local community development and other activities contributing to sustainable development of the communities and society.

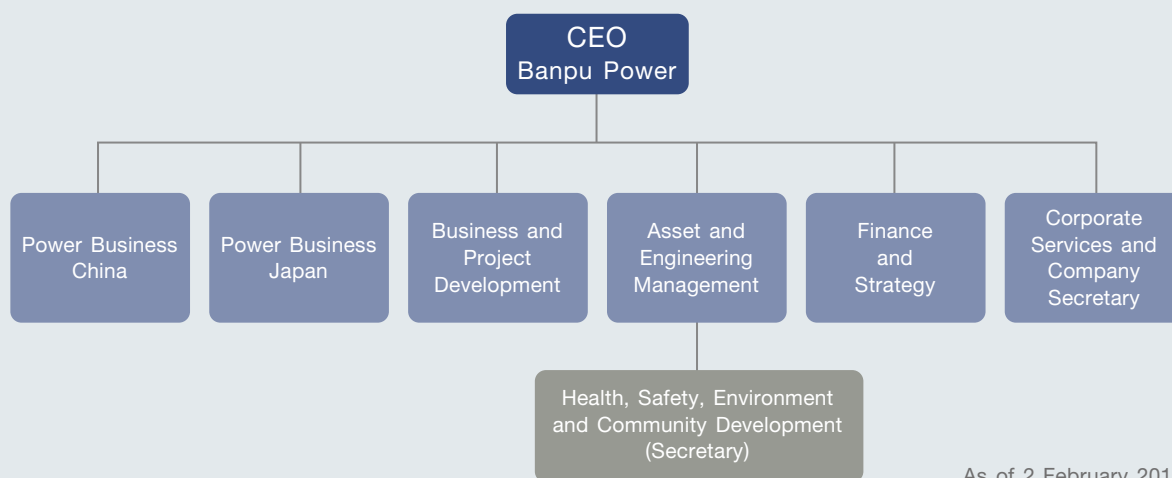
## **Results of the Operations to Drive Sustainability Performance in 2017:**

In 2017, Banpu Power hit its first sustainability milestone after being publicly listed on the Stock Exchange of Thailand. The Company's Sustainable Development Committee was set up, comprising the CEO as the chair, all senior executives and heads of business units, to oversee and drive sustainability operations. This committee is designated to formulate sustainability and other policies as well as to devise strategies and monitor their execution. All measures are put in place to ensure that the Company is able to fully respond to all stakeholders' concerns while maintaining competitive edge, properly managing risks, and being able to adapt to change and embracing sustainable growth.

In the past year, Banpu Power organized a workshop on AA1000 Stakeholder Engagement Standard 2015, participated by high-ranking executives and staff, to brainstorm who its stakeholders are, then categorize and prioritize their expectations of the Company, and determine operation framework to optimally meet



## Organizational Structure of Banpu Power Sustainable Development Committee



those expectations. It also organized a workshop on Materiality Assessment to identify sustainability issues matter to its business and stakeholders. These material issues are used in implementing action plan and setting sustainability targets and indicators. In 2018, the Company is going to develop relevant policies by adapting those initiated by Banpu to fit in with the context of power business. The Company also aims to extend sustainability operations to its subsidiaries and joint-ventures, including reporting on material issues in Sustainability Report to the stakeholders.

At BLP and Hongsa Power Plants, two of Banpu Power's joint-ventures, stakeholder analyses and expectation analyses have been conducted and reviewed since the start of the projects, in order to ensure that all plans and their execution meet the expectations of the stakeholders in the vicinity. The process of stakeholder analysis is also used

as a communication tool to promote community participation and engagement and to elicit such community development needs as the development of professional skills, entrepreneurship and healthcare.

By 2025, Banpu Power expects to increase its renewables-based power generation to a minimum of 20 percent of its power portfolio as a response to climate change risk and government policies, which are major change factors in the power business. In the past year, the Company has continuously expanded its solar power business in China and Japan according to its strategic plan. Apart from that, the Company has always been on the lookout for investment opportunities in renewable sources in the countries with promotion and support from the governments, in response to the rising demand for greener and cleaner energy sources in the future.

# HUMAN RESOURCE MANAGEMENT

## Banpu Power's Human Resource Management

Banpu Public Company Limited is the major shareholder of Banpu Power Public Company Limited. Banpu Power has thus adopted human resource management policy and corporate culture from Banpu, a company internationally renowned for its professionalism over 30 years.

Banpu Power has always underlined the importance of human resource management by adhering to 3 principles of equitability, performance base and competency base. Apart from that, the Company stresses cooperation among workforce diversity in terms of race, language, culture, age, work area, etc. This diversity has brought with it learning, synergy and innovation, which greatly benefit the Company.

## Human Resource Management Approach

Banpu Power's business outlook for 2017 turned positive; the opportunity was capitalized on by Banpu Power's substantially clear business directions. Accordingly, human resource management has been adapted to better respond to business needs. In alignment with the strategy-based human resource management approach, the Company has conducted major activities in various countries as follows:

### 1. Succession Planning

Leadership preparation and succession plan is one of the key strategies Banpu Power employs to enhance potential in human resource planning and management in order to ensure smooth management, and respond to business expansion.

In 2017, Banpu Power's CEO and the Succession Planning Committee selected candidates for key positions in the Company based on a wide range of qualifications, including knowledge, experience, and being a role model for Banpu Power's corporate culture, to prepare them for their future leadership roles.

### 2. Leadership Development Program

The Company has always been in support for leadership development, which is one of its major policies, to facilitate business expansion.

In 2017, the Company engaged employees at all levels to participate in various training programs, self-development courses, technical training programs, and short courses both in Thailand and abroad. The leadership development program in particular provided an opportunity to Banpu Power's leaders from Thailand and abroad to receive training, share experiences and work together, which will improve cross-functional collaboration in the future.



Leadership Weekend Program



Engaging Leader Program: Team Engagement



Global Leadership Program for **First Line Leader**



Global Leadership Program for **Business Leader**

### 3. Corporate Culture

Banpu Power firmly believes in “Banpu Spirit” and “Banpu DNA”, the corporate culture which the Management and employees of Banpu Group

including Banpu Power have strictly adhered to as the operating principle.

“Banpu Spirit” consists of:



**Innovation**



**Integrity**



**Care**



**Synergy**

**Banpu DNA**, the inherent attributes in every Banpu employee, comprises:





In 2017, Banpu Power carried out a wide range of activities to reiterate its commitment to strengthening the corporate culture.

“Synergy with CARE” allowed all staff members to participate in voluntary work for disadvantaged schools in Ratchaburi.



Banpu Power highly values creativity and out-of-the-box thinking, which are essential for creating innovation in business. Banpu, Banpu Power and subsidiaries jointly organized “The 5<sup>th</sup> Banpu Innovation Convention”, a convention which is held yearly, at the Head Office in Thailand to encourage the employees to submit and showcase their innovative projects.



# CORPORATE GOVERNANCE

## 1. Corporate Governance Policy

The Board of Directors is committed to the principles of systematic management and good corporate governance. Accordingly, the Corporate Governance Policy and the Code of Conduct were made in writing to comply with all of the rules and regulations of the Stock Exchange of Thailand (SET) and the Office of the Securities and Exchange Commission (SEC) and to align with international best practices as a reference and guideline for directors, executives and staff.

The Board of Directors has formulated the Corporate Governance Policy in writing as a guideline for the directors, executives and staff to comply with. The Policy, which upholds good corporate governance principles of the SET's best practices on corporate governance, covers five principles as follows:

### 1.1 Section 1 Shareholder's Rights

The Board of Directors emphasizes the importance of shareholders' rights and their equality. This has been clearly specified in the Corporate Governance Policy that shareholders are entitled to receive share certificates, transfer shares and acquire adequate information in a timely fashion in a format conducive for decision making. Shareholders are also entitled to attend a meeting, cast their votes at shareholders meetings to change Banpu's important policies, elect and remove directors, approve an appointment of auditor and receive their shares of profit.

At a shareholders' meeting, the Board of Directors facilitates shareholders by providing adequate, clear and comprehensive information in a timely fashion. The Board encourages shareholders to attend the meeting and cast their votes or to appoint an individual or an independent director as their proxy to cast votes on their behalf in case they could not attend. In addition, shareholders are allowed to equally express opinions, seek explanations or pose questions.

The Company shall include the Board of Directors' opinions in the shareholders' meeting invitation, which will be sent to shareholders within the timeframe prescribed by the SEC's office or the Stock Exchange of Thailand (SET), to allow enough time for shareholders to study the information prior to the meeting. Apart from that, shareholders shall receive information via SET's electronic media, the Company's website and newspaper announcements as prescribed by the law. The Company has a policy requiring Directors to attend shareholder's meetings to address their questions or concerns.

In 2017, the Company allowed minor shareholders to propose meeting agendas and candidates of directorship for the 2018 Annual General Meeting (AGM). The period for proposition of meeting agendas and candidates of directorship was during 1 - 30 December 2017 to be approved by the 2018 AGM. The shareholder's invitation to the AGM was published on the Company's website no fewer than 30 days before the meeting date.

### 1.2 Section 2 Equitable Treatment of Shareholders

The Board of Directors has a policy to engage shareholders in a decision-making process and to ensure that shareholders receive comprehensive and adequate information in a timely fashion for such process. As such, Banpu Power sent out an invitation letter for the meeting together with supporting documents for each agenda to shareholders prior to the meeting.

Apart from that, the Company commits to equitable and fair policies and practices towards all shareholders, regardless being executive or non-executive shareholders, Thai or foreign shareholders, major or minor shareholders.

Chairman of the Meeting allows all shareholders to equally examine Banpu Power's operations. He also answers queries in each meeting agenda. Chairman of the Meeting encourages shareholders to express opinions and seek explanations with regard to the

operation. The Board also has the minutes of the meeting completed and posted at the Company's website within 14 days from the meeting date for shareholders to verify.

### 1.3 Section 3 Roles of Stakeholders

Committed to maintaining fairness to all stakeholders, Banpu Power has issued a policy on stakeholders in its Corporate Governance Policy and also promoted its collaboration with stakeholders; namely, employees, customers, trading partners, creditors, government agencies, and the communities where Banpu Power's business is located, and the society at large. The Code of Conduct provides guidelines for directors, executives and staff to follow on the basis of fairness and balanced interest. Important practices include a conflict of interest, responsibilities to shareholders, policies and practices towards employees, customers, trading partners, creditors, competitors and the society. It is the duty and responsibility of directors, executives and staff to recognize, understand and strictly comply with the guidelines in order to protect the rights and provide best treatment to all stakeholders.

Banpu Power approved the implementation of the Whistleblower Policy to receive complaints and reports of wrongdoing and protect those filing such complaints, and to disclose the Company's management of wrongdoing reports.

Since 2015, the Company has had a policy on complaint handling and protection of the complaint filers as a mechanism that allows employees to effectively and responsibly file complaints about corporate governance and business ethics. All complaint information is treated with strict confidentiality. Any employees who have witnessed illegal conducts or other actions infringing on the Company's regulations and Code of Conduct can report on such acts under full protection. Practices of this policy are as follows:

- Confidentiality: To ensure that sincere complaints will not result in any harms to the complaint filers and that complaints shall be seriously responded, all complaints are treated with strict confidentiality.
- Right Protection for Complaint Filer: The Company

shall not unfairly treat complaint filers who are employees, hired and contract workers by any means, such as position or job or office location transfers, job suspension, threatening, harassment, termination of work contract, or other unfair treatments.

Employees and the concerned public can submit complaints by sending letters to the Secretary of the Corporate Governance and Nomination Committee of Banpu Power Public Company Limited, 26<sup>th</sup> Floor, Thanapoom Building, 1550 New Phetchburi Road, Makkasan, Ratchathewi, Bangkok 10400, or [https://www.banpupower.com/complaints\\_handling](https://www.banpupower.com/complaints_handling).

In the past year, the Company had not received any complaints.

Apart from that, the Company has set the Anti-Corruption Policy and practices. The Company has stated in its Code of Conduct regarding giving and receiving bribery, gifts and business entertainment, the details of which are as follows:

#### (1) Giving and Receiving Bribery

- Executives and staff are prohibited from demanding or receiving any benefit from trading parties, contractors, suppliers, advisors and those with whom the Company is doing business.
- Executives and staff are strictly prohibited from offering any benefit to government officers, customers, labor unions or any other external parties in any attempt to persuade them to commit a fraudulent action.

#### (2) Gifts, Gratuities and Business Entertainment

- Executives and staff should refrain from giving gifts or gratuities to, or receiving them from any trading partner or others with whom the Company is doing business. Gifts given or received during festive occasions are excluded from this requirement provided that they have an appropriate value and are not related to any business commitment.
- Executives and staff should refrain from giving or receiving unusually lavish entertainment to or from those with whom the Company is doing business.

The Company has set forth an approach to monitor and assess the implementation of the Anti-Corruption Policy and organized trainings on the policy and practices for the employees.

In 2017, the Company had all employees attend anti-corruption trainings. Committed to fighting corruption, in February 2018 the Company declared its intention to join the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and the Thai Institute of Directors (IOD) on strengthening effective risk management and internal control.

To monitor and assess the implementation of the Anti-Corruption Policy, the Company's Internal Audit Department monitors the internal control of operating procedures and assesses the adequacy of the internal control system in terms of effectiveness and appropriateness. The Department also monitors risk management of Banpu Power Group of companies and ensures that all units and affiliates comply with relevant laws, rules and regulations as well as suggesting improvement for more effective procedures.

In addition, the Company set up a Sustainability Development Committee, who conducted a Stakeholder Expectation Survey Workshop Meeting in collaboration with executives and employees to facilitate strategic goals implementation and prepare Sustainability Report according to Global Reporting Initiative (GRI) framework.

## Employees

Recognizing that workforce is a pivotal factor for success, Banpu Power has put in its Code of Conduct a policy and practices towards employees to ensure fair and equal treatment of all employees regardless of their nationality and language. The employees shall be fairly treated in terms of opportunity, remuneration, appointment, job transfer or capacity-building and safe workplace environment for their lives and properties.

Additionally, the Company has set an explicit HR Management Policy in the following areas:

1. Recruitment & Selection Policy: The Company strictly follows local laws, customs, rules and regulations pertaining to recruitment and selection

in the countries where the Company has business operations.

2. Compensation Management Policy: The Company maintains a remuneration policy that is fair to the employees and consistent with the Company's performance both in the short and the long terms and in all forms of compensation, including salary, welfare, and other benefits which are linked to the creation of values added for the shareholders in the long run. In order to ensure fairness and competitiveness with the job market, the Company uses an international standard compensation management system. The Company has set up a Compensation Committee and a Job Evaluation Committee to maintain transparent compensation management. The Company's remuneration structure, regularly informed by consumer index survey and economic conditions, is comparable with those of leading companies and can compete in the job market.
3. Training & Development Policy: prescribes that the minimum of 5 percent of salary budget is allocated for training and capacity development of employees at all levels in order to make sure that the Company's workforce can contribute to the achievement of corporate strategies and business objectives. In addition to on-the-job trainings, there are other capacity development activities such as workshops within and outside of the Company office, e-learning and knowledge sharing with the executives.

In addition, Banpu Power has conducted adequate and appropriate occupational health, safety and environmental measures to avoid fatalities from accidents and prevent work-related illnesses and injuries. Further details concerning HR issues are under the topic of HR management in this annual report.

## Customers

Banpu Power endeavors to find ways to effectively and efficiently respond to its customers' needs. This has been stipulated as a policy and practices toward customers in the Code of Conduct that the Company will strictly adhere to promises made with customers.



This can be done through delivering quality goods and services that match or higher than the customer's expectations in a fair price, providing accurate and enough information in a timely fashion, strictly observing the terms and conditions agreed with the customers, establishing a grievance process to allow customers to file complaints regarding quality, volume, safety of goods and services and, finally, providing advice on how to effectively use its goods and services for its customer's maximum benefits.

Based on the experience of selling electricity to public sector customers, the Company is fully aware of the importance of nurturing relationship with local government agencies on the basis of mutual benefits and building trust with local communities. The Company has earned trust from the communities for it has been continuously supporting local community activities. By so doing the Company was well accepted and trusted by local governments and communities as a reliable and stable energy provider. Besides, the Company underlines its duty to its customer on confidentiality; all customer's information is kept confidential and will never be exploited.

### **Trading Partners/Creditors**

Banpu Power has a policy to equitably and fairly treat our trading partners and/or creditors by taking into consideration the Company's best interest. This meanwhile will be pursued on the basis of mutual benefit of both parties where conflict of interest shall be avoided and contractual obligations be complied. The Company is required to provide accurate information and report. In addition, the resolution to any problem must be considered based on mutual business relation. The following practices shall be observed:

1. The Company shall not demand, receive or pay any improper benefits to its trading partners and/or creditors.
2. Should it become known that bribes have been demanded, or payment of any improper benefit has occurred, then full information will be disclosed to the trading partners and/or creditors involved and the Company shall collaborate with the parties concerned to resolve the problem on a fair and timely basis.

3. The Company shall strictly comply with all the terms and conditions agreed upon in a transaction. In the event that any particular condition cannot be met, the Company will inform any creditor(s) concerned beforehand and seek a mutually acceptable solution.

Banpu Power Public Company Limited is a subsidiary of Banpu Public Company Limited; therefore, it adopted Banpu's procurement policy as well as international-standard procurement protocols which comply with good corporate governance and the Code of Conduct. The Company also set up the Procurement Committee to authorize selections of sellers and service providers based on such criteria as product qualities, scope of services, technical specifications, commercial details and conditions and terms of payment.

### **Competitors**

The Code of Conduct contains a policy and practices to treat competitors in a way that is consistent with international practices and within a legal framework for business competition. Banpu Power will not fraudulently infringe upon or seek to obtain trade secrets of any competitors. The Company is also committed to fair business conduct by complying with the guidelines indicated in its Code of Conduct. In the past year, Banpu Power had no disputes with competitors.

### **Community and Society**

Banpu Power has a policy to operate business that benefits the economy and the society at large while maintaining a right balance between economic growth and the development of communities, the society and the environment. The Company thus adheres to being a good corporate citizen and full compliance with all relevant laws and regulations while striving to elevate the quality the society either through its own activities or collaboration with the communities, the government, or non-governmental organizations.

### **Communication Channels with Banpu Power**

Stakeholders may submit their opinions through the following channels:

#### CG Receiving Complaint Channel

Address: Banpu Power Public Company  
Limited, 26<sup>th</sup> Floor, Thanapoom  
Building, 1550 New Petchburi Road,  
Makkasan, Ratchathewi,  
Bangkok 10400

Telephone: +66 2007 6000

Fax: +66 2007 6060

Website: [www.banpupower.com/  
complaints\\_handling](http://www.banpupower.com/complaints_handling)

E-mail: [complaint@banpupower.co.th](mailto:complaint@banpupower.co.th)

### 1.4 Section 4 Disclosure of Information and Transparency

#### 1. Conflict of Interest

Banpu Power underlines the importance of its policy to prohibit directors, executives and staff from misuse of position for personal benefit. As indicated in the Code of Conduct, directors, executives and staff are to avoid connected transactions that could lead to a conflict of interest with the Company. If necessary, the transactions are to be carried out at arm's length, and directors or employees having an interest in the transactions must not be involved in the approval process. If any transaction is considered connected under the SET's notification, all rules, procedures and the disclosure of connected information of listed companies must be strictly complied.

The Code of Conduct also stipulates that directors, executives or employees are prohibited from using any opportunity or information acquired from their position for personal benefit or to compete with the Company or related businesses. Neither are executives or employees allowed to use insider information to sell or buy shares nor disclose the Company's internal information to others to gain benefit from selling or buying the Company's shares if they are involved in a special project of which the information has not yet been disclosed to the public; or that it is under negotiation where the project's information has to be kept confidential as it could affect the share price.

#### 2. Disclosure of Information to Investors

The Board of Directors oversees the disclosure of

information and its transparency to ensure that both financial and non-financial information relating to the Company's business and performance is revealed in a complete, accurate, adequate, regular and timely manner. The information must also reflect the Company's actual performance and its true financial status, as well as its business future while strictly complying with the laws, rules and regulations relating to information disclosure of both the SEC and the SET. Aside from disclosing information as required by the SET and the SEC, Banpu Power also communicates with shareholders and investors through other channels. The Investor Relations Department directly communicates with shareholders, investors and securities analysts both domestically and abroad while the Corporate Communications Department disseminates corporate information to shareholders, investors and the public through local and international press to ensure timely delivery of information that is accessible to all.

### 1.5 Section 5 Responsibilities of the Board of Directors

#### 1. Leadership and Vision

The Board of Directors oversees the formulation of the Company's vision, missions, goals, policies, management directions, long-term strategic plan, action plan and annual budget. The management is entrusted to propose these to the Board, who will then fully express its opinion and discuss issues with the management to seek agreement before approval. The Board of Directors entrusted the Chief Executive Officer (CEO) with the authority and responsibility of developing and implementing the Company's strategies. It also clearly defines the roles, duties and responsibilities of the Board, the sub-committees and executives.

#### 2. Business Ethics

In addition to its commitment to good corporate governance principles, the Board of Directors has a policy to conduct business to maximize shareholder wealth, focusing on goals and goal attainment. Banpu Power's Code of Conduct has established clear corporate goals, vision, mission statements, values, Corporate Governance principles and practice guidelines which allow directors, executives and staff

to understand the Company's expectations as well as to provide a basis for dealing with staff, shareholders, customers, traders, suppliers, creditors, business competitors and society at large.

Banpu Power requires directors, executives and staff to understand and strictly comply with policies and practices stated in the Code of Conduct. Meetings are periodically held and promotional materials are distributed to inform and remind staff in Thailand and abroad of the importance of the Code of Conduct. All department heads must assure that their staff know, understand and strictly comply with the Code of Conduct. Beyond the professional behavior standards stated in the Code of Conduct, staff at all levels must act appropriately and be good role models

### 3. Balance of Power by Non-executive Directors

The Board of Directors regularly considers the appropriate size of the Board. At present, Banpu Power's Board of Directors consists of 9 directors: 3 executive directors, 3 non-executive directors and 3 independent directors.

### 4. Consolidation or Separation of Office

The Board of Directors requires that its Chairman and CEO be two different persons. Their roles, responsibilities, and authority are clearly separated to achieve a healthy balance between management and good corporate governance.

## 5 The Board of Directors' Meeting

The Board of Directors convenes monthly, and an additional meeting may be held if necessary. At the meeting, there are clear meeting agenda. A complete set of supporting documents is sent to the Board of Directors at least seven days in advance of the meeting to allow the Board ample time to review the agenda before the meeting. During the meeting, all directors openly voice their opinions. The Chairman of the Board is responsible for summarizing views and board resolutions at the end of each agenda. Directors who are considered stakeholders in any particular agenda are not permitted to vote on the motion.

### The Board of Directors' Report

The Board of Directors is responsible for Banpu Power's consolidated financial statements and the financial information that appears in Banpu Power's Annual Report. The financial statements are prepared under the Generally Accepted Accounting Principles (GAAP) in Thailand where an appropriate accounting policy has been selected and implemented. The Audit Committee and auditors jointly review the accounting policy to ensure it remains practical. While preparing the financial statements, the Board of Directors insists that the working team carefully exercises its discretion and that important information is adequately disclosed in the notes to the financial statements.

In 2017, the Board of Directors convened 12 times. Each director attended the meetings as follows:

Name	Title	Meeting Attendance		
		Ordinary Meeting	Special Meeting	Total
1. Assoc. Prof. Dr. Naris Chaayasoot	Chairman/Independent Director	11	-	11/12
2. Mr. Yokporn Tantisawetrat	Independent Director	10	-	10/12
3. Prof. Dr. Bundhit Eua-aporn	Independent Director	10	-	10/12
4. Mr. Chanin Vongkusolkrit	Director	12	-	12/12
5. Mr. Metee Auapinyakul	Director	10	-	10/12
6. Ms. Somruedee Chaimongkol	Director	12	-	12/12
7. Mr. Rawi Corsiri	Director	12	-	12/12
8. Mr. Voravudhi Linananda	Director	12	-	12/12
9. Mr. Akaraphong Dayananda	Director	11	-	11/12

## Capacity Development of the Board of Directors

In 2017, capacity development trainings were arranged for the Board of Directors on various topics both inside and outside of the Company premises, such as Advanced Audit Committee Program (AACP) 25/2017 organized by the Thai Institute of Directors, TK-GK Structure, Procurement Management, and New Corporate Governance Code.

## Internal Control and Internal Audit Systems

The Board of Directors has established an internal control system that covers all aspects of the Company's business, ranging from finance, accounting, asset management and operations to legal compliance. The Board makes sure that there are sufficient and effective check-and-balance mechanisms to protect stakeholders, shareholders' equities and Banpu Power's assets.

## 2. Sub-committees

Banpu Power' management structure consists of the Board of Directors, the Audit Committee, the Corporate Governance and Nomination Committee and the Compensation Committee and executives. Their duties and responsibilities are defined in the following section.

## 3. Duties and Responsibilities

### 3.1 Duties and Responsibilities of the Board of Directors

The Board of Directors consists of 9 directors: 3 independent directors, 3 executive directors, and 3 non-executive directors. The Chairman of the Board is an independent director.

To ensure the compliance of corporate governance of Banpu Power, its subsidiaries, and associated companies with the laws, objectives, regulations and resolutions approved by the AGM, the Board of Directors set up the "Board of Directors' Code of Conduct B.E. 2558". The Code of Conduct covers the composition of and director criteria, qualifications of directors, terms of directorship and retirement, duties and responsibilities, and Board of Directors' meeting and voting procedures.

The Board of Directors is responsible for the approval of the following affairs:

1. The Company's policies, business strategies, business plans and annual budget
2. Monthly and quarterly performance reports compared against to the Company's plan, budget and business outlook in the following period of the year
3. Investment in a project worth more than THB 1,500 million
4. Investment which exceeds the approved budget at 15 percent and more than THB 1,000 million
5. Purchase and disposal of assets, acquisitions, and the participation in joint venture projects, which are not conflicting with the SEC's and SET's rules, for an amount that exceeds the CEO's authority
6. Transactions which could materially affect the Company's financial status, liabilities, business strategy and/or reputation
7. Entering into a contract either unrelated to the normal course of business or related and materially significant
8. Parts of a connected transaction between Banpu Power, its subsidiaries or affiliates and related individuals according to the Securities and Exchange Act
9. Any transaction which may cause the Debt-to-Equity Ratio of the Company's consolidated balance sheets to exceed 2:1
10. Payment of Interim Dividend
11. Net borrowing that exceeds a maximum amount stated in a budget or that exceeds an annual estimate of more than THB 5 billion
12. Changes in policy and practices with material implications to accounting, risk management and financial reserves
13. Significant changes in the financial and management control system

14. Determination and review of authorization granted to the CEO and Executive Officers (EO)
15. Recruitment and the appointment of a CEO, along with the approval to recruit and employ EOs, a COO and a CFO
16. Approval of budget, salary, bonus or bonus formula, and formula to adjust annual remuneration packages of senior executives and employees
17. Nomination, appointment and termination of directors and the Company Secretary or the Secretary of the Board of Directors
18. Authorization given to the Chairman of the Board of Directors, CEO or any director, and amendments to such authorization
19. Appointment and delegation of duties of sub-committees
20. Establishing and supervising management on the basis of the Corporate Governance Policy and practices
21. Appointment of directors or executives as directors of subsidiary and affiliated companies
22. Registration of a new company and dissolving a company
23. Review of the Company's vision and mission at a minimum period of once every 5 years
24. Directors have a duty to keep corporate information strictly confidential, especially the internal information not to be disclosed to the public or the information that may affect its business or share prices. The following are practices in regard to the use of company information by performing the following:
  - In case the information is a report based on an accounting period such as an operating result, financial statement, and an annual report, directors must refrain from trading Banpu Power's shares no less than 30 days prior to the information disclosure to the public.
  - In case the information is a report of Banpu Power's action in a particular situation, such as acquisition/disposal of assets, connected

transactions, joint venture/cancellation of joint venture, capital increase/capital reduction, issuance of new securities, repurchase of own shares, payment or non-payment of dividend or incidents that affect Banpu Power's share prices, in such cases, directors shall refrain from trading the Company's shares (or related entities that are listed) from the period he/she learns of the information to the day Banpu Power discloses the information to the public.

25. Amendment of the Board of Directors' scope of approval authorization as described in Clause 1 - 24

### 3.2 Duties and Responsibilities of the Audit Committee

The Audit Committee consists of Mr. Yokporn Santisawetrat, Chairman of the Committee, Assoc. Prof. Dr. Naris Chaiyasoot, Independent Director, and Prof. Dr. Bundhit Eua-aporn, Independent Director, and Mr. Yokporn Tantisawetrat is considered a member of great expertise and experience in financial accounting and economics. The committee independently performs its duties according to the scope and responsibilities entrusted by the Board of Directors and in compliance with the good corporate governance principles set by the Stock Exchange of Thailand. In addition, the committee underlines good corporate governance practices and regularly reports its meeting results in the Board of Directors' meeting. Mr. Prapat Manorat, the Head of Internal Control Department, acts as the Secretary of the Audit Committee.

The Audit Committee has the responsibility to review the Company's financial statements, the adequacy of the Company's internal control and risk management systems, and compliance with applicable laws and regulations. The Audit Committee is also responsible for preparing a report or providing opinions to the Board of Directors for approval or for submission to the shareholders' meeting, as the case may be.

In 2017, the Audit Committee convened 10 times, all of which achieved a quorum. The meetings were attended by the Management, the Internal Audit Department, and the auditors on related agenda.



Moreover, there were private meetings with the auditors and without the Management's attendance.

### **3.3 Duties and Responsibilities of the Corporate Governance and Nomination Committee**

The Corporate Governance and Nomination Committee consists of 3 members, namely Assoc. Prof. Dr. Naris Chaiyasoot, Chairman of the Committee and independent director, Mr. Chanin Vongkusolkiet, member and non-executive director, and Mr. Rawi Corsiri, member and non-executive director. According to the Charter of the Corporate Governance and Nomination Committee, the Committee has 2 major duties. Firstly, it reviews the Corporate Governance Policy and the Code of Conduct and monitor compliance of the policy and practices within Banpu Power's Code of Conduct. Secondly, it nominates directors and the CEO, reviews a succession plan in order to nominate appropriate persons to fill the management positions (for department head level and higher), and submits recommendations to the Board of Directors for approval or for submission to the shareholders' meeting, as the case may be.

In 2017, the Corporate Governance and Nomination Committee convened 4 times, all of which achieved a quorum. The Corporate Governance and Nomination Committee performed its duties according to the charter and considered a succession plan for the new CEO who would replace the retiring CEO. The selection and nomination process covered highly competent candidates both inside and outside of the Company.

### **3.4 Duties and Responsibilities of the Compensation Committee**

The Compensation Committee consists of 3 members; namely Prof. Dr. Bundhit Eua-aporn, Chairman of the Compensation Committee and independent director, Mr. Metee Auapinyakul, Member and non-executive director and Ms. Somruedee Chaimongkol, Member and executive director. The Compensation Committee has a duty to provide advice regarding compensation management to the Board of Directors for approval or for submission to the shareholders' meeting, as

the case may be. To ensure the effective performance of the Compensation Committee, its members shall be responsible for the following duties.

- Within the scope of its authority, the Compensation Committee may request the management or heads of department to attend meetings or to submit relevant documents in order to provide further information it may need.
- The Compensation Committee may hire consultants or incur other work-related expense as it sees fit, for which the Company is responsible.

In 2017, the Compensation Committee convened 4 times, all of which achieved a quorum. The Committee provided advice regarding compensation management to the Board of Directors for approval or for submission to the shareholders' meeting.

### **3.5 Duties and Responsibilities of Chief Executive Officer**

Duties and Responsibilities of Chief Executive Officer include:

1. Approval of a new investment off the budget with the maximum value not exceeding THB 20 million per an investment
2. Approval of disbursement for investment projects according to the approved budget, with a total value not exceeding THB 600 million
3. Screening and submission of annual salary promotion, employee's bonus, and other welfare benefits for employees
4. Consideration and approval of hiring and procurement contracts, rental contracts, or service contracts with contract periods of no longer than 5 years and a total value not exceeding THB 800 million
5. Determination and review of approval authorization granted to subordinate executive officers

The performances of the Chief Executive Officer (CEO) and other senior executives are subject to a review on an annual basis. The criteria for the evaluation are linked closely to the strategic plan and annual operation plan and the results will be used in the determination of remuneration and incentives.



## 4. Nomination and Appointment of Directors and Sub-committee Members and Chief Executive Officer

### 4.1 Nomination of Directors

The Corporate Governance and Nomination Committee shall recommend to the Board of Directors candidates to replace retiring directors or to fill any other vacancy. The nomination process is as follows:

1. A director who has completed his/her term of office is eligible for another re-election by shareholders.
2. To fill any other vacancy, the Corporate Governance and Nomination Committee may ask the Board of Directors to recommend candidates to the Corporate Governance and Nomination Committee.
3. The candidates for directorship in both cases shall be considered according to the prescribed criteria.
4. The candidates shall not possess any prohibited characteristics prescribed by the laws and regulations.
5. The qualified candidate shall be approached to ensure that he/she is willing to be appointed as director if approved by the AGM.
6. Nomination of candidate to be approved by the Board of Directors and the AGM

### 4.2 Nomination of Independent Directors

Banpu Power has defined the qualifications of "Independent Directors" according to the Notification of the Capital Market Supervisory Board No. TorJor. 39/2559 Re: Qualifications of Independent Directors as follows:

1. Holding shares not exceeding one per cent of the total number of shares with voting rights of Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, including shares held by related persons of such independent director;
2. Neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of Banpu Power, its parent

company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years prior to the date of filing an application with the Office. Such prohibited characteristic shall not include the case where the independent director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of Banpu;

3. Not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of child, executive, major shareholder, controlling person, or person to be nominated as executive or controlling person of Banpu Power or its subsidiary company;
4. Neither having nor used to have a business relationship with Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of filing an application with the SEC.

The term 'business relationship' under the first paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, and any other similar actions, which result in Banpu Power or his counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of Banpu Power or THB 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of the value of connected transactions under



the Notification of the Capital Market Supervisory Board governing rules on connected transactions *mutatis mutandis*. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

5. Neither being nor used to be an auditor of Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of filing an application with the SEC;
6. Neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding THB 2 million per year from Banpu Power, its parent company, subsidiary company, associate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of filing an application with the SEC;
7. Not being a director appointed as representative of directors of Banpu Power, major shareholder or shareholder who is related to the major shareholder;
8. Not undertaking any business in the same nature and in competition to the business of Banpu Power or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of Banpu Power or its subsidiary company;

9. Not having any other characteristics which cause the inability to express independent opinions with regard to Banpu Power's business operations.

After being appointed as independent director with the qualifications under (1) to (9) of the first paragraph, the independent director may be assigned by the Board of Directors to take part in the business decision of Banpu Power, its parent company, subsidiary company, associate company, same-level subsidiary company, major shareholder or controlling person, provided that such decision shall be in the form of collective decision.

In the case where the person appointed by Banpu Power as independent director has or used to have a business relationship or provide professional services exceeding the value specified under (4) or (6) of the first paragraph, Banpu Power shall be granted an exemption from such prohibition only if it has provided the opinion of the Company's Board of Directors indicating that, by taking into account the provision in Section 89/7, the Securities and Exchange Act, the appointment of such person does not affect performing of duty and expressing of independent opinions. The following information shall be disclosed in the notice calling the shareholders meeting under the agenda for the appointment of independent directors:

1. The business relationship or professional service which make such person's qualifications not in compliance with the prescribed rules;
2. The reason and necessity for maintaining or appointing such person as independent director;
3. The opinion of Banpu Power's board of directors for proposing the appointment of such person as independent director.

For the purpose of (5) and (6) of the first paragraph, the term **"partner"** shall mean a person assigned by an audit firm or a provider of professional service to sign on the audit report or the professional service report (as the case may be) on behalf of such juristic person.

#### 4.3 General Rules for Appointing Committee Members of the Company's Subcommittee:

1. Composition and qualification of members of the Audit Committee shall comply with laws and regulations issued by the SEC's and SET's rules.
2. Chairman of every sub-committee shall be the Independent Director.
3. Each director shall be a committee member in no more than 2 sub-committees.
4. Any committee members who belong to 2 committees shall be the chairman of only one committee.

#### 4.4 General Rules for Nomination of Chief Executive Officer

The Board of Directors entrusts the Corporate Governance and Nomination Committee with the recruitment and nomination of qualified CEO candidate to be approved by the Board based on the following criteria:

1. Qualifications, business knowledge and expertise, and experience of the candidate shall meet the criteria set by the Corporate Governance and Nomination Committee.
2. The CEO and Chairman of the Board of Directors shall not be the same person.
3. There shall be clear separation of authority and duties between the CEO and Chairman of the Board of Directors in order to create a balance between corporate management and governance.
4. The Board of Directors determines the scope of authority and performance goals of the CEO, and assesses the CEO's performance annually.
5. The CEO assesses the performance of the lower-ranked executive officers based on goals and assessment criteria linked to the Company's strategic and annual plans in order to determine appropriate remuneration and incentives.

#### 5. Corporate Governance of Subsidiaries and Affiliates

The Company has a policy for governance and management of subsidiaries and affiliates entitled **"Governance Policy for Subsidiaries"** and Delegation of Authorities (DOA) to protect the Company's investment and secure benefits.

In compliance with laws and regulations on securities and the stock exchange, and notifications, rules, order and stipulations of the Office of the Securities and Exchange Commission, the Capital Market Supervisory Board and the Stock Exchange of Thailand, the Board of Directors of Banpu Power Public Company Limited considered and approved the policies for governance and management of the Company's subsidiaries and affiliates. The Company's subsidiaries and affiliates must comply with rules stipulated by the Capital Market Supervisory Board, the office of SEC, and related rules, notifications, and regulations set by the SET. These include the Capital Market Supervisory Board's notification No. TorJor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (Codified), the Capital Market Supervisory Board's notification No. TorJor. 21/2551 Re: Rules on Connected Transactions (Codified) and the Securities and Exchange Commission's notification Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and a related notification (codified) (**"Rules on Connected Transactions"**) and the Capital Market Supervisory Board's notification No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, and Securities and Exchange Commission's notification Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 and the related notification (as amended) (Re: Rules on Entering into Material Transactions Deemed as **Acquisition or Disposal of Assets**).

As defined, "subsidiary company" and "affiliate company" mean any subsidiary company or affiliate company that engages in business as stipulated in Clause 18/1, with the total value in compliance with Clause 18 (2)

of the Capital Market Supervisory Board No. TorJor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares (Codified) and the SEC's notification No. KorChor. 17/2551 Re: Determination of Definitions in Notifications relating to Issuance and Offer for Sale of Securities (Codified)

## 6. Use of Auditors Unconnected with the Company's Auditors

In accordance with Clause 18 (6)(b) of the Capital Market Supervisory Board's notification No. TorJor. 28/2551 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, the financial budget of subsidiary and affiliate companies must be audited and reviewed by (1) Banpu Power's auditors except that such auditors cannot perform auditing in accordance with the laws and regulations in the countries where such company is located, or (2) the local auditors from the audit office that belongs to the same network as the audit office of Banpu Power's auditors. Both audit offices must be full members of the particular network.

Nevertheless, most of the Company's core-business subsidiaries and affiliate companies have appointed auditors of the same network of PricewaterhouseCoopers to be the Company's auditors, except for Banpu Power International Ltd., which was founded in Mauritius as a sub-holding company that runs combined heat and power plant business in China. The auditors there are the auditors of the KPMG network (KPMG) in Mauritius. The decision was made during the establishment of Banpu Power International Co., Ltd. based on the fact that KPMG's auditing expenses were more reasonable. In addition, the Company's financial budget would not be affected because the auditors appointed by other subsidiaries including as a subholding company and subsidiaries operating power plant business, were KPMG's. Moreover, KPMG's auditing professionalism and standard is as high as that of the auditing network used by the Company at that time.

## 7. Supervision on the Uses of Internal Information

The Company recognizes the importance of information disclosure and transparency, and thus set a policy on information disclosure and transparency of financial statements and operations in the Company's Corporate Governance Policy. This is to ensure that financial and non-financial information about the businesses and the performance of the Company is disclosed to shareholders, investors, securities analysts, and the general public in an accurate, complete, adequate, reliable and timely manner. The Board of Directors strives to ensure that laws and regulations regarding information disclosure and transparency are strictly followed.

To monitor the use of the Company's internal information, the Company has put in place preventive measures against leakage of internal information. It is the responsibility of the Company's directors, executives and staff to keep corporate information strictly confidential, especially the internal information not yet disclosed to the public or any data or information that may affect the business of the Company or its share price. The Directors shall follow guidelines stated in Board of Directors' Practice B.E. 2558 and the Code of Conduct as follows.

### 7.1 Protection of Confidential Corporate Information

- (a) Directors, executives and staff shall not use the information obtained from their directorship or employment for personal benefit or for conducting business or other activities in competition with the Company.
- (b) Internal information shall neither be used to obtain benefit from selling and buying the shares of the Company, nor disclosed to any third party for such profit.
- (c) Classified business information shall never be disclosed to any third party especially to competitors even after a director, executive or staff member has left the Company.

## 7.2 Public Comments and Mass Media Interviews

(a) The Company has designated the CEO to give media interviews and to answer questions posed by shareholders, the mass media and third parties. Other senior executives may, with the CEO's permission, also provide such information.

(b) The Company has designated the Investor Relations Department as a point of contact for shareholders, fund managers, investors, and financial institutions, with the Corporate Communications Department as a point of contact for the mass media.

(c) When an external party asks for information on the Company, such request should be directed to the Investor Relations Department should the query originate from shareholders or investors, and to the Corporate Communications Department for the mass media.

Apart from that, the Company stipulated in the Corporate Governance Policy that directors, executives and staff must not exploit their relationship with the Company for personal gain, and avoid any transaction related to oneself, which may lead to a conflict of interest with the Company. If necessary, the transaction must be carried out with transparency and fairness at arm's length. Furthermore, directors, executives or staff having an interest in a transaction must not be involved in its approval process. If the transaction is considered a connected transaction under the SET's notification, all rules, regulations and disclosure of connected transaction information applied to listed companies shall be strictly complied. Apart from that, the Board of Directors' Code of Conduct has a guideline of practice for directors in case they learn any information not yet disclosed to the public. Change in securities holding of directors or executives are subject to be reported to the Board of Directors' meeting on a monthly basis.

To develop the control system for the use of internal information, the Company hired Banpu Public Company Limited to install the Information Technology (IT) system to supervise the use of Company information. For

example, systems are in place to prevent access to information from the third party and to limit the staff's information access level according to their individual responsibility. The system also prevents unauthorized changes, duplication, or deletion of protected information. In the case where an executive or employee participates in a special task using information which has yet to be publicly disclosed, is still under negotiation, or may be subject to internal control given its possible impact on the Company's share price, such executive and employee must sign a Confidentiality Agreement with the Company. The Agreement shall remain in effect until the information is disclosed to the public or relevant regulatory authorities.

## 8. Appointment of Auditors and Audit Fee

### 8.1 Audit Fee

In 2017, Banpu Power paid the audit fee in the total amount of THB 1,575,000 to PricewaterhouseCoopers ABAS Limited (PwC) and THB 13,264,113 for auditing the Company and its subsidiaries' annual and quarterly accounts and consolidated financial statements.

In accordance with the standards of information disclosure about persons and enterprises connected with the auditors and the auditing office, it is clarified that those persons and enterprises has no connection with the Company and subsidiaries.

### 8.2 Non-Audit Fee

In 2017, the Company had no non-audit fee from PricewaterhouseCoopers ABAS Limited (PwC).

## Communication of Corporate Governance Policy

The Company has established communication channels and system for disclosure of accurate and transparent information about the Company's operating results on the economic, societal, and environmental aspects. The stakeholders can also give comments and suggestions through various channels as follows:

- Shareholders are entitled to express their opinions, make inquiries and vote for directors at the Annual General Meeting of Shareholders.

- The Company communicates with stakeholders about Corporate Governance (CG) Policy and practices through the Company's annual reports.
- The Company regularly organizes orientations for new employees on CG Policy and the Code of Conduct, and has all employees participate in the "CG Day" activity and the anti-corruption workshop which are organized jointly with Banpu Public Company Limited.
- All groups of stakeholders can file complaints about CG issues to the Secretary of the Corporate Governance and Nomination Committee via the Company's website and web portal. The Secretary will report such complaints to the Committee on a quarterly basis, and submit a quarterly summary report to the Board of Directors.
- The Company sets up the Investor Relations Unit to provide a channel for direct communication with domestic and foreign investors.
- Financial and operating results announcement is conducted quarterly for investors and analysts.

### **The Board of Director's Self-assessment of Performance**

The Board of Directors and the sub-committees should complete a self-assessment of performance at least once a year to allow its members to jointly review their performances and identify problems for further improvement. The assessment criteria shall be carefully set and specified.

In 2017, the Company evaluated the performance of the Board of Directors, Sub-Committees, individual directors based on the Stock Exchange of Thailand's standards.



# CORPORATE SOCIAL RESPONSIBILITY

The business credo to which Banpu Power and its subsidiaries have unfailingly adhered throughout the past decades is “an industry will be vigorous only when it is developed in tandem with social and environment responsibility.” With this firm belief, the Company has endeavored to strike a balance between business growth and community, social and environmental development through its Corporate Social Responsibility (CSR) in-and after-process activities. To achieve this goal, the Company has

- Ensured that its entire production process is operated with “care and responsibility” toward all stakeholders and in full compliance with laws and regulations as well as international standards. The Company is committed to conducting business ethically and transparently, and being a good corporate citizen in all areas of its business operations.
- Developed surrounding communities and society, with an aim to respond to “actual needs of the communities” and to encourage the “participation” of community members in improving their quality of life in various areas, including infrastructure, public utilities, career, and education while preserving the local culture and traditions.
- Implemented CSR programs (at the corporate level) in addition to community development initiatives, with emphasis on the promotion of “education and learning” for children and youths in order to lay a solid foundation for sustainable development of the society and nation.

In 2017, Banpu Power expanded its solar power generation business in Japan and China in response to renewable or cleaner energy policies. The Company's solar power plants not only supply electricity to local industry and communities, but also help reduce air pollution, resulting in cleaner environment in the surrounding communities.

## Social and Environmental Responsibility Activities in the Past Year

### China

Banpu Investment (China) Ltd. (BIC), a Chinese subsidiary of Banpu Power Plc., has been promoting and supporting various activities, including social and community development, environmental preservation and investment promotion in the provinces in which the Company operates so as to strengthen the relationship between Thailand and China and follow Banpu's social responsibility policy. In the steam production and distribution business, it is vital to keep the distribution of steam, which is one of the basic public utilities, at optimal performance, especially in such peak season as winter. BIC has demonstrated its commitment to social responsibility via its administration to ensure a stable supply of electricity generated by its 3 combined heat and power plants (CHP). The Company also provided continuous support to the communities close to where its power plants operate. Such activities include:



## Educational Development

Luannan Power Plant donated CNY 50,000 as well as 90 sets of beddings and 110 schoolbags to Luannan Banpu Special Education School, which is a school for children with disabilities. The school serves more than 100 students with hearing and speech impairment and physical and intellectual disabilities. The year 2017 marks the tenth consecutive year of BIC's continued support and donations to the school.



## Sports Development

Zhengding Power Plant donated CNY 150,000 to the Zhengding National Table Tennis Training Center to sponsor training and competitions of the table tennis athletes.



## Community Development

Luannan Power Plant sponsored CNY 100,000 to Chengzhuang town located near the power plant for constructing a rural water project to solve the drinking water problem and improve the living conditions of local people.

### Thailand

BLCP Power Limited, a Banpu Power's joint venture which operates BLCP Power Plant in Thailand, has been supporting the activities to promote understanding within the communities by conveying the information about its operations and environmental quality to government organizations. In 2017, 4 meetings were held with a total of 3,582 attendees. Additionally, BLCP organized the following activities to strengthen the surrounding communities:

### Environmental Conservation

BLCP Power Plant has organized an activity to release marine life in order to increase its populations in Rayong for 15 consecutive years. In 2017, BLCP Power Plant released marine life in the total of 1,885,500 populations and restored ecological system by installing 400 artificial coral reefs in the area of Koh Saket, and transplanted 3,000 of different coral species as part of making merit ceremony in tribute to His Majesty the late King Bhumibol Adulyadej. Moreover, the power plant has supported the activity to raise the community's awareness of sustainable marine and environmental conservation.





## Community Development

BLCP Power Plant provided 17,000 fly ash bricks to Khao Phai and Takuan-Ao Pradu communities.

The power plant has improved the life quality of small boat fishery group by granting 10 scholarships for vocational students who meet and maintain required academic performances, supporting THB 500,000 for making crab nets, and THB 870,000 for forming a savings group and cooperative bookkeeping training. A breeding farm with marine populations of 1,290,000 was also built for the community enterprise.

## Lao PDR

Hongsa Power Company Limited (HPC), a Banpu Power's joint venture which operates Hongsa Power Plant in



Lao PDR, has promoted income restoration program for resettlement families to be above the National Rural Poverty Line within 3 years by targeting to increase their incomes by 150 percent in 10 years and to raise the average household income in Hongsa above the poverty baseline by 2020.

## Community Development

Hongsa Power Plant has been supporting community development projects for a total amount of THB



23.4 million. The projects include health monitoring for the locals and improvement of infrastructure, development of highland agriculture and Na Pong Learning Center, land development and promotion of livestock farming, promoting alternative jobs for the groups affected by the power plant, improving market access, and setting up cooperatives. The power plant and the volunteers from the communities also join hands in monitoring the operational results of these projects.



# BOARD OF DIRECTORS AND MANAGEMENT

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
1. Assoc. Prof. Dr. Naris Chaiyasoot • Independent Director 4 August 2015 • Chairman of the Board of Directors 4 August 2015 • Chairman of the Corporate Governance and Nomination Committee 21 August 2015 • Member of the Audit Committee 21 August 2015	63	<ul style="list-style-type: none"> <li>Ph.D. in Economics, University of Hawaii</li> <li>M.Econ. (English Program), Thammasat University</li> <li>B.Econ. (Hons), Thammasat University</li> <li>Chartered Director Class (CDC) #3/2008</li> <li>Director Certification Program (DCP) #82/2006</li> <li>Director Accreditation Program (DAP) #32/2005</li> <li>Finance for Non - Finance Directors (FND) #19/2005</li> </ul>	Self: 0% Spouse: 0%	-	2015 - present	Independent Director/Chairman/Chairman of the Corporate Governance and Nomination Committee/Member of the Audit Committee	Banpu Power Public Company Limited
					2016 - present	Chairman	AP (Thailand) Public Company Limited
					2013 - present	Chairman of the Audit Committee /Independent Director/Member of the Nomination and Compensation	GMM Grammy Public Company Limited
					2012 - present	Director/Chairman of the Audit Committee	Fortune Part Industry Public Company Limited
					2014 - 2015	Director	Bangkok Commercial Asset Management Co., Ltd.
					2014 - 2015	Director	Export - Import Bank of Thailand
					2011 - 2015	Chairman	Dhanarak Asset Development Co., Ltd.
					2010 - 2015	Chairman	Deposit Protection Agency
					2009 - 2012	Director	Thai Oil Public Company Limited
					2008 - 2011	Director	PTT Public Company Limited
					2010 - 2011	Director	Capital Market Supervisory Board SEC

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
2. Mr. Yokporn Tantisawetrat • Independent Director 4 August 2015 • Chairman of the Audit Committee 21 August 2015	63	<ul style="list-style-type: none"> <li>M.Econ., Thammasat University</li> <li>B.Econ., Chulalongkorn University</li> <li>Director Certification Program (DCP) #229 Thai Institute of Directors Association (IOD)</li> <li>Advanced Audit Committee Program (AACP) #25/2017 Thai Institute of Directors Association (IOD)</li> <li>Director Accreditation Program (DAP) #66/2007</li> <li>Advanced Bank Management Program, The Wharton School, University of Pennsylvania, U.S.A.</li> <li>Advanced Management Program (AMP), Harvard Business School</li> <li>National Defence Program, National Defence College (2003)</li> </ul>	Self: 0.002% Spouse: 0%	-	2015 - present	Independent Director/ Chairman of the Audit Committee	Banpu Power Public Company Limited
					2017 - present	Independent Director	AP (Thailand) Public Company Limited
					2016 - present	Expert Member	Securities and Exchange Commission
					2015 - present	Director	TMB Bank Public Company Limited
					2017 - present	Director	Kirloskar Brothers (Thailand) Limited
					2006 - 2015	Vice President of Risk Management	Siam Commercial Bank Public Company Limited
					2008 - 2015	Director	SCB Securities Co., Ltd.
					2011 - 2015	Director	Vinasiam Bank
3. Prof. Dr. Bundhit Eua-aporn • Independent Director 4 August 2015 • Chairman of the Compensation Committee 21 August 2015 • Member of the Audit Committee 21 August 2015	53	<ul style="list-style-type: none"> <li>Ph.D. in Engineering, Imperial College, U.K.</li> <li>M.Eng., Chulalongkorn University</li> <li>B.Eng., Chulalongkorn University</li> <li>Director Certification Program (DCP) #110/2008 Thai Institute of Directors Association (IOD)</li> </ul>	Self: 0.002% Spouse: 0%	-	2015 - present	Independent Director/ Chairman of the Compensation Committee/ Member of the Audit Committee	Banpu Power Public Company Limited
					2017 - present	Independent Director	PTT Exploration and Production Public Company Limited
					2016 - present	President	Chulalongkorn University
					2013 - 2016	Dean	Faculty of Engineering, Chulalongkorn University
					2007 - 2013	Director	Energy Research Institute, Chulalongkorn University

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
4. Mr. Chanin Vongkusolkit • Director 12 December 1996 • Member of the Corporate Governance and Nomination Committee 21 August 2015	65	<ul style="list-style-type: none"> <li>M.B.A. (Finance), St. Louis University, Missouri, U.S.A.</li> <li>B.Econ., Thammasat University</li> <li>DCP Refresher Course #3/2006 Thai Institute of Directors Association (IOD)</li> <li>Director Certification Program (DCP) #20/2002 Thai Institute of Directors Association (IOD)</li> <li>TLCA Leadership Development Program (LDP) - Enhancing Competitiveness # 0/2012 Thai Listed Companies Association</li> </ul>	Self: 0.05% Spouse: 0.01%	-	1996 - present	Director	Banpu Power Public Company Limited <sup>1</sup>
					2015 - present	Member of the Corporate Governance and Nomination Committee	
					2016 - present	Chairman	Banpu Public Company Limited
					1983 - present	Director	
					2015 - 2016	Senior Executive Officer	
					1983 - April 2015	Chief Executive Officer	
					2016 - present	Expert Member	Securities and Exchange Commission
						Director	Banpu Power (Japan) Co., Ltd.
					2015 - present	Chairman of the Working Committee	The Working Committee for Sustainability Development of Listed Companies - Securities and Exchange Commission
					2012 - present	Director	Hongsa Power Company Limited
						Director	Pan - Western Energy Corporation LLC
					2010 - present	Director	Banpu Renewable Co., Ltd.
					2006 - present	Director	Banpu Power Investment Co., Ltd.
					1997 - present	Director	Banpu Coal Power Co., Ltd.
						Director	BLOP Power Ltd.
					2013 - present	Chief Advisor to the President	Thai Listed Companies Association
					1983 - present	Director	Mitr Phol Sugar Corporation
					2004 - present	Director	The Erawan Group Public Company Limited

<sup>1</sup> Note: \* The Company was registered as a public company on 10 September 2015.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
5. Mr. Metee Auapinyakul • Director 22 May 2015 • Member of the Compensation Committee 21 August 2015	64	<ul style="list-style-type: none"> <li>• Doctor of Business, Engineering and Technology, St. Louis University, Missouri, U.S.A.</li> <li>• Infrastructure for the Market Economy, Harvard University John F. Kennedy School of Government, Boston, U.S.A.</li> <li>• B.S.C. (Management), St. Louis University, Missouri, U.S.A.</li> <li>• National Defence College (Class 377) #7</li> <li>• Diploma, National Defence College, The Joint State - Private Sector Course Class #1</li> <li>• Directors Certification Program (DCP) #61/2005 Thai Institute of Directors Association (IOD)</li> </ul>	Self: 0.011% Spouse: 0%	-	2015 - present	Director/ Member of the Compensation Committee	Banpu Power Public Company Limited
					1983 - present	Director/Advisor	Banpu Public Company Limited
					2002 - 2013	Executive Officer	
					2004 - present	Chief Advisor	GENCO Public Company Limited
					2008 - 2013	Honorary Advisor to the Energy Committee	House of Representatives
					2009 - 2013	Expert Member, National Standardization Council	Ministry of Industry
					2007 - 2011	Director	Thai Agro Energy Public Company Limited
6. Ms. Somrudee Chaimongkol • Director 30 July 2009 • Member of the Compensation Committee 21 August 2015	56	<ul style="list-style-type: none"> <li>• B.Acc., Bangkok University</li> <li>• Program for Global Leadership, Harvard University Graduate School of Business Administration, Boston, U.S.A.</li> <li>• Director Certification Program (DCP) #78/2006 Thai Institute of Directors Association (IOD)</li> <li>• Top Executive Program, Capital Market Academy (CMA) #18</li> </ul>	Self: 0.027% Spouse: 0%	-	2009 - present	Director	Banpu Power Public Company Limited
					2015 - present	Member of the Compensation Committee	
					2015 - present	Chief Executive Officer/Director	Banpu Public Company Limited
					2006 - 2015	Deputy Chief Executive Officer - Finance	
					Present	Director	BLCP Power Ltd.
						Director	Banpu Coal Power Limited
						Director	Hunnu Investments Pte. Ltd.
						Director	AFE Investments Pty Limited
						Director	BMS Coal Sales Pte. Ltd.
						Director	Banpu Singapore Pte. Ltd.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
6. Ms. Somruedee Chaimongkol (Cont.)					Present	Director	Banpu Mineral Company Limited
						Director	Banpu International Limited
						Director	BP Overseas Development Company Limited
						Director	Centennial Coal Company Limited
						Director	Biofuel Development Holdings Company Limited
						Director	Hunnu Coal Pty Ltd.
						Director	Banpu Minerals (Singapore) Pte. Ltd.
						Director	Chiang Muan Mining Company Limited
						Director	Banpu Coal Investment Co., Ltd.
						Director	Asian American Coal, Inc.
						Director	AACI SAADEC (BVI) Holdings Limited
						Director	PT. Indo Tambangraya Megah Tbk
						Director	Banpu Australia Resources Pty Ltd.
						Director	Banpu Australia Co., Pty Ltd.
						Director	BPIN Investment Company Limited
						Director	Sunseap Group Pte. Ltd.
						Director	Banpu Infinergy Co., Ltd.
						Director	Banpu North America Corporation
						Director	BOG Co., Ltd.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
7. Mr. Rawi Corsiri • Director 29 October 2001 • Member of the Corporate Governance and Nomination Committee 21 August 2015	68	<ul style="list-style-type: none"> <li>MBA., Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>B.Sc. (Geology), Chulalongkorn University</li> <li>Director Certification Program (DCP) #32/2003 Thai Institute of Directors Association (IOD)</li> <li>Capital Market Academy Leader Program (CMA.) #2/2006 Capital Market Academy</li> <li>Executive e Leadership Program NIDA-Wharton Faculty of Business Administration, National Institute of National Institute of Development Administration (NIDA) and The Wharton School, University of Pennsylvania, U.S.A.</li> <li>Top Executive Program (TEA#3), Thailand Energy Academy</li> </ul>	Self: 0.002% Spouse: 0.002%	-	2001 - present	Director	Banpu Power Public Company Limited
					2015 - present	Member of the Corporate Governance and Nomination Committee	
					2012 - present	Director	Banpu Public Company Limited
					2016 - present	Chairman of the Corporate Governance and Nomination Committee	
					2012 - 2016	Member of the Corporate Governance and Nomination Committee	
					2001 - present	Director	BLCP Power Ltd.
					2009 - present	Director	Hongsa Power Company Limited
						Director	Phu Fai Mining Company Limited
					2011 - 2016	Advisor	Banpu Public Company Limited
					2010 - 2017	Director	Centennial Coal Company Limited
8. Mr. Voravudhi Linananda <sup>2</sup> • Chief Executive Officer 10 April 2015 • Director 30 July 2009	60	<ul style="list-style-type: none"> <li>M.B.A., Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>B.Eng. (Mechanical Engineering), Faculty of Engineering, Kasetsart University</li> <li>Advanced Management Program (AMP173) Harvard Business School, U.S.A.</li> <li>Directors Certificate Program (DCP) #149/2011 Thai Institute of Directors Association (IOD)</li> <li>Orchestrating Winning Performance Program #OWPII/2013, International Institute of Management Development (IMD SE Asia)</li> </ul>	Self: 0.003% Spouse: 0.00%	-	2015 - 2017	Chief Executive Officer	Banpu Power Public Company Limited
					2015 - 2016	Company Secretary	
					Present	Advisor	Banpu Public Company Limited
					2009 - present	Director	Banpu Power Public Company Limited
						Director	BLCP Power Ltd.
						Director	Banpu Coal Power Limited
						Director	Hongsa Power Company Limited
						Director	Phu Fai Mining Company Limited
					2013 - 2017	Chief Operating Officer	Banpu Public Company Limited

<sup>2</sup> Mr. Voravudhi Linananda retired as Chief Executive Officer, and Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No.12/2017 on 20 December 2017, effective from 1 January 2018. Mr. Voravudhi Linananda remains Director, effective from 1 January 2018.



Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
8. Mr. Voravudhi Linananda (Cont.)					2014 - present	Director	Banpu Engineering Services Co., Ltd.
						Director	Banpu Energy Services (Thailand) Co., Ltd.
						Director	Banpu Energy Service (Japan) Co., Ltd.
						Director	Shanxi Lu Guang Power Co., Ltd.
					2015 - present	Director	Zouping Peak Pte. Ltd.
						Director	Pan-Western Energy Corporation LLC
						Director	Banpu Coal Investment Company Limited
						Director	Banpu Power International Limited
						Director	BP Overseas Development Company Limited
						Director	Hokkaido Solar Estate G.K.
						Director	BPPR Co., Ltd.
						Director	BPPR Japan Co., Ltd.
					2016 - present	Director	Banpu Power (Japan) Co., Ltd.
						President Commissioner	PT. ITM Banpu Power
9. Mr. Sutee Sukruan <sup>3</sup> • Chief Executive Officer 1 January 2018	54	<ul style="list-style-type: none"> <li>MBA, Chulalongkorn University</li> <li>BBA, Chulalongkorn University</li> <li>Global Leadership Program for Strategic Leader by IMD</li> <li>Leadership Development Program (LDP) by IMD and TLCA</li> <li>Executive Development Program, Class 11 by TLCA</li> </ul>	Self: 0.00% Spouse: 0%	-	1 January 2018 - present	Chief Executive Officer	Banpu Power Public Company Limited
						Chief Operating Officer	Banpu Public Company Limited
					2009 - 2017	Senior Vice President - Finance	Banpu Public Company Limited
						Director	Banpu North America Corporation
					2015 - present	Director	BOG Co., Ltd.
					2014 - present	Director	Hunnu Investment Pte. Ltd.
					2012 - present	Director	Banpu Singapore Pte. Ltd.
					2011 - present	Director	Banpu Minerals (Singapore) Pte. Ltd.
					2009 - present	Director	Banpu Minerals (Singapore) Pte. Ltd.

<sup>3</sup> Mr. Sutee Sukruan was appointed by the Board of Directors Meeting No.12/2017 on 20 December 2017 as Director to replace Mr. Akaraphong Dayananda and as Chief Executive Officer to replace Mr. Voravudhi Linananda, effective from 1 January 2018.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
10. Mr. Akaraphong Dayananda <sup>4</sup> • Director 30 July 2009	59	<ul style="list-style-type: none"> <li>MBA, Bowling Green State University, Ohio, U.S.A.</li> <li>B.Eng., Chulalongkorn University</li> <li>Executive Program in Strategy and Organization, Stanford University, California, U.S.A.</li> <li>Director Certification Program (DCP) #91/2007 Thai Institute of Directors Association (IOD)</li> <li>Director Diploma Examination #22/2007 Thai Institute of Directors Association (IOD)</li> </ul>	Self: 0.00% Spouse: 0%	-	2009 - 2017	Director	Banpu Power Public Company Limited
					2011 - present	Deputy Chief Executive Officer - Strategy and Business Development	Banpu Public Company Limited
					2015 - present	Director	Banpu North America Corporation
					2009 - present	Director	Banpu Mineral Company Limited
						Director	Banpu International Limited
					2010 - present	Director	Banpu Australia Co. Pty Ltd.
						Director	Banpu Engineering Services Co., Ltd.
						Director	Biofuel Development Holdings Company Limited
						Director	Banpu Renewable Energy Co., Ltd.
						Director	Banpu Infinergy Co., Ltd.
						Director	Chiang Muan Mining Company Limited
						Director	Banpu Coal Power Limited
						Director	Banpu Australia Resources Pty Ltd.
						Director	Hunnu Coal Pty Ltd.
					2011 - present	Director	Hunnu Investments Pte. Ltd.
					2013 - present	Director	AFE Investments Pty Limited
						Director	BMS Coal Sales Pte. Ltd.

<sup>4</sup> Mr. Akaraphong Dayananda resigned as Director and Mr. Sutee Sukruan was appointed as Director to replace Mr. Akaraphong Dayananda by the Board of Directors Meeting No.12/2017 on 20 December 2017 for the remainder of the term of Director from 1 January 2018 to the date of the Annual Shareholder's Meeting in 2020, effective from 1 January 2018.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
10. Mr. Akaraphong Dayananda (Cont.)					2014 - present	Director	Akira Energy Limited
						Director	BOG Co., Ltd.
						Director	Aizu Energy Pte. Ltd.
						Director	Akira Energy (South) Limited
					2016 - present	Director	Banpu Power (Japan) Co., Ltd.
11. Mr. Vanchai Lertsaroj <sup>5</sup> • Assistant to CEO for the new enriched accountabilities 16 August 2017	59	<ul style="list-style-type: none"> <li>MBA., Thammasat University</li> <li>B.Eng., Chulalongkorn University</li> </ul>	Self: 0%	Spouse: 0%	16 August 2017 - 31 December 2017	Assistant to CEO for the new enriched accountabilities	Banpu Power Public Company Limited
					2015 - 15 August 2017	Senior Vice President - Power Business Operation Portfolio 2	
					2001 - 2015	Senior Vice President - Power Business China	
					2004 - 2017	Director	Banpu Power International Limited
					2006 - 2017	Director	Banpu Power Investment Co., Ltd.
						Director	Banpu Investment (China) Limited
						Director	Pan - Western Energy Corporation LLC
						Director	Shijiazhuang Chengfeng Cogen Co., Ltd.
						Director	Tangshan Banpu Heat and Power Co., Ltd.
						Director	Zouping Peak CHP Co., Ltd.
						Director	Zouping Peak Pte.Ltd.

<sup>5</sup> Mr. Vanchai Lertsaroj resigned from the Company, effective from 1 January 2018.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
11. Mr. Vanchai Lertsaroj (Cont.)					2012 - 2017	Director	Asian American Coal, Inc.
						Director	AACI SAADEC (BVI) Holdings Limited
						Director	Shanxi Gaohe Energy Co., Ltd.
					2014 - 2017	Director	Shanxi Lu Guang Power Co., Ltd.
					2016 - 2017	Director	BPP Renewable Investment (China) Co., Ltd.
						Director	Dongping Haoyuan Solar Power Generation Co., Ltd.
						Director	Weifang Tian'en Jinshan Comprehensive Energy Co., Ltd.
						Director	Anqiu Huineng Renewable Energy Co., Ltd.
12. Mr. Somsak Sithinamsuwan <sup>6</sup>	57	<ul style="list-style-type: none"> <li>M.P.A. (Public Policy and Strategic Management, National Institute of Development Administration NIDA)</li> <li>B.Eng. (Mining and Metallurgical Engineering), Prince of Songkhla University</li> </ul>	Self: 0.00% Spouse: 0%	-	2015 - 2017	Senior Vice President - Office of Chief Executive Officer	Banpu Power Public Company Limited
					2015 - present	Managing Director	Hongsa Power Company Limited
					2011 - 2015	Managing Director	Phu Fai Mining Company Limited
						Vice President - Power Business	Banpu Public Company Limited
13. Ms. Bupachart Meecharoen	54	<ul style="list-style-type: none"> <li>Doctor of Philosophy (E Learning Methodology), Assumption University</li> <li>MBA., Thammasat University</li> <li>B.Sc. (Materials Science), Chulalongkorn University</li> <li>Director Certification Program (DCP) #248/2017 Thai Institute of Directors Association (IOD)</li> </ul>	Self: 0.002% Spouse: 0%	-	2017 - present	Senior Vice President - Corporate Services	Banpu Power Public Company Limited
						Company Secretary	
					2015 - 2016	Senior Vice President - Finance and Administration	
					2016 - present	Director	Banpu Power (Japan) Co., Ltd.

<sup>6</sup> Mr. Somsak Sithinamsuwan was appointed as Executive of Banpu Group, effective from 1 January 2018.

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
13. Ms. Bubpachart Meecharoen (Cont.)					2012 - 2015	Vice President - Operations Management	Banpu Public Company Limited
					2008 - 2012	Vice President - Corporate Services	PT. Indo Tambangraya Megah Tbk
14. Ms. Jareeya Chirdkiatisak • Senior Vice President - Power Business Operation Portfolio 1 1 January 2015	54	<ul style="list-style-type: none"> <li>Executive Master of Business Administration (ExMBA), Sasin Graduate Institute of Business Administration of Chulalongkorn University</li> <li>B.Sc. (Materials Science), Chulalongkorn University</li> <li>Director Certification Program (DCP) #145/2011 Thai Institute of Directors Association (IOD)</li> <li>Global Leadership Program for Strategic Leader by IMD</li> </ul>	Self: 0.002%	-	2015 - present	Senior Vice President - Power Business Operation Portfolio1	Banpu Power Public Company Limited
					2002 - 2014	Vice President - Business Development	Banpu Public Company Limited
					2003 - present	Director	BP Overseas Development Company Limited
					2014 - present	Director	Banpu Energy Services (Thailand) Co., Ltd.
						Director	Banpu Engineering Services Co., Ltd.
						Director	Banpu Energy Services Japan Co., Ltd.
					2015 - present	Director	BPPR Co., Ltd.
						Director	BPPR Japan Co., Ltd.
						Director	Hokkaido Solar Estate G.K.
					2016 - present	Director	Banpu Power (Japan) Co., Ltd.
						Director	Aizu Land Solar G.K.
						Director	BLCP Power Limited
						Director	PT. ITM Banpu Power
15. Mr. Banchob Kitchpanich • Deputy Chief Executive Officer - Finance 1 January 2017	51	<ul style="list-style-type: none"> <li>M.Sc. (Business Economics), Kasetsart University</li> <li>B.Acc. Bangkok University</li> </ul>	Self: 0.00% Spouse: 0%	-	2017 - present	Deputy Chief Executive Officer - Finance	Banpu Power Public Company Limited
					2014 - 2016	Vice President - Finance and Administration	Banpu Public Company Limited
					2012 - 2014	Chief Financial Officer (CFO)	Hongsa Power Company Limited
					2003 - 2012	Vice President - Finance and Administration	Banpu Public Company Limited

Name/ Position/ Date of Appointment	Age (Year)	Education/Training	Percentage of Shares Held	Family Relationship between Director and Management	Work Experience in the Last 5 Years		
					Period	Position	Organization
16. Mr. Chairat Chanhom <sup>7</sup> • Senior Vice President - Power Business China 16 August 2017	56	<ul style="list-style-type: none"> <li>Master of Business Administration (M.B.A.), The University of the Thai Chamber Of Commerce</li> <li>Bachelor of Sciences (B.Sc.), Chiang Mai University</li> </ul>	Self: 0.00% Spouse: 0%	-	2017 - present	Senior Vice President - Power Business China	Banpu Power Public Company Limited
					present	Director	BPP Renewable Investment (China) Co., Ltd.
							Macau Deyuan Energy-Saving & Environment Protection Technology Co., Ltd.
							Weifang Tian'en Jinshan Comprehensive Energy Co., Ltd.
							Anqiu Huineng Renewable Energy Co., Ltd.
							Anqiu City Huien PV. Technology Co., Ltd.
							Dongping Haoyuan Solar Power Generation Co., Ltd.
							Jiaxing Deyuan Energy-Saving Technology Co., Ltd.
							Shijiazhuang Chengfeng Cogen Co., Ltd.
							Banpu Investment (China) Limited
							Pan - Western Energy Corporation LLC
							Zouping Peak CHP Co., Ltd.
							Banpu Power Trading (Shandong) Co., Ltd.
							Banpu Power Trading (Hebei) Co., Ltd.
							Tangshan Banpu Heat and Power Co., Ltd.
					2017	Senior Vice President	Banpu Investment (China) Co., Ltd.
					2012 - 2016	Managing Director	Coal Mongolia

<sup>7</sup> Mr. Chairat Chanhom, formerly Senior Vice President - Power Business Operations Portfolio 2, was appointed by the Company as Senior Vice President - Power Business China, effective from 2 February 2018.



# SHAREHOLDING OF THE BOARD OF DIRECTORS AND MANAGEMENT

As of 31 December 2017

Name	Ordinary Share (Share)		
	31 Dec 2017	31 Dec 2016	+ / (-)
1. Assoc. Prof. Dr. Naris Chaiyasoot	-	-	-
Spouse/Minor child	-	-	-
2. Mr. Yokporn Tantisawetrat	60,000	-	60,000
Spouse/Minor child	-	-	-
3. Prof. Dr. Bundhit Eua-aporn	60,000	-	60,000
Spouse/Minor child	-	-	-
4. Mr. Chanin Vongkusolkrit	1,495,711	1,495,711	-
Spouse/Minor child	330,000	330,000	-
5. Mr. Metee Auapinyakul	341,500	281,500	60,000
Spouse/Minor child	33,400	33,400	-
6. Ms. Somruedee Chaimongkol	812,179	272,179	540,000
Spouse/Minor child	-	-	-
7. Mr. Rawi Corsiri	60,000	-	60,000
Spouse/Minor child	62,142	62,142	-
8. Mr. Voravudhi Linananda <sup>i</sup>	100,000	-	100,000
Spouse/Minor child	1,100	1,100	-
9. Mr. Sutee Sukruan <sup>ii</sup>	14,000	n/a	-
Spouse/Minor child	-	-	-
10. Mr. Akaraphong Dayananda <sup>iii</sup>	5,000	5,000	-
Spouse/Minor child	-	-	-
11. Mr. Vanchai Lertsaroj <sup>iv</sup>	-	-	-
Spouse/Minor child	-	-	-
12. Mr. Somsak Sithinamsuwan <sup>v</sup>	2,880	2,880	-
Spouse/Minor child	-	-	-
13. Ms. Bupchart Meecharoen	70,888	888	70,000
Spouse/Minor child	-	-	-
14. Ms. Jareeya Chirdkiatisak	70,000	-	70,000
Spouse/Minor child	-	-	-
15. Mr. Banchob Kitchpanich	798	n/a	-
Spouse/Minor child	-	-	-
16. Mr. Chairat Chanhom	7,624	n/a	-
Spouse/Minor child	-	-	-

<sup>i</sup> Mr. Voravudhi Linananda retired as Chief Executive Officer, and Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No.12/2017 on 20 December 2017, while Mr. Voravudhi Linananda remains Director, effective from 1 January 2018.

<sup>ii</sup> Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No.12/2017 on 20 December 2017, effective from 1 January 2018.

<sup>iii</sup> Mr. Akaraphong Dayananda resigned as Director and Mr. Sutee Sukruan was appointed as Director to replace Mr. Akaraphong Dayananda by the Board of Directors Meeting No.12/2017 on 20 December 2017, effective from 1 January 2018.

<sup>iv</sup> Mr. Vanchai Lertsaroj resigned from the Company, effective from 1 January 2018.

<sup>v</sup> Mr. Somsak Sithinamsuwan was appointed as Executive of Banpu Group, effective from 1 January 2018.

# REMUNERATION

## 1. Remuneration in Cash for the Year Ended 31 December 2017

1.1 Total cash remuneration of the Board of Directors in the form of meeting allowance and directors' bonus amounted to THB 12,301,800.00, the details of which are as follows:

Name/Position	Meeting Allowance (THB)				Directors' Bonus (THB)	Total Remuneration (THB)
	Director	Audit Committee	Compensation Committee	Corporate Governance and Nomination Committee		
<b>1. Assoc. Prof. Dr. Naris Chaayasoot</b> Chairman of the Board of Directors/ Chairman of the Corporate Governance and Nomination Committee/ Member of the Audit Committee/ Independent Director	819,000.00	216,000.00	-	93,600.00	838,709.68	1,967,309.68
<b>2. Mr. Yokporn Tantisawetrat</b> Chairman of the Audit Committee/ Independent Director	612,000.00	280,800.00	-	-	645,161.29	1,537,961.29
<b>3. Prof. Dr. Bundhit Eua-aporn</b> Chairman of the Compensation Committee/Member of the Audit Committee/Independent Director	612,000.00	172,800.00	93,600.00	-	645,161.29	1,523,561.29
<b>4. Mr. Chanin Vongkusolkrit</b> Member of the Corporate Governance and Nomination Committee/Director	648,000.00	-	-	54,000.00	645,161.29	1,347,161.29
<b>5. Mr. Metee Auapinyakul</b> Member of the Compensation Committee/Director	612,000.00	-	72,000.00	-	645,161.29	1,329,161.29
<b>6. Ms. Somruedee Chaimongkol</b> Member of the Compensation Committee/Director	432,000.00	-	-	-	645,161.29	1,077,161.29
<b>7. Mr. Rawi Corsiri</b> Member of the Corporate Governance and Nomination Committee/Director	648,000.00	-	-	72,000.00	645,161.29	1,365,161.29
<b>8. Mr. Voravudhi Linananda</b> Director/Chief Executive Officer	432,000.00	-	-	-	645,161.29	1,077,161.29
<b>9. Mr. Akaraphong Dayananda</b> Director	432,000.00	-	-	-	645,161.29	1,077,161.29
<b>Total</b>						<b>12,301,800.00</b>

- Notes:**
- Mr. Voravudhi Linananda (person number 8) retired as Chief Executive Officer, and Mr. Sutee Sukruan was appointed as Chief Executive Officer to replace Mr. Voravudhi Linananda by the Board of Directors Meeting No.12/2017 on 20 December 2017 whereas Mr. Voravudhi Linananda remains as Director, effective from 1 January 2018.
  - Mr. Akaraphong Dayananda (person number 9) resigned as Director and the Board Meeting and Mr. Sutee Sukruan was appointed as Director to replace Mr. Akaraphong Dayananda by the Board of Directors Meeting No.12/2017 on 20 December 2017 for the remainder of the term of Director from 1 January 2018 to the date of the Annual Shareholder's Meeting in 2020, effective from 1 January 2018.

In addition to the above remuneration, each Director receives annual medical check-up fee of THB 50,000 and fees for attending seminars held by IOD and other related institutions as regulated by the Company.

- 1.2 Cash remuneration of the Company's executives in the form of salary and bonus is rewarded based on performance against the pre-determined key performance indicators and individual achievement, the details of which are as follows:

Unit : THB	Number of Executives	2017	Number of Executives	2016
Total Salaries	6	34,929,700	5	31,337,400
Total Bonus	6	13,463,950	5	9,229,575
<b>Total</b>	<b>6</b>	<b>48,393,650</b>	<b>5</b>	<b>40,566,975</b>

- Notes:**
- In 2017, there were 6 executives, namely, 1. Mr. Voravudhi Linananda, 2. Ms. Jareeya Chirdkiatisak, 3. Ms. Bubpachart Meecharoen, 4. Mr. Vanchai Lertsaroj (Senior Vice President-Power Business Operations Portfolio 2 in the quarter 1-2), 5. Mr. Chairat Chanhom (Vice President, Power Business Operations-Portfolio 2 in the quarter 3-4 to replace Mr. Vanchai Lertsaroj), 6. Mr. Somsak Sithinamsuwan, and 7. Mr. Banchob Kitchpanich.
  - In 2016, there were 5 executives, namely, 1. Mr. Voravudhi Linananda, 2. Ms. Jareeya Chirdkiatisak, 3. Ms. Bubpachart Meecharoen, 4. Mr. Vanchai Lertsaroj, and 5. Mr. Somsak Sithinamsuwan.

## 2. Other Remunerations

### 2.1 Contribution to Provident Fund

Details of the Company's contribution to provident fund for executives are as follows:

Unit : THB	Number of Executives	2017	Number of Executives	2016
Provident Fund	6	2,096,982	5	1,880,244

### 2.2 The Employee Stock Option Plan for Directors and Employees of the Company and its subsidiaries (BPP-ESOP)

The 2017 Annual General Meeting of Shareholders on 3 April 2017 approved the issue and offering of newly issued ordinary shares of the Company under the Employee Stock Option Plan for Directors and Employees of the Company and its subsidiaries (BPP-ESOP). The Meeting also approved the allocation of the newly issued shares in the amount of not exceeding 30,000,000 shares, with a par value of THB 10 per shares under such ESOP Plan. 19 directors and executives of the Company were allocated the Warrants to Purchase the Newly Issued Ordinary Shares of Banpu Power and its subsidiaries under the ESOP Plan. The ESOP Plan have the following objectives:

- To reward the performance of the directors and employees of the Company and its subsidiaries who are highly dedicated and have driven business growth of the Company

- To encourage their motivation and sense of ownership, which will improve business productivity and enhance the Company's growth and business competition in the future
- To retain the knowledgeable and experienced personnel

The details of the ESOP Plan are as follows:

**Allocation:** The ordinary shares will be allocated to the directors and employees of the Company and its subsidiaries based on their position, duty, responsibility to the Company or its subsidiaries, duration of employment, experience, capability, potential and work efficiency, achievements, including benefits which will occur to the Company or its subsidiaries in the future. The allocation details are as follows:

- (1) Allocation of 18,300,000 shares, or 61 percent of the plan, to the directors and employees of the Company and its subsidiaries
- (2) Allocation of the newly issued shares of not exceeding 11,700,000 shares, which will be considered and allocated as appropriate by the Compensation Committee

**Exercise Prices and Exercise Periods:**

Exercise Prices (THB per share)	Exercise Periods	Number of Shares Exercised
23.10	The date of issuance and offering of ordinary shares - 19 October 2021	10 percent of the total allocated shares
25.20	19 October 2017 - 19 October 2021	15 percent of the total allocated shares
27.30	19 October 2018 - 19 October 2021	20 percent of the total allocated shares
29.40	19 October 2019 - 19 October 2021	25 percent of the total allocated shares
31.50	19 October 2020 - 19 October 2021	30 percent of the total allocated shares

**Exercise Dates of Right to Purchase the Ordinary Shares:**

Directors and employees, who were allocated the shares, may exercise their rights 4 times per year, i.e., on the last business day of March, June, September, and December from the first exercise date, except for the last exercise date, which is on 19 October 2021.

### 3. Employees

The number of the Company's and its subsidiaries' employees as of 31 December 2017 is as follows:

Country	Number of employees
Thailand	35
China	870
Japan	8
<b>Total</b>	<b>913</b>



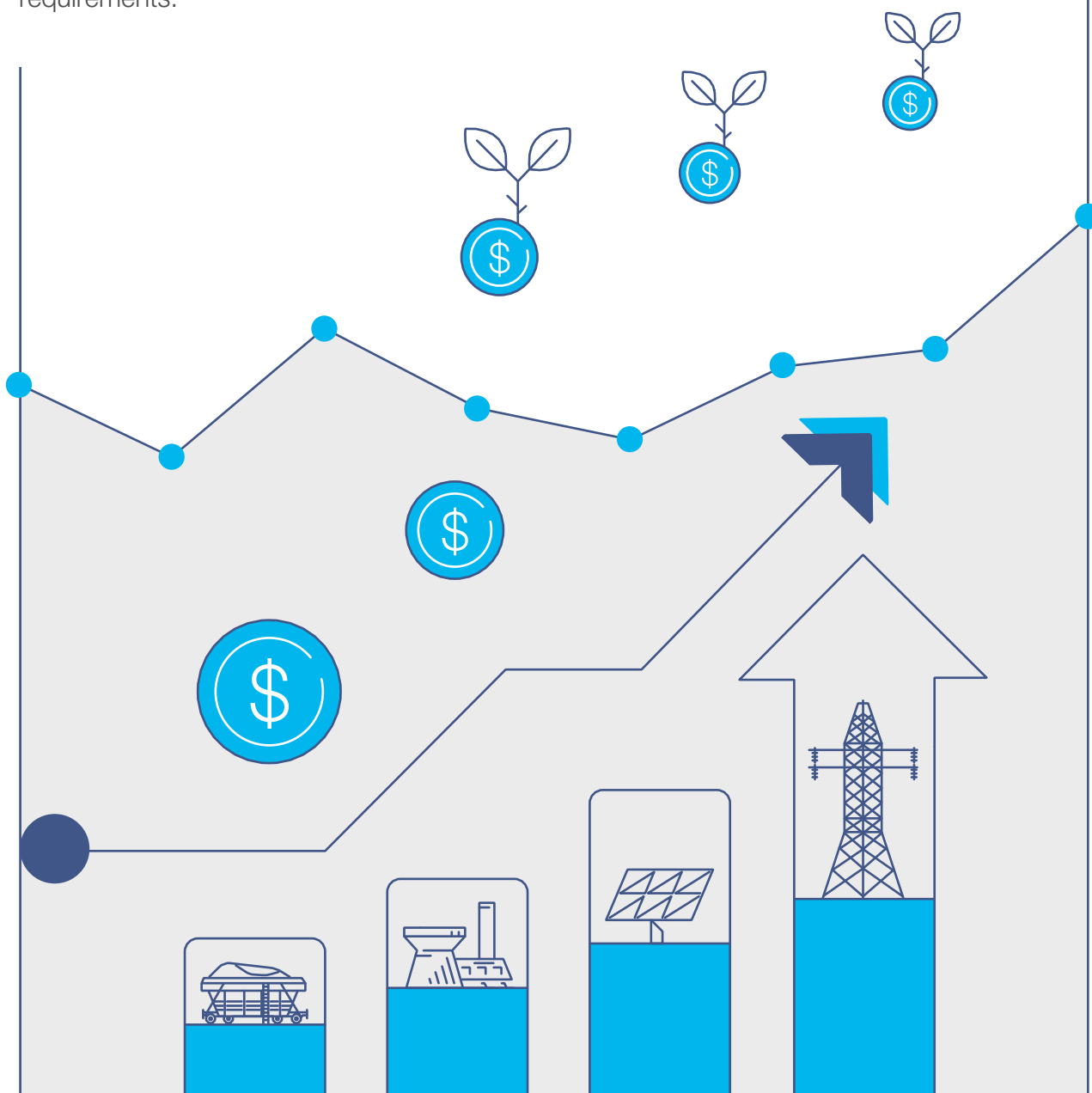
## MAJOR SHAREHOLDERS

10 Major Shareholders as of 31 December 2017

Major Shareholders	Amount of Shares Held	Percentage
1. Banpu Public Company Limited	2,397,199,497	78.639
2. Bualuang Long-Term Equity Fund	47,489,500	1.558
3. State Street Europe Limited	36,020,076	1.182
4. The Bualuang Top-Ten Fund	35,699,900	1.171
5. Thai NVDR Co., Ltd.	26,579,486	0.872
6. Bualuang Long-Term Equity Fund 75/25	20,426,400	0.670
7. Mitr Phol Sugar Corp., Ltd.	14,930,257	0.490
8. Bualuang Flexible RMF	11,253,700	0.369
9. Buakaew Open-end Fund	10,128,300	0.332
10. Bualuang Equity RMF	9,385,600	0.308
<b>Total</b>	<b>2,609,112,716</b>	<b>85.591</b>

## DIVIDEND POLICY

Banpu Power has a policy to pay approximately 50 percent of its net profit from the consolidated financial statements less all kinds of statutory and corporate reserves. However, the dividend payout rate will be dependent on cash flows, investment obligations of the Company and its affiliates as well as legal restrictions and other requirements.





# CONNECTED PERSONS AND TRANSACTIONS

## Connected Persons

Connected Persons	Type of Business	Description of Relationship
1. Banpu Public Company Limited (Banpu Plc.)	Energy	1) A major shareholder of Banpu Power Public Company Limited, holding 78.64 percent of its paid-up capital. 2) 4 joint directors with the Company are: 1. Mr. Chanin Vongkusolkrit 2. Mr. Metee Auapinyakul 3. Mr. Rawi Korsiri 4. Ms. Somruedee Chaimongkol 3) The Company's executives who are also directors of Banpu Plc. are: 1. Ms. Somruedee Chaimongkol 2. Mr. Voravudhi Linananda 3. Mr. Akaraphong Dayananda
2. Banpu Minerals Company Limited	Coal mining and trading	1) A 99.99-percent owned subsidiary of Banpu Plc. and Banpu Plc. is the Company's major shareholder. 2) 2 joint directors with the Company are: 1. Ms. Somruedee Chaimongkol 2. Mr. Akaraphong Dayananda
3. Banpu Minerals (Singapore) Pte. Ltd.	Investment in coal mining	1) An indirect wholly-owned subsidiary of Banpu Plc. through Banpu Minerals Company Limited and Banpu Coal Investment Company Limited. 2) 2 joint directors with the Company are: 1. Ms. Somruedee Chaimongkol 2. Mr. Metee Auapinyakul
4. BMS Coal Sales Pte. Ltd.	Coal sales and services	1) An indirect wholly-owned subsidiary of Banpu Plc. through Banpu Minerals (Singapore) Pte. Ltd. 2) A joint director with the Company is Mr. Akaraphong Dayananda

Connected Persons	Type of Business	Description of Relationship
5. Asian American Coal, Inc.	Investment in coal mining	1) An indirect wholly-owned subsidiary of Banpu Plc. through BP Overseas Development Company Limited. 2) 2 joint directors with the Company are: 1. Mr. Chanin Vongkusolkit 2. Ms. Somruedee Chaimongkol 3) The Company's executives who are directors of Asian American Coal, Inc. are as follows: 1. Mr. Vanchai Lertsaroj 2. Mr. Chairat Chanhom
6. Banpu Australia Co. Pty Ltd.	Investment in coal mining in Australia	1) An indirect wholly-owned subsidiary of Banpu Plc. through Banpu Singapore Pte. Ltd. 2) 3 joint directors with the Company are: 1. Mr. Chanin Vongkusolkit 2. Ms. Somruedee Chaimongkol 3. Mr. Akaraphong Dayananda
7. Shanxi Gaohe Energy Co., Ltd.	Coal mining and trading	1) An indirect 45-percent owned subsidiary of Banpu Plc. through Asian American Coal, Inc. 2) No joint director. 3) The Company's executive who is a director of Shanxi Gaohe Energy Co., Ltd. is Mr. Vanchai Lertsaroj
8. Banpu (Shanghai) Trading Co., Ltd.	Coal sales	1) An indirect wholly-owned subsidiary of Banpu Plc. through Banpu Minerals (Singapore) Pte. Ltd. 2) No joint director. 3) The Company's executive who is a director of Banpu (Shanghai) Trading Co., Ltd. is Mr. Chairat Chanhom
9. Banpu Infinergy Co.,Ltd.	Investment in renewable energy	1) A 99.99-percent owned subsidiary of Banpu Plc. 2) 3 joint directors with the Company are: 1. Mr. Chanin Vongkusolkit 2. Ms. Somruedee Chaimongkol 3. Mr. Akaraphong Dayananda

## OTHER REFERENCES

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1. Ordinary Share Registrar	<b>Thailand Securities Depository Company Limited</b> 93 Ratchadapisek Road, Din Daeng, Din Daeng, Bangkok 10400 Tel. +66 (0) 2009 9000
2. Auditor	<b>Ms. Amornrat Pearmpoonvatanasuk</b> Authorized Auditor No. 4599 <b>PricewaterhouseCoopers ABAS Ltd.</b> 15 <sup>th</sup> Floor, Bangkok City Tower 179/74-80 South Sathorn Road, Bangkok 10120 Tel. +66 (0) 2344 1000, +66 (0) 2824 5000
3. Financial Advisor	--None--
4. Advisor or Manager under Management Agreement	The Company did not hire any advisors or managers under any permanent management agreement. Advisors, including financial advisors, were hired on a case-by-case basis as necessary to support its operations from time to time. The Company's management is mainly supervised by the Board of Directors.
5. Financial Institutions Regularly in Contact	The Company is regularly in contact with around 30 local and international commercial banks and financial institutions.

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# DETAILS OF THE COMPANY AND ITS SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES\*

Name	Type of Business	Authorized Capital	Paid Up Capital	No. of Paid-Up Capital (Shares)	Par Value Per Share	% of Holding	Head Office	Telephone
1. Banpu Power Public Company Limited	Investment in power business	31,044,920,000 THB	30,508,817,000 THB	3,050,881,700	10	-	1550, Thanapoom Tower, 26 <sup>th</sup> Floor, New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand	0 2007 6000
<b>Subsidiary Companies</b>								
<b>Thailand</b>								
2. Banpu Coal Power Limited	Investment in power business	5,921,587,160 THB	5,921,587,160 THB	592,158,716	10	99.99% (held by Banpu Power Public Company Limited)	1550, Thanapoom Tower, 26 <sup>th</sup> Floor, New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand	0 2007 6000
3. Banpu Renewable Energy Co., Ltd.	Investment in renewable energy business	960,000,000 THB	960,000,000 THB	96,000,000	10	99.99% (held by Banpu Power Public Company Limited)	1550, Thanapoom Tower, 26 <sup>th</sup> Floor, New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand	0 2007 6000
4. Banpu Power (JAPAN) Co., Ltd.	Investment in renewable energy business	5,000,000 THB	5,000,000 THB	500,000	10	100% (held by Banpu Power Public Company Limited)	1550, Thanapoom Tower, 26 <sup>th</sup> Floor, New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400, Thailand	0 2007 6000
<b>China</b>								
5. BPP Renewable Investment (China) Co., Ltd.	Investment in renewable energy business	419,419,777.31 CNY	419,419,777.31 CNY	NA	NA	100.00% (held by Banpu Renewable Energy Co.,Ltd.)	Unit 108, No. 26 Jiafeng Road, Pilot Free Trade Zone, Shanghai, China	(8610) 57580388
6. Weifang Tian'an Jinshan Comprehensive Energy Co., Ltd.	Solar power generation	83,000,000 CNY	83,000,000 CNY	NA	NA	100.00% (held by BPP Renewable Investment (China) Co., Ltd.)	Unit 205, No.16 Shengli Street, Wushan Town, Anqiu County, Weifang City, Shandong Province, China	(86531) 86025858
7. Anqiu Huineng New Energy Co., Ltd.	Solar power generation	66,000,000 CNY	66,000,000 CNY	NA	NA	100.00% (held by BPP Renewable Investment (China) Co., Ltd.)	No.19 Dafugou, Wushan Town, Anqiu County, Weifang City, Shandong Province, China	(86531) 86025858
8. Anqiu City Hui'en PV Technology Co., Ltd..	Solar power generation	62,000,000 CNY	62,000,000 CNY	NA	NA	100.00% (held by BPP Renewable Investment (China) Co., Ltd.)	No. 26 Qinjiazhuangzi Village, Dasheng Town, Anqiu County, Weifang City, Shandong Province, China	(86531) 86025858
9. Dongping County Haoyuan Solar Power Generation Co., Ltd.	Solar power generation	69,000,000 CNY	69,000,000 CNY	NA	NA	100.00% (held by BPP Renewable Investment (China) Co., Ltd.)	East Side of Xishan Road, Dongping County, Taian City, Shandong Province, China	(86538) 2092568
10. Jiaxing Deyuan Energy-Saving Technology Co., Ltd.	Solar power generation	135,190,000 CNY	135,190,000 CNY	NA	NA	100.00% (held by BPP Renewable Investment (China) Co., Ltd.)	Room 425, Jinxiu Dadao No.1, Yaozhuang Village, Jiashan County, Zhejiang Province, China	(86531) 86025858

\* Please see % of holding from Banpu Power Group Structure page 22

\*\* Under Corporate Law

Name	Type of Business	Authorized Capital	Paid Up Capital	No. of Paid-Up Capital (Shares)	Par Value Per Share	% of Holding	Head Office	Telephone
11. Shijiazhuang Chengfeng Cogen Co., Ltd.	Power and steam generation and sales	178,971,358 CNY	178,971,358 CNY	NA	NA	100.00% (held by Banpu Power Investment Co., Ltd.)	North Beiguan, Zhengding County, Shijiazhuang City 050800, Hebei Province, China	(86311) 85176918
12. Banpu Investment (China) Co., Ltd.	Investment in power business	248,400,000 CNY	248,400,000 CNY	NA	NA	100.00% (held by Banpu Power Investment Co., Ltd.)	9A, 9 <sup>th</sup> Floor, Tower B, Gateway Plaza, No.18 Xia Guang Li, North Road of East Third Ring, Chaoyang District, Beijing, China 100027	(8610) 57580388
13. Tangshan Banpu Heat and Power Co., Ltd.	Power and steam generation and sales	393,425,339.09 CNY	393,425,339.09 CNY	NA	NA	87.92% (held by Pan-Western Energy Corporation LLC) 12.08% (held by Banpu Investment (China) Co., Ltd.)	West of Gujiaying Village, Benshi Road, Luannan County, Tangshan City 063500, Hebei Province, China	(86315) 4168274
14. Zouping Peak CHP Co., Ltd.	Power and steam generation and sales	261,800,000 CNY	261,800,000 CNY	NA	NA	70.00% (held by Zouping Peak Pte. Ltd.)	Xiwang Industrial Region, Handian Town, Zouping County, Binzhou City 256209, Shandong Province, China	(86543) 4615655
15. Banpu Power Trading (Shandong) Co., Ltd.	Power trading	20,000,000 CNY	0 CNY	NA	NA	100.00% (held by Banpu Investment (China) Co., Ltd.)	Suit 2608, Tower C, No.11 Jingsi Road, Shizhong District, Jinan City, China	(86531) 86025858
16. Banpu Power Trading (Hebei) Co., Ltd.	Power trading	20,000,000 CNY	0 CNY	NA	NA	100.00% (held by Banpu Investment (China) Co., Ltd.)	North of Beiguan Village, Zhengding County, Shijiazhuang City, Hebei Province (West side of 3 <sup>rd</sup> Floor, Office building of Shijiazhuang Chengfeng Cogen Co., Ltd.)	(86311) 85176918
17. Macao Deyuan Energy-Saving & Environmental Protection Technology Co., Ltd.	Environmental protection technology development	300,000 MOP	300,000 MOP	NA	NA	100.00% (held by Banpu Renewable Energy Co.,Ltd.)	Unit G, 12 <sup>th</sup> Floor, Guanghui Business Center, No.181-187 Alameda Dr.Carlos d' Assumpaco, Macau	(8610) 57580388
<b>Hong Kong</b>								
18. Akira Energy Limited	Investment in renewable energy business	7,000,000 HKD	7,000,000 HKD	7,000,000	1	100.00% (held by Banpu Renewable Energy Co.,Ltd.)	9 <sup>th</sup> Floor, York House, The Landmark, 15 Queen's Rd, Central, Hong Kong	852 2522 8101
19. Akira Energy (South) Limited	Investment in renewable energy business	500 HKD	500 HKD	500	1	100.00% (held by Akira Energy Limited)	9 <sup>th</sup> Floor, York House, The Landmark, 15 Queen's Road, Central, Hong Kong	852 2522 8101
<b>Mauritius</b>								
20. Banpu Power International Limited	Investment in power business	63,050,000 USD	63,050,000 USD	63,050,000	1	100.00% (held by Banpu Power Public Company Limited)	4 <sup>th</sup> Floor, Ebene Skies, Rue de L' Institut, Ebene, Republic of Mauritius	230 404 8000
<b>Singapore</b>								
21. Zouping Peak Pte. Ltd.	Investment in power business	2 SGD	2 SGD	2	No par value**	100.00% (held by Banpu Power Investment Co., Ltd.)	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888

\* Please see % of holding from Banpu Power Group Structure page 22

\*\* Under Corporate Law

Name	Type of Business	Authorized Capital	Paid Up Capital	No. of Paid-Up Capital (Shares)	Par Value Per Share	% of Holding	Head Office	Telephone
22. Banpu Power Investment Co., Ltd.	Investment in power business	84,177,391 USD	84,177,391 USD	77,132,663	No par value**	100.00% (held by Banpu Power International Limited)	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888
23. Banpu Renewable Singapore Pte. Ltd.	Investment in renewable energy business	55,987,676.69 USD	55,987,676.69 USD	55,987,675	No par value**	100.00% (held by Banpu Renewable Energy Co.,Ltd.)	8 Marina Boulevard #05-02, Marina Bay Financial Centre, Singapore 018981	65 6338 1888
<b>Cayman Islands</b>								
24. Pan-Western Energy Corporation LLC	Investment in power business	100,000 USD	100,000 USD	10,000,000	0.01	100.00% (held by Banpu Power Investment Co., Ltd.)	PO Box 309, Ugland House, Grand Cayman, KY1-1104 Cayman Islands	1 345 949 8066
<b>Associated Company</b>								
<b>Indonesia</b>								
25. PT. ITM Banpu Power	Investment in power business	1,200,000,000,000 IDR	300,000,000,000 IDR	300,000	1,000,000	30.00% (held by Banpu Power Public Company Limited)	Pondok Indah Office Tower III, 3 <sup>rd</sup> Floor, Jalan Sultan Iskandar Muda Pondok Indah Kav V-TA, Jakarta Selatan, Indonesia	6221 29328100
<b>Joint Ventures</b>								
<b>Thailand</b>								
26. BLCP Power Limited	Power generation and sales	12,010,000,000 THB	12,010,000,000 THB	120,100,000	100	49.9% (held by Banpu Coal Power Limited) 0.01% (held by Banpu Power Public Company Limited)	9 I-8 Road, Map Ta Phut Industrial Estate, Muang District, Rayong, Thailand	038 925 100
<b>China</b>								
27. Shanxi Lu Guang Power Co., Ltd.	Power generating and sales	1,500,000,000 CNY	690,281,550 CNY	NA	NA	30.00% (held by Banpu Power Investment Co., Ltd.)	Songcunxiang, Zhangzi County, Changzhi City, Shanxi Province, China	(86355) 8580511
<b>Lao PDR</b>								
28. Hongsa Power Company Limited	Power generating and sales	927,000,000 USD	927,000,000 USD	92,700,000	10	40.00% (held by Banpu Power Public Company Limited)	NNN Building 4 <sup>th</sup> Floor, Room No.D5 Bourichan Road, Phonsinouane Village, Sisattanak District, Vientiane Capital, Lao PDR	856 (0) 2122 483
29. Phu Fai Mining Company Limited	Mining concession	50,000 USD	50,000 USD	5,000	10	37.50% (held by Banpu Power Public Company Limited)	NNN Building 4 <sup>th</sup> Floor, Room No.D5 Bourichan Road, Phonsinouane Village, Sisattanak District, Vientiane Capital, Lao PDR	857 (0) 2122 483
<b>Singapore</b>								
30. Aizu Energy Pte. Ltd.	Investment in renewable energy business	17,630,952.87 USD or 1,258,473,406.83 JPY	17,630,952.87 USD or 1,258,473,406.83 JPY	17,630,949 or 1,258,473,406	No par value**	75.00% (held by Banpu Renewable Energy Co.,Ltd.)	8 Marina Boulevard #05-02 Marina Bay Financial Centre, Singapore 018981	65 6338 1888

\* Please see % of holding from Banpu Power Group Structure page 22

\*\* Under Corporate Law







Banpu Power Public Company Limited

26<sup>th</sup> Floor, Thanapoom Tower, 1550 New Petchburi Road, Makkasan, Ratchathewi, Bangkok 10400

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